

HOE LEONG CORPORATION LTD.
(Company registration number 199408433W)
(Incorporated in the Republic of Singapore)

PROPOSED RENOUNCEABLE NON-UNDERWRITTEN RIGHTS ISSUE OF UP TO 218,059,478 NEW ORDINARY SHARES IN THE CAPITAL OF THE COMPANY AT AN ISSUE PRICE OF S\$0.046 FOR EACH RIGHTS SHARE (AS DEFINED BELOW), ON THE BASIS OF THREE (3) RIGHTS SHARES FOR EVERY FOUR (4) EXISTING ORDINARY SHARES IN THE CAPITAL OF THE COMPANY HELD BY ENTITLED SHAREHOLDERS (AS DEFINED BELOW) OF THE COMPANY AS AT THE BOOKS CLOSURE DATE (AS DEFINED BELOW), FRACTIONAL ENTITLEMENTS TO BE DISREGARDED

1. INTRODUCTION

The board of directors ("**Board**" or "**Directors**") of Hoe Leong Corporation Ltd. (the "**Company**"), wishes to announce that the Company is proposing to undertake a renounceable non-underwritten rights issue ("**Rights Issue**") of up to 218,059,478 new ordinary shares in the capital of the Company (the "**Rights Shares**") at an issue price of S\$0.046 for each Rights Share (the "**Issue Price**"), on the basis of three (3) Rights Shares for every four (4) existing ordinary shares in the capital of the Company (the "**Share**") held by shareholders of the Company (the "**Shareholders**") as at a time and date to be determined by the Directors and announced by the Company in due course, at and on which the register of member of the Company ("**Register of Members**") and share transfer books of the Company will be closed to determine the provisional allotments of Entitled Shareholders (as defined in Section 2.1) under the Rights Issue, and in the case of Entitled Depositors (as defined in Section 5.1) at and on which date their provisional allotments of Rights Shares under the Rights Issue are determined (the "**Books Closure Date**"), fractional entitlements to be disregarded.

The Rights Issue is subject to, *inter alia*, the approval of the Shareholders at an extraordinary general meeting (the "**EGM**") to be convened by the Company in due course.

2. PROPOSED RIGHTS ISSUE

2.1 Principal Terms of the Rights Issue

The Company is proposing to offer the Rights Issue to Shareholders whose registered addresses with the Company or the Central Depository (Pte) Limited ("**CDP**"), as the case may be, are in Singapore as at the Books Closure Date or who have, at least three (3) market days prior to the Books Closure Date, provided to the Company or CDP, as the case may be, addresses in Singapore for the service of notices and documents (collectively referred to as "**Entitled Shareholders**").

The Rights Issue will be made on the basis of three (3) Rights Shares for every four (4) existing Shares held by Entitled Shareholders as at the Books Closure Date, fractional entitlements to be disregarded.

The terms and conditions of the Rights Issue are subject to such changes as the Directors may deem fit and such terms and conditions will be set out in the circular ("**Circular**") to be despatched to Shareholders in due course for the purposes of the EGM to approve *inter alia* the Rights Issue. The final terms and conditions of the Rights Issue will be contained in the offer information statement (and all its accompanying application forms including any supplementary or replacement documents) to be issued and despatched by the Company to Shareholders in due course (the "**Offer Information Statement**").

2.2 Ranking of Rights Shares

The Rights Shares will be payable in full upon acceptance and/or application, and when allotted and issued, will rank *pari passu* in all respects with the then existing issued Shares, except that they will not rank for any dividends, rights, allotments or other distributions that may be declared or paid, the record date for which falls before the date of issue of the Rights Shares. For this purpose, "record date" means, in relation to any dividends, rights, allotments or other distributions, the date as at the close of business (or such other time as may have been notified by the Company) on which Shareholders must be registered with CDP or the Company, as the case may be, in order to participate in such dividends, rights, allotments or other distributions.

2.3 Convertible securities

As at the date of this announcement (“**Announcement**”), the existing issued and paid up Share capital (“**Existing Share Capital**”) comprises 289,023,271 (excluding 360,000 treasury Shares (“**Treasury Shares**”)) and the Company has the following outstanding convertible securities:

- (a) an aggregate of 1,161,000 share options exercisable into Shares that had been granted to employees of the Company (“**Options**”) pursuant to the Hoe Leong Share Option Scheme 2009 (“**ESOS 2009**”), which when converted in full, would result in the issuance and allotment of an aggregate of 1,161,000 Shares, save for 115,500 Options which can only be exercised after 31 May 2015 (being three years from the date of grant); and
- (b) an aggregate of 722,200 outstanding share awards (“**Share Awards**”), which upon participants satisfying the criteria set out in the Hoe Leong Performance Share Plan 2009 (“**PSP 2009**”) would result in the issuance and allotment of an aggregate of 722,200 Shares (“**PSP Shares**”), save for 45,000 Share Awards which can only be vested after 31 May 2015 (being three years from the date of grant).

(Collectively refer as the “**Convertible Securities**”)

As the number of new Shares that may be issued and allotted pursuant to the exercise of the Convertible Securities comprises 1,883,200 new Shares of which 160,500 new Shares can only be issued or allotted after 31 May 2015, 1,722,700 can only be issued or allotted pursuant to the exercise of the Options or vesting of the Share Awards on or before 31 May 2015.

2.4 Issue Price

The Issue Price of S\$0.046 for each Rights Share represents a discount of approximately: (i) 64.62% from the closing price of S\$0.130 per Share on 28 August 2014, being the last trading day prior to this Announcement; and (ii) 51.06% from the theoretical ex-rights price of approximately S\$0.094 per Share based on the closing price of S\$0.130 per Share on 28 August 2014.

Minimum Scenario

For illustrative purpose only, the minimum scenario (“**Minimum Scenario**”) describes the subscription/application for the Rights Issue via the allotment and issue of 216,767,453 Rights Shares which the Undertaking Shareholders (as defined in Section 2.6 below) are entitled to subscribe for (“**Entitled Rights Shares**”) pursuant to the Irrevocable Undertakings (as defined in Section 2.6 below) and Hoe Leong Co. (Pte.) Ltd. (“**HLPL**”) applies for 65,372,542 available excess Rights Shares pursuant to the HLPL Undertaking (defined later), based on the assumption that (i) none of the Options and Share Awards are vested and/or exercised (as the case may be) on or before Books Closure Date or no new Shares that are required to be allotted and issued pursuant to the exercise of the Options or the vesting of the Share Awards are allotted and issued on or before the Books Closure Date, and the Existing Share Capital will remain at 289,023,271 Shares and on the assumption that the Treasury Shares are not issued or re-issued on or before the Books Closure Date; and (ii) only the Undertaking Shareholders subscribe for such number of their Entitled Rights Shares pursuant to the Irrevocable Undertakings and HLPL applies for 65,372,542 available excess Rights Shares pursuant to the HLPL Undertaking. This assumes that there is no subscription and application for any Rights Shares (other than those pursuant to the Irrevocable Undertakings) from other Entitled Shareholders.

