

FINANCIAL STATEMENTS AND RELATED ANNOUNCEMENT::FULL YEARLY RESULTS

Issuer & Securities

Issuer/ Manager

HL GLOBAL ENTERPRISES LIMITED

Securities

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Announcement Details

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Designation

Chief Financial Officer

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Please refer to the attachment.

Additional Details

For Financial Period Ended

31/12/2015

Attachments

[HLGE DEC2015 Results.pdf](#)

Total size =382K MB

HL GLOBAL ENTERPRISES LIMITED

Company Registration No.: 196100131N

Unaudited Full Year Financial Statement Announcement for the year ended 31 December 2015**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 | 2015 \$'000 | Group 2014 \$'000 | Change % |
|---|-------|----------------|-------------------------|-------------|
| Revenue | | 13,433 | 10,034 | 33.9 |
| Cost of sales | | (5,465) | (3,917) | 39.5 |
| Gross profit | | 7,968 | 6,117 | 30.3 |
| Other income | (i) | 1,427 | 6,792 | (79.0) |
| Selling and marketing expenses | (ii) | (334) | (196) | 70.4 |
| Administrative expenses | (iii) | (516) | (592) | (12.8) |
| Finance costs | (iv) | (2,037) | (1,809) | 12.6 |
| Other operating expenses | (v) | (5,629) | (4,928) | 14.2 |
| Share of results of associate and joint ventures (net of tax) | (vi) | (2,531) | (1,377) | 83.8 |
| (Loss)/profit before tax | | (1,652) | 4,007 | NM |
| Income tax | (vii) | (544) | (435) | 25.1 |
| (Loss)/profit for the year attributable to owners of the Company | | (2,196) | 3,572 | NM |

Notes:**(i) Other income**

| | 2015 \$'000 | Group 2014 \$'000 | Change % |
|--|----------------|-------------------------|---------------|
| Interest income | 309 | 301 | 2.7 |
| Licence fee | 302 | 278 | 8.6 |
| Sundry income | 37 | 17 | 117.6 |
| Forfeiture of deposit on sale of land | 53 | - | NM |
| Gain on liquidation of a joint venture | 76 | - | NM |
| Fair value gain on initial 45% equity interest in Augustland Hotel Sdn Bhd ("AHSB") on acquisition | - | 3,742 | NM |
| Negative goodwill on acquisition | - | 601 | NM |
| Gain on deemed settlement of advances to AHSB | - | 1,853 | NM |
| Write-back of provision for impairment of development properties | 650 | - | NM |
| | 1,427 | 6,792 | (79.0) |

(ii) Selling and marketing expenses

The increase in selling and marketing expenses for 2015 was primarily due to the consolidation of the financial results of AHSB following the completion of the acquisition of the remaining 55% equity interest in AHSB in July 2014.

(iii) Administrative expenses

The decrease in administrative expenses for 2015 was partly due to the legal fee incurred in 2014 on the acquisition of AHSB.

(iv) Finance costs

| | 2015 \$'000 | Group 2014 \$'000 | Change % |
|------------------------------|----------------|-------------------------|-------------|
| Interest expense | (1,659) | (1,586) | 4.6 |
| Currency exchange losses-net | (378) | (223) | 69.5 |
| | (2,037) | (1,809) | 12.6 |

The net currency exchange losses of approximately \$0.4 million for 2015 was due to the revaluation of the net foreign currency monetary assets and liabilities arising mainly from the weakening of the Malaysian Ringgit against the Singapore Dollar and US Dollar and the strengthening of the Chinese Renminbi against the Singapore Dollar.

NM: Not meaningful

(v) Other operating expenses

| | 2015 | Group | |
|---|----------------|----------------|---------------|
| | \$'000 | 2014 | Change |
| | | \$'000 | % |
| Depreciation of property, plant and equipment | (2,197) | (1,619) | 35.7 |
| Staff costs/directors' fee | (2,207) | (2,055) | 7.4 |
| Others | (1,225) | (1,254) | (2.3) |
| | <u>(5,629)</u> | <u>(4,928)</u> | <u>14.2</u> |

Depreciation of property, plant and equipment, staff costs and others in 2015 were higher than 2014 primarily due to the consolidation of the financial results of AHSB.

