

ASSET ACQUISITIONS AND DISPOSALS::PROPOSED DISPOSAL OF 60% EQUITY INTEREST IN COPTHORNE HOTEL QINGDAO CO., LTD

Issuer & Securities

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Designation

Chief Financial Officer

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

Please refer to the attachment.

Attachments

[CHQ SPA.pdf](#)

Total size =400K MB

HL GLOBAL ENTERPRISES LIMITED
(Company Registration No. 196100131N)
(Incorporated in the Republic of Singapore)

ANNOUNCEMENT

PROPOSED DISPOSAL OF 60% EQUITY INTEREST IN COPTHORNE HOTEL QINGDAO CO., LTD

1. INTRODUCTION

The Board of Directors ("**Board**") of HL Global Enterprises Limited ("**HLGE**" or the "**Company**", and together with its subsidiaries, the "**Group**") refers to the announcements made by the Company on 31 March 2017, 18 April 2017, 19 May 2017, 20 June 2017, 27 June 2017, 3 July 2017 and 1 August 2017 (collectively, the "**Previous Announcements**") in relation to the proposed disposal by its wholly-owned subsidiary, LKN Investment International Pte. Ltd. ("**LKNII**") of its 60% equity interest in Copthorne Hotel Qingdao Co., Ltd. ("**CHQ**") ("**LKNII's CHQ Equity Interest**") by way of public tender on the Shanghai United Assets and Equity Exchange ("**SUAEE**") ("**LKNII's CHQ Disposal**").

Unless otherwise defined herein, capitalised terms used in this announcement shall bear the same meaning ascribed to them in the Previous Announcements.

2. SELECTION OF THE SUCCESSFUL BIDDER AND ENTRY INTO THE BIDDER SPA

Further to the Previous Announcements, the Board wishes to announce that:

- (a) Qingdao Haiyi Jun Zhuo Culture Travel Property Investment Co Ltd ("**Haiyi**" or the "**Successful Bidder**") has been selected by LKNII, CAAC and the SUAEE as the successful bidder for the LKNII's CHQ Equity Interest and the CAAC Equity Interest (collectively, the "**CHQ Equity Interest**") under the Public Tender Process; and
- (b) LKNII has on 25 August 2017 entered into a conditional equity transaction agreement ("**Equity Transaction Agreement**") together with a supplemental agreement to the Equity Transaction Agreement (collectively, the "**Bidder SPA**") with the Successful Bidder pursuant to which LKNII has agreed to sell, and the Successful Bidder has agreed to purchase, the LKNII's CHQ Equity Interest for an aggregate cash consideration of RMB214.35 million (which is equivalent to approximately S\$43.83 million¹) on the terms and subject to the conditions set out in the Bidder SPA. CAAC has also on the same day entered into a conditional equity transaction agreement together with a supplemental agreement thereto (collectively the "**CAAC SPA**") with the Successful Bidder pursuant to which CAAC has agreed to sell, and the Successful Bidder has agreed to purchase, the CAAC Equity Interest, on the terms and subject to the conditions set out therein.

¹ Based on the exchange rate of S\$1:RMB4.891 as at 24 August 2017 ("**Exchange Rate**").

3. BACKGROUND INFORMATION ON CHQ AND THE SUCCESSFUL BIDDER

3.1 Information on CHQ

CHQ was established by LKNII and CAAC in 1994 as the joint venture company to jointly invest in, construct and manage a hotel, which is now known as "Copthorne Hotel Qingdao" in Qingdao, the People's Republic of China ("PRC"). Copthorne Hotel Qingdao, which consists of a tower block and a convention centre, is located in Qingdao's central business district and has 455 guestrooms and suites. As at the date of this announcement, CHQ has a registered capital of approximately RMB217.4 million, of which 60% is held by LKNII and 40% is held by CAAC.

3.2 Information on the Successful Bidder

Haiyi was incorporated in Qingdao, the PRC on 12 July 2017, and is a subsidiary of Beijing Jingku Internet Technology Co., Ltd. Haiyi's principal activities are travel, property and hotel investment and management.

4. SALIENT TERMS OF THE LKNII'S CHQ DISPOSAL

The principal terms of the Bidder SPA are as follows:-

4.1 Sale and Purchase of the LKNII's CHQ Equity Interest

LKNII shall sell, and the Successful Bidder shall purchase, the LKNII's CHQ Equity Interest on the terms and subject to the conditions set out in the Bidder SPA.