Maximum Scenario

For illustrative purpose only, the maximum scenario (“**Maximum Scenario**”) describes the subscription/application for the Rights Issue via the allotment and issue of 218,059,478 Rights Shares, based on the assumption that (i) (save for 115,500 Options and 45,000 Share Awards, which can only be exercised and/or vested after 31 May 2015) all the other Options and Share Awards are exercised and/or vested and 1,722,700 new Shares arising from the exercise of the Options and the vesting of the PSP Shares are allotted and issued on or before Books Closure Date, and on the assumption that the Treasury Shares are not issued or re-issued on or before the Books Closure Date, the enlarged

share capital will comprise up to 290,745,971 Shares ("**Enlarged Share Capital**") before the Book Closure Date; and (ii) all Entitled Shareholders subscribe in full for their pro-rata Rights Shares entitlements based on the Enlarged Share Capital and pursuant to the Irrevocable Undertakings or that any available Excess Rights Shares is validly applied for by either HLPL pursuant to the HLPL Undertaking or such other Entitled Shareholders.

2.5 Provisional allotments and Excess Rights Shares

Entitled Shareholders will be at liberty to accept, decline, renounce (where applicable) or trade (during the provisional allotment trading period as prescribed by the SGX-ST), their provisional allotments of Rights Shares and shareholders who accept their provisional allotments of Rights Shares will be eligible to apply for additional Rights Shares in excess of their provisional allotments under the Rights Issue or for excess Rights Shares, which are not taken up by the Entitled Shareholders as at the Closing Date (defined later) for the Rights Issue ("**Excess Rights Shares**").

In the allotment of Excess Rights Shares, preference will be given to Entitled Shareholders in satisfaction of their application for Excess Rights Shares, if any, provided that where there are insufficient Excess Rights Shares to allot to each application, the Company shall allot the Excess Rights Shares to Entitled Shareholders such that preference will be given to the rounding of odd lots, and Directors and substantial Shareholders who have control or influence over the Company in connection with its day-to-day affairs or the terms of the Rights Issue, or have representation (direct or through a nominee) on the Board will rank last in priority. The Company will also not make any allotments and issuance of any Right Shares that will result in a transfer of controlling interest in the Company unless otherwise approved by Shareholders in a general meeting.

2.6 Irrevocable Undertakings

The Rights Issue will be supported by certain substantial Shareholders, namely HLPL, Kuah Geok Lin ("**KGL**"), Kuah Geok Khim ("**KGK**"), Quah Yoke Hwee ("**QYH**") and Mdm Kuah Geok Khim ("**Mdm Kuah**") (collectively, the "**Undertaking Shareholders**"). As at the date of this Announcement the shareholdings of Undertaking Shareholders are as follow:-

Undertaking Shareholders	Direct Interest		Deemed Interest	
	No. of Shares	%	No. of Shares	%
Hoe Leong Co. (Pte.) Ltd.	171,268,200	59.26	-	-
Kuah Geok Lin ⁽¹⁾⁽²⁾	8,860,924	3.07	171,268,200	59.26
Kuah Geok Khim ⁽¹⁾⁽³⁾	8,750,924	3.03	171,268,200	59.26
Quah Yoke Hwee ⁽¹⁾⁽⁴⁾	8,750,924	3.03	171,268,200	59.26
Mdm Kuah Geok Khim ⁽¹⁾	4,228,910	1.46	171,268,200	59.26

Note:

(1) Messrs Kuah Geok Lin, Kuah Geok Khim, Quah Yoke Hwee and Mdm Kuah Geok Khim are deemed to be interested in the shares of the Company held by Hoe Leong Co. (Pte.) Ltd. by virtue of Section 7(4) of the Companies Act.

(2) Kuah Geok Lin is the chairman and chief executive officer of the Company.

(3) Kuah Geok Khim is the sales and marketing director (Overseas) of the Company.

(4) Quah Yoke Hwee is the sales and marketing director (Singapore) of the Company.

To show their support for the Rights Issue and to demonstrate their commitment and confidence in the Company, the Undertaking Shareholders will each separately execute an irrevocable undertaking (collectively, the "**Irrevocable Undertakings**") to subscribe and pay for and/or procure the subscription and payment for, each of their respective pro-rata rights entitlements under the Rights Issue for an aggregate of 151,394,911 Entitled Rights Shares amounting to approximately S\$6.964 million and HLPL will undertake to apply for an additional up to 66,664,567 Excess Rights Shares pursuant to the HLPL Undertaking (as defined below) amounting to approximately S\$3.067 million.

The Irrevocable Undertakings comprise of terms and conditions briefly outlined as follows:

- (i) HLPL, which as at the date of this Announcement has a direct interest in 171,268,200 Shares representing approximately 59.26% of the Existing Share Capital, will provide an irrevocable

undertaking ("**HLPL Undertaking**") in favour of the Company that it will *inter alia* subscribe and pay for, and/or procure the subscription of and payment for, its pro-rata rights entitlements of 128,451,150 Rights Shares and apply for an additional up to 66,664,567 Excess Rights Shares;

- (ii) KGL, who as at the date of this Announcement has a direct interest 8,860,924 Shares representing approximately 3.07% of the Existing Share Capital, will provide an irrevocable undertaking in favour of the Company that he will subscribe and pay for, and/or procure the subscription of and payment for, his pro-rata rights entitlements of 6,645,693 Rights Shares;
- (iii) KGK, who as at the date of this Announcement has a direct interest in 8,750,924 Shares representing approximately 3.03% of the Existing Share Capital, will provide an irrevocable undertaking in favour of the Company that he will subscribe and pay for, and/or procure the subscription of and payment for, his pro-rata rights entitlements of 6,563,193 Rights Shares;
- (iv) QYH, who as at the date of this Announcement has a direct interest in 8,750,924 Shares representing approximately 3.03% of the Existing Share Capital, will provide an irrevocable undertaking in favour of the Company that he will subscribe and pay for, and/or procure the subscription of and payment for, his pro-rata rights entitlements of 6,563,193 Rights Shares; and
- (v) Mdm Kuah, who as at the date of this Announcement has 4,228,910 Shares representing approximately 1.46% of the Existing Share Capital, will provide an irrevocable undertaking in favour of the Company that she will subscribe and pay for, and/or procure the subscription of and payment for, her pro-rata rights entitlements of 3,171,682 Rights Shares.