(vi) Share of results of associate and joint ventures (net of tax)

The share of net loss after tax in associate and joint ventures was mainly due to slowdown of the hospitality business and keen competition faced by Copthorne Hotel Qingdao. In 2014, the net profit of AHSB for the first half of 2014 was reflected in the Group's share of results in associate and joint ventures, whereas the full year results of AHSB for 2015 was consolidated in the Group's results in 2015.

(vii) Income tax

There was an overprovision of taxation of \$9,000 and underprovision of deferred tax of \$27,000 in respect of prior years for 2015. (2014: There was an overprovision of taxation amounting to \$73,000.)

The tax expense of \$0.5 million for 2015 arose mainly from the income derived from overseas which could not be offset against the losses incurred by other entities within the Group.

(viii) Statement of comprehensive income

| | 2015 | Group | |
|--|----------------|---------------|---------------|
| | \$'000 | 2014 | Change |
| | | \$'000 | % |
| (Loss)/profit for the year | (2,196) | 3,572 | NM |
| Other comprehensive (loss)/income | | | |
| Items that may be reclassified subsequently to profit or loss | | | |
| Foreign currency translation differences for foreign operations | (1,082) | 326 | NM |
| Realisation of foreign currency translation reserves upon disposal of foreign operations | (64) | - | NM |
| Realisation of foreign currency translation reserves on deemed disposal of 45% equity interest in AHSB | - | (109) | NM |
| Other comprehensive (loss)/income for the year, net of tax | <u>(1,146)</u> | <u>217</u> | <u>NM</u> |
| Total comprehensive (loss)/income for the year attributable to owners of the Company | <u>(3,342)</u> | <u>3,789</u> | <u>NM</u> |

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 31/12/2015 \$'000 | Group 31/12/2014 \$'000 | Company 31/12/2015 \$'000 | Company 31/12/2014 \$'000 |
|---|------|-------------------------------|-------------------------------|---------------------------------|---------------------------------|
| Non-current assets | | | | | |
| Property, plant and equipment | 1 | 39,954 | 43,335 | 4 | 9 |
| Investment property | | 1,602 | - | - | - |
| Subsidiaries | | - | - | 56,643 | 47,083 |
| Associate | 2 | 62 | 71 | - | - |
| Joint ventures | 3 | 1,421 | 4,190 | - | - |
| Non-trade receivables | 4 | 327 | 268 | 32 | 156 |
| | | <u>43,366</u> | <u>47,864</u> | <u>56,679</u> | <u>47,248</u> |
| Current assets | | | | | |
| Inventories | | 85 | 95 | - | - |
| Development properties | 5 | 4,870 | 6,640 | - | - |
| Trade and other receivables | 4 | 3,050 | 1,619 | 287 | 2,362 |
| Prepayment | 6 | 75 | 114 | 22 | 22 |
| Cash and bank balances | | 22,487 | 23,288 | 4,567 | 5,722 |
| | | <u>30,567</u> | <u>31,756</u> | <u>4,876</u> | <u>8,106</u> |
| Total assets | | <u>73,933</u> | <u>79,620</u> | <u>61,555</u> | <u>55,354</u> |
| Equity | | | | | |
| Share capital | | 129,793 | 129,793 | 129,793 | 129,793 |
| Equity capital contributed by parent | | 3,980 | 3,980 | 3,980 | 3,980 |
| Reserves | | (137,340) | (133,998) | (146,866) | (154,365) |
| Total equity attributable to owners of the Company | | <u>(3,567)</u> | <u>(225)</u> | <u>(13,093)</u> | <u>(20,592)</u> |
| Non-current liabilities | | | | | |
| Other payables | | - | - | - | 2,857 |
| Loans and borrowings | 7a&c | 72,451 | 74,259 | 68,000 | 68,000 |
| Deferred tax liabilities | 9 | 120 | 93 | - | - |
| | | <u>72,571</u> | <u>74,352</u> | <u>68,000</u> | <u>70,857</u> |
| Current liabilities | | | | | |
| Trade and other payables | 8 | 3,632 | 3,853 | 6,635 | 5,076 |
| Loans and borrowings | 7a&b | 997 | 1,407 | - | - |
| Current tax payable | 9 | 300 | 233 | 13 | 13 |
| | | <u>4,929</u> | <u>5,493</u> | <u>6,648</u> | <u>5,089</u> |
| Total liabilities | | <u>77,500</u> | <u>79,845</u> | <u>74,648</u> | <u>75,946</u> |
| Total equity and liabilities | | <u>73,933</u> | <u>79,620</u> | <u>61,555</u> | <u>55,354</u> |

