



21 October 2020

Company Announcements Office  
Australian Securities Exchange  
Authorised by the Board for immediate release

## **CAPITAL RAISING, APPOINTMENT OF SANDY BEARD TO BOARD AND AS CHAIRMAN AND ISSUE OF OPTIONS**

### **Highlights**

- Capital Raising of up to \$4.1M via a Private Placement and a 1 for 4 Entitlement Offer, both at \$0.125 per share
- Wentworth Securities to Lead Manage the capital raising
- Introduction of new strategic investors led by Sandy Beard, former Managing Director of ASX listed CVC Limited (ASX: CVC)
- Sandy Beard to join HGL board with appointment as Chairman and committed to invest at least \$1.2M, up to \$1.5M, through the Capital Raising and will (subject to shareholder approval) be issued 8 million options
- The two existing substantial shareholder groups to take up 100% of their pro-rata rights

### **Private Placement & Launch of Accelerated Non-Renounceable Entitlement Offer**

HGL Limited (ASX: HNG) (**HGL** or **Company**) announces a new capital raising directed at further strengthening the Company's balance sheet and to assist future growth (**Capital Raising**). The Capital Raising will take the form of:

1. A placement of 11,343,387 new shares at \$0.125 per share in the Company to raise \$1.418M (**Private Placement**), representing 15% of HGL's issued capital, to new strategic investors led by Sandy Beard (**New Investors**); and
2. A 1 for 4 accelerated pro-rata non-renounceable entitlement offer comprising 21,741,492 new shares at \$0.125 per share, to raise up to \$2.718M (**Entitlement Offer**). The New Investors will be entitled to participate in the Entitlement Offer.

The Entitlement Offer will comprise an **Accelerated Entitlement Offer** to eligible institutional and sophisticated investors comprising certain of the New Investors and the two existing substantial shareholder groups who have been invited to participate in the Accelerated Entitlement Offer, and a **Retail Entitlement Offer** for the remaining eligible shareholders with a registered address in Australia, New Zealand or the United Kingdom as at 7.00pm (Sydney time) on the record date for the issue, being Tuesday 27 October 2020.



The two existing substantial shareholder groups have agreed to take up 100% of their pro-rata rights under the Entitlement Offer.

Wentworth Securities Pty Limited (**Wentworth Securities**), has been appointed by HGL as Lead Manager to facilitate the Private Placement and to place the remainder of any shortfall in the Entitlement Offer on a best-endeavours basis.

The Company has also agreed that in circumstance where the shortfall in the Entitlement Offer is less than 2,225,941 shares (and the shortfall is placed by Wentworth Securities), to make a further placement of shares, subject to shareholder approval, to Sandy Beard and investors placed by Wentworth Securities, in order for those investors to bring their holdings in total to \$2.5M at \$0.125 per share (**Further Private Placement**). The two existing substantial shareholder groups have committed to support any such resolution put before the shareholders of HGL. The maximum number of shares to be issued under the Further Private Placement (ie. in circumstances where all shareholders take up their entitlements under the Entitlement Offer), is 5,820,770 valued at \$0.728M.

Sandy Beard and his related entities have committed under the Capital Raising to underwrite 12M shares valued at \$1.5M at the Issue Price. Within that underwrite, Sandy Beard and his related entities have undertaken through the Private Placement, Entitlement Offer and Further Private Placement, to subscribe for at least 9.6M shares valued at \$1.2M, up to 12.0M shares valued at \$1.5M, at the issue price.

New shares offered under the Private Placement, the Entitlement Offer and the Further Private Placement (if required) (**New Shares**), are all priced at \$0.125 per New Share (**Issue Price**), representing a 24.3% discount to the 60-day volume weighted average price (**VWAP**) of HGL's shares up to Tuesday, 20 October 2020 of \$0.165; and a 14.3% discount to the theoretical ex-rights price (**TERP**) of \$0.146 (based on the last close of \$0.155). New Shares will rank equally in all respects with existing shares of HGL.