4.2 Consideration

The consideration for the sale of the LKNII's CHQ Equity Interest to the Successful Bidder is approximately RMB214.35 million (which is equivalent to approximately S\$43.83 million¹) ("**CHQ 60% Consideration**"). The CHQ 60% Consideration and the consideration for the CAAC Equity Interest is equivalent to 60% and 40%, respectively, of the Revised Reserve Price of RMB357.25 million for the CHQ Equity Interest under the Public Tender Process, as stated in the Company's announcement dated 3 July 2017.

The CHQ 60% Consideration shall be paid by the Successful Bidder in the following manner:

- (a) the deposit of RMB25.72 million (which is equivalent to approximately S\$5.26 million¹), which has been paid by the Successful Bidder to SUAEE, shall be applied towards the satisfaction of the CHQ 60% Consideration; and
- (b) the balance of the CHQ 60% Consideration of RMB188.63 million (which is equivalent to approximately S\$38.57 million¹) ("**Balance Payment**") shall be paid by the Successful Bidder to SUAEE within five (5) business days from the date of the Bidder SPA.

SUAEE shall remit the CHQ 60% Consideration to LKNII after SUAEE has issued the transaction certificate confirming that the LKNII's CHQ Disposal is in compliance with SUAEE procedures ("**Transaction Certificate**") and relevant clearances have been obtained for such remittance to LKNII's designated foreign bank account.

4.3 **Repayment of CHQ Shareholder’s Loan and Debt owing to Equatorial Hotel Management Pte Ltd**

In addition to the CHQ 60% Consideration, the Successful Bidder has agreed to pay the following amounts:

- (a) an amount of RMB6.25 million (which is equivalent to approximately S\$1.28 million¹) (“**EHM Debt**”) which is owing by CHQ to Equatorial Hotel Management Pte Ltd, a wholly-owned subsidiary of the Company, within two (2) days after the date of the Bidder SPA; and
- (b) an aggregate sum of RMB15.65 million (which is equivalent to approximately S\$3.20 million¹), together with interest accrued thereon² (“**CHQ Shareholder’s Loan Repayment Amount**”), to LKNII as full settlement of the outstanding shareholder’s loan of a principal amount of RMB21.9 million granted by LKNII to CHQ (the “**CHQ Shareholder’s Loan**”). LKNII has agreed to accept the CHQ Shareholder’s Loan Repayment Amount as full settlement of the CHQ Shareholder’s Loan subject to repayment of the EHM Debt in full. The CHQ Shareholder’s Loan Repayment Amount shall be paid in the manner set out in paragraph 4.7 below.

Accordingly, under the Bidder SPA, LKNII is entitled to receive the CHQ 60% Consideration and the CHQ Shareholder’s Loan Repayment Amount amounting to an aggregate of RMB230.80 million (which is equivalent to approximately S\$47.19 million¹) (collectively, the “**CHQ 60% Disposal Proceeds**”) for the LKNII’s CHQ Disposal. It should be noted that the receipt of the CHQ 60% Disposal Proceeds by the Company will be subject to the terms of the LKNII Disposal and the LKNII SPA (each term as defined below) as described in paragraph 7 of this announcement.

4.4 **Repayment of Loans Owing by CHQ to SC Bank**

The Successful Bidder shall repay the outstanding loans of a principal amount of approximately US\$8.74 million (which is equivalent to approximately S\$11.90 million³) and a principal amount of RMB85.91 million (which is equivalent to approximately S\$17.56 million¹), together with all interest accrued thereon, owing by CHQ to Standard Chartered Bank (China) Limited, Qingdao branch (“**SC Bank**”) (collectively, the “**SC Bank Loans**”), by remitting such amounts into CHQ’s interest reserve account maintained with SC Bank within three (3) business days after the date of the Bidder SPA.

Within one (1) business day after SUAEE has issued the Transaction Certificate, CHQ will utilise the funds in its interest reserve account to settle the full repayment of the SC Bank Loans, together with all interest accrued thereon.

4.5 **Conditions Precedent**

Completion of the LKNII’s CHQ Disposal (“**CHQ Disposal Completion**”) shall be conditional upon the following conditions (“**Conditions Precedent**”) being satisfied:

- (a) repayment of the EHM Debt in accordance with paragraph 4.3(a) above;

² Based on the principal amount of the CHQ Shareholder’s Loan of RMB21.9 million. Such accrued interest is estimated to be approximately RMB0.8 million (which is equivalent to approximately S\$0.16 million based on the Exchange Rate) assuming repayment as at the end of August 2017.