Notes:

- 1 The decrease was mainly due to foreign currency translation differences and depreciation.
- 2 The decline was mainly due to foreign currency translation differences.
- 3 The decrease was largely due to the recognition of losses incurred by joint ventures and the de-recognition of investment in Shanghai Equatorial Hotel Management Co., Ltd upon members' voluntary liquidation.
- 4 The increase was mainly due to advances to joint ventures.
- 5 The decline was mainly due to foreign currency translation differences, transfer of certain cost to property, plant and equipment and investment property as they are held for Group's own use and leased to third parties respectively.
- 6 The decrease was due to certain prepayment for 2014 was not required in 2015.
- 7 The movement was due to:
 - a) reclassification of secured loan of \$1 million from non-current liabilities to current liabilities;
 - b) repayment of secured loan of \$1.3 million; and
 - c) foreign currency translation gain of \$0.9 million on secured loan.
- 8 The decrease was due to payment for creditors.
- 9 The increase was resulted from the provision of income tax on overseas income.

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 31/12/2015 \$'000 | Group 31/12/2014 \$'000 |
|-----------|-------------------------------|-------------------------------|
| Unsecured | 10 | 17 |
| Secured | 987 | 1,390 |

Amount repayable after one year

| | Group 31/12/2015 \$'000 | Group 31/12/2014 \$'000 |
|-----------|-------------------------------|-------------------------------|
| Unsecured | 68,009 | 68,022 |
| Secured | 4,442 | 6,237 |

The secured loan as at 31 December 2015 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.**

| | Group 2015 \$'000 | 2014 \$'000 |
|---|-------------------------|----------------|
| Cash flows from operating activities | | |
| (Loss)/profit before tax | (1,652) | 4,007 |
| Adjustments for: | | |
| Depreciation of property, plant and equipment | 2,197 | 1,619 |
| Fair value gain on initial 45% equity interest in AHSB on acquisition | - | (3,742) |
| Gain on deemed settlement of advances to AHSB | - | (1,853) |
| Gain on liquidation of a joint venture | (76) | - |
| Impairment loss on trade receivables | 2 | 1 |
| Interest expense | 1,659 | 1,586 |
| Interest income | (309) | (301) |
| Loss on disposal of property, plant and equipment | 1 | - |
| Negative goodwill on acquisition | - | (601) |
| Property, plant and equipment written off | 26 | 3 |
| Share of results of associate and joint ventures (net of tax) | 2,531 | 1,377 |
| Unrealised foreign exchange losses-net | 19 | 154 |
| Write-back of provision for impairment of development properties | (650) | - |
| Write-back of provision for impairment of receivables | (3) | - |
| Write-back of trade and other payables | (2) | (2) |
| Operating cash flows before changes in working capital | 3,743 | 2,248 |
| Development properties | (29) | 111 |
| Inventories | (2) | (9) |
| Trade and other payables | (223) | 1,818 |
| Trade and other receivables | (1,392) | (1,975) |
| Cash from operating activities | 2,097 | 2,193 |
| Income tax paid | (458) | (476) |
| Interest paid | (1,655) | (1,626) |
| Interest received | 310 | 215 |
| Net cash from operating activities | 294 | 306 |