In addition to the above, each of the Undertaking Shareholders will also undertake to ensure that none of the Shares in which he/she/it currently has an interest (directly or indirectly), are sold, transferred or otherwise disposed of during the period between the date of the Irrevocable Undertakings and the date of allotment and issue of the Rights Shares without the prior written consent of the Company.

2.7 Set-off arrangements for Undertaking Shareholders

The Directors and HLPL have confirmed that, as at the date of this Announcement, HLPL has made loans and advances to the Company, and the principal amount outstanding is approximately S\$10,000,000 (the "**Outstanding Loan**").

The Company will agree with HLPL to set-off the subscription monies of approximately S\$5,000,000 ("**HLPL Set-Off Amount**"), payable by HLPL for subscribing for 108,695,652 Entitled Rights Shares pursuant to the HLPL Undertaking to be provided, against the Outstanding Loan. For the avoidance of doubt, the balance of the application monies payable for the balance of HLPL's Entitled Rights Shares being 19,755,498 Entitled Rights Shares (approximately S\$0.909 million) and the 66,664,567 Excess Rights Shares undertaken (approximately S\$3.067 million), will be paid in cash by HLPL.

In addition, in consideration of the Irrevocable Undertakings to be given by each of the Undertaking Shareholders, and at the request of the Company, the Undertaking Shareholders other than HLPL ("**Undertaking Shareholders Other Than HLPL**") named below will each procure HLPL to pay in full their respective Entitled Rights Shares which will be allotted and issued to each of them. HLPL will undertake to pay in full for each of the Undertaking Shareholders Other Than HLPL the amounts payable for subscription for each of their respective entitlements of Rights Shares under the Rights Issue, no later than the Closing Date or the date of allotment and issue of the Rights Shares (whichever is applicable). Pursuant to the Irrevocable Undertakings, the amounts to be paid by HLPL for the Entitled Rights Shares to be allotted to the Undertaking Shareholders Other Than HLPL are approximately S\$1.055 million.

Undertaking Shareholders Other Than HLPL	No. of Shares held	No. of Entitled Rights Shares	Amount payable for subscription (S\$)
KGL	8,860,924	6,645,693	305,701.88
KGK	8,750,924	6,563,193	301,906.88
QYH	8,750,924	6,563,193	301,906.88
Mdm Kuah	4,228,910	3,171,682	145,897.37
Total	30,591,682	22,943,761	1,055,413.01

Upon allotment and issue of the Entitled Rights Shares (to be credited as fully paid) to HLPL as described above, HLPL shall have no claim against the Company in relation to such amount of the Outstanding Loan that has been set-off against the aggregate subscription monies of approximately S\$5,000,000 payable by HLPL nor shall the Company have a claim against HLPL for the respective amounts payable by HLPL pursuant to the respective Irrevocable Undertakings for the amount to be set off against the Outstanding Loan of approximately S\$5,000,000.

The balance of the amounts payable in cash by HLPL pursuant to its undertaking for HLPL's entitled Rights Shares will be approximately S\$0.909 million whilst the amounts payable in cash for HLPL's undertaking to apply for 66,664,567 Excess Rights Shares will be approximately S\$3.067 million. In addition, the amounts payable in cash by HLPL for Undertaking Shareholders other than HLPL undertaking to subscribe for their Entitled Rights Shares will be approximately S\$1.055 million.

HLPL shall procure confirmation from a financial institution that it has sufficient financial resources to fulfil its obligations under the HLPL Undertaking.

The Irrevocable Undertakings are subject to and conditional upon, *inter alia*, the following:-

- (i) the approval in-principle of the SGX-ST for the dealing in, listing and quotation of the Rights Shares on the Official List of the Main Board of the SGX-ST having been obtained (and such approval not having been withdrawn or revoked on or prior to the Closing Date of the offer of the Rights Shares under the Rights Issue), and if such approval is granted subject to conditions, such conditions being acceptable to and fulfilled by the Company;
- (ii) the Rights Issue, including the allotment and issue of the Rights Shares, being approved by Shareholders at the EGM; and
- (iii) the lodgment of the Offer Information Statement together with all other accompanying documents (if applicable) pursuant to the Securities and Futures Act (Cap. 289) of Singapore with the Monetary Authority of Singapore.

The balance of the Outstanding Loan (after setting off amounts payable by HLPL for the subscription of its respective Entitled Rights Shares of approximately S\$5,000,000), if any, will remain outstanding and payable by the Company to HLPL in accordance with the terms and conditions pertaining to the Outstanding Loan.

In view of the foregoing Irrevocable Undertakings, including the HLPL Undertaking to, *inter alia*, apply for an additional of up to 66,664,567 Excess Rights Shares, the Rights Issue will not be underwritten.

2.8 Dilution

The number of Shares held by Shareholders (Undertaking Shareholders, Directors and other Shareholders) and their interest in the Company, as at the date of this Announcement (being before the Rights Issue) and after the issuance of Rights Shares for the Minimum Scenario is set out in Appendix 1, and that for the Maximum Scenario is set out in Appendix 2.

Shareholders (other than Undertaking Shareholders and Directors) should note that:

- (a) under the Minimum Scenario, their percentage interest in the Share capital, will be reduced from approximately 30.12% to 17.21% after the issuance of Rights Shares; and
- (b) under the Maximum Scenario, their percentage interest in the Share capital, will be reduced from approximately 30.12% to 17.22% after the issuance of Rights Shares, assuming that there is no subscription or application for Rights Shares from Shareholders (other than Undertaking Shareholders) and that HLPL applies validly for all available Excess Rights Shares based on the Enlarged Share Capital.

2.9 Approvals

The Rights Issue is subject to and conditional upon, *inter alia*, the following:-

- (i) the approval in-principle of the SGX-ST for the dealing in, listing and quotation of the Rights Shares on the Official List of Main Board of the SGX-ST having been obtained (and such approval not having been withdrawn or revoked on or prior to the Closing Date), and if such approval is granted subject to conditions, such conditions being acceptable to and fulfilled by the Company;
- (ii) the Rights Issue, including the allotment and issue of the Rights Shares, being approved by Shareholders at the EGM;
- (iii) the lodgement of the Offer Information Statement together with all other accompanying documents (if applicable) pursuant to the Securities and Futures Act (Cap. 289) of Singapore with the Monetary Authority of Singapore;
- (iv) such other resolutions as may be required and applicable to give effect and authority for the Rights Issue and/or the transaction(s) pursuant to the Rights Issue, including where applicable approval by the Shareholders, being passed; and
- (v) such other approvals or consents as may be required and applicable from such other regulatory authorities in Singapore.

