

**FINANCIAL STATEMENTS AND RELATED ANNOUNCEMENT::HALF YEARLY RESULTS**

## Issuer &amp; Securities

## Issuer/ Manager

HL GLOBAL ENTERPRISES LIMITED

## Securities

HL GLOBAL ENTERPRISES LIMITED - SG1AI6000003 - AVX

## Stapled Security

No

## Announcement Details

## Announcement Title

Financial Statements and Related Announcement

## Date &amp; Time of Broadcast

04-Aug-2016 20:37:22

## Status

New

## Announcement Sub Title

Half Yearly Results

## Announcement Reference

SG160804OTHRFY9W

## 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 - Refer to the Online help for the format)

Please refer to the attachment.

## Additional Details

## For Financial Period Ended

30/06/2016

## Attachments

[HLGE 2Q results.pdf](#)

Total size = 137K MB

**HL GLOBAL ENTERPRISES LIMITED**

Company Registration No.: 196100131N

**Unaudited Second Quarter and Half Year Financial Statement Announcement for the period ended 30 June 2016****PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1,Q2 & Q3), HALF-YEAR AND FULL YEAR RESULTS**1(a) **A statement of comprehensive income (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.**

| Note   | Group             |                   |               |                   |                   |               |
|--|-------------------|-------------------|---------------|-------------------|-------------------|---------------|
|  | 2Q 2016<br>\$'000 | 2Q 2015<br>\$'000 | Change<br>%   | 1H 2016<br>\$'000 | 1H 2015<br>\$'000 | Change<br>%   |
| Revenue  | 3,189             | 3,241             | (1.6)         | 6,518             | 5,892             | 10.6          |
| Cost of sales  | (1,361)           | (1,310)           | 3.9           | (2,788)           | (2,461)           | 13.3          |
| <b>Gross profit</b>  | <b>1,828</b>      | <b>1,931</b>      | <b>(5.3)</b>  | <b>3,730</b>      | <b>3,431</b>      | <b>8.7</b>    |
| Other income (i)   | 140               | 134               | 4.5           | 291               | 352               | (17.3)        |
| Selling and marketing expenses                                   | (79)              | (89)              | (11.2)        | (162)             | (175)             | (7.4)         |
| Administrative expenses (ii)                                     | (189)             | (151)             | 25.2          | (354)             | (258)             | 37.2          |
| Finance costs (iii)  | (648)             | (1,158)           | (44.0)        | (1,365)           | (1,463)           | (6.7)         |
| Other expenses (iv)  | (1,390)           | (1,364)           | 1.9           | (2,778)           | (2,841)           | (2.2)         |
| Share of results of joint ventures (net of tax) (v)              | 42                | (357)             | NM            | (786)             | (1,321)           | (40.5)        |
| <b>Loss before tax</b>   | <b>(296)</b>      | <b>(1,054)</b>    | <b>(71.9)</b> | <b>(1,424)</b>    | <b>(2,275)</b>    | <b>(37.4)</b> |
| Income tax (vi)  | (108)             | (131)             | (17.6)        | (228)             | (245)             | (6.9)         |
| <b>Loss for the period attributable to owners of the Company</b> | <b>(404)</b>      | <b>(1,185)</b>    | <b>(65.9)</b> | <b>(1,652)</b>    | <b>(2,520)</b>    | <b>(34.4)</b> |

**Notes:****(i) Other income**

|  | Group             |                   |             |                   |                   |             |
|--|-------------------|-------------------|-------------|-------------------|-------------------|-------------|
|  | 2Q 2016<br>\$'000 | 2Q 2015<br>\$'000 | Change<br>% | 1H 2016<br>\$'000 | 1H 2015<br>\$'000 | Change<br>% |
| Interest income                        | 67                | 45                | 48.9        | 131               | 106               | 23.6        |
| Licence fee                            | 70                | 80                | (12.5)      | 138               | 150               | (8.0)       |
| Sundry income                          | 3                 | 9                 | (66.7)      | 22                | 20                | 10.0        |
| Gain on liquidation of a joint venture | -                 | -                 | -           | -                 | 76                | NM          |
|  | 140               | 134               | 4.5         | 291               | 352               | (17.3)      |

**(ii) Administrative expenses**

The increase in administrative expenses for 1H 2016 was mainly due to the legal fee incurred for the sale of lands at Punggol 17th Avenue, Singapore ("Punggol Land"). The buyer had, on 20 May 2016, exercised the option to purchase ("Option") and the completion of this transaction is subject to the full payment of the sale price to be made in instalments over a period of approximately two years in accordance with the terms and conditions stipulated in the Option.