³ Based on the exchange rate of US\$1:S\$1.362 as at 24 August 2017.

- (b) repayment of the CHQ Shareholder's Loan in accordance with paragraph 4.3(b) above;
- (c) repayment of the SC Bank Loans in accordance with paragraph 4.4 above; and
- (d) issuance by SUAEE of the Transaction Certificate.

4.6 **Completion**

After the satisfaction of all the Conditions Precedent, CHQ shall file with the Qingdao Municipal Commission of Commerce ("QMCC") the transfer of the LKNII's CHQ Equity Interest from LKNII (together with the transfer of the CAAC Equity Interest from CAAC) to the Successful Bidder. Within three (3) days from the date of such filing, CHQ shall make an application at the Qingdao Industrial and Commercial Administration Bureau ("QICAB") to register the Successful Bidder as the new shareholder of CHQ. The date of completion of the transfer of the LKNII's CHQ Equity Interest shall be the date on which the Successful Bidder receives the new business licence from the QICAB confirming the Successful Bidder as the sole shareholder of CHQ.

Under the Bidder SPA, LKNII shall use its reasonable endeavours to assist CHQ to complete the LKNII's CHQ Disposal within 60 days from the date of satisfaction of all the Conditions Precedent.

4.7 **Income Tax**

Within two (2) business days after (i) payment of the Balance Payment by the Successful Bidder to SUAEE, (ii) issuance by SUAEE of the Transaction Certificate, and (iii) repayment of the SC Bank Loans by the Successful Bidder, the Successful Bidder shall pay income tax on the LKNII's CHQ Disposal in accordance with the PRC tax regulations on behalf of LKNII. The Successful Bidder shall deduct the amount of taxes payable from the CHQ Shareholder's Loan Repayment Amount to pay the income tax. The remaining balance of the CHQ Shareholder's Loan Repayment Amount shall be paid by the Successful Bidder to LKNII within two (2) days after the PRC tax authorities have issued the tax assessment notice in respect of the LKNII's CHQ Disposal.

4.8 **Termination of the Bidder SPA**

- (a) LKNII and the Successful Bidder agree that either party has the right to terminate the Bidder SPA and each party shall have no claim against the other party in any of the following events:
 - (i) the Conditions Precedent cannot be satisfied arising from changes in the laws and policies of Singapore and/or the PRC;
 - (ii) although the CHQ Disposal Completion has taken place, SUAEE is unable to remit the CHQ 60% Consideration to LKNII's designated foreign bank account arising from changes in the laws and policies of Singapore and/or the PRC; or
 - (iii) the CAAC SPA was terminated, provided that such termination was not due to the fault of the Successful Bidder.
- (b) LKNII and the Successful Bidder agree that LKNII shall have the right to terminate the Bidder SPA in the following events:

- (i) the Successful Bidder fails to make full payment of the CHQ 60% Consideration for more than five (5) days after the due date for payment;
 - (ii) the Successful Bidder fails to provide all necessary documents required for the filing and registration of the CHQ Equity Interest with the QMCC and QICAB, respectively, in accordance with the terms of the Bidder SPA;
 - (iii) the Successful Bidder fails to provide assistance to SUAEE which results in SUAEE failing to remit the CHQ 60% Consideration to LKNII's designated foreign bank account; or
 - (iv) the Successful Bidder fails to repay the CHQ Shareholder's Loan and/or SC Bank Loans in accordance with paragraphs 4.3(b) and 4.4 above, respectively.
- (c) In the event that the Bidder SPA is terminated due to a breach by either LKNII or the Successful Bidder, the defaulting party shall pay a penalty of an agreed amount of RMB25.72 million (which is equivalent to approximately S\$5.26 million¹) to the non-defaulting party.

4.9 **Governing Law**

The Bidder SPA is governed by the laws of the PRC.

5. **RATIONALE FOR THE LKNII'S CHQ DISPOSAL**

Please refer to the Company's announcement dated 19 May 2017 for the Company's rationale for the LKNII's CHQ Disposal.

6. **MAJOR TRANSACTION UNDER CHAPTER 10 OF THE LISTING MANUAL**

As stated in the Company's announcement dated 19 May 2017, the LKNII's CHQ Disposal would constitute a major transaction under Chapter 10 of the Listing Manual that is subject to the approval of the shareholders of the Company ("**Shareholders**"), unless the requirement for such Shareholders' approval is waived by the Singapore Exchange Securities Trading Limited ("**SGX-ST**").