The Company will be making an application to the SGX-ST for the permission to deal in and for the listing of and quotation for the Rights Shares on the Official List of the Main Board of the SGX-ST. The Company intends to convene the EGM to seek, *inter alia*, Shareholders' approval for the Rights Issue. The Circular containing, *inter alia*, the notice of the EGM will be despatched to Shareholders in due course.

The Offer Information Statement will be lodged with the Monetary Authority of Singapore and despatched to Entitled Shareholders in due course following, *inter alia*, the Rights Issue being approved by Shareholders at the EGM and the obtaining of approval in-principle of the SGX-ST. Any approval in-principle or listing and quotation notice, where granted by the SGX-ST for the Rights Shares will be subject to such conditions (if any) stated therein, and should not *inter alia* be taken as an indication of the merits of the Rights Issue, the Rights Shares, the Company, its subsidiaries and their securities.

Appropriate announcements in relation to the above application, dispatch of the Circular, lodgement and dispatch of the Offer Information Statement will be made in due course.

3. RATIONALE AND USE OF PROCEEDS

3.1 Rationale

As part of its continuing efforts to restructure its business activities, Directors and management of the Company will continue on its internal review of the existing business activities of the Company and its subsidiaries (the "Group"). The review on the Group's activities for design, manufacture, sale and

distribution of machinery parts for both the heavy equipment and industrial machinery (“**Machinery Supplies Business**”) and vessel chartering (“**Vessel Chartering**”) will include looking at the emphasis or continued emphasis on certain existing core activities. Separately, the review will also look at the improvement of the rate of utilisation or yields for existing vessels owned by the Group, reduction in off-hire periods for vessels owned by the Group, the procurement or participation in contracts for the supply of vessels or equipment for the Oil and Gas Industry, reduction in debt financing and better management of the Group’s working capital and cash-flows requirements.

It would also entail a review of other non-performing activities or assets (both on a relative and absolute basis) as well as the possibility of divesting or disposing certain non-strategic businesses to improve profitability and cash-flows.

The internal review may where applicable and appropriate (subject to acceptable terms and conditions, Shareholders approval as well as market conditions) include other corporate actions like raising of financing via debt or equity (issuance of new shares pursuant to placements or rights issues) or quasi-equity instruments or organic investments to enhance and strengthen its existing businesses or acquisitions of assets or businesses as well as disposal or restructuring of such assets or businesses within the Group.

As at the date of this Announcement and save for this Announcement, no definitive action plans have been decided. The Directors will update Shareholders accordingly where applicable.

Accordingly, the Rights Issue has been proposed subject to Shareholders’ approval and Directors are of the view that the Rights Issue would provide the following benefits to the Company:-

- (i) strengthen the financial position and balance sheets of the Group while reducing the Group’s reliance or potential reliance on borrowings;
- (ii) supplement the cash balances and banking facilities available to the Group, thereby providing the financial flexibility and cash buffer for the Group’s existing and future operations; and
- (iii) provide Shareholders with an opportunity to further participate in the equity of the Company.

3.2 Use of Proceeds

Under the Minimum Scenario, the estimated net proceeds, before offsetting the Outstanding Loan, from the proposed Rights Issue and after deducting estimated expenses of S\$0.275 million is expected to be approximately S\$9.971 million.

Under the Maximum Scenario, the estimated net proceeds, before offsetting the Outstanding Loan, from the Rights Issue and after deducting estimated expenses of S\$0.275 million is expected to be approximately S\$10.031 million.

The Company intends to utilise the gross proceeds from the Rights Issue after deducting expenses for the Rights Issue (“**Net Proceeds**”) for the following purposes:

Proceeds from Rights Issue and use of proceeds	Minimum Scenario pursuant to Irrevocable Undertakings		Maximum Scenario	
	In S\$ Million	%	In S\$ million	%
Gross proceeds	9.971	100.00%	10.031	100.00%
Less estimated expenses	0.275	2.76%	0.275	2.74%
Net Proceeds	9.696	97.24%	9.756	97.26%
Cash proceeds from Rights Issue after deducting estimated expenses and off-setting of Outstanding Loan (“ Cash Proceeds ”)	4.696	47.10%	4.756	47.41%

Use of Cash Proceeds				
Working Capital <i>inter alia</i> procurement, equipping and refurbishments of Vessels	3.196	32.06%	3.256	32.46%
Repayment of bank borrowing	1.500	15.04%	1.500	14.95%

Minimum Scenario

Under the Minimum Scenario, gross proceeds to be raised of approximately S\$9.971 million pursuant to the Irrevocable Undertakings is based on the amount of Rights Shares subscribed (pursuant to the Irrevocable Undertakings) of approximately S\$6.964 million for the 151,394,911 Entitled Rights Shares and applied for pursuant to the HLPL Undertaking of approximately S\$3.007 million for the 65,372,542 available Excess Rights Shares. An aggregate of approximately S\$9.971 million is raised via partial offsetting of approximately S\$5.000 million of the Outstanding Loan and the remaining S\$4.971 million shall be raised via cash payment from HLPL (comprising approximately S\$0.909 million, S\$1.055 million and S\$3.007 million payable by HLPL pursuant to the Irrevocable Undertakings for the balance of the amounts payable by HLPL for its subscription of its Entitled Rights Shares (after deducting such number of Entitled Rights Shares to be paid via offsetting), the amounts payable in cash by Undertaking Shareholders Other Than HLPL and the amounts payable for the application of Excess Rights Shares respectively). For the avoidance of doubt, the remaining balance of the Outstanding Loan (after setting off the aforementioned amounts) of approximately S\$5.000 million shall remain outstanding and payable by the Company to HLPL in accordance with the terms and conditions pertaining to the Outstanding Loan.

The Cash Proceeds from the Rights Issue under the Minimum Scenario, (being gross proceeds after deducting estimated expenses S\$0.275 million and set-off for Outstanding Loan for approximately S\$5.000 million), is estimated to be approximately S\$4.696 million. The Cash Proceeds of approximately S\$4.696 million will be utilised for the working capital requirements of the Group (approximately S\$3.196 million) *inter alia* expenses to be incurred for the procurement, equipping and refurbishments of vessels and the repayment of bank borrowing (approximately S\$1.500 million).

Proceeds from the Outstanding Loan were previously utilised for the working capital requirements of the Group *inter alia* expenses incurred for the procurement, equipping and refurbishments of vessels.

Maximum Scenario

Under the Maximum Scenario, the gross proceeds to be raised are based on the amount subscribed for via the allotment and issue of 218,059,478 Rights Shares and an aggregate of S\$10.031 million is raised. For the avoidance of doubt, the remaining balance of the Outstanding Loan (after setting off the aforementioned amounts) of approximately S\$5.000 million shall remain outstanding and payable by the Company to HLPL in accordance with the terms and conditions pertaining to the Outstanding Loan.