**(iii) Finance costs**

|                            | Group             |                   |             |                   |                   |             |
|----------------------------|-------------------|-------------------|-------------|-------------------|-------------------|-------------|
|                            | 2Q 2016<br>\$'000 | 2Q 2015<br>\$'000 | Change<br>% | 1H 2016<br>\$'000 | 1H 2015<br>\$'000 | Change<br>% |
| Interest expense           | (398)             | (417)             | (4.6)       | (798)             | (838)             | (4.8)       |
| Currency exchange loss-net | (250)             | (741)             | (66.3)      | (567)             | (625)             | (9.3)       |
|                            | (648)             | (1,158)           | (44.0)      | (1,365)           | (1,463)           | (6.7)       |

The net currency exchange loss of approximately \$0.6 million for 1H 2016 was due to the revaluation of the net foreign currency monetary assets and liabilities arising mainly from the weakening of the Renminbi against the Singapore Dollar.

**(iv) Other expenses**

|   | Group             |                   |             |                   |                   |             |
|---|-------------------|-------------------|-------------|-------------------|-------------------|-------------|
|   | 2Q 2016<br>\$'000 | 2Q 2015<br>\$'000 | Change<br>% | 1H 2016<br>\$'000 | 1H 2015<br>\$'000 | Change<br>% |
| Depreciation of property, plant and equipment | (526)             | (561)             | (6.2)       | (1,058)           | (1,135)           | (6.8)       |
| Staff costs/directors' fee                    | (544)             | (542)             | 0.4         | (1,082)           | (1,105)           | (2.1)       |
| Others  | (320)             | (261)             | 22.6        | (638)             | (601)             | 6.2         |
|   | (1,390)           | (1,364)           | 1.9         | (2,778)           | (2,841)           | (2.2)       |

**(v) Share of results of joint ventures (net of tax)**

The Company's wholly-owned subsidiary, LKN Investment International Pte Ltd, together with the joint venture partner of Copthorne Hotel Qingdao Co Ltd ("CHQ"), had on 23 February 2016, listed the entire equity interest in CHQ on the Shanghai United Assets and Equity Exchange for sale. As a result, the investment in CHQ was reclassified as asset held for sale and the Group discontinued the use of equity method to recognize the interest in CHQ. Consequently, the Group only shared the loss incurred by CHQ up to 23 February 2016 instead of 30 June 2016.

NM: Not meaningful

**(vi) Income tax**

There was an overprovision of taxation of \$2,000 in respect of prior years for 1H 2016.  
(1H 2015: There was an overprovision of taxation amounting to \$1,000.)

The tax expense of \$0.2 million for 1H 2016 arose mainly from the income derived from overseas which could not be offset against the losses incurred by other entities within the Group.

**(vii) Statement of comprehensive income**

|  | Group             |                   |               |                   |                   |             |
|--|-------------------|-------------------|---------------|-------------------|-------------------|-------------|
|  | 2Q 2016<br>\$'000 | 2Q 2015<br>\$'000 | Change<br>%   | 1H 2016<br>\$'000 | 1H 2015<br>\$'000 | Change<br>% |
| Loss for the period  | (404)             | (1,185)           | (65.9)        | (1,652)           | (2,520)           | (34.4)      |
| <b>Other comprehensive (loss)/income</b>   |                   |                   |               |                   |                   |             |
| <b>Items that may be reclassified subsequently to profit or loss</b>                     |                   |                   |               |                   |                   |             |
| Foreign currency translation differences for foreign operations                          | (859)             | (487)             | 76.4          | (1,037)           | 282               | NM          |
| Realisation of foreign currency translation reserves upon liquidation of a joint venture | -                 | -                 | -             | -                 | (64)              | NM          |
| <b>Other comprehensive (loss)/income for the period, net of tax</b>                      | <b>(859)</b>      | <b>(487)</b>      | <b>76.4</b>   | <b>(1,037)</b>    | <b>218</b>        | <b>NM</b>   |
| <b>Total comprehensive loss for the period attributable to owners of the Company</b>     | <b>(1,263)</b>    | <b>(1,672)</b>    | <b>(24.5)</b> | <b>(2,689)</b>    | <b>(2,302)</b>    | <b>16.8</b> |