As announced by the Company on 18 April 2017, the SGX-ST had on 18 April 2017 informed the Company that it had no objection to granting the waiver of the requirement for the Company to obtain the approval of the Shareholders for the LKNII's CHQ Disposal. As such, the Company is not required to convene an extraordinary general meeting to obtain the approval of the Shareholders for the LKNII's CHQ Disposal.

7. **ARRANGEMENTS UNDER THE LKNII DISPOSAL**

7.1 **LKNII Disposal**

As announced by the Company on 31 May 2017, the Company had entered into a conditional sale and purchase agreement with Natural Apex Limited ("**Natural Apex**") ("**LKNII SPA**") pursuant to which the Company has agreed to sell, and Natural Apex has agreed to purchase, 100% of the issued shares in the capital in LKNII on the terms and subject to the conditions set out in the LKNII SPA ("**LKNII Disposal**").

LKNII is an investment holding company which owns (i) the LKNII's CHQ Equity Interest which is the subject of the LKNII's CHQ Disposal, and (ii) 100% equity interest in Shanghai Hutai Real Estate Development Co., Ltd ("**Hutai**"). On 14 August 2017, the Company had despatched to the Shareholders a circular in relation to the LKNII Disposal ("**LKNII Disposal Circular**") to provide Shareholders with information relating to the LKNII Disposal and to convene an extraordinary general meeting on 29 August 2017 to seek Shareholders' approval for the LKNII Disposal. Please refer to the LKNII Disposal Circular for more information.

As described in the LKNII Disposal Circular, the Company and Natural Apex have agreed that LKNII may undertake the LKNII's CHQ Disposal prior to the completion of the LKNII Disposal ("**LKNII Disposal Completion**"), subject to the terms of the LKNII SPA. **It should be noted that as the Company has entered into the LKNII SPA to sell its shares in LKNII to Natural Apex, the receipt of the CHQ 60% Disposal Proceeds by the Company would be pursuant and subject to the terms of the LKNII Disposal and the LKNII SPA.** The LKNII Disposal Completion is subject to the conditions precedent set out in the LKNII SPA, including the approval of the Shareholders for the LKNII Disposal, as described in the LKNII Disposal Circular.

7.2 Total LKNII Disposal Proceeds

Under the terms of the LKNII SPA, the aggregate sum which the Company will be entitled to receive pursuant to the LKNII Disposal on the basis that the LKNII's CHQ Disposal has been undertaken by LKNII ("**Total LKNII Disposal Proceeds**") would be approximately RMB604.98 million (which is equivalent to approximately S\$123.69 million¹) (before deducting tax and relevant expenses) comprising of:

- (a) **Hutai Consideration:** RMB395.00 million (which is equivalent to approximately S\$80.76 million¹), being the amount of consideration allocated to Hutai as mutually agreed between the Company and Natural Apex ("**Hutai Consideration**"); and
- (b) **Net CHQ 60% Disposal Proceeds:** the Net CHQ 60% Disposal Proceeds (as defined below) of approximately RMB209.98 million (which is equivalent to approximately S\$42.93 million¹), being the CHQ 60% Disposal Proceeds of RMB230.80 million less Natural Apex's Share of Upside (as defined below). Pursuant to the terms of the LKNII SPA, as the CHQ 60% Consideration of RMB214.35 million exceeds RMB169.00 million ("**Minimum CHQ 60% Consideration**"), the Company and Natural Apex have agreed that the excess will be shared between the Company and Natural Apex in the proportion of 40% and 60% respectively, after deducting tax, and relevant expenses and certain agreed items. The portion which Natural Apex is entitled to receive ("**Natural Apex's Share of Upside**") is calculated as follows⁴:

Natural Apex's Share of Upside = 60% x (CHQ 60% Consideration of RMB214.35 million (less tax and relevant expenses estimated at approximately RMB10.65 million) – Minimum CHQ 60% Consideration of RMB169.00 million) = RMB20.82 million (which is equivalent to approximately S\$4.26 million¹)

As such, the total amount which the Company will be entitled to receive from the LKNII's CHQ Disposal after deducting Natural Apex's Share of Upside is

⁴ This calculation does not take into account the amount of CHQ Restructuring Fund (as defined in the LKNII Disposal Circular) since the CHQ Restructuring Fund has not yet been utilised by CHQ.

approximately RMB209.98 million (which is equivalent to approximately S\$42.93 million¹) (“**Net CHQ 60% Disposal Proceeds**”). The Net CHQ 60% Disposal Proceeds may be distributed by LKNII to the Company (either before or after the LKNII Disposal Completion) by way of a combination of dividends and reduction of capital of LKNII in the manner described in the LKNII Disposal Circular.

