

PROPOSED RENOUNCEABLE NON-UNDERWRITTEN RIGHTS ISSUE OF UP TO 1,978,605,664 NEW ORDINARY SHARES IN THE CAPITAL OF THE COMPANY (THE RIGHTS ISSUE) – ADDITIONAL UNDERTAKING

1. INTRODUCTION

The Board of Directors (the **Directors**) of HLH Group Limited (the **Company**) refers to the Company's announcement dated 23 December 2015 (the **Previous Announcement**) in relation to the Rights Issue.

Unless otherwise defined, all capitalised terms used herein shall have the meanings ascribed to them in the Previous Announcement.

2. INCREASE IN LAND FINANCING

Further to the Previous Announcement, Dato' Dr Ong Bee Huat, the Undertaking Shareholder, has granted an additional loan of US\$550,000 (approximately S\$791,085.90) to PH One Development (Cambodia) Limited (**PH1**) (the **New Loan**). With the grant of the New Loan, the Land Financing (being the aggregate principal amount outstanding under the loans and advances granted by the Undertaking Shareholder to PH1) has increased to S\$5,518,485.90.

3. GRANT OF NEW LOAN

As disclosed in the Previous Announcement, the Company and PH1 had agreed with the Undertaking Shareholder that he shall satisfy his payment obligations under the Irrevocable Undertaking by setting off S\$1,266,766.50 of the Land Financing as payment for the Entitled Rights Shares and the balance of the Land Financing of S\$3,460,633.50 as payment for up to 576,772,250 Excess Rights Shares, as may be allotted to him.

With the grant of the New Loan, and the increase in the Land Financing to S\$5,518,485.90, the Company and PH1 has agreed with the Undertaking Shareholder he will undertake to subscribe for an additional 131,847,650 Excess Rights Shares and shall set off any payment for such additional Excess Rights Shares allotted to him against the principal amount outstanding under the New Loan.

4. CHANGE IN ALLOCATION OF PROCEEDS

The Company disclosed in the Previous Announcement that:

- (a) based on the Existing Share Capital and assuming a Maximum Subscription Scenario, the gross proceeds raised from the Rights Issue will amount to approximately S\$11.9 million. In a Maximum Subscription Scenario, the Company intends to utilize the gross proceeds raised as follows:
 - (i) approximately S\$6.0 million (or 50.4% of the gross proceeds) towards the repayment

of the Land Financing in the manner as set out in Section 2 of the Previous Announcement;

- (ii) approximately S\$5.6 million (or 47.1% of the gross proceeds) for the general working capital of the Group, particularly for the expansion of its property development business in Cambodia; and
 - (iii) approximately S\$0.3 million (or 2.5% of the gross proceeds) for the professional fees and related expenses incurred in connection with the Rights Issue; and
- (b) based on the Existing Share Capital and assuming a Minimum Subscription Scenario, the gross proceeds raised will amount to approximately S\$4.7 million. The Company intends to utilise the gross proceeds raised towards the repayment of the Land Financing in the manner as set out in Section 2 of the Previous Announcement and will utilise its internal resources to pay for the professional fees and related expenses incurred in connection with the Rights Issue.

The Board wishes to announce that pursuant to the New Loan there will be a change in the use of proceeds from the Rights Issue in the Minimum Subscription Scenario.

Based on the Existing Share Capital and assuming a Minimum Subscription Scenario, the gross proceeds raised will amount to approximately S\$5.5 million. The Company intends to utilise the gross proceeds raised towards the repayment of the Land Financing (as increased following the grant of the New Loan) and will utilise its internal resources to pay for the professional fees and related expenses incurred in connection with the Rights Issue.

5. FURTHER INFORMATION

Further information relating to the New Loan, the change in use of proceeds and other terms, conditions and procedures for the Rights Issue will be provided in the Offer Information Statement to be despatched to Shareholders in due course.

By Order of the Board

Dr. Ong Bee Huat

Executive Director

Date: 18 January 2016