1(b)(i) **A statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.**

|   |   | Group                |                      | Company              |                      |
|---|---|----------------------|----------------------|----------------------|----------------------|
|   |   | 30/06/2016<br>\$'000 | 31/12/2015<br>\$'000 | 30/06/2016<br>\$'000 | 31/12/2015<br>\$'000 |
| <b>Non-current assets</b>                                 |   |                      |                      |                      |                      |
| Property, plant and equipment                             |   | 37,813               | 39,954               | 2                    | 4                    |
| Investment property                                       |   | 1,635                | 1,602                | -                    | -                    |
| Subsidiaries  |   | -                    | -                    | 56,643               | 56,643               |
| Associate   |   | 62                   | 62                   | -                    | -                    |
| Joint ventures  | 1 | 555                  | 1,421                | -                    | -                    |
| Non-trade receivables                                     | 2 | 1,700                | 327                  | 30                   | 32                   |
|   |   | <b>41,765</b>        | <b>43,366</b>        | <b>56,675</b>        | <b>56,679</b>        |
| <b>Current assets</b>                                     |   |                      |                      |                      |                      |
| Inventories   |   | 107                  | 85                   | -                    | -                    |
| Development properties                                    |   | 4,951                | 4,870                | -                    | -                    |
| Trade and other receivables                               | 2 | 4,890                | 3,050                | 331                  | 287                  |
| Prepayment  | 3 | 128                  | 75                   | 34                   | 22                   |
| Cash and bank balances                                    |   | 18,660               | 22,487               | 3,048                | 4,567                |
|   |   | <b>28,736</b>        | <b>30,567</b>        | <b>3,413</b>         | <b>4,876</b>         |
| Asset held for sale                                       | 1 | 30                   | -                    | -                    | -                    |
| <b>Total assets</b>                                       |   | <b>70,531</b>        | <b>73,933</b>        | <b>60,088</b>        | <b>61,555</b>        |
| <b>Equity</b>   |   |                      |                      |                      |                      |
| Share capital   |   | 129,793              | 129,793              | 129,793              | 129,793              |
| Equity capital contributed by parent                      |   | 3,980                | 3,980                | 3,980                | 3,980                |
| Reserves  |   | (143,161)            | (137,340)            | (144,148)            | (146,866)            |
| Reserve held for sale                                     | 1 | 3,132                | -                    | -                    | -                    |
| <b>Total equity attributable to owners of the Company</b> |   | <b>(6,256)</b>       | <b>(3,567)</b>       | <b>(10,375)</b>      | <b>(13,093)</b>      |
| <b>Non-current liabilities</b>                            |   |                      |                      |                      |                      |
| Loans and borrowings                                      |   | 72,034               | 72,451               | 68,000               | 68,000               |
| Deferred tax liabilities                                  |   | 120                  | 120                  | -                    | -                    |
|   |   | <b>72,154</b>        | <b>72,571</b>        | <b>68,000</b>        | <b>68,000</b>        |

|                                     |   | Group<br>30/06/2016<br>\$'000 | Group<br>31/12/2015<br>\$'000 | Company<br>30/06/2016<br>\$'000 | Company<br>31/12/2015<br>\$'000 |
|-------------------------------------|---|-------------------------------|-------------------------------|---------------------------------|---------------------------------|
| <b>Current liabilities</b>          |   |                               |                               |                                 |                                 |
| Trade and other payables            | 4 | 3,399                         | 3,632                         | 2,456                           | 6,635                           |
| Loans and borrowings                |   | 1,015                         | 997                           | -                               | -                               |
| Current tax payable                 |   | 219                           | 300                           | 7                               | 13                              |
|                                     |   | 4,633                         | 4,929                         | 2,463                           | 6,648                           |
| <b>Total liabilities</b>            |   | 76,787                        | 77,500                        | 70,463                          | 74,648                          |
| <b>Total equity and liabilities</b> |   | 70,531                        | 73,933                        | 60,088                          | 61,555                          |

Notes:

- 1 Investment in CHQ was reclassified as asset held for sale as the Company had listed its entire equity interest in CHQ on the Shanghai United Assets and Equity Exchange for sale on 23 February 2016.  
The decrease in the investment in CHQ was due to the recognition of losses incurred by CHQ.
- 2 The increase was mainly due to advances to a joint venture.
- 3 The increase was due to prepayment made for insurance and other operating expenses.
- 4 The decline in the Company's trade and other payables was mainly due to the write-back of amount due to subsidiaries arising from the striking off of the subsidiaries.

1(b)(ii) **In relation to the aggregate amount of the group's borrowings and debt securities, specify the following as at the end of the current financial period reported on with comparative figures as at the end of the immediately preceding financial year:-**

- (a) the amount repayable in one year or less, or on demand;
- (b) the amount repayable after one year;
- (c) whether the amounts are secured or unsecured; and
- (d) details of any collaterals.

**Amount repayable in one year or less, or on demand**

|           | Group<br>30/06/2016<br>\$'000 | Group<br>31/12/2015<br>\$'000 |
|-----------|-------------------------------|-------------------------------|
| Unsecured | 8                             | 10                            |
| Secured   | 1,007                         | 987                           |

**Amount repayable after one year**

|           | Group<br>30/06/2016<br>\$'000 | Group<br>31/12/2015<br>\$'000 |
|-----------|-------------------------------|-------------------------------|
| Unsecured | 68,006                        | 68,009                        |
| Secured   | 4,028                         | 4,442                         |

The secured loan as at 30 June 2016 was secured on a subsidiary's freehold land and building.

