

CIRCULAR DATED 10 April 2018

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

If you are in any doubt as to this Circular or as to the course of action you should take, you should consult your stockbroker, bank manager, solicitor, accountant or other professional adviser immediately.

If you have sold or transferred all your ordinary shares in the capital of Huatong Global Limited (the “**Company**”) held through The Central Depository (Pte) Limited (“**CDP**”), you need not forward this Circular with the Notice of Extraordinary General Meeting and the attached Proxy Form to the purchaser or transferee as arrangements will be made by CDP for a separate Circular with the Notice of Extraordinary General Meeting and the attached Proxy Form to be sent to the purchaser or transferee. If you have sold or transferred all your shares in the capital of the Company represented by physical share certificate(s), you should immediately forward this Circular, together with the Notice of Extraordinary General Meeting and the accompanying Proxy Form to the purchaser or transferee or to the bank, stockbroker or agent through whom you effected the sale or transfer, for onward transmission to the purchaser or transferee.

This Circular has been prepared by the Company and its contents have been reviewed by the Company’s Sponsor, PrimePartners Corporate Finance Pte. Ltd. (the “**Sponsor**”) for compliance with the relevant rules of the SGX-ST. The Sponsor has not independently verified the contents of this Circular.

This Circular has not been examined or approved by the SGX-ST. The Sponsor and the SGX-ST assume no responsibility for the contents of this Circular, including the accuracy, completeness or correctness of any of the information, statements or opinions made or reports contained in this Circular.

The contact person for the Sponsor is Mr Joseph Au, Associate Director, Continuing Sponsorship, (Mailing Address: 16 Collyer Quay, #10-00 Income at Raffles, Singapore 049318 and E-mail: sponsorship@ppcf.com.sg).



HUATONG GLOBAL LIMITED

(the “**Company**”)

(Incorporated in the Republic of Singapore)
(Company Registration No. 201422395Z)

CIRCULAR TO SHAREHOLDERS IN RELATION TO

THE PROPOSED DIVERSIFICATION OF THE GROUP’S BUSINESS TO INCLUDE THE PROPERTY INVESTMENT AND DEVELOPMENT BUSINESS

IMPORTANT DATES AND TIMES:

- | | | |
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| Last date and time for lodgement of Proxy Form | : | 22 April 2018 at 2.30 p.m. |
| Date and time of Extraordinary General Meeting | : | 25 April 2018 at 2.30 p.m. (or immediately following the conclusion or adjournment of the Annual General Meeting of the Company to be held at 2 p.m. on the same day and at the same place) |
| Place of Extraordinary General Meeting | : | Bridge Room, Raffles Marina (Country Club)
10 Tuas West Drive
Singapore 638404 |

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DEFINITIONS

In this Circular, the following definitions apply throughout unless otherwise stated:

“Act” or “Companies Act”	: The Companies Act, Chapter 50 of Singapore, as may be amended, modified or supplemented from time to time
“AGM”	: The annual general meeting of the Company
“Audit Committee”	: The audit committee of the Company
“Board” or “Board of Directors”	: The board of directors of the Company, as at the date of this Circular
“Catalist Rules”	: The listing manual of the SGX-ST and in particular the Listing Manual, Section B: Rules of Catalist of the SGX-ST as amended, supplemented or modified from time to time
“CDP”	: The Central Depository (Pte) Limited
“Circular”	: This circular to Shareholders dated 10 April 2018
“Constitution”	: The constitution of the Company, as at the date of this Circular
“Company”	: Huatong Global Limited
“Development Rights Agreement”	: Has the meaning ascribed to it in Section 2.6.1.25 of this Circular
“Development Rights Arrangements”	: Has the meaning ascribed to it in Section 2.6.1.25 of this Circular
“Dandelion”	: Dandelion Capital Pte. Ltd.
“Director”	: A director of the Company, as at the date of this Circular
“EGM”	: The extraordinary general meeting of the Company to be held on 25 April 2018, notice of which is set out on page N-1 of this Circular
“EPS”	: Earnings per share
“FY”	: Financial year ended 31 December
“Group”	: The Company and its subsidiaries collectively, as at the Latest Practicable Date
“Land Owners”	: Has the meaning ascribed to it in Section 2.6.1.25 of this Circular
“Latest Practicable Date”	: 27 March 2018, being the latest practicable date prior to the printing of this Circular
“Notice of EGM”	: The notice of the Extraordinary General Meeting
“NTA”	: Net tangible assets
“Property Investment and Development Business”	: Has the meaning ascribed to it in Section 2.4.1 of this Circular
“Proposed Diversification”	: The proposed diversification of the Group’s business to include the Property Investment and Development Business
“Proxy Form”	: The proxy form in respect of the EGM as set out in this Circular
“Risk Committee”	: The risk committee of the Company
“Securities Account”	: Securities account maintained by a Depositor with CDP but does not include a securities sub-account maintained with a Depository Agent

DEFINITIONS

“SFA” or “Securities and Futures Act”	: Securities and Futures Act, Chapter 289 of Singapore, as may be amended, modified or supplemented from time to time
“SGX-ST”	: Singapore Exchange Securities Trading Limited
“Shareholders”	: Registered holders of Shares, except that where the registered holder is CDP, the term “Shareholders” in relation to Shares held by CDP shall mean the persons named as Depositors in the Depository Register maintained by CDP and to whose Securities Accounts such Shares are credited
“Shares”	: Ordinary shares in the capital of the Company
“Substantial Shareholders”	: A person who has an interest in the voting Shares (excluding Treasury Shares) in the Company, and the total votes attached to that Share, or those Shares, represent not less than 5.0% of all the voting Shares
“Treasury Shares”	: “Treasury Shares” shall have the meaning ascribed to it in Section 4 of the Companies Act
“S\$”, “SGD” or “\$” and “cents”	: Singapore dollars and cents respectively
“%” or “per cent”	: Per centum

The terms **“Depositor”, “Depository”, “Depository Register”** and **“Depository Agent”** shall have the meanings ascribed to them respectively in Section 81SF of the SFA.

The term **“subsidiary(ies)”** shall have the meaning ascribed to it under Section 5 of the Companies Act.

Any reference in this Circular to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any term defined under the Act, the SFA or the Catalist Rules, or any statutory modification thereof, and used in this Circular shall, where applicable, have the meaning ascribed to it under the Act, the SFA or the Catalist Rules, or such modification thereof, as the case may be, unless otherwise provided.

Words importing the singular shall, where applicable, include the plural and *vice versa* and words importing the masculine gender shall, where applicable, include the feminine and neuter genders.

The headings in this Circular are inserted for convenience only and shall be ignored in construing this Circular.

Any reference to a time of a day in this Circular is a reference to Singapore time unless otherwise stated.

Any discrepancies in the tables in this Circular between the listed amounts and the totals thereof and/or the respective percentages are due to rounding.

Cautionary Note on Forward Looking Statements

All statements other than statements of historical facts included in this Circular are or may be forward-looking statements. Forward-looking statements include but are not limited to those using words such as “expect”, “anticipate”, “believe”, “estimate”, “intend”, “project”, “plan”, “strategy”, “forecast” and similar expressions or future or conditional verbs such as “if”, “will”, “would”, “should”, “could”, “may” and “might”. These statements reflect the Company’s current expectations, beliefs, hopes, intentions or strategies regarding the future and assumptions in light of currently available information.

Such forward-looking statements are not guarantees of future performance or events and involve known and unknown risks and uncertainties. Accordingly, actual results may differ materially from those described in such forward-looking statements.

Shareholders should not place undue reliance on such forward-looking statements. Further, the Company and the Sponsor disclaim any responsibility to update or revise any forward-looking statements for any reason, even if new information becomes available or other events occur in the future, subject to compliance with all applicable laws and regulations and/or the rules of the SGX-ST and/or any other regulatory or supervisory body or agency.

