

HOE LEONG CORPORATION LTD.
(the “Company”)
(Company Registration Number 199408433W)
(Incorporated in the Republic of Singapore)

PROPOSED SCHEME OF ARRANGEMENT
– OVERVIEW OF THE PROPOSED SCHEME OF ARRANGEMENT
– FILING OF MORATORIUM APPLICATION

1. INTRODUCTION

The Board of Directors of the Company and its subsidiaries (the “**Group**”) refers to the previous announcement released by the Company on 17 November 2017 in relation to the proposed entry into the Scheme (the “**Announcement**”). Unless otherwise defined, capitalised terms used herein shall have the same meaning as ascribed to them in the Announcement.

2. OVERVIEW OF THE SCHEME

Further to the Announcement, the Board wishes to provide an overview of the Scheme.

The overview of the Scheme is as follows:

- (a) The Scheme is proposed to certain bank creditors of the Group and the controlling shareholder of the Group, Hoe Leong Co. (Pte) Ltd (the “**Controlling Shareholder**”) (the bank creditors of the Group and the Controlling Shareholder shall be referred to collectively as the “**Scheme Creditors**”).
- (b) The total indebtedness due to the aforementioned bank creditors and Controlling Shareholder is approximately S\$63 million and S\$14 million respectively. These amounts may change and are subject to prove by the Scheme Creditors and adjudication by the Scheme Manager in due course.
- (c) The Scheme comprises principally the following elements:
 - i. Restructuring of debts amounting to S\$20,678,432 (the “**Restructured Debts**”) as vessel loans and spare part loans to be repaid by the Group;
 - ii. Extinguishing the Remaining Debts through the allotment, issuance and distribution (the “**Share Distribution**”) such number of new ordinary shares in the capital of the Company (the “**Scheme Shares**”) at an issue price calculated by reference to the volume weighted average share price traded in the immediate 22 trading days prior to the Share Distribution, per Scheme Share to the Scheme Creditors. This shall include the conversion of loans amounting to approximately S\$14 million granted by the Controlling Shareholder, who is also a Scheme Creditor, into Scheme Shares. “**Remaining Debts**” means the total claims of Scheme Creditors admitted by the Scheme Manager less the value of the Restructured Debts.
 - iii. The Controlling Shareholder shall have the first right to purchase Scheme Shares from the other Scheme Creditors subsequent to the Share Distribution.
- (d) The Scheme is subject to the following conditions precedent being met:
 - i. Approval of the Scheme by a majority in number representing three-fourths in value of each class of Scheme Creditors casting their votes through the ballot forms;

- ii. The confirmation by the Court pursuant to Section 211I of the Companies Act and a copy of the order of the Court sanctioning the Scheme being lodged with the Registry of Companies pursuant to Section 211I(12) of the Companies Act;
- iii. In the event that the issue of the Scheme Shares to certain bank creditor of the Group triggers an obligation for such bank creditor, together with its concert parties, to make a mandatory general offer, a whitewash waiver being granted by the SIC to such bank creditor and its concert parties from making a mandatory general offer, being obtained;
- iv. The receipt of approval-in-principle from the SGX-ST in relation to the listing and quotation of the Scheme Shares to be issued to the Scheme Creditors;
- v. The approval of the Shareholders being obtained for the allotment and issue of the Scheme Shares to the Scheme Creditors and other resolutions in connection thereto; and
- vi. As at the date on which the Scheme, if approved by the Court, becomes effective and binding in accordance with the Companies Act, there is no resolution being passed or order made for the winding up of the Scheme Company or its Subsidiaries, no receiver, trustee, judicial manager or similar officer of the Scheme Company or its Subsidiaries, their assets or any of them being appointed and no encumbrancer taking possession of their assets.