1(c) **A statement of cash flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.**

|   | 2Q 2016<br>\$'000 | Group<br>2Q 2015<br>\$'000 | 1H 2016<br>\$'000 | 1H 2015<br>\$'000 |
|---|-------------------|----------------------------|-------------------|-------------------|
| <b>Cash flows from operating activities</b>                   |                   |                            |                   |                   |
| Loss before tax   | (296)             | (1,054)                    | (1,424)           | (2,275)           |
| Adjustments for:  |                   |                            |                   |                   |
| Depreciation of property, plant and equipment                 | 526               | 561                        | 1,058             | 1,135             |
| Gain on liquidation of a joint venture                        | -                 | -                          | -                 | (76)              |
| Impairment loss on trade receivables                          | -                 | -                          | -                 | 1                 |
| Interest expense  | 398               | 417                        | 798               | 838               |
| Interest income   | (67)              | (45)                       | (131)             | (106)             |
| Loss on disposal of property, plant and equipment             | -                 | -                          | -                 | 1                 |
| Property, plant and equipment written off                     | 1                 | 1                          | 1                 | 2                 |
| Share of results of joint ventures (net of tax)               | (42)              | 357                        | 786               | 1,321             |
| Unrealised foreign exchange loss-net                          | 251               | 652                        | 567               | 537               |
| Write-back of impairment on trade receivables                 | -                 | -                          | (3)               | -                 |
| <b>Operating cash flows before changes in working capital</b> | 771               | 889                        | 1,652             | 1,378             |
| Inventories   | (6)               | 13                         | (21)              | 3                 |
| Trade and other payables                                      | (22)              | (219)                      | (306)             | (463)             |
| Trade and other receivables                                   | (155)             | (65)                       | (337)             | (225)             |
| <b>Cash from operating activities</b>                         | 588               | 618                        | 988               | 693               |



| Group  | Share capital<br>\$'000 | Equity capital<br>contributed by<br>parent<br>\$'000 | Preference<br>shares<br>\$'000 | Special reserve<br>\$'000 | Premium paid on<br>acquisition of<br>non-controlling<br>interests<br>\$'000 | Currency<br>translation<br>reserve<br>\$'000 | Accumulated<br>losses<br>\$'000 | Reserve held<br>for sale<br>\$'000 | Total<br>equity<br>\$'000 |
|--|-------------------------|--|--------------------------------|---------------------------|---|--|---------------------------------|------------------------------------|---------------------------|
| <b>Contributions by owners</b>   |                         |  |                                |                           |   |  |                                 |                                    |                           |
| Conversion of non-redeemable convertible cumulative preference shares ("NCCPS")          |                         |  |                                |                           |   |  |                                 |                                    |                           |
|  | #                       | -  | (#)                            | -                         | -   | -  | -                               | -                                  | -                         |
| <b>At 30 June 2016</b>   | 129,790                 | 3,980  | 3                              | 8,529                     | (192)   | (2,276)                                      | (149,222)                       | 3,132                              | (6,256)                   |
| <b>Other comprehensive income/(loss) for the period</b>                                  |                         |  |                                |                           |   |  |                                 |                                    |                           |
| <b>Loss for the period</b>   |                         |  |                                |                           |   |  |                                 |                                    |                           |
|  | -                       | -  | -                              | -                         | -   | -  | (1,335)                         | -                                  | (1,335)                   |
| <b>Other comprehensive loss, net of tax</b>  |                         |  |                                |                           |   |  |                                 |                                    |                           |
| Foreign currency translation differences for foreign operations                          |                         |  |                                |                           |   |  |                                 |                                    |                           |
|  | -                       | -  | -                              | -                         | -   | 769  | -                               | -                                  | 769                       |
| Realisation of foreign currency translation reserves upon liquidation of a joint venture |                         |  |                                |                           |   |  |                                 |                                    |                           |
|  | -                       | -  | -                              | -                         | -   | (64)   | -                               | -                                  | (64)                      |
| <b>Other comprehensive income for the period, net of tax</b>                             |                         |  |                                |                           |   |  |                                 |                                    |                           |
|  | -                       | -  | -                              | -                         | -   | 705  | -                               | -                                  | 705                       |
| <b>Total comprehensive income/(loss) for the period</b>                                  |                         |  |                                |                           |   |  |                                 |                                    |                           |
|  | -                       | -  | -                              | -                         | -   | 705  | (1,335)                         | -                                  | (630)                     |
| <b>At 31 March 2015 and 1 April 2015</b>   |                         |  |                                |                           |   |  |                                 |                                    |                           |
|  | 129,790                 | 3,980  | 3                              | 8,529                     | (192)   | 3,744  | (146,709)                       | -                                  | (855)                     |
| <b>Loss for the period</b>   |                         |  |                                |                           |   |  |                                 |                                    |                           |
|  | -                       | -  | -                              | -                         | -   | -  | (1,185)                         | -                                  | (1,185)                   |
| <b>Other comprehensive loss, net of tax</b>  |                         |  |                                |                           |   |  |                                 |                                    |                           |
| Foreign currency translation differences for foreign operations                          |                         |  |                                |                           |   |  |                                 |                                    |                           |
|  | -                       | -  | -                              | -                         | -   | (487)  | -                               | -                                  | (487)                     |
| <b>Total comprehensive income/(loss) for the period</b>                                  |                         |  |                                |                           |   |  |                                 |                                    |                           |
|  | -                       | -  | -                              | -                         | -   | (487)  | (1,185)                         | -                                  | (1,672)                   |
| <b>At 30 June 2015</b>   | 129,790                 | 3,980  | 3                              | 8,529                     | (192)   | 3,257  | (147,894)                       | -                                  | (2,527)                   |
| <b>Company</b>   |                         |  |                                |                           |   |  |                                 |                                    |                           |
|  | Share capital<br>\$'000 | Equity capital<br>contributed by<br>parent<br>\$'000 | Preference<br>shares<br>\$'000 | Special reserve<br>\$'000 | Accumulated<br>losses<br>\$'000   | Total<br>\$'000                              |                                 |                                    |                           |
| <b>At 1 January 2016</b>   | 129,790                 | 3,980  | 3                              | 12,471                    | (159,337)   | (13,093)                                     |                                 |                                    |                           |
| <b>Loss for the period, representing total comprehensive loss for the period</b>         |                         |  |                                |                           |   |  |                                 |                                    |                           |
|  | -                       | -  | -                              | -                         | (487)   | (487)  |                                 |                                    |                           |
| <b>At 31 March 2016 and 1 April 2016</b>   | 129,790                 | 3,980  | 3                              | 12,471                    | (159,824)   | (13,580)                                     |                                 |                                    |                           |
| <b>Profit for the period, representing total comprehensive income for the period</b>     |                         |  |                                |                           |   |  |                                 |                                    |                           |
|  | -                       | -  | -                              | -                         | 3,205   | 3,205  |                                 |                                    |                           |
| <b>Contributions by owners</b>   |                         |  |                                |                           |   |  |                                 |                                    |                           |
| Conversion of NCCPS  |                         |  |                                |                           |   |  |                                 |                                    |                           |
|  | #                       | -  | (#)                            | -                         | -   | -  |                                 |                                    |                           |
| <b>At 30 June 2016</b>   | 129,790                 | 3,980  | 3                              | 12,471                    | (156,619)   | (10,375)                                     |                                 |                                    |                           |