LETTER TO SHAREHOLDERS

HUATIONG GLOBAL LIMITED

(Incorporated in the Republic of Singapore)
(Company Registration No. 201422395Z)

Directors :

Mr Ng Hai Liong (*Executive Chairman and Executive Director*)
Mr Ng Kian Ann Patrick (*Chief Executive Officer and Executive Director*)
Mr Ng Kian Yeow, Vincent (*Chief Operating Officer and Executive Director*)
Mr Yuen Sou Wai (*Lead Independent Director*)
Mr Yen Se-Hua Stewart (*Independent Director*)
Mr Wee Heng Yi, Adrian (*Independent Director*)

Registered Office :

No. 9 Benoi Crescent
Singapore 629972

10 April 2018

To: The Shareholders of Huatong Global Limited

Dear Sir / Madam,

1. INTRODUCTION

1.1 EGM

The Board is convening an EGM to be held on 25 April 2018 to seek Shareholders' approval for the proposed diversification of the Group's business to include the Property Investment and Development Business (the "**Proposed Diversification**").

The Proposed Diversification is set out as an ordinary resolution in the Notice of the EGM accompanying this Circular.

The SGX-ST assumes no responsibility for the accuracy, completeness or correctness of any of the statements made, reports contained or opinions expressed in this Circular.

1.2 Circular to Shareholders

The purpose of this Circular is to provide Shareholders with information relating to, and to seek Shareholders' approval for, the abovementioned Proposed Diversification. Shareholders' approval will be sought at the EGM to be held on 25 April 2018 at 2.30 p.m. (or immediately following the conclusion or adjournment of the Annual General Meeting of the Company to be held at 2 p.m. on the same day and at the same place), notice of which is set out on page N-1 of this Circular.

2. THE PROPOSED DIVERSIFICATION

2.1 Introduction

As the Proposed Investment and Development Business is different from the Group's existing core business, it is envisaged that the Proposed Diversification will change the existing risk profile of the Group. Accordingly, the EGM is convened by the Company to seek Shareholders' approval for the Proposed Diversification.

Section 2 of this Circular is intended to provide Shareholders with information relating to, and explain the rationale for, the Proposed Diversification.

2.2 Background and Rationale

The Company was incorporated in Singapore on 1 August 2014 and has been listed on the Catalist of the SGX-ST since 9 December 2014.

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As at the Latest Practicable Date, the Group is principally engaged in the provision of civil engineering services for infrastructure projects and ancillary inland logistics support services. The Group is also involved in the sale of construction material, including the manufacture and supply of liquefied soil stabiliser, which is used as non-structural fill for buildings and other structures and for backfill in utility and road construction, as well as the sale of recycled concrete aggregate produced from the recycling of construction waste and aggregates.

The Board proposes to further diversify the Group's business to include the Property Investment and Development Business due to the following principal reasons:

- (a) *Leveraging on existing experience and knowledge for expansion into a complementary business segment*

The Board believes that the Proposed Diversification represents an opportunity to establish a new and complementary business segment for the Group which will enable the Group to access new business opportunities in the property market. The Board believes that the Group can leverage on its experience and knowledge in its existing business in infrastructure and construction to expand into the Property Investment and Development Business, and build on such existing experience and knowledge to envisage and resolve issues that may be faced by a company in the Property Investment and Development Business.

- (b) *Enhancing shareholder value*

The Board also believes that the Proposed Diversification is aligned with the Group's corporate strategy to provide Shareholders with diversified returns and long-term growth. Through the Proposed Diversification, the Group may reduce its reliance on and mitigate against volatility of its existing business and enhance its profitability, shareholder value and returns through the introduction of possible recurring rental income and/or management income, and capital gains from such investments.

- (c) *The Proposed Diversification will give the Group the flexibility to enter into transactions relating to the proposed Property Investment and Development Business in the ordinary course of business*

Upon Shareholders' approval of the Proposed Diversification, any acquisition or disposal which is in, or in connection with, the Proposed Investment and Development Business, may be deemed to be in the Group's ordinary course of business and therefore not fall under the definition of a "transaction" under Chapter 10 of the Catalist Rules. Accordingly, the Group may, in its ordinary course of business, enter into transactions relating to the Proposed Investment and Development Business and which will not change the risk profile of the Group, in an efficient and timely manner without the need to convene separate general meetings from time to time to seek Shareholders' approval as and when potential transactions relating to the Proposed Investment and Development Business arise. This will reduce substantially the administrative time and expenses in convening such meetings, without compromising the corporate objectives and adversely affecting the business opportunities available to the Group.

2.3 Application of Chapter 10 of the Catalist Rules

Notwithstanding that Shareholders' approval of the Proposed Diversification has been obtained,

- (a) Rule 1015 of the Catalist Rules will apply to acquisitions of assets (including options to acquire assets) whether or not in the Company's ordinary course of business (which will include the Proposed Investment and Development Business) and which results in any of the relative figures as computed on the bases set out in Rule 1006 of the Catalist Rules exceeding 100% or results in a change in control of the Company. Such acquisitions must therefore be, amongst others, made conditional upon approval by Shareholders at a general meeting; or

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- (b) Part III of Practice Note 10A of the Catalist Rules will apply to acquisitions or disposals of assets (including options to acquire or dispose assets) which will change the risk profile of the Company. Such transactions must therefore be, amongst others, made conditional upon approval by Shareholders at a general meeting.

Pursuant to Rule 1005 of the Catalist Rules, separate transactions completed within the last 12 months may also be aggregated and treated as if they were one transaction in determining whether a transaction falls into category (a), (b), (c) or (d) of Rule 1004 of the Catalist Rules.

The Company will be required to comply with any applicable and prevailing Catalist Rules as amended or modified from time to time.

2.4 Description of the Proposed Diversification into the Property Investment and Development Business

2.4.1 Scope of the Proposed Property Investment and Development Business

The scope of the proposed Property Investment and Development Business (the “**Property Investment and Development Business**”) shall be as follows:

- (i) development and/or sale of residential, hospitality, commercial (retail and office), industrial and any other types of properties (including mixed development properties);
- (ii) acquisition and/or sale of residential, hospitality, commercial (retail and office), industrial and any other types of properties (including mixed development properties);
- (iii) investing in property, property related assets (including securities issued by any property fund or property investment company) and property projects; and
- (iv) purchasing and holding property for the collection of rent, capital growth potential and/or provision of property related services and facilities.

The Group does not plan to restrict the Property Investment and Development Business to any specific geographical market or type of property as each project and investment would be evaluated and assessed by the Board on its own merits. The Group intends to carry out the Property Investment and Development Business either through its existing subsidiaries or through new subsidiary(ies) to be incorporated in due course.

Further, the Group will explore joint ventures, strategic alliances and/or engagement of professional project management team(s) to carry out the Property Investment and Development Business, or it may carry out the Property Investment and Development Business independently. The Group may also, as part of the Property Investment and Development Business, invest in, acquire or dispose of shares or interests in any entity that is engaged in business falling within the scope of the Property Investment and Development Business.

Subject to Shareholders’ approval for the Proposed Diversification at the EGM, should the Company pursue any of such business opportunities under the Property Investment and Development Business, such business activities shall constitute part of the ordinary course of business of the Group (where it does not change the risk profile of the Company), and the Company will make the requisite announcements to update Shareholders in accordance with the requirements of the Catalist Rules.

As at the Latest Practicable Date, the Group has not identified any specific business opportunity or investment under the Property Investment and Development Business.

LETTER TO SHAREHOLDERS

2.4.2 Industry Prospects and Market Overview

The world economic outlook is generally positive, with 2017 seeing the broadest synchronised global growth upsurge since 2010¹. This strong momentum experienced in 2017 is expected to carry into 2018 and 2019, with global growth estimated at 3.9 percent for the coming two years². The rising prosperity and robust economic conditions in the world is expected to contribute to investment and growth in the real estate industry.

In particular, the accelerating economic growth and low inflation creates a potentially favourable environment for real estate investing globally³. Consumer confidence remains high across major markets, only slightly below the peak levels experienced in 2016⁴. The rising affluence and consumerism across the globe is expected to increase demand for residential properties and growth in the property sector.

The Global Investment Atlas 2018 also displays the highest level of real estate investment on record in 2017, with a total of USD1.62 trillion in global investment volumes in the global real estate market compared to USD1.43 trillion in 2016 and anticipates a further improvement in real estate investment in 2018⁵. In addition, global estate investment trusts are forecasted to deliver another year of positive total returns for 2018 in the range of 8%–10%⁶. These favourable market conditions paint a rosy outlook for investments in the property sector.