The Private Placement and Entitlement Offer (if all entitlements are fully taken up), will in total raise \$4.136M before costs and will be used for strengthening the Company's balance sheet and to assist future growth.

A Retail Offer Booklet containing information in respect of the Retail Entitlement Offer, together with a personalised Entitlement and Acceptance Form, will be made available to eligible shareholders who were not invited to participate in the Accelerated Entitlement Offer, on 30 October 2020. Eligible shareholders will receive notification via email (as registered with their shareholding, or via post if no email has been provided), on how to view the Retail Offer Booklet and how they may subscribe for New Shares under the Retail Entitlement Offer through the offer website. Eligible shareholders should read the Retail Offer Booklet in full before deciding whether to subscribe for New Shares. Further information will also be available on the company's website at [www.hgl.com.au](http://www.hgl.com.au).

All HGL Limited Directors with direct or indirect shareholdings have confirmed they intend to participate fully in the pro rata Retail Entitlement Offer.

HGL's board and management encourage all shareholders to participate in the Retail Entitlement Offer, after considering the contents of the Retail Offer Booklet.



The Entitlement Offer is non-renounceable and rights are not transferrable and will not be traded on the Australian Securities Exchange (**ASX**). Eligible shareholders who do not take up their entitlement under the Entitlement Offer in full or in part will not receive any value in respect of those entitlements not taken up and will have their holding diluted as a result.

### **Appointment of New Director, Sandy Beard**

The Company intends to invite Sandy Beard to join the board of HGL with immediate appointment as Chairman.

Sandy Beard was, until last year, Managing Director of ASX-listed CVC Limited (ASX: CVC), where he was instrumental in building a highly successful investment business, producing returns to shareholders in excess of 15% per annum for over 15 years, with a particular focus on earlier stage private businesses and small cap ASX listed companies.

Mr Beard currently serves on the board of a number of ASX listed companies: Probiotec Limited (as Chair), Centrepont Alliance Limited and Pure Foods Tasmania Limited.

Sandy Beard has committed to using his networks to bring to HGL new investment opportunities, as well as his substantial experience in investment management to assist the Company realise and grow value.

Kevin Eley, Chair of HGL commented: *“today’s announcement on new capital initiatives marks an important milestone for HGL in its 116-year history, seeing the introduction of new strategic investors committed to the future growth of HGL and its equity and skills model. We are also delighted to invite someone of the calibre of Sandy Beard to the board of HGL, who we expect will bring much by way of experience in a similar business as well as through potential new opportunities.”*

Sandy Beard stated: *“I am excited to be joining HGL at this time, a business that I have watched over many years while I was at CVC, and believe I can bring much to assist the company in restoring and building shareholder value.”*

### **Issue of Options**

In conjunction with Sandy Beard and other strategic investors’ investment and commitment to HGL, the Company has agreed to issue Sandy Beard (or his nominees), 8,000,000 options in the company at an exercise price of \$0.15, exercisable at any time within 3 years of issue (**Options**). Each option will, on exercise, convert to one fully paid ordinary share of the Company. The Options will not be listed.

The granting of the Options will be subject to approval of HGL’s shareholders at the Company’s next Annual General Meeting (**AGM**). The two existing largest substantial shareholder groupings have agreed to support any resolution required of shareholders to approve the issue of the Options at the AGM.



## Capital Raising Timetable

Event	Date
Trading halt and announcement of the Capital Raising	21 October 2020
Issue of new Shares offered under the Private Placement	26 October 2020
Announcement of results of Private Placement and Accelerated Entitlement Offer, Trading resumes on an ex-entitlement basis	27 October 2020
Record Date for the Entitlement Offer	7.00pm (Sydney time) 27 October 2020
Issue of New Shares offered under the Accelerated Entitlement Offer	28 October 2020
Retail Offer Booklet and personalised Entitlement and Acceptance Form made available, Retail Entitlement Offer opens	30 October 2020
Retail Entitlement Offer closes	5.00pm (Sydney time) 17 November 2020
Announcement of results of Retail Entitlement Offer	20 November 2020
Issue of New Shares offered under the Retail Entitlement Offer	Before 12pm (Sydney time) 24 November 2020
Trading of New Shares offered under the Retail Entitlement Offer	25 November 2020