# less than \$1,000

| Company  | Share capital<br>\$'000 | Equity capital<br>contributed by<br>parent<br>\$'000 | Preference<br>shares<br>\$'000 | Special reserve<br>\$'000 | Accumulated<br>losses<br>\$'000 | Total<br>\$'000 |
|--|-------------------------|--|--------------------------------|---------------------------|---------------------------------|-----------------|
| At 1 January 2015  | 129,790                 | 3,980  | 3                              | 12,471                    | (166,836)                       | (20,592)        |
| Loss for the period,<br>representing total<br>comprehensive loss<br>for the period | -                       | -  | -                              | -                         | (495)                           | (495)           |
| At 31 March 2015 and<br>1 April 2015   | 129,790                 | 3,980  | 3                              | 12,471                    | (167,331)                       | (21,087)        |
| Loss for the period,<br>representing total<br>comprehensive loss<br>for the period | -                       | -  | -                              | -                         | (567)                           | (567)           |
| At 30 June 2015  | 129,790                 | 3,980  | 3                              | 12,471                    | (167,898)                       | (21,654)        |

1(d)(ii) **Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.**

#### **Movements in the Share Capital**

During the three months ended 30 June 2016, the Company issued a total of 2,599 new ordinary shares pursuant to the conversion of 25,998 non-redeemable convertible cumulative preference shares ("NCCPS"), at an issue price of \$0.02 for each NCCPS, thus bringing the total issued and paid-up ordinary share capital as at 30 June 2016 to \$133,770,704.03 comprising 96,321,018 ordinary shares. The NCCPS Conversion Ratio was one (1) new ordinary share for every ten (10) NCCPS converted.

