ANNOUNCEMENT

SUBSCRIPTION OF AN AGGREGATE OF 500,000,000 SHARES TO RAISE GROSS PROCEEDS OF S$4,500,000 BY PERSISTENT ASSET TRADING FUND SPC – PERSISTENT ASSET ASIA SP AND SEVEN VOYAGERS CAPITAL LTD (BOTH, THE "SUBSCRIBERS"); AND

WAIVER OF SHAREHOLDERS' APPROVAL FOR ISSUANCE OF SHARES AT MORE THAN 10% DISCOUNT TO THE WEIGHTED AVERAGE PRICE PURSUANT TO RULE 811 OF THE LISTING MANUAL (THE "WAIVER")

Approval in-principle

The Board of Directors of the Company refers to the announcements announced on 12 October 2016 in relation to the above Share Subscriptions. All capitalised terms herein shall bear the meanings ascribed to them in the said announcements, unless otherwise defined herein.

Further thereto, the Board wishes to announce that the Company has received an approval in principle from the SGX-ST dated 3 November 2016 (the "AIP Letter") in respect of the listing and quotation of 500,000,000 new ordinary shares, subject to compliance with the SGX-ST's listing requirements. The Subscription Shares are to be placed out within 7 market days from the date of the AIP Letter.

The approval in principle by SGX-ST is subject to the following:

(a) Compliance with the Exchange's listing requirements;

(b) Announcement of the following details regarding the Subscribers:

  (i) Whether the Subscribers are discretionary managed funds; and

  (ii) The name and background of the fund managers (including the names of their directors and shareholders);

(c) The Company announcing the Waiver granted, the reasons for seeking the Waiver and the conditions as required under Rule 107 of the Listing Manual; and

(d) Submission of the following documents:

  (i) A written confirmation from the Company that the Waiver does not contravene any laws and regulations governing the Company and the articles of association of the Company;

  (ii) A written undertaking from the Company that it will comply with Rule 704(30)and Rule 1207(20) of the Listing Manual in relation to the use of the proceeds from the proposed placement of shares and where proceeds are to be used for working capital purposes, the Company will disclose a breakdown with specific details on the use of proceeds for working capital in the Company's announcements on use of proceeds and in the annual report;

  (iii) A written undertaking from the Company that it will comply with Rule 803 of the Listing Manual; and

(iv) A written undertaking from the Company that it will not issue the Subscription Shares to persons prohibited under Rule 812(1) of the Listing Manual.

With respect to the conditions under the AIP Letter, the Company confirms the following:

(i) That it will comply with the Exchange's listing requirements;

(ii) The Subscribers are discretionary-managed funds. Both its investors includes financial institutions, corporations, foundations and pensions funds, family trust funds, and funds from high-net-worth individuals;

(iii) The fund manager of Persistent Asset Trading Fund SPC – Persistent Asset Asia SP is Persistent Asset Management (Asia) Limited, whose directors and shareholders comprise Xu Wei and Huang Xin;

(iv) The fund manager of Seven Voyagers Capital Ltd is Chen Chung Liu;

(v) The documents in respect of items (d)(ii), (iii) and (iv) have been provided by the Company to the SGX-ST.

The Company further wishes to announce that the Waiver was granted today. Rule 811 provides that an issue of shares must not be priced at more than 10% discount to the volume weighted average price for trades done on the Exchange for the full market day on which the subscription agreement is signed. If trading in the shares is not available for a full market day, the volume weighted average price must be based on the trades done on the preceding market day up to the time the subscription agreement is signed.

As announced on 12 October 2016, the issue price of $0.009 for each Subscription Share represents a discount of 10% to the volume weighted average price of $0.010 (rounded to 3 decimal places) for trades done on the Shares on the SGX-ST on 10 October 2016, being the full market day preceding the execution of the Share Subscription Agreements. If the volume weighted average price is rounded to 4 decimal places, the volume weighted average price would have been $0.0104 with a notional issue price of $0.00936, resulting in an aggregate $180,000 difference to the Subscription Price, or a discount marginally exceeding 10%. The Company has hence applied to SGX-ST for a waiver to issue the Subscription Shares under Rule 811.

The reasons for the Waiver are that:

(a) The Company is seeking both equity and debt funding so as to ensure that the Company will meet its property development commitments and to deliver value to the shareholders.

(b) The Company's equity funding requirements would be partially met with the completion the Subscriptions herein, and the use of proceeds would be as follows:

- $2.5 million is to be utilised towards advertising, marketing costs and expenses
- $2.0 million is to be utilised towards the payment of fees to consultants, architects and quantity surveyors

(c) The market value of the D'Seaview development is estimated at, up to US$100,000,000 when fully sold. This far exceeds the differential amount of $180,000 the Subscribers would be made to pay, without the waiver to issue the Subscription Shares under Rule 811.

The Subscription Shares will, when issued and fully paid, rank *pari passu* in all respects with and carry all rights similar to existing ordinary shares of the Company, save that they will not rank for dividend, right, allotment or other distributions, the record date of which falls on or before the date of completion of the Share Subscription.

It should be noted that the AIP Letter is not an indication of the merits of the Share Subscription, the Subscription Shares, the Company, its subsidiaries and their securities.

By order of the Board
HLH GROUP LIMITED
Helen Campos
Company Secretary
3 November 2016