As a result, considering the industry prospects and market overview above, the Directors are of the view that the proposed diversification of the Group into the Property Investment and Development Business is attractive and will be beneficial to the Group.

2.4.3 Management of the Property Investment and Development Business

It is currently envisaged that the Property Investment and Development Business and related management will be spearheaded by the Executive Directors of the Group and that they will be responsible for overseeing the entire operations of the Property Investment and Development Business.

Mr Ng Hai Liong, Mr Ng Kian Ann Patrick and Mr Ng Kian Yeow, Vincent, each has deep experience in the civil engineering construction industry, having each been involved in management, business development and overseeing the operations of the Group. Mr Ng Hai Liong has more than 43 years of experience in the civil engineering construction industry, and is the founder of the Group. Mr Ng Kian Ann Patrick has more than 17 years of experience in the civil engineering construction industry and has been responsible for the overall management, operations, strategic planning and business expansion of the Group since 2000. Mr Ng Kian Yeow, Vincent has more than 16 years of

¹ The information is derived from the world economic outlook publication on website of the International Monetary Fund (IMF) <https://www.imf.org/en/Publications/WEO/Issues/2018/01/11/world-economic-outlook-update-january-2018>, accessed on 27 March 2018.

² The information is derived from the world economic outlook publication on website of the International Monetary Fund (IMF) <https://www.imf.org/en/Publications/WEO/Issues/2018/01/11/world-economic-outlook-update-january-2018>, accessed on 27 March 2018.

³ The information is derived from the website of the Morgan Stanley Investment Management at <https://www.morganstanley.com/im/en-us/institutional-investor/insights/investment-insights/real-estate-trends-and-opportunities.html>, accessed on 27 March 2018.

⁴ The information is derived from the website of the Morgan Stanley Investment Management at <https://www.morganstanley.com/im/en-us/institutional-investor/insights/investment-insights/real-estate-trends-and-opportunities.html>, accessed on 27 March 2018.

⁵ The information is derived from the Global Investment Atlas 2018 on the website of Cushman & Wakefield at <http://www.cushmanwakefield.com/en/research-and-insight/2018/global-investment-atlas-2018/>, accessed on 27 March 2018.

⁶ The information is derived from the website of the Timbercreek Asset Management at <http://www.timbercreek.com/news/2018/01/11/timbercreek-2018-global-real-estate-securities-outlook-report-global-reits-expected-to-deliver-8-10-percent-returns>, accessed on 27 March 2018.

LETTER TO SHAREHOLDERS

experience in the civil engineering construction industry and has been responsible for the project management and overall strategic planning for project completion of the Group since 2001. The Group believes that with their extensive existing experience and knowledge in the civil engineering construction industry, and in management and business development, the Executive Directors of the Group possess the relevant skills required to lead the Group's proposed expansion into the Property Investment and Development Business.

The other members of the Board and management of the Group comprise individuals with varied qualifications and experience, such as business development, finance and management, who can lend their expertise in developing its strategic vision and policy for the Property Investment and Development Business. As the Group intends to incrementally engage in the Property Investment and Development Business, the Group will monitor the development and progress of the Property Investment and Development Business and take the necessary steps to recruit and employ suitable candidates both from within the Group as well as externally to manage the Property Investment and Development Business as and when required.

If necessary, the Group may also foster partnerships with various other third parties in the property development industry to assist it in undertaking the Property Investment and Development Business more effectively and efficiently. Such partnerships may be on a case by case basis or on a long-term basis. Where necessary, work may be contracted or sub-contracted to third parties who have expertise in the relevant area(s) in relation to the projects concerned. In selecting its partners, the Group will take into account the specific expertise and competencies necessary for the project(s) in question and the experience, track record and financial standing of the party and/or parties concerned.

The Group recognises that the Property Investment and Development Business is different from its existing businesses. However, the Group is confident of developing and building up the expertise required for the Property Investment and Development Business over time, given that its management is experienced in related industries, and with the guidance and strategic vision of its Board.

Investments or transactions (above an internally-determined threshold which may be approved by the Board from time to time) under the proposed Property Investment and Development Business must be specifically approved by the Risk Committee of the Company. In addition, the Board and the Risk Committee of the Company will review the risk exposure of the Property Investment and Development Business at intervals of not less than annually.

Further information relating to the Company's Risk Committee and the risk management measures relating to the proposed diversification into the Property Investment and Development Business may be found in section 2.5 below.

2.4.4 Funding for the Property Investment and Development Business

The proposed diversification into the Property Investment and Development Business will be funded primarily through internal funds and/or borrowings from financial institutions. As and when necessary and deemed appropriate, the Group may explore secondary fund-raising exercises by tapping the capital markets including but not limited to rights issues, share placements and/or issuance of debt instruments.

The Group will remain prudent and take into account the financial condition of the Group in deciding the types of property development projects and related investments it undertakes, and the amounts thereof.

2.4.5 Approvals, Licences and Permits

As and where necessary, desirable or required for any activities carried out under the Property Investment and Development Business, the Group will apply for the requisite licences and/or permits.

LETTER TO SHAREHOLDERS

2.5 Risk Management Procedures

To address the risks presented by the proposed diversification of the Group's business into the Property Investment and Development Business, the Risk Committee, comprising Mr Ng Kian Ann Patrick as the Chairman and Mr Yuen Sou Wai, Mr Yen Se-Hua Stewart and Mr Wee Heng Yi, Adrian as members, will be tasked with the responsibility of overseeing the risk management activities of the Group in relation to the Property Investment and Development Business following the Proposed Diversification. The Risk Committee will be required to approve appropriate risk management procedures and measurement methodologies, and be involved in identifying and managing the various business risks for the Property Investment and Development Business.

The Group will endeavour to ensure that the risk management systems implemented are commensurate with the risk and business profile, nature, size and complexity of operations and business activities of the Property Investment and Development Business, and will review such risk management systems periodically to assess adequacy.

The Board and the Audit Committee, with the recommendations of the Risk Committee, will adopt internal policies and procedures for the management to consider before tabling proposals for any new projects or investments under the Property Investment and Development Business.

Further, investments above an internally-determined threshold (as approved by the Board from time to time) must be specifically approved by the Risk Committee. In addition, the Board and the Risk Committee, which review the risk exposure of the Property Investment and Development Business of the Group at regular intervals, will review the risk exposure of the Property Investment and Development Business at intervals of not less than annually.

The risk management and internal control system, no matter how sophisticated in design, still contains inherent limitations caused by misjudgement or fault. Accordingly, there is no assurance that the risk management and internal control systems are adequate or effective notwithstanding the Group's efforts, and any failure to address any internal control matters and other deficiencies may result in investigations and/or disciplinary actions, or even prosecution being taken against the Group and/or its employees, disruption to the risk management system, and an adverse effect on the Group's financial condition and results of operations.

2.6 Risk Factors relating to the Proposed Diversification

To the best of the Directors' knowledge and belief, all risk factors which are material in making an informed decision in relation to the Proposed Diversification have been set out below.

If any of the factors and/or uncertainties described below develops into actual events affecting the proposed Property Investment and Development Business, this may have a material and adverse impact on the proposed Property Investment and Development Business and consequently, the overall results of operations, financial condition and prospects of the Group could be similarly affected.

The risks declared below are not intended to be exhaustive. New risk factors may emerge from time to time and it is not possible for the management to predict all risk factors, nor can the Group assess the impact of all factors on the proposed Property Investment and Development Business or the extent to which any factor or combination of factors may affect the proposed Property Investment and Development Business.

There may be also other risks associated with the entry into the proposed Property Investment and Development Business which are not presently known to the Group, or that the Group may currently deem immaterial and as such, have not been included in the discussion below.

