



LH GROUP LIMITED
(Incorporated in the Republic of Singapore)
Company Registration Number: 198203779D
(the “**Company**”)

(1) **THE PROPOSED CONSOLIDATION OF EVERY TWO HUNDRED AND FIFTY (250) EXISTING ORDINARY SHARES IN THE CAPITAL OF THE COMPANY INTO ONE (1) ORDINARY SHARE (THE “PROPOSED SHARE CONSOLIDATION”)**

(2) **THE PROPOSED SHARE BUYBACK MANDATE**

1. INTRODUCTION

The Board (“**Board**”) of Directors (“**Directors**”) of LH Group Limited (the “**Company**”) and together with its subsidiaries, (the “**Group**”) wishes to announce the Company’s intention to (i) undertake a share consolidation exercise to consolidate every two hundred and fifty (250) existing ordinary shares (“**Shares**”) in the capital of the Company into one (1) ordinary share (“**Consolidated Share**”); and (ii) adopt a share buyback mandate (“**Proposed Share Buyback Mandate**”)

2. PROPOSED SHARE CONSOLIDATION

2.1. The Company will be seeking approval from the shareholders of the Company (“**Shareholders**”) at an extraordinary general meeting (“**EGM**”) to undertake the Proposed Share Consolidation pursuant to which the Company will consolidate every two hundred and fifty (250) into one (1) Consolidated Share.

2.2. As a result of the Proposed Share Consolidation, each Shareholder will receive one (1) Consolidated Share for every two hundred and fifty (250) Shares held prior to the Proposed Share Consolidation as at the books closure date to be determined by the Directors in their absolute discretion as they deem fit (“**Books Closure Date**”), fractional entitlements to be disregarded.

Rationale of the Proposed Share Consolidation

2.3. The Directors are of the view that the Proposed Share Consolidation would facilitate the Company’s ability to satisfy the continuing listing requirement imposed by the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) for issuers listed on the Main Board of the SGX-ST to have a minimum trading price per share of S\$0.20. Accordingly, the Board is of the view that the Proposed Share Consolidation is beneficial to the Company and its Shareholders.

2.4. Shareholders should note, however, that there is no assurance that the Proposed Share Consolidation will achieve the desired results, nor is there assurance that such results (if achieved) can be sustained in the longer term.

Brief Information on the Proposed Share Consolidation

2.5. Under the Proposed Share Consolidation, every two hundred and fifty (250) Shares registered in the name of each Shareholder as at the Books Closure Date will be consolidated into one (1) Consolidated Share.

- 2.6. Shareholders should note that the number of Consolidated Shares which they will be entitled to pursuant to the Proposed Share Consolidation, based on their holdings of the Shares as at the Books Closure Date, will be rounded down to the nearest whole Consolidated Share and any fractions of Consolidated Shares arising from the Proposed Share Consolidation will be disregarded. All fractional entitlements arising from the implementation of the Proposed Share Consolidation will be dealt with in such manner as the Directors may, in their absolute discretion, deem fit in the interests of the Company, including (i) disregarding; or (ii) aggregating and selling the same and retaining the net proceeds for the benefit of the Company.
- 2.7. Each Consolidated Share shall rank *pari passu* in all respects with each other, and will be traded in board lots of one hundred (100) Consolidated Shares.
- 2.8. As at the date of this announcement, the Company has an issued share capital of S\$48,196,000 divided into 3,946,428,548 Shares. Following the completion of the Proposed Share Consolidation, the Company will have an issued share capital of S\$48,196,000 divided into approximately 15,785,714 Consolidated Shares.
- 2.9. The Proposed Share Consolidation will not involve the diminution of any liability in respect of unpaid capital or the payment to any Shareholder of any paid-up capital of the Company, and has no effect on the equity of the Group. The Proposed Share Consolidation will not have an impact on the gearing of the Group and the Company.
- 2.10. Subject to the Shareholders' approval being obtained for the Proposed Share Consolidation at the EGM, Shareholders' holdings of the Consolidated Shares arising from the Proposed Share Consolidation will be ascertained at the Books Closure Date.
- 2.11. Shareholders who hold share certificates in their own names and who wish to deposit the same with Central Depository (Pte) Limited ("**CDP**") and have their Consolidated Shares (after the Proposed Share Consolidation) credited to their Securities Accounts maintained with the CDP, must deposit their share certificates, together with the duly executed instruments of transfer in favour of CDP, **no later than twelve (12) market days prior to the Books Closure Date**. After the Books Closure Date, CDP will only accept deposit of new share certificates.

Approvals and Conditions

- 2.12. The Proposed Share Consolidation is subject to, *inter alia*, (i) approval from the SGX-ST; (ii) the approval of the Shareholders at the EGM to be convened; and (iii) the determination of the Books Closure Date by the Directors in their absolute discretion as they deem fit in the interests of the Company and Shareholders.
- 2.13. An application will be made to the SGX-ST for the dealing in, the listing of and quotation of the Consolidated Shares pursuant to the Proposed Share Consolidation on the Main Board of the SGX-ST.