| | Group | |
|--|----------------|----------------|
| | 2015 \$'000 | 2014 \$'000 |
| Cash flows from investing activities | | |
| Capital injection in joint ventures | (308) | (95) |
| Dividend received from joint ventures | 260 | 53 |
| Net cash inflow on liquidation of a joint venture | 385 | - |
| Net cash outflow on acquisition of a subsidiary | - | (4,213) |
| Proceeds from disposal of property, plant and equipment | - | 2 |
| Purchase of property, plant and equipment | (203) | (450) |
| Net cash from/(used in) investing activities | 134 | (4,703) |
| Cash flows from financing activities | | |
| Repayment of borrowings | (1,295) | (484) |
| Payment of finance lease liabilities | (16) | (11) |
| Net cash used in financing activities | (1,311) | (495) |
| Net decrease in cash and cash equivalents | (883) | (4,892) |
| Cash and cash equivalents at beginning of the year | 23,288 | 28,017 |
| Effect of exchange rate changes on balances held in foreign currencies | 82 | 163 |
| Cash and cash equivalents at end of the year | 22,487 | 23,288 |

Net asset disposed on liquidation of a joint venture as follows:

| | Group | |
|--|----------------|----------------|
| | 2015 \$'000 | 2014 \$'000 |
| Net asset disposed | 373 | - |
| Gain on liquidation of a joint venture | 76 | - |
| Realisation of foreign currency translation reserves upon liquidation of a foreign operation | (64) | - |
| Net cash inflow on liquidation of a joint venture | 385 | - |

1(d)(i) **A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.**

| Group | Share capital \$'000 | Equity capital contributed by parent \$'000 | Preference shares \$'000 | Special reserve \$'000 | Premium paid on acquisition of non- controlling interests \$'000 | Currency translation reserve \$'000 | Accumulated losses \$'000 | Total equity \$'000 |
|--|-------------------------|--|--------------------------------|------------------------------|--|--|---------------------------------|---------------------------|
| | | | | | | | | |
| At 1 January 2015 | 129,790 | 3,980 | 3 | 8,529 | (192) | 3,039 | (145,374) | (225) |
| Loss for the year | - | - | - | - | - | - | (2,196) | (2,196) |
| <u>Other comprehensive loss, net of tax</u> | | | | | | | | |
| Foreign currency translation differences for foreign operations | - | - | - | - | - | (1,082) | - | (1,082) |
| Realisation of foreign currency translation reserves upon liquidation of a foreign operation | - | - | - | - | - | (64) | - | (64) |
| Other comprehensive loss for the year, net of tax | - | - | - | - | - | (1,146) | - | (1,146) |
| Total comprehensive loss for the year | - | - | - | - | - | (1,146) | (2,196) | (3,342) |
| At 31 December 2015 | 129,790 | 3,980 | 3 | 8,529 | (192) | 1,893 | (147,570) | (3,567) |

| Group | Share capital \$'000 | Equity capital contributed by parent \$'000 | Preference shares \$'000 | Special reserve \$'000 | Premium paid on acquisition of non- controlling interests \$'000 | Currency translation reserve \$'000 | Accumulated losses \$'000 | Total equity \$'000 |
|--|-------------------------|--|--------------------------------|------------------------------|--|--|---------------------------------|---------------------------|
| At 1 January 2014 | | | | | | | | |
| - as previously stated | 129,790 | 3,980 | 3 | 8,529 | (192) | 1,922 | (149,044) | (5,012) |
| - restatement | - | - | - | - | - | 900 | 98 | 998 |
| As restated | 129,790 | 3,980 | 3 | 8,529 | (192) | 2,822 | (148,946) | (4,014) |
| Profit for the year | - | - | - | - | - | - | 3,572 | 3,572 |
| <u>Other comprehensive income/(loss), net of tax</u> | | | | | | | | |
| Foreign currency translation differences for foreign operations | - | - | - | - | - | 326 | - | 326 |
| Realisation of foreign currency translation reserves on deemed disposal of 45% equity interest in AHSB | - | - | - | - | - | (109) | - | (109) |
| Other comprehensive income for the year, net of tax | - | - | - | - | - | 217 | - | 217 |
| Total comprehensive income for the year | - | - | - | - | - | 217 | 3,572 | 3,789 |
| At 31 December 2014 | 129,790 | 3,980 | 3 | 8,529 | (192) | 3,039 | (145,374) | (225) |