LETTER TO SHAREHOLDERS

2.6.1. Risks in relation to the Property Investment and Development Business

2.6.1.1 *The Group does not have any proven track record and/or business history in the operation of the Property Investment and Development Business*

The Group does not have a proven track record in carrying out the Property Investment and Development Business and managing property-related investments. Under the Group's existing business, the Group is principally engaged in the provision of civil engineering services for infrastructure projects and ancillary inland logistics support services as well as the sale of construction materials. While there are synergies between the Group's existing business and the Property Investment and Development Business, a diversification into the Property Investment and Development Business represents an expansion into a business segment which is largely unfamiliar to the Group. There is no guarantee that the Property Investment and Development Business will be profitable and that the investments carried out pursuant to the Property Investment and Development Business will be able to generate adequate revenue to offset the capital, start-up, financing costs and operating costs arising from the new business initiatives. The Property Investment and Development Business may require high capital commitments and may expose the Group to unforeseen liabilities or risks associated with its entry into new markets or new businesses.

The Property Investment and Development Business also involves business risks including the financial costs of setting up new operations, capital investment and maintaining working capital requirements. If the Group does not generate adequate revenue from or does not manage the costs of the Property Investment and Development Business effectively, the overall financial position and profitability of the Group may be adversely affected.

2.6.1.2 *The Group may face intense competition from existing competitors and new market entrants in the Property Investment and Development Business*

The property development and investment industry is competitive. For instance, Singapore's property development and investment industry is a mature industry with many established players. The Group may face intense competition from existing property developers and new entrants in the Property Investment and Development Business. These established competitors may possess significant financial, managerial, marketing and other resources, as well as experience in property and land development and management.

Competition between property developers is intense and may result in, amongst other things, increased costs of the acquisition of land for development, a slowdown in the rate at which new property developments will be approved and/or reviewed by the relevant government authorities, increased construction costs and difficulty in obtaining high quality third party contractors and qualified employees. Moreover, intense competition may result in an oversupply of development properties which may lead to unhealthy price competition. Failure to secure buyers or significant reductions in property prices due to price competition will have an adverse effect on the Group's revenue and profitability.

Also, the real estate market may face rapid change and fluctuations. If the Group cannot respond to changes in market conditions more swiftly or effectively than its competitors, its ability to derive revenue and/or profits from the Property Investment and Development Business and its financial condition and results of operations will be adversely affected.

2.6.1.3 *The Group may not be able to identify, acquire, develop and/or sell profitable property development projects*

The performance and success of the Property Investment and Development Business depends on the Group's ability to identify profitable property development projects and following such identification, to successfully acquire, develop, sell and/or lease such

LETTER TO SHAREHOLDERS

projects. This ability may be negatively affected by various factors, including competition for new land sites from other property developers, changes to the general economic conditions in countries where the Group intends to operate its Property Investment and Development Business and changes to relevant interest rates, construction costs, land costs and property prices. There is thus no guarantee that the Group will always be successful in identifying suitable property development projects or completing such property development projects profitably. The Group's inability to identify and acquire attractive new sites at commercially acceptable prices could impair its ability to compete with other property developers and materially and adversely affect the Group's ability to grow the Property Investment and Development Business.

2.6.1.4 *The Group may not have adequate resources to finance land acquisition, undertake property development and property investment projects or to otherwise carry out its expansion into the Property Investment and Development Business*

Property development projects usually require high capital outlay during the land acquisition and construction phases and may take one or more years before positive cash flows may be generated through the sale of units whether under development or completed. Depending on the size and complexity of the project, it usually takes more than a year to complete a property development. Moreover, the Property Investment and Development Business may require periodic capital expenditure, refurbishment, renovation for improvements and development of the properties to be acquired by the Group in order to remain competitive or be income-producing. Any potential investment opportunities identified by the Group may also require lengthy investment lock-in periods.

Therefore, the Group's ability to successfully grow and sustain its Property Investment and Development Business is dependent on adequate financing. The Group plans to finance its expansion into the Property Investment and Development Business primarily through internal sources of funds, progress payments as well as financial institution borrowings. The Group may also seek access into the capital markets to raise funds for the Property Investment and Development Business through equity and/or debt financing as and when necessary.

The Group cannot guarantee that it will have sufficient funds at its disposal for land acquisitions or property developments, be able to sell or finance the development of the project through the sale and/or lease of units in any particular development, be able to secure adequate financing, if at all, or obtain or renew credit facilities granted by banks and financial institutions for the projects in question. The Group's ability to obtain sufficient financing for land acquisitions or property developments with a commercially acceptable rate of return is dependent on many factors, some of which may be beyond its control, such as general economic conditions, the terms of credit offered by financial institutions and the availability of other sources of equity or debt financing.

Any incurrence of debt for the Property Investment and Development Business will increase the Group's financing costs and obligations and could result in operating and financial covenants imposed by financial institutions that may restrict its operations and its ability to pay dividends to Shareholders. Any default on any financial covenants could also trigger cross-defaults and affect the Group's financial position and liquidity.

2.6.1.5 *The Property Investment and Development Business may be adversely affected by the Group's ability to obtain or maintain requisite regulatory approvals, permits or licenses*

The property industry in countries in which the Group may operate in is subject to various laws and regulations which may require the Group to obtain the requisite regulatory approvals, permits, certificates, consents, and/or licences to engage in the Property Investment and Development Business.

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This is likely to include, for example, the need to obtain a developer's licence and approval of the building plan for each project. In the event that the Group is unable to obtain such approvals and/or licences, or where there is a delay in obtaining them, the Group's ability to engage in the Property Investment and Development Business will be adversely affected.

In addition, the property industry is regulated by a multitude of laws and regulations which may apply in relation to workplace health and safety, environmental public health and environmental pollution control. Changes in relevant laws and regulations may also have a negative impact on the Property Investment and Development Business, and the failure to comply with the applicable laws and regulations may subject the Group to penalties or have its licences or approvals revoked, or lose the right to own, develop or manage its properties, all of which could adversely affect the Group's operations and financial performance.

Property development is also subject to regulatory controls on zoning and development, planning, design and construction as well as mortgage and financing requirements. In the event that there are changes to these requirements which result in the Group not being able to fulfill its development plans for any of its properties or having to make changes to its property development plans, or the implementation of short term, medium term and/or long term measures by the relevant authorities to regulate the construction, property or other related markets which affects consumer sentiments or demands, the Group's profitability and financial condition could be adversely affected. Changes in policies in the property industry of other countries into which the Group intends to expand may have a material adverse effect on the Group's Property Investment and Development Business, financial condition, results of operations and prospects.

Any contravention of such aforementioned laws, regulations, requirements or restrictions may subject the Group, its employees and/or its Directors to statutory penalties which may be significant, such as fines imposed by the relevant authorities, or the Group may have to modify, suspend or discontinue its operations. Hence, any conviction for such contravention may have a material adverse effect on the Group's business, financial conditions, results of operations and prospects.

Furthermore, the Group may not be able to anticipate any changes to the laws, regulations, requirements or restrictions in the countries in which the Group may expand into for its Property Investment and Development Business. In the event that there are unexpected changes to any applicable laws, regulations, requirements or restrictions that renders the Group unable to comply, this will have an adverse effect on the operations and future plans of the Group under the Property Investment and Development Business.

2.6.1.6 *The Group may lose its deposits on transactions involving the acquisition of land and/or rights over land*

The Group may be required to pay certain deposits in connection with its acquisition of land and/or rights over land in line with industry practice. Such deposits, if refundable, may be susceptible to counterparty risk whereby the recipients of the deposits do not refund the deposits to the Group. In the event of any significant delay or inability to recover such deposits, the Group's results of operation and financial condition may be adversely affected.

2.6.1.7 *The Group is subject to risks inherent in investing in entities and the manner in which its interests are held which it does not control*

In the event that a suitable opportunity arises, the Group may hold property investments through or make investments in funds or entities that are not part of the Group and over which the Group does not have majority control, or only has a minority stake. The performance of these funds or entities and the Group's share of their results are subject

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to the same or similar risks relating to the Property Investment and Development Business that affect the Group as described herein. There is no guarantee that the Group will be able to influence the management, operation and performance of these entities or funds, whether or not through its voting rights, in a manner which would be favourable to the Group, or at all. While the Group will carefully evaluate the merits of each investment (whether in a minority stake or otherwise) undertaken in accordance with its risk management procedures, any risk management and internal control system, no matter how sophisticated in design, may still contain latent limitations caused by misjudgement or fault. Accordingly, there is no guarantee that any such investment undertaken by the Group under its Property Investment and Development Business, whether in a minority stake or otherwise, will be able to generate profits for the Group. If all or any of these entities were to perform poorly, the financial condition, results of operations and prospects of the Property Investment and Development Business and the Group may be adversely affected.