The Cash Proceeds from the Rights Issue under the Maximum Scenario, (being gross proceeds after deducting estimated expenses S\$0.275 million and set-off for Outstanding Loan for approximately S\$5.000 million), is estimated to be approximately S\$4.756 million. The Cash Proceeds of approximately S\$4.756 million will be utilised for the working capital requirements of the Group (approximately S\$3.256 million) *inter alia* expenses to be incurred for the procurement, equipping and refurbishments of vessels and repayment of bank borrowing (approximately S\$1.500 million).

The gross amount, Net Proceeds, Cash Proceeds from the Rights Issue under the Maximum Scenario will not change even if HLPL is allotted Excess Rights Shares pursuant to the HLPL Undertaking as such subscription by HLPL will be payable in cash.

Pending disbursement of the Net Proceeds for working capital requirements (being gross proceeds from the Rights Issue, after deducting expenses for the Rights Issue and amounts for set-off for Outstanding Loan), the funds may be placed as deposits with financial institutions in short term money

markets or debt instruments or for any other purposes on a short term basis as the Directors may, in their absolute discretion, deem fit.

The Company undertakes that it will comply with Rules 704(30), 815 and 1207(20) of the Listing Manual of the SGX-ST in relation to use of the proceeds from the Rights Issue. Accordingly, the Company will make periodic announcements on the utilisation of the proceeds of the Rights Issue, as and when the funds from the Rights Issue are disbursed or utilised. 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.

4. REVIEW AND DIRECTORS' OPINION

The Directors are of the opinion that the current working capital available to the Group is insufficient for its present requirements.

Therefore, the Rights Issue is an important step towards resolving this insufficiency. On the bases of the Irrevocable Undertakings (which include HLPL's undertaking to apply for up to 66,664,567 Excess Rights Shares) provided by the Undertaking Shareholders, the Company would expect the Rights Issue to be successfully completed.

The Rights Issue, solely on its own, may not be sufficient for its present working capital requirements. Consequently, the Company is actively considering other various fund raising measures.

The Directors are of the opinion barring unforeseen circumstances and market conditions, that other than the Rights Issue, the adequacy of the working capital of the Group may be dependent, *inter alia*, on the following:

- (i) the ability by the Company to raise funding from external sources. These could take the form of disposal of some of the Group's assets including divestment of assets and/or interests in certain investee corporations to third parties. The proceeds of these disposals and divestments, if effected, will increase the Group's working capital;
- (ii) the continued support of the Group's bankers. The Group has received indications from its bankers recently of their continued support following the Group's commitment to pursue further corporate actions including raising funds through the Rights Issue to reduce borrowing by the Group;
- (iii) the Group's ability to improve on its collections on trade receivables and other receivables. The Group is confident that the loan of approximately RM 60 million extended by the Company to the Semua Group will be repaid in full, *inter alia*, for the following reasons:
 - (A) the Semua Group's net tangible assets is in a net asset positive position as at 30 June 2014;
 - (B) the Semua Group has started a gradual and small scale repayment plan of an average of USD200,000 to USD300,000 each month. Based on this, the Semua Group will take approximately 7 years to repay the loan in full;
 - (C) Bankers to the Semua Group provide continuous support to the Semua Group; and
 - (D) Semua Group's indicated order book of RM 387 million predominantly from its chartering contract with a major global oil corporation operating in Malaysia and the execution of such contracts;
- (iv) the Group being able to improve the rate of utilisation or yields for existing vessels owned by the Group and to reduce the off-hire periods of such vessels; and

- (v) no material liability arising from the minority oppression suit filed by Auspicious Journey Sdn Bhd, the Company's joint venture partner, in relation to Ebony Ritz Sdn Bhd., the Malaysian joint venture company.

While the Company is reasonably positive that the measures in (i) to (iv) can be achieved, there is no assurance of success. Moreover, working capital adequacy is also dependent on there being no adverse change in conditions or circumstances (both general market, economic and specific factors) affecting the Group which are not reasonably foreseeable as at the date of this Announcement.

5. ELIGIBILITY TO PARTICIPATE IN THE RIGHTS ISSUE

The Company proposes to provisionally allot the Rights Shares to the Entitled Shareholders (comprising Entitled Depositors, Entitled Scripholders and excluding Foreign Shareholders, as defined below) under the Rights Issue. As at the date of this Announcement, there are no Entitled Scripholders.

5.1 Entitled Depositors

Shareholders whose securities accounts with CDP are credited with Shares as at the Books Closure Date and whose registered addresses with CDP are in Singapore as at the Books Closure Date (the "**Entitled Depositors**") will be provisionally allotted the Rights Shares on the basis of the number of Shares standing to the credit of their securities accounts with CDP as at the Books Closure Date.

To be "Entitled Depositors", depositors must have registered addresses in Singapore with CDP as at the Books Closure Date, or if they have registered addresses outside Singapore, they must provide CDP at 9 North Buona Vista Drive #01-19/20 The Metropolis, Singapore 138588 with addresses in Singapore for the service of notices and documents, not later than 5.00 p.m. (Singapore Time) on the date being three (3) market days prior to the Books Closure Date, in order to receive their provisional allotments of Rights Shares entitlements.

5.2 Entitled Scripholders

Shareholders whose Shares are not registered in the name of CDP but whose names appear in the Register of Members of the Company with registered addresses in Singapore as at the Books Closure Date (the "**Entitled Scripholders**") will be provisionally allotted Rights Shares on the basis of the number of Shares held by them as stated in the Register of Members of the Company as at the Books Closure Date.

To be "Entitled Scripholders", Scripholders must have registered addresses in Singapore with the Company as at the Books Closure Date, or if they have registered addresses outside Singapore, must provide the share registrar ("**Share Registrar**"), Tricor Barbinder Share Registration Services at 80 Robinson Road, #02-00 Singapore 068898 with addresses in Singapore for the service of notices and documents, not later than 5.00 p.m. (Singapore Time) on the date being three (3) market days prior to the Books Closure Date, in order to receive their provisional allotments of Rights Shares entitlements.

Duly completed and stamped transfers (in respect of Shares not registered in the name of CDP), together with all relevant documents of title, so as to be received up to 5.00 p.m. on the Books Closure Date by the Share Registrar, will be registered to determine the transferee's provisional allotments of Rights Shares entitlements.

