

ANNOUNCEMENT

PROPOSED ISSUE OF CONVERTIBLE BONDS

The board of directors of HLH Group Limited (the “**Company**”) is pleased to announce that Bridge Roots Capital (the “**Subscriber 1**”) and Dato’ Dr. Ong Bee Huat (the “**Subscriber 2**”) has on 18th January 2017 agreed to subscribe for convertible bonds due 2020 (the “**Convertible Bonds**”), which are convertible into new ordinary shares in the capital of the Company (the “**New Shares**”).

1. Principal Terms of the Convertible Bonds

The principal terms and conditions of the Convertible Bonds are summarized as follows:

Issue Size	: The Convertible Bonds will be issued in two separate tranches, S\$16,000,000 to Subscriber 1 and S\$4,000,000 to Subscriber 2, at the aggregate principal amount of S\$20,000,000.
Issue Price	: 100 per cent. of the principal amount of the Convertible Bonds.
Settlement and Payment	: Subject to fulfilment of the conditions of the Subscription Agreement, settlement and payment of the Convertible Bonds is expected to take place as soon as practicably possible upon approval of the Company's shareholders obtained at an extraordinary general meeting to be held in due course.
Interest	: The Convertible Bonds will bear interest at the rate of 5 per cent. per annum.
Conversion Price	: The price, at which each New Share shall be issued upon conversion (the “ Conversion Price ”) shall be S\$0.01 per New Share. The price is at not more than 10% discount to the prevailing market price of the underlying shares prior to the subscription agreements.
Conversion Period	: Convertible at the option of the holder of the Convertible Bonds, at any time commencing from the date falling after 12 months from the issue date of the Convertible Bonds to the close of business one week before the date falling three years from the issue date of the Convertible Bonds.
Status of the Convertible Bonds	: The Convertible Bonds constitute direct, unconditional, unsubordinated and unsecured obligations of the Company ranking <i>pari passu</i> and rateably without any preference among themselves, and, subject as mentioned above and save as otherwise provided under any applicable laws or regulations, equally with all other unsecured obligations of the Company from time to time

outstanding.

Status of the New Shares	:	The New Shares shall be issued unencumbered and free from any security interests, claims (including pre-emptive rights) or liens and will be freely transferable and shall rank <i>pari passu</i> in all respects with all other then existing Shares, except that such New Shares shall not be entitled to any dividends, rights, allotments or other distributions, the record date of which is before the conversion date of the Convertible Bonds, and will be admitted to listing on the SGX- ST.
Maturity Date	:	Unless converted, the Convertible Bonds will mature on the date falling three years from its issue date.
Listing	:	The Convertible Bonds will not be listed on any stock exchange.
Governing Law	:	Singapore laws.

2. New Shares

The actual number of New Shares to be allotted and issued by the Company pursuant to the full conversion of the Convertible Bonds at the Conversion Price is 2,000,000,000 New Shares.

By way of illustration, assuming the New Shares are issued at the Conversion Price of S\$0.01 per New Share, it is envisaged that the New Shares to be allotted and issued by the Company, pursuant to the full conversion of the Convertible Bonds, will represent a maximum of approximately 23.1% of the Company's enlarged issued and paid-up share capital.

3. Use of Proceeds

The estimated net proceeds from the issue of the Convertible Bonds, after deduction of professional fees of S\$30,000 and assuming the full issue of the Convertible Bonds, are approximately S\$19,970,000. The Company intends to use the proceeds:

1. to finance the working capital requirements; and
2. for general corporate purposes.

Pending the deployment of the proceeds for the purposes as set out above, the net proceeds may be deposited with banks and/or financial institutions, invested in short-term money market and/or debt instruments or for any other purposes on a short-term basis as the Directors may deem fit.

4. Information on Subscriber 1 and Subscriber 2

Subscriber 1 is a Taiwan domiciled opportunity or situation driven private equity fund targeting growth or merger and acquisition opportunities in Greater China and South East Asia. The Subscriber 1's primary investment objective is to achieve medium to long term capital appreciation through flexible

investment strategies across various industries and sectors.

The Company's non-executive director, Mr Joe Hsiang Lin is a founding partner of Subscriber 1.

Subscriber 2 is the deputy chairman, executive director and chief executive officer as well as a substantial and controlling shareholder of the Company.

Under Rule 804 and Rule 812 of the Listing Manual, no director of an issuer, associate of the director, or substantial shareholder may participate directly or indirectly in an issue of equity securities or convertible securities unless shareholders in a general meeting have approved the specific allotment.

The Company intend to seek and obtain approval of shareholders at an extraordinary general meeting to be held in due course for which Mr Joe Hsiang Lin and Dato' Dr. Ong Bee Huat will respectively abstain from exercising any voting rights on the matter.

As at the date of this announcement and to the best of the Company's knowledge, there is no agreement, arrangement or understanding between Subscriber 1, Subscriber 2 and any other shareholder of the Company to acquire Shares, to obtain or consolidate effective control of the Company, and that that Subscriber 1 and Subscriber 2 is not a party acting in concert with any other shareholder of the Company, as defined in the Singapore Code of Take-Overs and Mergers.

5. Interest of Directors and Substantial Shareholders

Other than Mr Joe Hsiang Lin and Dato' Dr. Ong Bee Huat, none of the Directors, and as far as the Directors are aware, none of the substantial shareholders of the Company, has any interest, direct or indirect, in the proposed issue of Convertible Bonds.

6. Documents available for inspection

A copy of the agreement to subscribe is available for inspection during normal business hours at the Company's registered office at 10 Neo Tiew Lane 2, Singapore 718813.

7. Circular to Shareholders

The proposed issue of the Convertible Bonds is conditional upon, inter alia, the in-principle approval being obtained from the SGX-ST for the listing and quotation for the New Shares on the Official List of the SGX-ST, and specific shareholders' approval for the issue of the Convertible Bonds being obtained at an extraordinary general meeting to be convened.

A circular to the Company's shareholders containing, inter alia, the notice of extraordinary general meeting and further details of the Subscription Agreements will be dispatched in due course.

The Directors (including any Director who may have delegated detailed supervision of the preparation of this announcement) have taken all reasonable care to ensure that the facts stated in this announcement are fair and accurate and that no material facts have been omitted from this announcement, and they jointly and severally accept responsibility accordingly.

Shareholders and potential investors should note that the proposed issue of Convertible Bonds is subject to the fulfilment of, inter alia, the conditions precedent set out above, and accordingly, should exercise caution when trading in the Shares of the Company. Persons who are in doubt as to the action they should take should consult their legal, financial, tax or other professional advisers.

By order of the Board
HLH GROUP LIMITED
Helen Campos
Company Secretary
19 January 2017