2.6.1.8 *The Group may not be able to successfully implement its investment strategy for the Property Investment and Development Business*

There is no guarantee that the Group will be able to implement its investment strategy successfully or that it will be able to expand the property portfolio at any specified rate or to any specified size. The Group may not be able to make acquisitions or investments on favourable terms or within a desired time frame.

Even if the Group were able to successfully acquire property or investments, there is no assurance that the Property Investment and Development Business will achieve its intended return on such acquisitions or investments.

2.6.1.9 *The Group may not be able to generate adequate returns on its future investment properties*

The Group may develop properties and hold part of them as investment properties. Property investment is subject to varying degrees of risk. The investment returns available from commercial property investments is reliant, to a large extent, on the amount of capital appreciation generated, income earned from the rental of the relevant properties as well as the costs incurred.

Maximising yields from such properties held for long-term investment also depend to a large extent on active ongoing management and maintenance of the properties. The ability to eventually dispose these investment properties will also depend on market conditions and levels of liquidity, which may be limited or subject to significant fluctuation. The revenue derived from and the value of property investment may be adversely affected by a number of factors, including but not limited to changes in market rates for comparable rentals, local real estate conditions, perceptions by tenants, businesses, retailers or shoppers of the attractiveness of the development projects, the inability to collect rent due to bankruptcy or insolvency of tenants and the costs resulting from periodic or ad-hoc maintenance, repair and re-letting. If the Group ventures into property investment but is unable to generate adequate returns, its overall financial condition and results of operations may be adversely affected.

2.6.1.10 *The Group is exposed to risks associated with property valuations and decline in property values in relation to its future investment properties*

The net asset value and profitability of the Group may be affected by the valuations of its future investment properties. In the event that the Group applies the fair value model when accounting for all its investment properties, the value of its future investment properties may fluctuate from time to time due to market and other conditions, including changes in the supply and demand of properties as well as rental and occupancy levels. Such adjustments to the fair value of its investment properties could have an adverse effect on its net asset value and profitability. In the event that the Group relies on valuations of the Group's future properties conducted

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by professional valuers, such valuations will be based on certain assumptions and are not intended to be a prediction of, and may not accurately reflect, the actual values of any of the Group's future property assets. The inspections of the properties and other works undertaken in connection with a valuation exercise may not identify all material defects, breaches of contracts, laws and regulations, and other deficiencies and factors that could affect the valuation. Any factor which affects the value of any of the Group's future investment properties may adversely affect the Group's overall financial condition and results of operations.

2.6.1.11 *The Property Investment and Development Business will be subject to risks in relation to interest rate movements*

Risks arising from increasing interest rates, particularly as a result of the debts that may be undertaken to finance developments, projects or investments, may affect the Group's proposed Property Investment and Development Business. Changes in interest rates will affect the Group's interest income and interest expense from short term deposits and other interest-bearing financial assets and liabilities which could have a material and adverse effect on net profits. An increase in interest rates would also adversely affect the willingness and ability of prospective customers to purchase properties, the Group's ability to service loans and its ability to raise and service long term debt.

2.6.1.12 *The Group may be adversely affected by the relatively illiquid nature of unsold property assets*

The ability to eventually dispose of the Group's unsold property assets at a profit is reliant on market conditions and levels of liquidity, which may be limited or subject to significant fluctuations. In the event that the Group is unable to sell a significant proportion of the properties it develops under the Property Investment and Development Business, the Group's financial performance will be materially and adversely affected.

Furthermore, the properties developed and land sites acquired by the Group, along with unsold properties which the Group continues to hold for sale post completion, are relatively illiquid. The illiquidity of such assets may limit the Group's ability to convert these assets into cash on short notice. Such illiquidity may also have an adverse effect in determining the selling prices of the unsold completed property development assets in the future in the event that the Group requires an urgent sale of these assets, and limits the Group's ability to vary its portfolio of property held for sale in response to changes in economic, political, social or regulatory conditions in a timely manner. In such event, the Group's business, financial condition, results of operations and prospects may be materially and adversely affected.

2.6.1.13 *The Property Investment and Development Business will be subject to risks in relation to pre-sold properties*

The Group intends to pre-sell most of its properties prior to completion in line with industry practice. In the event of a failure or delay in the delivery of pre-sold properties to purchasers, the Group may be liable for potential losses that purchasers may suffer as a result. Such failure or delay may be attributed to factors such as the duration and the costs involved in completing construction, which are in turn adversely affected by factors such as delays in obtaining requisite licences, permits or approvals from government agencies or authorities, shortages of labour or raw materials, adverse weather conditions, natural disasters, labour disputes, disputes with contractors, accidents, and changes in government priorities and policies. If the delay in delivery extends beyond the contractually specified period, the purchasers may also be entitled to terminate the pre-sale agreements and claim refunds of monies paid, damages and/or compensation for late delivery. There is no guarantee that the Property Investment and Development Business will not experience significant delays in completion or delivery of pre-sold properties. Such failure and delay may therefore lead to a material adverse effect on the Group's revenue, financial performance, prospects and profitability.

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2.6.1.14 The Property Investment and Development Business may be affected by cost overruns

The Property Investment and Development Business will require building materials for construction works, such as concrete, cement, sand, granite and steel. These building materials are generally subject to international market forces. Any disruption in the supply or cost increase of these raw materials may have a direct adverse impact on project timing and costs and hence the profitability of the Property Investment and Development Business, causing the Group to suffer an adverse impact on its financial performance.

Additionally, unforeseen circumstances such as adverse soil conditions, unfavourable weather conditions, unanticipated construction constraints at worksites, increase in the costs of labour, equipment, rental and sub-contracting services, unanticipated variations in labour and equipment productivity over the term of a development or corrective measures for poor workmanship may arise in the course of the projects which may result in additional unanticipated costs overruns and increased financing costs. Where these costs overruns cannot be passed onto customers, the Group may have to absorb the cost overruns and may suffer losses on the project. This may adversely affect the Group's financial performance and profitability.

2.6.1.15 The Property Investment and Development Business will be dependent on the recruitment and retention of qualified employees and consultants for its operations and profitability and may be affected by a shortage of skilled construction resources

In addition to the existing management team, the Group may recruit appropriate management resources for its Property Investment and Development Business to provide guidance, and/or approach investment partners to jointly undertake the projects coming within the Property Investment and Development Business. The Group cannot guarantee that it will not experience initial operational difficulties or disputes with its investment partners or that its operations will achieve the expected level of revenue and profitability. The growth of the Property Investment and Development Business will be dependent on the Group's ability to identify, recruit, train and retain qualified employees to form a relevant and strong management team with the requisite technical expertise to oversee the operations of the Property Investment and Development Business. The competition for qualified personnel in the Property Investment and Development Business is intense, and the loss of services of one or more of such individuals without adequate replacement, or the inability to attract qualified personnel at a reasonable cost could have a material adverse effect on the Property Investment and Development Business's prospects, operations and financial performance.

The Property Investment and Development Business will also rely on the availability of skilled staff, supervisors and managerial staff with relevant industry experience. The Group recognises that there may be an increasing shortage of such personnel especially in a rising property market. Any dearth in the availability of such labour resources will have an adverse effect on the operations of the Property Investment and Development Business and eventually its financial performance.

The Group may also have limitation in recruiting suitable personnel or gather satisfactory expertise to successfully execute the Property Investment and Development Business. The Group's ability to successfully diversify into the Property Investment and Development Business is further dependent upon its ability to adapt its existing knowledge and expertise and harness the experience and knowledge of the newly recruited personnel in understanding and navigating through the Property Investment and Development Business. Thus, the Group may not be able to implement the Property Investment and Development Business as successfully or smoothly as expected and this may adversely affect the Group's financial performance and profitability.