| Company | Share capital \$'000 | Equity capital contributed by parent \$'000 | Preference shares \$'000 | Special reserve \$'000 | Accumulated losses \$'000 | Total \$'000 |
|--|----------------------------|--|--------------------------------|------------------------------|---------------------------------|-----------------|
| At 1 January 2015 | 129,790 | 3,980 | 3 | 12,471 | (166,836) | (20,592) |
| Profit for the year, representing total comprehensive income for the year | - | - | - | - | 7,499 | 7,499 |
| At 31 December 2015 | 129,790 | 3,980 | 3 | 12,471 | (159,337) | (13,093) |

| Company | Share capital \$'000 | Equity capital contributed by parent \$'000 | Preference shares \$'000 | Special reserve \$'000 | Accumulated losses \$'000 | Total \$'000 |
|--|----------------------------|--|--------------------------------|------------------------------|---------------------------------|-----------------|
| At 1 January 2014 | 129,790 | 3,980 | 3 | 12,471 | (159,802) | (13,558) |
| Loss for the year, representing total comprehensive loss for the year | - | - | - | - | (7,034) | (7,034) |
| At 31 December 2014 | 129,790 | 3,980 | 3 | 12,471 | (166,836) | (20,592) |

- 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 year ended 31 December 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").

Following the completion of the Share Consolidation, which became effective on 14 May 2015, the number of ordinary shares of the Company as at 31 December 2015 was reduced to 96,318,419 ordinary shares as per the Accounting and Corporate Regulatory Authority's records, after disregarding any fractions of ordinary shares arising from the Share Consolidation. Holders of the 158,394 outstanding non-redeemable convertible cumulative preference shares ("NCCPS") shall be entitled to convert all or any of their NCCPS into ordinary shares at the adjusted NCCPS conversion ratio of one (1) new ordinary share for every ten (10) NCCPS. No notice of the said conversion had been received in 2015.

| | Before Share Consolidation | | After Share Consolidation | |
|--|--------------------------------|------------------------------------|--------------------------------|------------------------------------|
| | Number of shares at 01/01/2015 | Share Capital at 01/01/2015 \$'000 | Number of shares at 31/12/2015 | Share Capital at 31/12/2015 \$'000 |
| <u>Ordinary Shares</u> | | | | |
| As per Accounting and Corporate Regulatory Authority's records | 963,187,297* | 133,770 | 96,318,419* | 133,770 |
| Trust Shares | (24,189,170)* | (3,980) | (2,418,917)* | (3,980) |
| | <u>938,998,127*</u> | <u>129,790</u> | <u>93,899,502*</u> | <u>129,790</u> |
| | | | | |
| | Number of shares | Share Capital \$'000 | | |
| <u>NCCPS</u> | | | | |
| At 1 January 2015 and 31 December 2015 | 158,394 | 3 | | |

As at 31 December 2015, the maximum number of ordinary shares that may be issued upon full conversion of all the NCCPS is 15,839 ordinary shares following the Share Consolidation. (31 December 2014: 158,394 ordinary shares before the Share Consolidation). Holders of the NCCPS have up to 4 July 2016 ("Conversion Deadline") to convert their NCCPS into fully paid ordinary shares of the Company at the prevailing Conversion Ratio of 10 NCCPS into 1 ordinary share. If they fail to submit a duly completed conversion notice to the Company's Share Registrar by the Conversion Deadline, they will no longer be entitled to convert their NCCPS into fully paid ordinary shares.

