

GENERAL ANNOUNCEMENT::QUARTERLY UPDATE PURSUANT TO RULE 1313 (2) OF THE SGX-ST LISTING MANUAL

Issuer & Securities

Issuer/ Manager

HL GLOBAL ENTERPRISES LIMITED

Securities

HL GLOBAL ENTERPRISES LIMITED - SG1AI6000003 - AVX

Stapled Security

No

Announcement Details

Announcement Title

General Announcement

Date & Time of Broadcast

26-Feb-2018 18:09:16

Status

New

Announcement Sub Title

Quarterly Update Pursuant to Rule 1313 (2) of the SGX-ST Listing Manual

Announcement Reference

SG180226OTHRQZHQ

Submitted By (Co./ Ind. Name)

Foo Yang Hym

Designation

Chief Financial Officer

Description (Please provide a detailed description of the event in the box below)

Please refer to the attachment.

Attachments

[HLGE_4QUPDATE.pdf](#)

Total size = 76K MB

HL GLOBAL ENTERPRISES LIMITED

(Company Registration Number: 196100131N)
(Incorporated in the Republic of Singapore)

QUARTERLY UPDATE PURSUANT TO RULE 1313 (2) OF THE SGX-ST' LISTING MANUAL

1. BACKGROUND

HL Global Enterprises Limited (the “Company”, and together with its subsidiaries, the “Group”) was placed on the Watch-List pursuant to Rule 1311 of the Listing Manual of Singapore Exchange Securities Trading Limited (“SGX-ST”) on 4 June 2014 and was given further extension up to 3 June 2018 (“Expiry Date”). The Company will apply to SGX-ST for removal from the Watch-List and will announce the outcome of such application in due course.

In the event that the circumstances as set out in the Company’s announcement on 1 August 2017 occur in relation to the Company being unable to exit the Watch-List by the Expiry Date, the Company has undertaken to SGX-ST that the Company will take steps to provide a reasonable exit offer to the minority shareholders of the Company in compliance with Rule 1309 of SGX-ST’s Listing Manual.

Pursuant to Rule 1313(2) of the Listing Manual of SGX-ST, the Board of Directors (“Board”) of the Company wishes to provide the following updates on the Group’s financial situation, including its future direction or other material development that may impact its financial position.

2. UPDATE ON FINANCIAL POSITION

After extensive efforts, the Group was finally able to complete the disposals of the Company’s wholly-owned subsidiary, LKN Investment International Pte. Ltd. (“LKNII”) (the “LKNII Disposal”) and LKNII’s 60% equity interest in Copthorne Hotel Qingdao Co., Ltd. on 22 November 2017 and 19 October 2017 respectively (collectively, the “Disposals”). After deducting relevant expenses and estimated tax, the Group recorded a gain of \$86.8 million arising from these Disposals.

As a result of the gain, the financial results for 2017 saw a major turnaround for the Group, its net profit attributable to shareholders of the Company increased to \$86.2 million for 2017 compared to the net loss of \$0.2 million for 2016. The net tangible assets of the Group improved to \$78.6 million as at 31 December 2017 compared to the net liabilities of \$4.9 million as at 31 December 2016.

The Group’s revenue declined by 15%, from \$13.8 million in 2016 to \$11.7 million in 2017. The decrease was partly due to lower revenue recorded by Elite Residences Shanghai (which was owned by LKNII) as a consequence of the LKNII Disposal. Revenue from Copthorne Hotel Cameron Highlands (“CHCH”) also declined due to the increased supply of hotel rooms and serviced apartments in the vicinity of CHCH.

Consequently, the Group’s operating profit in the hospitality segment decreased by \$1 million to \$2.3 million in 2017. During the year under review, the property development segment incurred an operating loss of \$0.7 million compared to \$0.3 million in the preceding year. The increase was mainly due to the provision for impairment loss on receivables and maintenance charge for the apartment units in Cameron Highlands. After taking into account the corporate expenses of \$1.5 million incurred in 2017, the Group’s operating profit before

the share of results of joint ventures and associate, other income and finance costs reduced from \$1.7 million in 2016 to \$108,000 in 2017.

There was a substantial decrease in interest expense for 2017 resulting from the reduction of the unsecured loan interest amounting to \$650,000 upon full prepayment of the unsecured loan of \$68 million.

For full details on the results and financial position of the Group, please refer to the Company's results announcement for the financial year ended 31 December 2017 released on 26 February 2018.

3. UPDATE ON FUTURE DIRECTION

Following the Disposals, the Group's remaining hospitality operation is CHCH which continues to operate in a challenging environment as new hotels and serviced apartments were set up in Cameron Highlands. The Group is reviewing the proposed development of its property in Melaka and will continue its efforts to source for sustainable and viable businesses.

BY ORDER OF THE BOARD

Foo Yang Hym
Chief Financial Officer
Singapore
26 February 2018