#### **Ordinary shares**

At 1 April 2016  
(As per Accounting and Corporate Regulatory Authority's records)  
New ordinary shares issued arising from the conversion of NCCPS

Trust Shares  
At 30 June 2016 (see note under 1(d)(iii))

|   | Number<br>of shares | Share<br>Capital<br>\$'000 |
|---|---------------------|----------------------------|
| At 1 April 2016   | 96,318,419          | 133,770                    |
| New ordinary shares issued arising from the conversion of NCCPS | 2,599               | #                          |
| Trust Shares  | 96,321,018          | 133,770                    |
| At 30 June 2016 (see note under 1(d)(iii))                      | (2,418,917)         | (3,980)                    |
|   | 93,902,101          | 129,790                    |

#### **NCCPS**

At 1 April 2016  
Conversion of NCCPS to new ordinary shares  
At 30 June 2016

|  | Number<br>of shares | Share<br>Capital<br>\$'000 |
|--|---------------------|----------------------------|
| At 1 April 2016                            | 158,394             | 3                          |
| Conversion of NCCPS to new ordinary shares | (25,998)            | #                          |
| At 30 June 2016                            | 132,396             | 3                          |

In 2015, the Company undertook a share consolidation of every ten (10) existing issued ordinary shares in the share capital of the Company into one (1) consolidated ordinary share, which was approved by the shareholders at the Extraordinary General Meeting of the Company held on 21 April 2015 (the "Share Consolidation").

As at 30 June 2016, the maximum number of ordinary shares that may be issued upon full conversion of all the NCCPS is 13,239 ordinary shares following the Share Consolidation. (30 June 2015: 15,839 ordinary shares).

In accordance with the terms and conditions of the NCCPS, the rights of NCCPS holders to convert all or any of their NCCPS into fully paid ordinary shares in the capital of the Company had lapsed on 4 July 2016 (being the date of expiry of the NCCPS Conversion Period).

The Company did not hold any treasury shares as at 30 June 2016 and as at 30 June 2015.

# less than \$1,000

**1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.**

|                 | <b>Total number of issued shares</b> |                   |
|-----------------|--------------------------------------|-------------------|
|                 | <b>30/06/2016</b>                    | <b>31/12/2015</b> |
| Ordinary shares | 96,321,018                           | 96,318,419        |
| NCCPS           | 132,396                              | 158,394           |

The Company did not hold any treasury shares as at 30 June 2016 and as at 31 December 2015.

The ordinary shares issued includes 2,418,917 ordinary 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 "Share Option Scheme").

Pursuant to the terms of the Trust Deed, the Trustee will, *inter alia*, acquire and hold existing shares in the capital of the Company (collectively, the "Trust Shares") for the benefit of participants who are employees of the Company and/or its subsidiaries and who have been granted share options under the Share Option Scheme (the "Beneficiaries") and transfer such Trust Shares to the Beneficiaries upon the exercise of their share options under the Share Option Scheme.

**1(d)(iv) A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.**

There were no sales, transfers, disposal, cancellation and/or use of treasury shares during the six months ended 30 June 2016.

**2 Whether the figures have been audited or reviewed, and in accordance with which auditing standard or practice.**

The figures have not been audited or reviewed by the auditors.

**3 Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter).**

The figures have not been audited or reviewed by the auditors.

**4 Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.**

The Group has applied the same accounting policies and methods of computation as in the Group's most recently audited annual financial statements.

**5 If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.**

There has been no change in the accounting policies and methods of computation adopted by the Group.

**6 Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.**

|  | <b>Group</b>   |                |                |                |
|--|----------------|----------------|----------------|----------------|
|  | <b>2Q 2016</b> | <b>2Q 2015</b> | <b>1H 2016</b> | <b>1H 2015</b> |
|  | <b>€</b>       | <b>€</b>       | <b>€</b>       | <b>€</b>       |
| Loss per share   |                |                |                |                |
| (Based on the weighted average number of ordinary shares in issue) |                |                |                |                |
| - Basic and diluted  | (0.43)         | (1.26)         | (1.76)         | (2.68)         |
| (2Q 2016: 93,899,908, 1H 2016: 93,899,705)                         |                |                |                |                |
| (2Q 2015, 1H 2015: 93,899,502)                                     |                |                |                |                |

The diluted loss per share were shown as the same amount as the basic loss per share as the preference shares were considered anti-dilutive and disregarded in the computation of diluted loss per share.



**7 Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the:-**

- (a) current financial period reported on; and  
(b) immediately preceding financial year.**

|  | Group<br>30/06/2016 | Group<br>31/12/2015 | Company<br>30/06/2016 | Company<br>31/12/2015 |
|--|---------------------|---------------------|-----------------------|-----------------------|
|  | \$                  | \$                  | \$                    | \$                    |
| Net liabilities value per issued share, excluding Trust Shares | (0.07)              | (0.04)              | (0.11)                | (0.14)                |

The net liabilities value per issued share, excluding Trust Shares is computed based on 93,902,101 issued ordinary shares as at 30 June 2016 and 93,899,502 issued ordinary shares as at 31 December 2015.