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2.6.1.16 *The Property Investment and Development Business may be adversely affected by any shortage in the supply of workers or increase in the costs of hiring workers*

The construction of property development projects is highly labour intensive, and is therefore vulnerable to any shortage in the supply of, or increase in the costs of workers. Such changes in the supply of workers may result from changes in government policies, including but not limited to any changes in government policies pertaining to supply of foreign labour employed by the Group, the Group's main contractors and/or the Group's sub-contractors. In the event of any disruption to the supply of workers, or if the costs cannot be controlled, the Group's property development projects may be delayed and overall construction costs may increase, and the Group's financial performance may be materially and adversely affected.

2.6.1.17 *The Property Investment and Development Business may be adversely affected by unsatisfactory performance of subcontractors*

The Group may engage independent third-party contractors and/or subcontractors if necessary, to provide various services, including design, construction, piling and foundation, building and property fit-out works, installation of air-conditioning units and elevators and other construction logistics for its property development projects. While the Group will adopt strict guidelines in selecting its contractors, there is no guarantee that the services rendered by such independent third party contractors and/or subcontractors will always be adequate or match the targeted quality level. These contractors and/or subcontractors may also be unable to complete the work for which they were contracted on time or at all, either due to financial reasons or otherwise, thus delaying the completion of the Group's property development projects or resulting in additional costs such as cost overruns and/or the payment of liquidated damages. Any lack of satisfactory quality in respect of any aspect of the project or any delay in the completion of projects caused by subcontractors could adversely affect the profitability and the results of operations of the Property Investment and Development Business and may cause damage to the reputation of the Group.

2.6.1.18 *The Group will be exposed to potential liability and loss arising from damages, injury or death due to accidents at construction worksites*

In the course of any future potential property development projects undertaken by the Group, the Group faces the inherent risk of accidents involving its employees or third parties on its development sites, even if adequate safety measures are in place. Such accidents, or mishaps may severely disrupt the Group's operations and lead to a delay in the completion of a project, and in the event of such delay, the Group could be liable to pay compensation, such as liquidated damages, under its contracts with its customers. If such event arises, the Group's business, operating results and financial performance may be materially and adversely affected.

Further, the Group, its contractors and/or subcontractors may be required by regulatory authorities, such as the manpower authority, to suspend its operations for a period of time or pay fines. The potential resultant imposition of fines and penalties and possible delays in project completion, cost overruns and/or liquidated damages, may in turn affect the Group's profitability, reputation and the prospects of its construction business and the Property Investment and Development Business.

In addition, any accidents or mishaps resulting in significant damage to the Group's machinery or equipment may also have a significant adverse effect on the Group's business, financial condition and operating results.

2.6.1.19 *The Group's insurance coverage may not be adequate*

While the Group will, where necessary, obtain insurance in accordance with the standard industry practice and government specifications for the property industry, there can be no assurance that the insurance coverage held by the Group will be adequate for all

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the potential claims faced by the Group. With respect to losses which are covered by the Group's existing insurance policies, it may be difficult and may take time to recover such losses from insurers. For instance, accidents or mishaps may subject the Group to claims from workers or other persons involved in such accidents or mishaps for damages suffered by them. If claims arising from such accidents are in excess of its insurance coverage and/or any of its insurance claims are contested by its insurers, the Group will be required to pay compensation and its financial performance may be adversely affected. Such insurance claims may also result in higher insurance premiums payable by the Group in the future. These may have an adverse effect on the Group's financial results and results of operation.

In addition, the Group may not be able to recover the full amount of losses incurred from the insurers. There are also certain types of risks that are not covered by the Group's insurance policies, because they are either uninsurable or not economically insurable, including acts of war and acts of terrorism.

2.6.1.20 The Group may face legal proceedings arising from the operations of the Property Investment and Development Business

The Group may be involved from time to time in disputes with various parties arising from the operations of the Property Investment and Development Business, such as main contractors, subcontractors, developers, suppliers, construction companies, purchasers, lessees, other investment partners and lenders, in the future. Such disputes may include claims relating to delays and defective works and may lead to legal and other proceedings, which could cause the Group to suffer additional costs and further delays. Further, the Group may have disagreements with regulatory bodies in the course of its operations, which may result in administrative proceedings and unfavourable decrees that result in financial losses and delay the construction or completion of the Group's projects. Any project delays arising from the above will adversely affect the Group's business and financial performance.

2.6.1.21 The Group is subject to liquidity or late payment or non-payment risks

The Group faces uncertainties over the timeliness of customers' payments and their solvency or creditworthiness in respect of purchases of the Group's development properties. There is no assurance that the Group will be able to collect any progress payments on a timely basis, or at all. In the event that there are defaulting purchasers or a significant delay in collecting progress payments from purchasers, the Group may face stress on its liquidity and cash flow. Furthermore, some of the Group's customers may default on their payments to the Group, owing to events or circumstances that are difficult to anticipate or detect that would have an impact on the Group's customers' ability to make timely payments. As a result of the Group's customers defaulting on their payment to it, it would have to make provisions for doubtful debts, or to incur write-offs, which may have an adverse effect on its operating results and profitability.

2.6.1.22 The Property Investment and Development Business is subject to the general risk of doing business overseas

There are inherent general risks in doing business overseas. These general risks include unexpected changes in regulatory requirements, difficulties in staffing and managing foreign operations, social and political instability, fluctuations in currency exchange rates, potentially adverse tax consequences, legal uncertainty regarding liability, tariffs and other trade barriers, variable and unexpected changes in local law and barriers to the repatriation of capital or profits, any of which could materially affect the overseas operations of the Group. These risks may affect the Group's business and financial condition. In addition, if the governments in the jurisdictions which the Group intends to undertake the Property Investment and Development Business tighten or otherwise change their laws and regulations relating to the repatriation of their local currency, it may adversely affect the ability of the Group's overseas operations to repatriate profits to the Group and, accordingly, the cash flow of the Group may be adversely affected.

2.6.1.23 *The Group is susceptible to fluctuations in foreign exchange rates that could result in the Group incurring foreign exchange losses*

As the Group's functional and presentation currency is denominated in S\$, any depreciation in foreign exchange rates against the S\$ may affect the Group's profitability and financial position. For example, revenue derived from the sale of property units overseas which is denominated in a foreign currency may have an adverse impact on the Group's operating results if there is an unfavourable fluctuation of the foreign currency against the S\$. There is no assurance that the Group will be able to successfully manage its foreign exchange risks and any significant adverse foreign currency fluctuations may adversely affect its financial position and results of operations.

2.6.1.24 *The Group may face difficulties in remitting capital, profits and dividends out of the countries it may operate in pursuant to the Property Investment and Development Business*

The Group may undertake property development projects outside of Singapore, and may incorporate or utilize foreign entities for the purpose of carrying out such projects. Depending on the jurisdictions in which the Group eventually undertakes its property development projects or property investments in, the Group's foreign entities may experience difficulty in remitting capital, profits and dividends out of its countries of operation, as such remittances will may be subject to scrutiny and specific approval of the government or regulatory authorities in such countries, or may be subject to foreign exchange policies and conditions prevailing from time to time.

2.6.1.25 *Mergers and acquisitions, joint ventures or co-investment for Property Investment and Development Business may not be successful*

Depending on the Group's intention and market conditions, the Group's diversification into the Property Investment and Development Business may involve acquisitions, joint ventures or partnerships with third parties in Singapore as well as in the relevant overseas markets. Any merger or acquisition undertaken, or joint venture or co-investment entered into, by the Group for the Property Investment and Development Business may not be successful. If disputes arise out of such mergers or acquisitions or with its joint venture or co-investment partners, the relevant business objectives may not be achieved and may lead to an adverse effect on the operations and financial position of the Group.

The Group may, in future, develop property projects under development rights or joint venture arrangements where it may not own the title to and may not be the registered land owner of the land parcels on which these projects are developed (the "**Development Rights Arrangements**").

