



HUDSON INVESTMENT GROUP LIMITED

ASX Announcement
3 December 2015

PROPOSED DEMERGER AND SHARE SALE

Proposed In-Specie Distribution

Hudson Investment Group Limited (ASX: HGL) (**Hudson**) is pleased to advise subject to shareholder approval it proposes to demerge its Warnervale property and its other assets and liabilities through an in-specie distribution of shares to Hudson shareholders (**Demerger**).

On completion of the Demerger, Hudson's majority shareholders, RafflesCo Limited (**RafflesCo**), and Raffles Nominees Pty Limited (**Raffles Nominees**) have agreed to sell their Hudson shares to Huahan International Holdings (Hong Kong) Co. Limited (**Huahan**) for 0.753 cents per share (**Share Sale**), following which Huahan (or person or entity nominated by Huahan) have agreed to subscribe for additional shares in Hudson equal to 15% of Hudson's issued shares for 0.753 cents per share (**Share Placement**), (together the **Proposed Transaction**).

The Hudson directors are of the view that the Proposed Transaction will provide a structure for value creating opportunities, while allowing existing shareholders to retain their interest in the income generating Warnervale property through the Demerger.

Managing Director Alan Beasley welcomed this development, saying "the board looks forward to welcoming Huahan as a new cornerstone investor and major shareholder upon completion of the proposed transactions".

A general meeting to consider the transaction is expected to be held in early 2016. Further details in relation to these transactions will be set out in a Notice of Meeting and an Explanatory Memorandum to be dispatched to all Hudson shareholders in due course.

Share Sale

Upon completion of the Demerger, and subject to the satisfaction of certain other conditions precedent, RafflesCo and Raffles Nominees have agreed to sell their holding of ordinary shares in Hudson to Huahan, as follows:

- RafflesCo has agreed to sell 89,000,000 fully paid ordinary shares in Hudson to Huahan for a total consideration of \$670,170; and
- Raffles Nominees has agreed to sell 36,000,000 fully paid ordinary shares in Hudson to Huahan for a total consideration of \$271,080,

(Share Sale).

The Share Sale is conditional on:

- (a) all necessary HGL shareholder approvals being obtained for:
 - the Demerger;
 - Huahan to complete the Share Sale pursuant to section 611(7) of the Corporations Act 2001 (Cth); and
 - the Share Placement,
- (b) completion of legal, tax (including stamp duty) and financial due diligence by Huahan on HGL's business and operations, as well as the Proposed Transactions;
- (c) an independent expert issuing an independent expert's report concluding that the Proposed Transactions are "fair and reasonable" and not withdrawing or adversely modifying that conclusion;
- (d) the directors of HGL unanimously recommending that HGL shareholders vote in favour of the Proposed Transactions and not withdrawing or adversely modifying that recommendation;
- (e) completion of the Demerger;

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- (f) receipt by Huahan and HGL of all necessary regulatory, stock exchange and other third party consents or approvals that may be required to implement the Proposed Transactions;
- (g) there being no material breach of warranties by RafflesCo or Raffles Nominees; and
- (h) there being no temporary restraining order, preliminary or permanent injunction or other order issued by any court of competent jurisdiction or governmental agency or other material legal restraint or prohibition, preventing or delaying completion is in effect.

(Conditions).

The parties have agreed to use their best efforts to ensure that the Conditions are met as quickly as possible. However, if the Conditions are not satisfied or waived on or before 5pm (AEST) on 30 April 2016, any party may by written notice terminate the Share Sale.

About Huahan

Huahan is a company registered and incorporated in Hong Kong, and is affiliated with the Huahan Group, which is a conglomerate corporate group that is committed to innovation and development. Globally headquartered in Singapore, the Huahan Group has subsidiaries and representative offices in China, USA, Austria, New Zealand and Hong Kong. Its main business includes building material trading, real estate, environmental mining, renewable energy, agriculture, biotechnology, media and culture.

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