**8 A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:-**

- (a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and  
(b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.**

**3 months ended 30 June ("2Q") 2016**

The Group reported a revenue of \$3.2 million for 2Q 2016, which was comparable to the revenue for 2Q 2015. However, for the quarter under review, the Group registered a lower operating profit of \$0.2 million before the share of results of joint ventures, other income and finance costs compared to an operating profit of \$0.3 million for 2Q 2015. The decline in the operating profit was largely due to the higher operating costs and lower management fee earned from Copthorne Hotel Qingdao.

The Company's wholly-owned subsidiary, LKN Investment International Pte Ltd ("LKNII"), together with the joint venture partner of Copthorne Hotel Qingdao Co Ltd ("CHQ"), had on 23 February 2016, listed the entire equity interest in CHQ for sale on the Shanghai United Assets and Equity Exchange ("Public Tender Process"). As a result, the investment in CHQ was reclassified as asset held for sale and the Group discontinued the use of equity method to recognize the interest in CHQ. Consequently, the Group only shared the loss incurred by CHQ up to 23 February 2016. The Group's share of net profit after tax in joint ventures was \$42,000 for 2Q 2016 *vis-à-vis* a net loss after tax in joint ventures of \$0.4 million in 2Q 2015 using the equity method. Following the said reclassification, the investment in CHQ is now measured at the lower of carrying amount and fair value, less cost of sale.

Other income consisted of mainly interest income and licence fee. The Group reported an exchange loss of \$0.3 million mainly due to the revaluation of the net foreign currency monetary assets and liabilities arising from the weakening of the Renminbi against the Singapore Dollar during 2Q 2016.

The net loss attributable to shareholders of the Company was \$0.4 million for 2Q 2016 compared to the net loss of \$1.2 million for 2Q 2015.

**6 months ended 30 June ("1H") 2016**

Revenue of the Group increased to \$6.5 million for 1H 2016 from \$5.9 million for 1H 2015. The improvement was largely contributed by Copthorne Hotel Cameron Highlands, which resulted in an increase in Group's operating profit (before the share of results of joint ventures, other income and finance costs) in 1H 2016 to \$0.4 million compared to \$0.2 million for the same period in 2015.

As the Group's share of loss incurred by CHQ was up to 23 February 2016, the share of net loss after tax from joint ventures for 1H 2016 was \$0.8 million, a decline of \$0.5 million compared to the corresponding period of 2015.

Other income comprised mainly interest income and licence fee. The Group continued to incur interest expense of \$0.8 million during 1H 2016. The devaluation of Renminbi by the Chinese authority in 2015 continued to affect the Group which resulted in an exchange loss of \$0.6 million for 1H 2016 arising from the revaluation of net foreign currency monetary assets and liabilities.

The net loss attributable to shareholders of the Company was \$1.7 million for 1H 2016 compared to the net loss of \$2.5 million for 1H 2015.

**9 Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.**

The Group's performance for the period under review is in line with its expectations as disclosed in the Company's announcement of its results for the first quarter ended 31 March 2016 which was released on 29 April 2016.

**10 A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.**

The Group's hospitality operations in Shanghai and Qingdao continue to face difficult operating conditions. Business in Cophorne Hotel Cameron Highlands was also affected by certain changes in government spending.

Further to the Company's announcement dated 31 May 2016, LKNII and its joint venture partner in CHQ, CAAC East China Regional Administration Authority Service Center had, after studying the available options, decided to proceed for another round of bidding under the Public Tender Process. Both parties are now in the process of undertaking a re-valuation of CHQ. The Company will make further announcements in respect of the disposal of CHQ in accordance with the requirements of the Listing Manual of Singapore Exchange Securities Trading Limited ("SGX-ST").

As the Group's assets are substantially located overseas, it will continue to be exposed to currency fluctuation risks. The Company continues its efforts to source for sustainable and viable business opportunities under the current difficult economic environment.

The Company was placed on the watch-list of SGX-ST with effect from 4 June 2014 (the "Watch-list"). SGX-ST had, on 31 May 2016, granted the Company an extension of 12 months up to 3 June 2017 to meet the requirements of Rule 1314 of the Listing Manual ("Rule 1314") and apply for removal from the Watch-list. Should the Company be unable to meet the requirements of Rule 1314, SGX-ST may either remove the Company from its Official List, or suspend trading of the ordinary shares in the capital of the Company.

**11 If a decision regarding dividend has been made:-**

**(a) Whether an interim (final) ordinary dividend has been declared (recommended); and**

No.

**(b)(i) Amount per share ..... cents**

**(ii) Previous corresponding period ..... cents**

Not applicable.

**(c) Whether the dividend is before tax, net of tax or tax exempt. If before tax or net of tax, state the tax rate and the country where the dividend is derived. (If the dividend is not taxable in the hands of shareholders, this must be stated).**

Not applicable.

**(d) The date the dividend is payable.**

Not applicable.