Pursuant to such Development Rights Arrangements, the Group may enter into development agreements and/or joint venture agreements ("**Development Rights Agreements**") with the existing registered owners of the said land parcels (the "**Land Owners**"). The Development Rights Agreements would typically give rights to the Group to construct property on these land parcels, market and sell the constructed property, and to receive the sale proceeds from the sale of the constructed property. The Development Rights Agreements typically also involve the granting of a power of attorney by the land owner to the property developer to authorise the property developer to make all necessary applications to the relevant authorities for the various approvals required to develop the land, to enter into possession and undertake the development of the land, to receive the new document of title to the sub-divided lots within the said land, to sell and transfer the sub-divided lots with or without buildings to be built thereon which are allocated to the property developer under the development agreement to any purchasers.

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In the event the Group is unable to enter into any Development Rights Agreements on terms favourable to the Group or if the power of attorney is not granted by the Land Owners, the Group will be faced with increased costs in undertaking its development projects and will experience delays in executing its development projects or even work stoppages in extreme cases, thereby adversely affecting the Group's financial and operational position.

In the event the Development Rights Agreements are unlawfully terminated by the counter parties, the Group may be faced with claims from its customers, thereby adversely affecting the Group's financial performance and financial condition.

2.6.1.26 *The Property Investment and Development Business is volatile in nature and may be adversely affected by changes in market forces*

The amount of revenue and profit derived from the Property Investment and Development Business is dependent on the number and value of projects that the Group undertakes, as well as the timing of project launches and general property market conditions. There is no assurance that the Group will be able to consistently secure new and sizeable property projects at satisfactory amounts or launch its property projects on schedule. Property prices are subject to market forces of demand and supply, the state of the economy and other economic, political or social factors. The estimated sale prices for a development project may not be achieved due to fluctuations in property prices and there may be unsold stock of properties due to the lack of demand. This will directly and adversely affect the profitability of the development and as a result, may materially and adversely affect the financial performance and cash flow of the Group.

2.6.1.27 *The Property Investment and Development Business is sensitive to changes to general economic and business conditions*

Property development projects and property investments are also sensitive to changes in the economic and business conditions, such as the supply of materials or labour. Any changes to the business environment during the length of the project may affect the revenue and cost of the development, which in turn has a direct impact on the profitability of the project. Examples of factors that may affect the profitability of a project include the risk that the receipt of government approvals may take more time than expected, the failure by contractors to complete construction according to original specifications, schedule or budget, the unavailability and/or the escalating costs of building materials, equipment and/or labour, disputes with contractors, accidents, changes in building regulations, mismanagement of projects, default by contractors, low volume of sales or leasing of the properties and other unforeseen circumstances. Factors that may affect the revenue of property development and property investments include the international, regional and local economic climate, local real estate conditions, perceptions of property buyers, businesses, retailers or shoppers in terms of the convenience and attractiveness of the projects, competition from other available properties and changes in market rates for comparable sales. The eventuation of any of the risks described above may adversely affect the Group's returns on investments for the Property Investment and Development Business and the Group's financial performance will be materially and adversely affected.

2.6.1.28 *The performance of the Property Investment and Development Business is dependent on the progress of the economy along with the property industry*

The performances of the Group's property development projects, property investments and holding of properties for the collection of rent, capital growth potential and/or provision of property related services and facilities are dependent on the economic development and the performance of the property industry in the countries it operates or will expand into. A downturn in the regional or the relevant local economy will inevitably have a material adverse effect on the Group's business and financial

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performance. Further, dampened general sentiments in the regional or the relevant local economy may also erode profit margins for the Group's property development projects or property investment projects due to decrease in demand, which negatively affects the value of the Group's investments. Should the economies or the property markets in the countries where the Group will operate in or expand into experience a downturn, due to reasons such as government regulations or global economic conditions, the performance of the Group's Property Business may be materially and adversely affected.

2.6.1.29 *There may be a lack of readily available, reliable and updated information on property market conditions*

The Group will be subject to prevailing property market conditions in the areas in which the Group intends to undertake its property projects of investments at in the future. Whether due to a lack of information generally available in the market, or due to a lack of reliable sources of information, especially in geographical regions which may be unfamiliar to the Group, the Group may face a lack of reliable and up-to date information in relation to the amount and nature of property development and investment activities, the demand for such development, the supply of new properties being developed or the availability of land and buildings suitable for development and investment. Consequently, the Group's investment and business decisions may not be in the future, based on accurate, complete and/or timely information. Inaccurate information may adversely affect the Group's business decisions, which could materially and adversely affect the Group's business and financial condition.

2.6.1.30 *The operations and profitability of the Property Investment and Development Business may be disrupted by outbreaks of diseases, terrorist attacks and other acts of violence, wars*

The operations and profitability of the Property Investment and Development Business may be affected by an outbreak of infectious diseases (such as the severe acute respiratory syndrome (SARS) or the H1N1 virus), terrorist attacks, acts of violence, civil unrest or wars in the countries in which the Group operates. Any of these may have a material adverse effect on the Group's business operations, financial performance and financial condition. If any of the foregoing occurs in any of the countries in which the Group has operations in the future, customer sentiment and spending could be adversely affected and this may have a negative impact on the Group's business operations, financial performance and financial condition. The staff and employees in these countries may also be adversely affected and this may in turn affect the Group's day-to-day operations.

2.7 Changes to the Board of Directors arising from the Proposed Diversification

There will be no new appointment to the Board of Directors arising from the Proposed Diversification.

2.8 Financial Effects of the Proposed Diversification

As at the Latest Practicable Date, the Company has no affirmative and binding plans in relation to the Property Investment and Development Business that is expected to materially impact the net profit, EPS or NTA of the Group.

Should there be any material impact on the Group's NTA per Share and EPS for FY2018 as a result of any developments relating to the Property Investment and Development Business, the Company will make the necessary announcements at the appropriate time.

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3. Directors' and substantial shareholders' interests

The interests of Directors and Substantial Shareholders in the Shares of the Company, as at the Latest Practicable Date, are as follows:

	Direct Interest		Deemed interest		Total interest	
	Number of Shares	% ⁽¹⁾	Number of Shares	% ⁽¹⁾	Number of Shares	% ⁽¹⁾
Directors						
Ng Hai Liong ⁽²⁾	–	–	121,759,600	80.43	121,759,600	80.43
Ng Kian Ann Patrick ⁽³⁾	68,900	0.05	121,759,600	80.43	121,828,500	80.48
Ng Kian Yeow , Vincent ⁽⁴⁾	–	–	121,759,600	80.43	121,759,600	80.43
Yuen Sou Wai	–	–	–	–	–	–
Yen Se-Hua Stewart	–	–	–	–	–	–
Wee Heng Yi, Adrian	–	–	–	–	–	–
Substantial Shareholders (other than Directors)						
Dandelion Capital Pte. Ltd. ("Dandelion")	121,759,600	80.43	–	–	121,759,600	80.43

Notes:

- (1) Based on 151,384,600 issued Shares as at the Latest Practicable Date.
- (2) Mr Ng Hai Liong holds 17% of the shares in Dandelion. Mr Ng Hai Liong and his family members (who are not Directors or Key Executive Officers), hold an aggregate of 52% of the shares in Dandelion, and accordingly, Mr Ng Hai Liong is deemed to be interested in 121,759,600 ordinary shares held by Dandelion.
- (3) Mr Ng Kian Ann Patrick holds 25% of the shares in Dandelion, and is accordingly deemed interested in 121,759,600 ordinary shares held by Dandelion.
- (4) Mr Ng Kian Yeow, Vincent holds 23% of the shares in Dandelion, and is accordingly deemed interested in 121,759,600 ordinary shares held by Dandelion.

None of the Directors and Controlling Shareholders has any interest, direct or indirect, in the Proposed Diversification, other than through their respective shareholdings in the Company as disclosed above.

4. Directors' Recommendations

The Directors, having considered, *inter alia*, the rationale for the Proposed Diversification, as set out above in this Circular, are of the opinion that the Proposed Diversification is in the interest of the Company and accordingly recommend that Shareholders vote in favour of the ordinary resolution relating thereto to be proposed at the EGM.