The Company did not hold any treasury shares as at 31 December 2015 and as at 31 December 2014.

* Includes ordinary shares (2,418,917 ordinary shares after Share Consolidation and 24,189,170 ordinary shares before Share Consolidation) 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)(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.

Please refer to to item 1(d)(ii) above.

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 year ended 31 December 2015.

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.

The Group has adopted all accounting standards effective to the financial year but it has no material effect.

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.

| | Group 2015 ¢ | 2014 ¢ (Restated) |
|---|--------------------|-------------------------|
| (Loss)/earnings per share (Based on the weighted average number of ordinary shares in issue) | | |
| - Basic (2015: 93,899,502 (after Share Consolidation) and 2014: 93,899,502 (Restated)) | (2.34) | 3.80 |
| - Diluted (2015: 93,899,502 (after Share Consolidation) and 2014: 93,915,341 (Restated)) | (2.34) | 3.80 |

The diluted loss per share for 2015 was 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.

For meaningful comparison, the weighted average number of ordinary shares in issue for 2014 for computation of basic earnings per share and diluted loss per share were restated to 93,899,502 and 93,915,341 respectively. (assuming the ordinary shares were consolidated in 2014).

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 31/12/2015 | Group 31/12/2014 | Company 31/12/2015 | Company 31/12/2014 |
|--|---------------------|---------------------|-----------------------|-----------------------|
| | \$ | \$ (Restated) | \$ | \$ (Restated) |
| Net liabilities value per issued share, excluding Trust Shares | (0.04) | # | (0.14) | (0.22) |

Note:

less than (0.01)

The net liabilities value per issued share, excluding Trust Shares is computed based on 93,899,502 issued ordinary shares (after Share Consolidation) as at 31 December 2015 and 93,899,502 (Restated) issued ordinary shares as at 31 December 2014.

For meaningful comparison, the issued ordinary shares excluding Trust Shares as at 31 December 2014 was restated to 93,899,502 (assuming the ordinary shares were consolidated in 2014).

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.

The Group achieved higher revenue of \$13.4 million for 2015 compared to \$10 million for 2014. The increase of 34% or \$3.4 million was largely attributed to the consolidation of the financial results of Augustland Hotel Sdn Bhd (“**AHSB**”) following the completion of the Group’s acquisition of the remaining 55% equity interest in AHSB (the “**Acquisition**”) on 8 July 2014. AHSB owns Copthorne Hotel Cameron Highlands. Elite Residences Serviced Apartments (“**Elite Residences**”) also contributed about 7% of the Group’s increased revenue. The Group had reclassified its commercial property at Equatorial Cameron Highlands to investment property as it is held for leasing to third parties and it earned revenue of \$81,000 for 2015.

For the year under review, the Group’s operating profit before the share of results of associate and joint ventures, other income and finance costs increased to \$1.5 million from \$0.4 million for 2014. The improvement was mainly contributed by AHSB which saw an increase of \$0.6 million in operating profit arising from the consolidation of its full year results. The property development segment reduced its operating loss from \$0.8 million in 2014 to \$0.4 million in 2015, mainly due to the decline in operating costs in 2015.

The Group continued to be adversely affected by the losses incurred by Copthorne Hotel Qingdao. The Group’s share of net loss after tax in associate and joint ventures increased from \$1.4 million in 2014 to \$2.5 million in 2015, largely due to oversupply of rooms, increased competition and slowdown of the hospitality business in Qingdao.

Other income decreased from \$6.8 million for 2014 to \$1.4 million for 2015. The higher amount of other income recognised in 2014 was due to the gain of \$6.2 million from the Acquisition. For 2015, other income comprised mainly write-back of provision for impairment of development properties, licence fee and interest income. During the year under review, the Group’s interest expense was \$1.7 million. The Group also recorded a net exchange loss of \$0.4 million which was primarily attributed to the revaluation of net foreign currency monetary assets and liabilities arising from the weakening of the Malaysian Ringgit against the Singapore Dollar and US Dollar, and the strengthening of the Chinese Renminbi against the Singapore Dollar.