5.3 Participation in the Rights Issue

Entitled Depositors and Entitled Scripholders (the "**Entitled Shareholders**"), as may be applicable, will be entitled to participate in the Rights Issue and to receive the Offer Information Statement together with the application form for rights shares and excess rights shares ("**ARE**") or provisional allotment letter ("**PAL**"), as the case may be, and its accompanying documents at their respective registered addresses in Singapore. Entitled Depositors who do not receive the Offer Information Statement and the AREs may obtain them from CDP during the period up to the Closing Date. Entitled Scripholders who do not receive the Offer Information Statement and the PALs may obtain them from the Share Registrar during the period up to the time and date to be determined by the Directors ("**Closing Date**"), being the last time and date for acceptance and/or excess application and payment

for, and renunciation (as may be applicable) and payment for, the Rights Shares under the Rights Issue through CDP or the Share Registrar (as may be applicable); or the last time and date to be determined by the Directors for acceptance and/or excess application and payment for the Rights Shares under the Rights Issue through an electronic application (as may be applicable).

Entitled Shareholders will be provisionally allotted the Rights Shares under the Rights Issue on the basis of their shareholdings as at the Books Closure Date. They are at liberty to accept, decline, renounce or in the case of Entitled Depositors only, trade on the Main Board of SGX-ST (during the provisional allotment trading period as prescribed by the SGX-ST) their provisional allotments of Rights Shares and are eligible to apply for additional Rights Shares in excess of their provisional allotments under the Rights Issue. Entitled Depositors who wish to accept their provisional allotments of Rights Shares and (if applicable) apply for Excess Rights Shares may only do so through CDP or by way of an electronic application (as may be applicable).

Fractional entitlements to Rights Shares will be disregarded in arriving at Shareholders' entitlements and will, together with the provisional allotments which are not taken up or allotted for any reason, be aggregated and used to satisfy excess applications (if any) or disposed of or otherwise dealt with in such manner as the Directors may, in their absolute discretion, deem fit in the interests of the Company.

5.4 Excess Rights Shares

Provisional allotments of Rights Shares which are not taken up or allotted for any reason, will be aggregated as the Excess Rights Shares to satisfy applications for such Excess Rights Shares or otherwise dealt with in such manner as the Directors may, in their absolute discretion, deem fit. In the allotment of Excess Rights Shares, preference will be given to the rounding of odd lots. Directors and substantial Shareholders who have control or influence over the Company in connection with the day-to-day affairs of the Company or the terms of the Rights Issue, or have representation (direct or through a nominee) on the Board, will rank last in priority for the rounding of odd lots and allotment of Excess Rights Shares.

The Company will not make any allotment and issue of any Excess Rights Shares that will result in a transfer of controlling interest in the Company unless otherwise approved by Shareholders in a general meeting.

5.5 Dealings/transactions for provisional allotments

All dealings in and transactions of the provisional allotments of the Rights Shares through the SGX-ST will be effected under the book-entry (scripless) settlement system. Accordingly, the PALs if any to be issued to Entitled Scripholders will not be valid for delivery pursuant to trades done on the Main Board of SGX-ST.

Entitled Depositors should note that all correspondences and notices will be sent to their last registered addresses with CDP. Entitled Depositors are reminded that any request to CDP to update its records or to effect any change in address must reach CDP at least three (3) Market Days before the Books Closure Date. Entitled Scripholders should note that all correspondences and notices will be sent to their last registered addresses in the Register of Members.

Entitled Scripholders (where applicable) are encouraged to open Securities Accounts if they have not already done so and to deposit their Share certificates with CDP before the Books Closure Date so that their Securities Accounts may be credited by CDP with their Shares and their provisional allotments of Rights Shares. Entitled Scripholders should note that their Securities Accounts will only be credited with the Rights Shares on the twelfth (12th) Market Day or such number of Market Days as may be required and determined by CDP, from the date of lodgement of the Share certificates with CDP or such later date as CDP may determine.

Details for the Rights Issue will be set out in the Circular to be despatched to Shareholders in due course.

Full details of the Rights Issue, including an indicative timetable of key events will be set out in the Offer Information Statement to be despatched to the Entitled Shareholders in due course.

5.6 Foreign Shareholders

The Offer Information Statement and its accompanying documents relating to the Rights Issue will not be lodged, registered or filed in any jurisdiction other than Singapore. The distribution of the Offer Information Statement and its accompanying documents may be prohibited or restricted (either absolutely or subject to various relevant securities requirements, whether legal or administrative, being complied with) in certain jurisdictions under the relevant securities laws of those jurisdictions. For practical reasons and in order to avoid any violation of the relevant legislation applicable in countries other than Singapore, the Rights Shares will not be offered to Shareholders whose registered addresses with the Company and the CDP are outside Singapore as at the Books Closure Date and who have not, by 5.00 p.m. (Singapore Time) on the date being three (3) market days prior to the Books Closure Date, provided to the Share Registrar or the CDP, as the case may be, addresses in Singapore for the service of notices and documents (the "**Foreign Shareholders**") and the Offer Information Statement and its accompanying documents will not be despatched to Foreign Shareholders.

Accordingly, Foreign Shareholders will not be entitled to participate in the Rights Issue. No provisional allotment of Rights Shares will be made to Foreign Shareholders and no purported acceptance of the provisional allotments of Rights Shares or application for Excess Rights Shares by Foreign Shareholders will be valid.

The Offer Information Statement and its accompanying documents relating to the Rights Issue will also not be despatched to persons purchasing the provisional allotments of Rights Shares through the book-entry (scripless) settlement system if their registered addresses with CDP are outside Singapore ("**Foreign Purchasers**"). Foreign Purchasers who wish to accept the provisional allotments of Rights Shares credited by CDP to their Securities Accounts should make the necessary arrangements with their depository agents or stockbrokers in Singapore.

The Company reserves the right to reject any acceptances of the provisional allotments of the Rights Shares and/or applications for Excess Rights Shares where it believes, or has reason to believe, that such acceptances and/or applications may violate the applicable legislation of any jurisdiction. The Company further reserves the right to treat as invalid any ARE , application form for rights shares ("**ARS**") or PAL where applicable which (a) appears to the Company or its agents to have been executed in any jurisdiction outside Singapore which may violate the applicable legislation of such jurisdiction, (b) provides an address outside Singapore for the receipt of the share certificate(s) for the Rights Shares or which requires the Company to despatch the share certificate(s) to an address in any jurisdiction outside Singapore or (c) purports to exclude any deemed representation or warranty.

Foreign Shareholders who wish to be eligible to participate in the Rights Issue may provide a Singapore address by notifying in writing, as the case may be, (i) CDP at 9 North Buona Vista Drive, #01-19/20 The Metropolis, Singapore 138588, or (ii) the Company's Share Registrar, Tricor Barbinder Share Registration Services at 80 Robinson Road, #02-00 Singapore 068898, not later than three (3) Market Days before the Books Closure Date.