7.3 **Use of the Total LKNII Disposal Proceeds (including the Net CHQ 60% Disposal Proceeds)**

It is estimated that the Company will receive net proceeds of approximately S\$111 million from the LKNII Disposal (which includes the Net CHQ 60% Disposal Proceeds) (the “**Net Proceeds**”) based on the following:

- (a) assuming that there are no adjustments to the Hutai Consideration of RMB395.00 million;
- (b) taking into account estimated costs of the Hutai Restructuring (as defined in the LKNII Disposal Circular) to be borne by the Company; and
- (c) taking into account tax expense, legal fees and other transaction costs in connection with the LKNII Disposal and the LKNII’s CHQ Disposal.

As stated in the LKNII Disposal Circular, the Company intends to use the Net Proceeds for:

- (i) repayment of the unsecured loan of S\$68 million that is owing by the Company to Venture Lewis Limited (“**Venture Lewis**”) (which is a subsidiary of the controlling shareholder of the Company) pursuant to the terms of the loan agreement dated 8 February 2017 entered into between the Company and Venture Lewis;
- (ii) working capital of the Group; and
- (iii) funding acquisition(s) of new businesses and assets that may be identified by the Company following the LKNII Disposal,

in each case, as the Board may deem fit in the interests of the Company.

7.4 **Financial Effects of the LKNII’s CHQ Disposal only (subject to the terms of the LKNII SPA)**

The pro forma financial effects of the LKNII’s CHQ Disposal set out in this announcement below are for illustrative purposes only and should not be taken as an indication of the actual future financial performance or position of the Group following the LKNII’s CHQ Disposal, nor a projection of the future financial performance or position of the Group after the CHQ Disposal Completion.

The pro forma financial effects of the LKNII’s CHQ Disposal are based on the Company’s audited financial statements for the financial year ended 31 December (“**FY**”) 2016 and the Net CHQ 60% Disposal Proceeds of RMB209.98 million (which is equivalent to approximately S\$42.93 million¹) (i.e. taking into account the Natural Apex’s Share of Upside which Natural Apex is entitled to under the terms of the LKNII SPA):

(a) **Net tangible assets (“NTA”) / Net liabilities**

Assuming that the LKNII’s CHQ Disposal had been completed on 31 December 2016, the NTA or net liabilities per share of the Group would be as follows:

	Before the LKNII’s CHQ Disposal	After the LKNII’s CHQ Disposal
NTA/(net liabilities) (S\$'000)	(4,933)	36,344
Number of issued shares (excluding ESOS Trust Shares⁵) ('000)	93,902	93,902
NTA/(net liabilities) per share (S\$)	(0.05)	0.39

(b) **Earnings per Share (“EPS”)**

Assuming that the LKNII’s CHQ Disposal had been effected on 1 January 2016, the EPS of the Group would be as follows:

	Before the LKNII’s CHQ Disposal	After the LKNII’s CHQ Disposal
Net profit/(loss) after tax (S\$'000)	(151)	46,248
Weighted average number of issued shares (excluding ESOS Trust Shares⁵) ('000)	93,901	93,901
Earnings/(loss) per share (Singapore cents)	(0.16)	49.25

(c) **Gain from the LKNII’s CHQ Disposal**

For illustrative purposes only, based on the Net CHQ 60% Disposal Proceeds of RMB209.98 million (which is equivalent to approximately S\$42.93 million¹) and the unaudited net book value of the LKNII’s CHQ Equity Interest as at 30 June 2017 of approximately S\$30,000 as reflected in the Group’s unaudited consolidated financial statements for the second quarter ended 30 June 2017 (“2Q2017”), it is expected that the LKNII’s CHQ Disposal will result in an estimated net gain (after taking into account the gain arising from reclassification of the exchange translation reserve in respect of CHQ from equity to the Group’s income statement on disposal, and after deducting tax and related expenses) of approximately S\$43.4 million.