3. MORATORIUM

The Board wishes to announce that the Company has, on 23 November 2017, applied to the Court pursuant to Sections 211B(1) and 211C(1) of the Companies Act seeking, *inter alia*, that for a period from the date of the Order to be made until 31 July 2018:

- (a) No action or proceedings in Singapore or elsewhere shall be proceeded with, continued or commenced against the Company, Hoe Leong Crawler Parts Pte. Ltd., Arkstar Offshore Pte. Ltd., Arkstar Voyager Pte. Ltd., Arkstar Eagle 3 Pte. Ltd., Arkstar Energy Pte. Ltd., Arkstar Ship Management Pte. Ltd. and Arkstar Unicorn Pte. Ltd. (collectively, the “**Relevant Subsidiaries**”) (including without limitation proceedings for the recovery of a debt or damages by civil action, by arbitration or by proceedings before the small claims tribunal, proceedings by way of execution on a judgment, proceedings to levy distress or proceedings in the nature of distress, winding up proceedings or proceedings to place the Company or the Relevant Subsidiaries under judicial management, and proceedings to enforce or execute against the assets of the Company or the Relevant Subsidiaries other than proceedings under sections 210, 211B, 211D, 211G, 211H or 212 of the Companies Act) for the enforcement of rights in equity or at law by any creditor of the Company or the Relevant Subsidiaries except with the consent of the Company or the Relevant Subsidiaries or by leave of this Honourable Court and, in the latter case in accordance with such terms as this Honourable Court may impose;
- (b) No appointment shall be made of a receiver or manager over any property or undertaking of the Company or the Relevant Subsidiaries;
- (c) No execution, distress or other legal process in Singapore or elsewhere against any property of the Company or the Relevant Subsidiaries shall be commenced, continued or levied, except with the consent of the Company or the Relevant Subsidiaries or the leave of the Court and subject to such terms as the Court imposes;
- (d) No step to enforce any security over any property of the Company or the Relevant Subsidiaries, or to repossess any goods held by the Company or the Relevant Subsidiaries under any chattels leasing agreement, hire-purchase agreement or retention of title agreement shall be taken or continued in Singapore or elsewhere, except with the consent of the Company or the

Relevant Subsidiaries or the leave of the Court and subject to such terms as the Court imposes; and

- (e) No enforcement of any right of re-entry or forfeiture under any lease in respect of any premises occupied by the Company or the Relevant Subsidiaries in Singapore or elsewhere shall be commenced or continued (including any enforcement pursuant to sections 18 or 18A of the Conveyancing and Law of Property Act (Cap. 61)), except with the consent of the Company or the Relevant Subsidiaries or the leave of the Court and subject to such terms as the Court imposes.

For a period of 30 days from 23 November 2017 (or until the date on which the said application is decided by the Court, whichever is earlier), an automatic moratorium arises pursuant to Section 211B(8) of the Companies Act during which:

- (a) no order may be made, and no resolution may be passed, for the winding up of the Company;
- (b) no receiver or manager may be appointed over any property or undertaking of the Company;
- (c) no proceedings (other than proceedings under this section or section 210, 211D, 211G, 211H or 212) may be commenced or continued against the company, except with the leave of the Court and subject to such terms as the Court imposes;
- (d) no execution, distress or other legal process may be commenced, continued or levied against any property of the company, except with the leave of the Court and subject to such terms as the Court imposes;
- (e) no step may be taken to enforce any security over any property of the Company, or to repossess any goods under any chattels leasing agreement, hire purchase agreement or retention of title agreement, except with the leave of the Court and subject to such terms as the Court imposes; and
- (f) despite sections 18 and 18A of the Conveyancing and Law of Property Act (Cap. 61), no right of re-entry or forfeiture under any lease in respect of any premises occupied by the Company may be enforced, except with the leave of the Court and subject to such terms as the Court imposes.

4. FURTHER ANNOUNCEMENTS AND CAUTION IN TRADING

Further announcements will be made by the Company via SGXNET as and when there are any material developments in compliance with the listing rules of the Singapore Exchange Securities Trading Limited.

Pending the completion of the Scheme, shareholders and potential investors should exercise caution when trading in the Company's securities. When in doubt as to the action they should take, shareholders and potential investors should consult their financial, legal, tax or other advisers.

BY ORDER OF THE BOARD

Kuah Geok Lin
Chairman and Chief Executive Officer
23 November 2017