If it is practicable to do so, the Company may, at its absolute discretion, arrange for the provisional allotments of Rights Shares which would otherwise have been provisionally allotted to Foreign Shareholders, to be sold "nil-paid" on the SGX-ST as soon as practicable after dealings in the provisional allotment of Rights Shares commence. Such sales may, however, only be effected if the Company, in its absolute discretion, determines that a premium can be obtained from such sales, after taking into account the relevant expenses to be incurred in relation thereto.

The net proceeds from all such sales, after deduction of all expenses therefrom, will be pooled and thereafter distributed to Foreign Shareholders in proportion to their respective shareholdings or, as the case may be, the number of Shares standing to the credit of their respective Securities Accounts as at the Books Closure Date and sent to them at their own risk by ordinary post. If the amount of net proceeds distributable to any single Foreign Shareholder is less than \$10.00, such net proceeds will be retained for the sole benefit of the Company or dealt with as the Directors may, in their absolute

discretion, deem fit in the interest of the Company and no Foreign Shareholder shall have any claim whatsoever against the Company, the Manager (where applicable), the Share Registrar, the board of the Central Provident Fund established under the Central Provident Fund Act (Cap. 36), as amended or modified from time to time ("**CPF Board**") or the CDP or their respective officers in connection therewith.

Where such provisional allotments of Rights Shares are sold "nil-paid" on the SGX-ST, they will be sold at such price or prices as the Company may, in its absolute discretion, decide and no Foreign Shareholder shall have any claim whatsoever against the Company, the manager (where applicable), the Share Registrar, the CPF Board or the CDP or their respective officers in respect of such sales or proceeds thereof, of such provisional allotments of Rights Shares or the Rights Shares represented by such provisional allotments.

If such provisional allotments of Rights Shares cannot be sold or are not sold on the SGX-ST as aforesaid for any reason by such time as the SGX-ST shall have declared to be the last day for trading in the provisional allotments of Rights Shares, the Rights Shares represented by such provisional allotments will be allotted and issued to satisfy excess applications or disposed of or otherwise dealt with in such manner as the Directors may, in their absolute discretion, deem fit in the interests of the Company and no Foreign Shareholder shall have any claim whatsoever against the Company, the manager (where applicable), the Share Registrar, the CPF Board or the CDP or their respective officers in connection therewith.

Shareholders should note that the special arrangements described above will apply only to Foreign Shareholders.

Notwithstanding the above, Shareholders and any other person having possession of the Offer Information Statement and/or its accompanying documents are advised to inform themselves of and to observe any legal requirements applicable thereto. No person in any territory outside Singapore receiving the Offer Information Statement and/or its accompanying documents may treat the same as an offer, invitation or solicitation to subscribe for any Rights Shares unless such offer, invitation or solicitation could lawfully be made without compliance with any registration or other regulatory or legal requirements in those territories.

The procedures for, and the terms and conditions applicable to, the acceptance, renunciation (where applicable) and/or sale of the provisional allotments of Rights Shares and for application for Excess Rights Shares pursuant to the Rights Issue will be set out in the Offer Information Statement and its accompanying documents to be despatched by the Company to Entitled Shareholders in due course.

6. ADJUSTMENTS TO OPTIONS AND PSP SHARES

As a result of the Rights Issue, adjustments may be made to the exercise price and/or number of Options and the number of PSP Shares which are not yet vested in accordance with the respective terms and conditions of the ESOS 2009 and PSP 2009. Further announcement(s) will be made by the Company in respect of such adjustments as and when appropriate.

7. INTEREST OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

Save as disclosed above, none of the Directors or substantial Shareholders has any interest, direct or indirect, in the Rights Issue (other than through their respective shareholdings in the Company or pursuant to the Irrevocable Undertakings or the set-off arrangements for the Outstanding Loan).

The respective shareholdings of Directors and substantial Shareholders as at the date of this Announcement and upon completion of the Rights Issue (a) under the Minimum Scenario is set out in **Appendix 1**, and (b) under the Maximum Scenario is set out in **Appendix 2**.

8. RESPONSIBILITY STATEMENT

The Directors of the Company 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 and belief, this Announcement constitutes full and true disclosure of all

material facts about the Rights Issue, 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 the 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.

ON BEHALF OF THE BOARD

Kuah Geok Lin
Chairman and Chief Executive Officer
28 August 2014

Appendix 1 – Minimum Scenario

Undertaking Shareholders/ Directors	As at date of Announcement				No. of Rights Shares to be issued No. of Rights Shares ⁽²⁾	After issuance of the Rights Shares				
	No. of shares		Shareholdings ⁽¹⁾ (%)			No. of shares		Shareholdings ⁽³⁾ (%)		
	Direct Interest	Deemed Interest	Direct Interest	Deemed Interest		Direct Interest	Deemed Interest	Direct Interest	Deemed Interest	
Undertaking Shareholders										
Hoe Leong Co. (Pte.) Ltd.	171,268,200	-	59.26	-	193,823,692 ⁽⁴⁾	365,091,892	-	72.18	-	
Kuah Geok Lin ⁽⁴⁾	8,860,924	171,268,200	3.07	59.26	6,645,693	15,506,617	365,091,892	3.07	72.18	
Kuah Geok Khim ⁽⁴⁾	8,750,924	171,268,200	3.03	59.26	6,563,193	15,314,117	365,091,892	3.03	72.18	
Quah Yoke Hwee ⁽⁴⁾	8,750,924	171,268,200	3.03	59.26	6,563,193	15,314,117	365,091,892	3.03	72.18	
Mdm Kuah Geok Khim ⁽⁴⁾	4,228,910	171,268,200	1.46	59.26	3,171,682	7,400,592	365,091,892	1.46	72.18	
Directors										
Ang Mong Seng	100,000	-	0.03	-	-	100,000	-	0.02	-	
Lim Kok Hoong	-	-	-	-	-	-	-	-	-	
Peter Boo Song Heng	-	-	-	-	-	-	-	-	-	
Public Shareholders	87,063,389	-	30.12	-	-	87,063,389		17.21		
Total	289,023,271	-	100.00	-	216,767,453	505,790,724	-	100.00	-	

Notes:

- (1) Calculated on the basis that the total number of issued Shares is 289,023,271.
- (2) Assuming that only the Undertaking Shareholders subscribe for such number of their Entitled Rights Shares pursuant to the Irrevocable Undertakings and HLPL applies for 65,372,542 available excess Rights Shares pursuant to the HLPL Undertaking.
- (3) Calculated on the basis that the total number of issued Shares after completion of the Rights Issue is 505,790,724 and this figure is arrived at on the basis that (i) none of the Options and Share Awards are vested and/or exercised (as the case may be) on or before Books Closure Date or no new Shares that are required to be allotted and issued pursuant to the exercise of the Options or the vesting of the Share Awards are allotted and issued on or before the Books Closure Date, and the Existing Share Capital will remain at 289,023,271 Shares and on the assumption that the Treasury Shares are not issued or re-issued on or before the Books Closure Date; and (ii) only the Undertaking Shareholders subscribe for such number of their Entitled Rights Shares pursuant to the Irrevocable Undertakings and HLPL applies for 65,372,542 available excess Rights Shares pursuant to the HLPL Undertaking. This assumes that there is no subscription and application for any Rights Shares (other than those pursuant to the Irrevocable Undertakings) from other Entitled Shareholders.
- (4) Assuming that HLPL applies for 65,372,542 available excess Rights Shares pursuant to the HLPL Undertaking.
- (5) Messrs Kuah Geok Lin, Kuah Geok Khim, Quah Yoke Hwee and Mdm Kuah Geok Khim are deemed to be interested in the shares of the Company held by Hoe Leong Co. (Pte.) Ltd. by virtue of Section 7(4) of the Companies Act.