*The timetable (and each reference in this announcement to a date specified in the timetable) is indicative only and HGL may, at its discretion, vary any of the above dates. In particular, HGL reserves the right to extend the closing date of the Entitlement Offer, to accept late applications under the Entitlement Offer (either generally or in particular cases) and to withdraw the Entitlement Offer without prior notice. The quotation of New Shares is subject to confirmation from the ASX.*

### Further Information

For investor queries, including offer details, please contact the Offer information line on 1300 855 080 (in Australia), or +61 3 9415 4000 (from overseas).

For other HGL queries, please contact Greg Timar, HGL CEO, on 02 8667 4661.

### About HGL Ltd

HGL is an investment company which invests in small to medium size businesses with a sustainable competitive advantage and strong growth prospects, providing them with specialist business management skills and equity capital to leverage these growth opportunities. Our core purpose is to create shareholder value through active long-term ownership in our portfolio businesses, driving sustainable growth through a strong focus on customers and employees.

[www.hgl.com.au](http://www.hgl.com.au)



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This announcement is for information purposes only and is not a prospectus, disclosure document, product disclosure statement or other offering document under Australian law or any other law (and will not be lodged with the Australian Securities and Investments Commission (ASIC)). The announcement is not and should not be considered an offer or an invitation to acquire entitlements or New Shares or any other financial products. This announcement does not constitute an offer to sell, or a solicitation of an offer to buy, securities in the United States or in any other jurisdiction in which such an offer would be illegal. The entitlements and the new shares to be issued have not been, and will not be, registered under the US Securities Act of 1933, as amended (the US Securities Act) or the securities laws of any state or other jurisdiction of the United States. Accordingly, the entitlements or the new shares to be issued may not be granted to, taken up by, or offered or sold to, directly or indirectly, any person in the United States, or any person acting for the account or benefit of a person in the United States, except pursuant to a transaction exempt from, or not subject to, the registration requirements of the US Securities Act and any other applicable state securities laws. The distribution of this announcement in other jurisdictions outside Australia may also be restricted by law and any such restrictions should be observed. Any failure to comply with such restrictions may constitute a violation of applicable securities laws.

### **Forward looking statements**

This announcement contains certain “forward looking statements”. Forward looking statements can generally be identified by the use of forward looking words such as, “expect”, “anticipate”, “likely”, “intend”, “should”, “could”, “may”, “predict”, “plan”, “propose”, “will”, “believe”, “forecast”, “estimate”, “target”, “outlook”, “guidance” and other similar expressions within the meaning of securities laws of applicable jurisdictions and include, but are not limited to, indications of, or guidance or outlook on, future earnings or financial position or performance of HGL, the outcome and effects of the Private Placement, Entitlement Offer, Further Private Placement and the use of proceeds. The forward looking statements contained in this announcement are not guarantees or predictions of future performance and involve known and unknown risks and uncertainties and other factors, many of which are beyond the control of HGL, its directors and management, and may involve significant elements of subjective judgement and assumptions as to future events which may or may not be correct. Refer to the “Key Risks” section of the Retail Offer Booklet for a summary of certain general and HGL specific risk factors that may affect HGL or an investment in HGL. There can be no assurance that actual outcomes will not differ materially from these forward looking statements. A number of important factors could cause actual results or performance to differ materially from the forward looking statements, including the risk factors set out in the Retail Offer Booklet. Investors should consider the forward looking statements contained in this announcement in light of those disclosures. The forward looking statements are based on information available to HGL as at the date of this announcement. Except as required by law or regulation (including the ASX Listing Rules), HGL undertakes no obligation to provide any additional or updated information whether as a result of new information, future events or results or otherwise.