⁵ 2,418,917 ordinary shares in the capital of the Company are held by Amicorp Trustees (Singapore) Limited as trustee of a trust established by the Company to facilitate the implementation of the HL Global Enterprises Share Option Scheme 2006 (“ESOS Trust Shares”). The ESOS Trust Shares are accounted for as treasury shares in the consolidated financial statements of the Company, as disclosed in note 3.27 to the consolidated financial statements of the Company for FY2016. As such, the ESOS Trust Shares are excluded from the computation of the NTA or net liabilities per share of the Group and the EPS of the Group. However, the ESOS Trust Shares are not regarded as treasury shares under the Companies Act (Chapter 50 of Singapore).

7.5 Financial Effects of the LKNII Disposal taking into account the LKNII's CHQ Disposal

The pro forma financial effects of the LKNII Disposal, on the basis that the LKNII's CHQ Disposal has been undertaken by LKNII prior to the LKNII Disposal Completion, set out in this announcement below are for illustrative purposes only and should not be taken as an indication of the actual future financial performance or position of the Group following the LKNII Disposal, nor a projection of the future financial performance or position of the Group after the LKNII Disposal Completion. **For avoidance of doubt, the financial effects of the LKNII Disposal set out in this paragraph 7.5 take into account the LKNII's CHQ Disposal and the Net CHQ 60% Disposal Proceeds. As such, the financial effects of the LKNII Disposal set out in this paragraph 7.5 are not additional to the illustrative financial effects of the LKNII's CHQ Disposal set out in paragraph 7.4 of this announcement.**

The pro forma financial effects of the LKNII Disposal, on the basis that the LKNII's CHQ Disposal has been undertaken by LKNII prior to the LKNII Disposal Completion, are based on the Company's audited financial statements for FY2016 and the Total LKNII Proceeds of RMB604.98 million (which is equivalent to approximately S\$123.69 million¹):

(a) NTA / Net liabilities

Assuming that the LKNII Disposal (including the LKNII's CHQ Disposal) had been completed on 31 December 2016, the NTA or net liabilities per share of the Group would be as follows:

	Before the LKNII Disposal and the LKNII's CHQ Disposal	After the LKNII Disposal (including the LKNII's CHQ Disposal)
NTA/(net liabilities) (S\$'000)	(4,933)	83,789
Number of issued shares (excluding ESOS Trust Shares⁵) ('000)	93,902	93,902
NTA/(net liabilities) per share (S\$)	(0.05)	0.89

(b) EPS

Assuming that the LKNII Disposal (including the LKNII's CHQ Disposal) had been effected on 1 January 2016, the EPS of the Group would be as follows:

	Before the LKNII Disposal and the LKNII's CHQ Disposal	After the LKNII Disposal (including the LKNII's CHQ Disposal)
Net profit/(loss) after tax (S\$'000)	(151)	96,315

Weighted average number of issued shares (excluding ESOS Trust Shares⁵) ('000)	93,901	93,901
Earnings/(loss) per share (Singapore cents)	(0.16)	102.57

(c) Gain from the LKNII Disposal taking into account the LKNII's CHQ Disposal

For illustrative purposes only, based on the Total LKNII Disposal Proceeds of RMB604.98 million (which is equivalent to approximately S\$123.69 million¹) and the unaudited net book value of LKNII as at 30 June 2017 of approximately S\$25.8 million (after taking into account the written down value of investment in CHQ) as reflected in the Group's unaudited consolidated financial statements for 2Q2017, it is expected that the LKNII Disposal (on the basis that the LKNII's CHQ Disposal has been undertaken prior to the LKNII Disposal Completion) will result in an estimated net gain (after taking into account the gain arising from reclassification of the exchange translation reserve in respect of CHQ from equity to the Group's income statement on disposal, and after deducting tax and related expenses) of approximately S\$89.6 million.

8. INTEREST OF DIRECTORS AND CONTROLLING SHAREHOLDERS

None of the Directors nor (so far as the Directors are aware) any controlling shareholders of the Company has any interest, direct or indirect, in the LKNII's CHQ Disposal.

9. DIRECTORS' SERVICE CONTRACTS

No person is proposed to be appointed as a director of the Company in connection with the LKNII's CHQ Disposal and no service contract is proposed to be entered into by the Company and any such person in connection with the LKNII's CHQ Disposal.

10. DOCUMENTS AVAILABLE FOR INSPECTION

A copy of the Bidder SPA is available for inspection by Shareholders at the registered office of the Company at 156 Cecil Street, #09-01 Far Eastern Bank Building Singapore 069544 during normal business hours for a period of three (3) months from the date of this announcement.

BY ORDER OF THE BOARD

Foo Yang Hym
Chief Financial Officer
HL Global Enterprises Limited

25 August 2017
Singapore