Appendix 2 – Maximum Scenario

Undertaking Shareholders/ Directors	As at date of Announcement				No. of Rights Shares to be issued No. of Rights Shares ⁽²⁾	After conversion of the Convertible Securities (save for 115,500 Options which can only be exercised after 31 May 2015 and 45,000 Share Awards which can only be vested after 31 May 2015) and issuance of the Rights Shares (all Options and Share Awards are converted into Shares and all Entitled Shareholders subscribe for their entitlement)				
	No. of shares		Shareholdings ⁽¹⁾ (%)			No. of shares		Shareholdings ⁽³⁾ (%)		
	Direct Interest	Deemed Interest	Direct Interest	Deemed Interest		Direct Interest	Deemed Interest	Direct Interest	Deemed Interest	
Undertaking Shareholders										
Hoe Leong Co. (Pte.) Ltd.	171,268,200	-	59.26	-	128,451,150	299,719,350	-	58.91	-	
Kuah Geok Lin ⁽⁴⁾	8,860,924	171,268,200	3.07	59.26	6,941,268 ⁽⁵⁾	16,196,292	299,719,350	3.18	58.91	
Kuah Geok Khim ⁽⁴⁾	8,750,924	171,268,200	3.03	59.26	6,726,393 ⁽⁶⁾	15,694,917	299,719,350	3.08	58.91	
Quah Yoke Hwee ⁽⁴⁾	8,750,924	171,268,200	3.03	59.26	6,715,368 ⁽⁷⁾	15,669,192	299,719,350	3.08	58.91	
Mdm Kuah Geok Khim ⁽⁴⁾	4,228,910	171,268,200	1.46	59.26	3,323,032 ⁽⁸⁾	7,753,742	299,719,350	1.52	58.91	
Directors										
Ang Mong Seng	100,000	-	0.03	-	112,500 ⁽⁹⁾	262,500	-	0.05	-	
Lim Kok Hoong	-	-	-	-	37,500 ⁽¹⁰⁾	87,500	-	0.02	-	
Peter Boo Song Heng	-	-	-	-	37,500 ⁽¹¹⁾	87,500	-	0.02	-	
Public Shareholders	87,063,389	-	30.12	-	65,714,767 ⁽¹²⁾	153,334,456	-	30.14	-	
Total	289,023,271	-	100.00	-	218,059,478	508,805,449	-	100.00	-	

Notes:

- (1) Calculated on the basis that the total number of issued Shares is 289,023,271.
- (2) Assuming that the Convertible Securities are vested and/or exercised, as the case may be, in full (save for 115,500 Options and 45,000 Share Awards, which can only be exercised and/or vested after 31 May 2015) on or before the Books Closure Date, the Enlarged Share Capital will amount to 290,745,971 Shares.
- (3) Calculated on the basis that the total number of issued Shares after completion of the Rights Issue is 508,805,449 and this figure is arrived at on the basis that (i) (save for 115,500 Options and 45,000 Share Awards, which can only be exercised and/or vested after 31 May 2015) all the other Options and Share Awards are exercised and/or vested and 1,722,700 new Shares arising from the exercise of the Options and the vesting of the PSP Shares are allotted and issued on or before Books Closure Date, and on the assumption that the Treasury Shares are not issued or re-issued on or before the Books Closure Date, the Enlarged Share Capital will comprise up to 290,745,791 Shares; and (ii) all Entitled Shareholders subscribe in full for their pro-rata Rights Shares entitlements based on the Enlarged Share Capital and pursuant to the Irrevocable Undertakings or that any available Excess Rights Shares is validly applied for by either HLPL pursuant to the HLPL Undertaking or such other Entitled Shareholders.
- (4) Messrs Kuah Geok Lin, Kuah Geok Khim, Quah Yoke Hwee and Mdm Kuah Geok Khim are deemed to be interested in the shares of the Company held by Hoe Leong Co. (Pte.) Ltd. by virtue of Section 7(4) of the Companies Act.
- (5) As at the date of the Announcement, Kuah Geok Lin holds 100,000 Options which have not been exercised and 294,100 Share Awards which have not been issued and allotted and can be exercised before 31 May 2015.
- (6) As at the date of the Announcement, Kuah Geok Khim holds 100,000 Options which have not been exercised and 117,600 Share Awards which have not been issued and allotted and can be exercised before 31 May 2015.
- (7) As at the date of the Announcement, Quah Yoke Hwee holds 100,000 Options which have not been exercised and 102,900 Share Awards which have not been issued and allotted and can be exercised before 31 May 2015.
- (8) As at the date of the Announcement, Mdm Kuah Geok Khim holds 117,000 Options which have not been exercised and 84,800 Share Awards which have not been issued and allotted and can be exercised before 31 May 2015.
- (9) As at the date of the Announcement, Ang Mong Seng holds 50,000 Options which have not been exercised and can be exercised before 31 May 2015.
- (10) As at the date of the Announcement, Lim Kok Hoong holds 50,000 Options which have not been exercised and can be exercised before 31 May 2015.
- (11) As at the date of the Announcement, Peter Boo Song Heng holds 50,000 Options which have not been exercised and can be exercised before 31 May 2015.
- (12) As at the date of the Announcement, employees of the Company (other than the Directors and the Undertaking Shareholders) hold 478,500 Options which have not been exercised and 77,800 Share Awards which have not been issued and allotted.

Under the Maximum Scenario, Shareholders (other than Undertaking Shareholders and Directors) percentage interest in the Share capital will be reduced from approximately 30.12% to 17.22% after the issuance of Rights Shares, assuming that there is no subscription or application for Rights Shares from Shareholders (other than Undertaking Shareholders) and that HLPL applies validly for all available Excess Rights Shares based on the Enlarged Share Capital.