5. Extraordinary General Meeting

The EGM, notice of which is set out on page N-1 of this Circular, will be held at Raffles Marina (Country Club), 10 Tuas West Drive, Singapore 638404 on 25 April 2018 at 2.30 p.m. (or as soon thereafter following the conclusion or adjournment of the AGM to be held on the same day and at the same place) for the purpose of considering and, if thought fit, passing, with or without any modification, the Proposed Diversification set out in the Notice of EGM.

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6. Action to be taken by shareholders

Shareholders who are unable to attend the EGM and wish to appoint a proxy to attend and vote at the EGM on their behalf will find attached to this Circular a Proxy Form which they are requested to complete, sign and return in accordance with the instructions printed thereon as soon as possible and, in any event, so as to arrive at the registered office of the Company at No. 9 Benoi Crescent, Singapore 629972, not later than 72 hours before the time fixed for holding the EGM.

The completion and return of a Proxy Form by a Shareholder does not preclude him from attending and voting in person at the EGM if he so wishes. A Depositor shall not be regarded as a member of the Company entitled to attend the EGM and to speak and vote thereat unless his name appears on the Depository Register 72 hours before the EGM.

7. DIRECTORS' RESPONSIBILITY STATEMENT

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

8. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the current registered office of the Company at No. 9 Benoi Crescent, Singapore 629972 during normal business hours from the date of this Circular up to and including the time and date of the EGM:

- (a) the FY2017 Annual Report of the Company; and
- (b) the Constitution of the Company.

Yours faithfully

Ng Kian Ann Patrick

Executive Director and Chief Executive Officer

For and on behalf of
the Board of Directors of
Huatong Global Limited

NOTICE OF EXTRAORDINARY GENERAL MEETING

HUATIONG GLOBAL LIMITED

(Incorporated in the Republic of Singapore)
(Company registration no. 201422395Z)

NOTICE IS HEREBY GIVEN that the Extraordinary General Meeting of **HUATIONG GLOBAL LIMITED** (the “**Company**”) will be held at Bridge Room, Raffles Marina (Country Club), 10 Tuas West Drive, Singapore 638404 on 25 April 2018 at 2.30 p.m. (or immediately following the conclusion or adjournment of the Annual General Meeting of the Company to be held at 2 p.m. on the same day and at the same place) for the purpose of considering and, if thought fit, passing with or without modifications, the following ordinary resolution:

All capitalised terms used in this Notice of EGM which are not defined herein shall, unless the context otherwise requires, have the same meanings ascribed to them in the Circular to the Shareholders of the Company dated 10 April 2018.

ORDINARY RESOLUTION: THE PROPOSED DIVERSIFICATION OF THE GROUP'S BUSINESS TO INCLUDE THE PROPERTY INVESTMENT AND DEVELOPMENT BUSINESS

That:

- (a) approval be and is hereby given for the diversification by the Company and its subsidiaries of its core business to include the Property Investment and Development Business that involves activities described in Section 2 of the Company’s circular to the Shareholders dated 10 April 2018 (the “**Property Investment and Development Business**”), and any other activities related to the Property Investment and Development Business.
- (b) the Directors or any of them be and are hereby authorised to do any and all such acts (including executing all such documents as may be required) as they may, in their absolute discretion deem fit, expedient or necessary to give effect to this ordinary resolution.

BY ORDER OF THE BOARD

Gn Jong Yuh Gwendolyn
Company Secretary

10 April 2018
Singapore

NOTICE OF EXTRAORDINARY GENERAL MEETING

Notes:

1. Except for a member who is a Relevant Intermediary as defined under Section 181(6) of the Companies Act, Chapter 50 (the “**Act**”), a member is entitled to appoint not more than two proxies to attend, speak and vote at the Extraordinary General Meeting (“**EGM**”). Where a member appoints more than one proxy, the proportion of his concerned shareholding to be represented by each proxy shall be specified in the proxy form.
2. Pursuant to Section 181(1C) of the Act, a member who is a Relevant Intermediary is entitled to appoint more than two proxies to attend, speak and vote at the EGM, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member appoints more than two proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the proxy form.
3. A proxy need not be a member of the Company.
4. A member should insert the total number of shares held. If the member has shares entered against his name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act, Chapter 289 of Singapore), he should insert that number of shares. If the member has shares registered in his name in the Register of Members of the Company, he should insert that number of shares. If the member has shares entered against his name in the Depository Register and registered in his name in the Register of Members, he should insert the aggregate number of shares. If no number is inserted, this form of proxy will be deemed to relate to all the shares held by the member.
5. The instrument appointing a proxy or proxies must be deposited at registered office of the Company at **No. 9 Benoi Crescent, Singapore 629972** not less than **72 hours** before the time set for the EGM.
6. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its common seal or under the hand of its attorney or duly authorised officer.
7. Where an instrument appointing a proxy is signed on behalf of the appointor by an attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument of proxy, failing which the instrument may be treated as invalid.
8. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the EGM, in accordance with Section 179 of the Companies Act, Chapter 50 of Singapore.
9. The resolution put to vote at the EGM shall be decided by way of poll.

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HUATONG GLOBAL LIMITED

(Incorporated in the Republic of Singapore)
(Company registration no. 201422395Z)

PROXY FORM EXTRAORDINARY GENERAL MEETING

(Please see notes overleaf before completing this Form)

IMPORTANT:

1. Pursuant to Section 181(1C) of the Companies Act, Chapter 50 (the "Act"), Relevant Intermediaries may appoint more than two proxies to attend, speak and vote at the Extraordinary General Meeting.
2. By submitting an instrument appointing a proxy(ies) and/ or representative(s), a member accepts and agrees to the personal data privacy terms set out in the Notes to this Proxy Form.

I/We*, _____ (name)

of _____ (address)

being a member/members* of **Huatong Global Limited** (the "Company"), hereby appoint:

Name	NRIC/Passport No.	Proportion of Shareholding	
		No. of Shares	%
Address			

and/or*

Name	NRIC/Passport No.	Proportion of Shareholding	
		No. of Shares	%
Address			

or failing him/her*, the Chairman of the EGM (defined below), as my/our* proxy/proxies* to vote for me/us* on my/our* behalf at the Extraordinary General Meeting ("**EGM**") of the Company to be held at Bridge Room, Raffles Marina (Country Club), 10 Tuas West Drive, Singapore 638404 on 25 April 2018 at 2.30 p.m. (or immediately following the conclusion or adjournment of the Annual General Meeting of the Company to be held at 2 p.m. on the same day and at the same place) and at any adjournment thereof.

I/We* direct my/our* proxy/proxies* to vote for or against the Resolution proposed at the EGM as indicated hereunder. If no specific direction as to voting is given or in the event of any other matter arising at the EGM and at any adjournment thereof, the proxy/proxies* will vote or abstain from voting at his/her* discretion.

The resolution put to vote at the EGM shall be decided by way of poll.

(Please indicate your vote "For" or "Against" with a tick [✓] within the box provided.)

Ordinary Resolution	For	Against
To approve the proposed diversification of the Group's business to include the Property Investment and Development Business		

Dated this _____ day of _____ 2018

Signature of Shareholder(s)
or Common Seal of Corporate Shareholder

* Delete where inapplicable

Total No. of Shares in:	No. of Shares
(a) Depository Register	
(b) Register of Members	

IMPORTANT: PLEASE READ NOTES OVERLEAF

AFFIX
STAMP

HUATONG GLOBAL LIMITED

No. 9 Benoi Crescent
Singapore 629972

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NOTES:

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GENERAL:

The Company shall be entitled to reject an instrument of proxy which is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified on the instrument of proxy. In addition, in the case of shares entered in the Depository Register, the Company may reject an instrument of proxy if the member, being the appointor, is not shown to have shares entered against his name in the Depository Register as at 72 hours before the time appointed for holding the EGM.

A Depositor shall not be regarded as a member of the Company entitled to attend the EGM and to speak and vote thereat unless his name appears on the Depository Register 72 hours before the time set for the EGM.

PERSONAL DATA PRIVACY:

By submitting a proxy form appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the EGM and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the EGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the EGM (including any adjournment thereof), and in order for the Company (or its agents) to comply with any EGM laws, listing rules, regulations and/or guidelines (collectively, the "Purposes"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.