3. EFFECT ON EMPLOYEE SHARE OPTIONS SCHEME ("ESOS")

- 3.1. As at the date of this Announcement, the Company had unexercised employee options under the ESOS in respect of 87,700,000 new Shares which have yet to be allotted and issued.
- 3.2. Pursuant to the rules of the ESOS, if a variation in the issued share capital of the Company (including by way of a consolidation), then:
 - (a) the Exercise Price in respect of the Shares comprised in any Option to the extent unexercised and the rights attached hereto; and/or
 - (b) the nominal value, class and/or number of Shares comprised in any Option to the extent unexercised and the rights attached thereto; and/or
 - (c) the maximum entitlement in any one Financial Year; and/or

- (d) the nominal value, class and/or number of Shares in respect of which additional Options may be granted to the Participants,

may, at the option of the Remuneration Committee (“**Committee**”) of the Company, be adjusted in such a manner as the Committee may determine to be appropriate and upon the Auditors (acting as experts and not as arbitrators) having confirmed in writing that, in their opinion, such adjustment is fair and reasonable.

4. PROPOSED SHARE BUYBACK MANDATE

- 4.1. Under the Companies Act, companies are allowed to purchase or otherwise acquire their own ordinary shares, stocks and preference shares in the manner set out in the Companies Act if their articles of association expressly permit them to do so, provided that any such purchase is made in accordance with and in the manner prescribed by the Listing Manual and such other laws and regulations as may for the time being be applicable.
- 4.2. It is a requirement under the Companies Act and the Listing Manual that a company which wishes to purchase or otherwise acquire its own shares should obtain the approval of its shareholders to do so at a general meeting.
- 4.3. As such, the Company will also be seeking approval from the Shareholders at the EGM for the Proposed Share Buyback Mandate. If approved, the Proposed Share Buyback Mandate will take effect from the date of the EGM and continue in force until the date of the next annual general meeting of the Company or such date as the next annual general meeting is required by law to be held, unless prior thereto share buy-backs are carried out to the full extent mandated or the Proposed Share Buyback Mandate is revoked or varied by the Company in a general meeting. The Proposed Share Buyback Mandate may be put to Shareholders for renewal at each subsequent annual general meeting of the Company at the discretion of the Directors.

Rationale for the Proposed Share Buyback Mandate

- 4.4. The Company is proposing to undertake the purchase of its issued Shares for inter alia, the following reasons:–
- (i) the Directors and management of the Company constantly seek to increase Shareholders’ value and to improve, *inter alia*, the return on equity of the Group. The Proposed Share Buyback Mandate will give the Directors the flexibility to purchase or acquire Shares if and when the circumstances permit; and
 - (ii) the Proposed Share Buyback Mandate will also give the Company the opportunity to purchase or acquire Shares when such Shares are under-valued, to help mitigate short-term market volatility and to offset the effects of short-term speculation.
- 4.5. If and when circumstances permit, the Directors will decide whether to effect the Shares purchase or acquisition via market purchase and/or off-market purchase, after taking into account the relevant factors such as the financial resources available, the prevailing market conditions, and the cost and timing involved.
- 4.6. The share buybacks pursuant to the Proposed Share Buyback Mandate will only be undertaken when the Directors are of the view that such purchases are of benefit to the Company and/or Shareholders.

Brief Information on the Proposed Share Buyback Mandate

- 4.7. Only Shares that are issued and fully paid-up may be purchased or acquired by the Company.
- 4.8. The maximum number of Shares which may be purchased or acquired by the Company pursuant to the Proposed Share Buyback Mandate is limited to such number of Shares

representing not more than 10% of the issued share capital of the Company (excluding Treasury Shares, if applicable) as at the date of the forthcoming EGM at which the Proposed Share Buyback Mandate is approved, unless the Company has, at any time during the relevant period, reduced its share capital in accordance with the applicable provisions of the Companies Act (the "**Maximum Limit**"). For the avoidance of doubt, Shares which are held as treasury shares will be disregarded for the purposes of computing the aforesaid 10% limit.

- 4.9. Any Share purchased or acquired by the Company shall, unless held in treasury or in accordance with the Act, be deemed cancelled immediately on purchase or acquisition (and all rights and privileges attached to that Share will expire on cancellation) unless such Share is held by the Company as a treasury share. On cancellation of a Share, the rights and privileges attached to that Share will expire. 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.
- 4.10. The Company intends to use its internal sources of funds or external borrowings or a combination of both to finance its purchase or acquisition of Shares. The Company does not intend to obtain or incur any borrowings to finance its purchase or acquisition of Shares.
- 4.11. The financial impact on the Company and the Group arising from the purchase or acquisition of Shares which may be made pursuant to the Proposed Share Buyback Mandate will depend on, *inter alia*, the aggregate number of Shares purchased or acquired and the consideration paid at the relevant time.
- 4.12. The Proposed Share Buyback Mandate will only be exercised in the best interests of the Company, for example, to enhance the EPS and/or the NTA value per Share of the Company.
- 4.13. For the avoidance of doubt, the complete information on the Proposed Share Buyback Mandate will be provided in the circular which will be despatched to the Shareholders in due course as set out in paragraph 5 below.

Approvals and Conditions

- 4.14. The Proposed Share Buyback Mandate is subject to, *inter alia*, (i) approval from the SGX-ST; and (ii) the approval of the Shareholders at the EGM to be convened.

5. DESPATCH OF CIRCULAR

Subject to the receipt of the approval-in-principle from the SGX-ST, a circular containing, *inter alia*, further information on the Proposed Share Consolidation and the Proposed Share Buyback Mandate will be despatched to Shareholders in due course.

Meanwhile, Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Company's securities. When in doubt, Shareholders and potential investors are advised to seek independent advice from their bankers, stockbrokers, solicitors or other professional advisers.

BY ORDER OF THE BOARD

Mr. Tan Hai Peng Micheal
Executive Chairman

4 September 2015