

HL GLOBAL ENTERPRISES LIMITED

(Company Registration No. 196100131N)

(Incorporated in the Republic of Singapore)

ANNOUNCEMENT

PROPOSED CONSOLIDATION OF EVERY TEN (10) EXISTING ISSUED ORDINARY SHARES INTO ONE (1) CONSOLIDATED SHARE

1. INTRODUCTION

The Board of Directors (the “**Board**” or the “**Directors**”) of HL Global Enterprises Limited (the “**Company**”) wishes to announce that the Company proposes to undertake a share consolidation (the “**Proposed Share Consolidation**”) of every ten (10) existing issued ordinary shares in the share capital of the Company (the “**Shares**”) registered in the name, or standing to the credit of the Securities Account, of each shareholder of the Company (the “**Shareholder**”) (as the case may be) as at a books closure date to be determined by the Directors (the “**Books Closure Date**”) into one (1) consolidated share (the “**Consolidated Share**”), fractional entitlements to be disregarded.

2. RATIONALE FOR THE PROPOSED SHARE CONSOLIDATION

The Directors believe that the Proposed Share Consolidation will generally be beneficial to the Company and its Shareholders for the reasons set out below.

- (a) **Compliance with the minimum trading price requirement.** The Monetary Authority of Singapore and the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) have introduced a minimum trading price of S\$0.20 (the “**MTP**”) for Mainboard-listed issuers with effect from 2 March 2015 as a continuing listing requirement to address risks associated with low-priced securities and to improve overall market quality. Issuers will be first assessed for compliance with the MTP requirement 12 months from 2 March 2015 (i.e. 1 March 2016). Issuers that fail to fulfil the MTP requirement at the first review date on 1 March 2016 or any of the subsequent quarterly reviews will be placed on the watch-list of the SGX-ST. The assessment of whether an issuer has met the MTP of S\$0.20 will be based on the issuer’s volume weighted average price (“**VWAP**”) of its shares for the six (6) months preceding the date of review. Issuers placed on the watch-list on or after 1 March 2016 will have a 36-month period to exit from the watch-list. Issuers who fail to exit from the watch-list will be subject to delisting in accordance with the listing rules.

For the past six (6) months prior to the date of this Announcement, the Shares have been trading in a range of between S\$0.025 and S\$0.045, which is below the MTP. The highest and lowest market prices for each such month and the transacted volume of the Shares traded on the SGX-ST for each such month are as follows:

	Highest Price (S\$)	Lowest Price (S\$)	Volume of traded Shares ('000)
September 2014	0.045	0.025	1174
October 2014	0.039	0.028	1677
November 2014	0.045	0.035	1613
December 2014	0.045	0.032	472
January 2015	0.044	0.030	330.2
February 2015	0.042	0.025	1037.4

Source: SGX-ST

For illustrative purposes only, the VWAP of the Company's Shares for the six (6) months prior to the date of this Announcement is S\$0.035. This is below the MTP.

The Company is seeking to undertake the Proposed Share Consolidation with the purpose of raising the minimum theoretical Share price of the Company so as to facilitate the compliance with the MTP requirement by the Company.

On the assumption that the Proposed Share Consolidation had been in place for the six (6) months prior to the date of this Announcement, the theoretical adjusted 6-month VWAP based on the Consolidated Shares will be S\$0.353.

- (b) **Reduction of magnitude of volatility of the Share price.** As share trading may involve certain minimum fixed expenses (such as minimum brokerage fees), low traded share prices translate to higher transaction costs, relative to the trading price, for each trading of one board lot of Shares. In addition, the low traded Share price may encourage speculation in the Shares, which may result in excessive Share price volatility. The Directors therefore believe that the Proposed Share Consolidation may serve to reduce the fluctuation in magnitude of the Company's market capitalisation and reduce the percentage transaction cost for trading in each board lot of Shares.
- (c) **Increase in the market interest and attractiveness of the Company.** The Proposed Share Consolidation will rationalise the share capital of the Company by reducing the number of issued Shares. Following the Proposed Share Consolidation, the Board expects that, all other things being equal, the theoretical trading price of each Consolidated Share would be higher than the trading price of each existing Share, taking into account the decrease in the number of Shares in issue following the Proposed Share Consolidation. The Directors believe that, with the reduction in the number of Shares in issue and the resulting increase in the theoretical trading price of each Consolidated Share, the Proposed Share Consolidation may increase the profile of the Company amongst the institutional investors and the coverage of the Company amongst research houses and fund managers which may, in turn, increase market interest and activity in the Shares, and generally make the Shares more attractive to investors.

Shareholders should note, however, that there can be no assurance that the Proposed Share Consolidation will achieve the desired results, nor is there assurance that such results (if achieved) can be sustained in the longer term.