**(e) The date on which Registrable Transfers received by the company (up to 5.00 pm) will be registered before entitlements to the dividend are determined.**

Not applicable.

**12 If no dividend has been declared (recommended), a statement to that effect.**

No dividend is declared (recommended) for the period under review.

13 **Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year.**

|  | Investments and<br>others<br>\$'000 | Hospitality and<br>restaurant<br>\$'000 | Property<br>development<br>\$'000 | Total<br>\$'000 |
|--|-------------------------------------|---|-----------------------------------|-----------------|
| <b>6 months ended 30 June 2016</b>       |                                     |   |                                   |                 |
| Revenue                                  |                                     |   |                                   |                 |
| - external revenue                       | 70                                  | 6,448                                   | -                                 | 6,518           |
| - inter-segment revenue                  | -                                   | -                                       | 21                                | 21              |
|  | 70                                  | 6,448                                   | 21                                | 6,539           |
| Elimination                              |                                     |   |                                   | (21)            |
|  |                                     |   |                                   | <u>6,518</u>    |
| Reportable segment results               | (594)                               | 1,270                                   | (240)                             | 436             |
| Other income (excluding interest income) | 158                                 | -                                       | 2                                 | 160             |
| Interest income                          | 41                                  | 86                                      | 4                                 | 131             |
| Interest expense                         | (633)                               | (165)                                   | -                                 | (798)           |
| Exchange (loss)/gain                     | (2)                                 | (603)                                   | 38                                | (567)           |
| Share of results of joint ventures       | -                                   | (785)                                   | (1)                               | (786)           |
| Loss before tax                          | (1,030)                             | (197)                                   | (197)                             | (1,424)         |
| Income tax expense                       |                                     |   |                                   | (228)           |
| <b>Loss for the period</b>               |                                     |   |                                   | <u>(1,652)</u>  |

|  | Investments and<br>others<br>\$'000 | Hospitality and<br>restaurant<br>\$'000 | Property<br>development<br>\$'000 | Total<br>\$'000 |
|--|-------------------------------------|---|-----------------------------------|-----------------|
| <b>6 months ended 30 June 2015</b>       |                                     |   |                                   |                 |
| Revenue                                  |                                     |   |                                   |                 |
| - external revenue                       | -                                   | 5,847                                   | 45                                | 5,892           |
| - inter-segment revenue                  | -                                   | -                                       | 26                                | 26              |
|  | -                                   | 5,847                                   | 71                                | 5,918           |
| Elimination                              |                                     |   |                                   | (26)            |
|  |                                     |   |                                   | <u>5,892</u>    |
| Reportable segment results               | (609)                               | 954                                     | (188)                             | 157             |
| Other income (excluding interest income) | 160                                 | 86                                      | -                                 | 246             |
| Interest income                          | 32                                  | 67                                      | 7                                 | 106             |
| Interest expense                         | (622)                               | (216)                                   | -                                 | (838)           |
| Exchange gain/(loss)                     | 1                                   | 156                                     | (782)                             | (625)           |
| Share of results of joint ventures       | -                                   | (1,319)                                 | (2)                               | (1,321)         |
| Loss before tax                          | (1,038)                             | (272)                                   | (965)                             | (2,275)         |
| Income tax expense                       |                                     |   |                                   | (245)           |
| <b>Loss for the period</b>               |                                     |   |                                   | <u>(2,520)</u>  |

Where necessary, comparative figures have been adjusted to conform with changes in presentation in the current financial period.

**PART II - ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT**  
(This part is not applicable to Q1, Q2, Q3 or Half Year Results)

14 **In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments.**

Not applicable.

15 **A breakdown of sales as follows:**

Not applicable.

16 **A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year as follows:**

- (a) Ordinary  
(b) Preference  
(c) Total

Not applicable.

**17 Interested persons transactions**

The Company has not sought any shareholders' mandate for interested person transactions pursuant to Rule 920 of the Listing Manual of the Singapore Exchange Securities Trading Limited ("Listing Manual").

**18 Confirmation pursuant to Rule 720(1) of the Listing Manual**

The Company confirms that it has procured undertakings from all its Directors and Executive Officers in compliance with Rule 720(1) of the Listing Manual and according to the format set out in Appendix 7.7 of the Listing Manual.

**BY ORDER OF THE BOARD**

Foo Yang Hym  
Chief Financial Officer

Singapore  
4 August 2016

**Confirmation by the Board pursuant to Rule 705(5) of the Listing Manual**

The Board of Directors hereby confirm that, to the best of their knowledge, nothing has come to the attention of the Board of Directors which may render the Group's unaudited interim financial results for the second quarter and half year ended 30 June 2016 to be false or misleading.

On behalf of the Board of Directors

Gan Khai Choon  
Chairman

Philip Ting Sii Tien  
Director

Singapore  
4 August 2016