3. DETAILS OF THE PROPOSED SHARE CONSOLIDATION

- 3.1 Under the Proposed Share Consolidation, every ten (10) Shares registered in the name of each Shareholder as at the Books Closure Date will be consolidated into one (1) Consolidated Share. Each Consolidated Share will rank *pari passu* in all respects with each other. The Consolidated Shares will be traded in board lots of 100 Consolidated Shares.
- 3.2 Shareholders should note that the number of Consolidated Shares which they will be entitled to pursuant to the Proposed Share Consolidation, based on their holdings of the Shares as at the Books Closure Date, will be rounded down to the nearest whole Consolidated Share and any fractions of a Consolidated Share arising from the Proposed Share Consolidation will be disregarded. All fractional entitlements arising from the implementation of the Proposed Share Consolidation will be dealt with in such manner as the Directors may, in their absolute discretion, deem fit in the interests of the Company, including (i) disregarding, or (ii) aggregating and selling the same and retaining the net proceeds for the benefit of the Company. Affected Shareholders will not be paid for any fractions of a Consolidated Share which are disregarded.
- 3.3 As at the date of this Announcement, the Company has an issued ordinary share capital of S\$133,770,184.07 comprising 963,187,297 Shares¹ and an issued preference share capital of S\$3,167.88 comprising 158,394 outstanding issued non-redeemable convertible cumulative preference shares in the Share capital of the Company ("**NCCPS**") which are convertible into 158,394 new Shares pursuant to the terms and conditions of the NCCPS. On the assumption that:
- (a) no NCCPS is converted, and no new Shares are issued by the Company before or on the Books Closure Date, the Company will have an issued ordinary share capital of S\$133,770,184.07 comprising approximately 96,318,729 Consolidated Shares following the completion of the Proposed Share Consolidation;
 - (b) all the NCCPS are converted and 158,394 new Shares are allotted and issued pursuant to such conversion on or before the Books Closure Date, and the Company did not issue any other new Shares, the Company will have an issued ordinary share capital of S\$133,773,351.95 comprising 96,334,568 Consolidated Shares following the completion of the Proposed Share Consolidation.
- 3.4 The Proposed Share Consolidation will have no impact on the issued and paid-up share capital of the Company. The Proposed Share Consolidation will not involve the diminution of any liability in respect of unpaid capital or the payment to any Shareholder of any paid-up capital of the Company, and has no effect on the equity of the Company and its subsidiaries.
- 3.5 Shareholders are not required to make any payment to the Company in respect of the Proposed Share Consolidation. Shareholders who hold physical share certificates may wish to deposit the same with the Central Depository (Pte) Limited ("**CDP**") and have their Shares credited to their securities accounts with CDP before the announcement of the Books Closure Date, as CDP will only accept for deposit new share certificates of Consolidated Shares after the Books Closure Date.

¹ This includes 24,189,170 Shares held as trust shares by Amicorp Trustees (Singapore) Limited as trustee of the trust established by the Company to facilitate the implementation of the HL Global Enterprises Share Option Scheme 2006 (the "**Scheme**") As at the date of this Announcement, the Company does not have any outstanding share options granted pursuant to the Scheme.

- 3.6 Subject to Shareholders' approval being obtained for the Proposed Share Consolidation at an extraordinary general meeting ("**EGM**") to be convened by the Company, Shareholders' holdings of the Consolidated Shares arising from the Proposed Share Consolidation will be ascertained on the Books Closure Date.
- 3.7 The Proposed Share Consolidation will not cause any changes to the percentage shareholding of each Shareholder in the Company, other than non-material changes due to rounding.

4. **APPROVALS**

The Proposed Share Consolidation is subject to, *inter alia*:

- (a) the in-principle approval of the SGX-ST for the Proposed Share Consolidation and for the dealing in, listing of and quotation for the Consolidated Shares on the SGX-ST; and
- (b) the approval of Shareholders by ordinary resolution at an EGM of the Company to be convened.

An application will be made to the SGX-ST for permission for dealing in, listing of and quotation of up to (i) 96,318,729 Consolidated Shares and (ii) 15,839 new Consolidated Shares to be issued upon conversion of the NCCPS, on the Official List of the SGX-ST. An appropriate announcement on the outcome of the application will be made in due course.

5. **DESPATCH OF CIRCULAR**

Subject to the receipt of the in-principle approval from the SGX-ST, a circular containing, *inter alia*, the notice of the EGM and further details of the Proposed Share Consolidation will be despatched to Shareholders in due course.

Meanwhile, Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Company's securities. When in doubt, Shareholders and potential investors are advised to seek independent advice from their bankers, stockbrokers, solicitors or other professional advisers.

6. **ADJUSTMENTS TO NCCPS**

As mentioned in paragraph 3.3 above, the Company has 158,394 outstanding NCCPS. Pursuant to the terms and conditions of the NCCPS, NCCPS are convertible into new Shares based on the conversion ratio of one (1) new Share for every one (1) NCCPS (the "**Conversion Ratio**"). Accordingly, as at the date of this Announcement, the maximum number of new Shares to be allotted and issued by the Company pursuant to full conversion of the NCCPS is 158,394 new Shares.

Under the terms and conditions of the NCCPS, the Directors may, in their absolute discretion and after consultation with a reputable bank or merchant bank, adjust the Conversion Ratio if there shall be an alteration to the total number of Shares in issue as a result of a consolidation. In such an event, the number of new Shares into which the NCCPS are to be converted on any subsequent conversion of the NCCPS may be reduced accordingly, and

such reduction shall become effective immediately after the alteration takes effect. It is proposed that adjustments to the Conversion Ratio of the NCCPS will be made by the Company to take into account the effects of the Proposed Share Consolidation. Details of the proposed adjustments will be announced in due course upon completion of the Proposed Share Consolidation.

BY ORDER OF THE BOARD

Aw Siew Yen, Patricia
Yeo Swee Gim, Joanne
Company Secretaries

2 March 2015