For the purpose of meaningful comparison, by excluding the gain of \$6.2 million from the Acquisition in 2014, the net loss attributable to shareholders of the Company for 2014 was \$2.6 million as compared to a loss of \$2.2 million for 2015.

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

None.

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.

In view of the austerity measures in China and the oversupply of hotel rooms, the Group's hospitality operations in Shanghai and Qingdao will continue to be impacted by the challenges faced by the hospitality industry. The Group's hospitality business in Malaysia will likely to be affected by the weak local economy which may lead to lower consumer spending.

The Group also continues to be exposed to currency fluctuation risks, as the majority of its assets and operations are located in China and Malaysia. In the meantime, the Company is still continuing its efforts to source for sustainable and viable business opportunities despite the current difficult economic environment.

The Company was placed on the watch-list of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") on 4 June 2014 (the "**Watch-list**"). Should the Company be unable to meet the requirements of Rule 1314 of the Listing Manual by 3 June 2016, the SGX-ST may either remove the Company from its Official List, or suspend trading of the ordinary shares in the capital of the Company with a view to removing the Company from its Official List. In the event that the SGX-ST exercises its powers to remove the Company from its Official List at such time, there is no assurance that the Company will be able to offer a reasonable exit alternative.

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 year under review.

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 others | Hospitality and restaurant | Property development | Total |
|--|---------------------------|-------------------------------|-------------------------|----------------|
| | \$'000 | \$'000 | \$'000 | \$'000 |
| 2015 | | | | |
| Revenue | | | | |
| - external revenue | 81 | 13,352 | - | 13,433 |
| - inter-segment revenue | - | - | 49 | 49 |
| | 81 | 13,352 | 49 | 13,482 |
| Elimination | | | | (49) |
| | | | | 13,433 |
| Reportable segment results | (1,102) | 2,970 | (379) | 1,489 |
| Other income (excluding interest income) | 959 | 86 | 73 | 1,118 |
| Interest income | 38 | 136 | 135 | 309 |
| Interest expense | (1,263) | (396) | - | (1,659) |
| Exchange gain/(losses) | - | 245 | (623) | (378) |
| Share of results of associate and joint ventures | - | (2,528) | (3) | (2,531) |
| (Loss)/profit before tax | (1,368) | 513 | (797) | (1,652) |
| Income tax expense | | | | (544) |
| Loss for the year | | | | (2,196) |
| Other segment items | | | | |
| Capital expenditure | | | | |
| - property, plant and equipment | - | 203 | - | 203 |
| Depreciation | 5 | 2,192 | - | 2,197 |
| Reportable segment assets | 6,336 | 50,554 | 15,560 | 72,450 |
| Investment in associate | - | - | 62 | 62 |
| Investment in joint ventures | - | 1,403 | 18 | 1,421 |
| Consolidated total assets | 6,336 | 51,957 | 15,640 | 73,933 |
| Consolidated total liabilities | 68,838 | 8,249 | 413 | 77,500 |
| | | | | |
| | Investments and others | Hospitality and restaurant | Property development | Total |
| | \$'000 | \$'000 | \$'000 | \$'000 |
| 2014 | | | | |
| Revenue | | | | |
| - external revenue | - | 9,731 | 303 | 10,034 |
| - inter-segment revenue | - | - | 24 | 24 |
| | - | 9,731 | 327 | 10,058 |
| Elimination | | | | (24) |
| | | | | 10,034 |
| Reportable segment results | (1,145) | 2,347 | (801) | 401 |
| Other income (excluding interest income) | 287 | 6,197 | 7 | 6,491 |
| Interest income | 54 | 64 | 183 | 301 |
| Interest expense | (1,328) | (258) | - | (1,586) |
| Exchange gain/(losses) | 22 | 86 | (331) | (223) |
| Share of results of associate and joint ventures | - | (1,373) | (4) | (1,377) |
| (Loss)/profit before tax | (2,110) | 7,063 | (946) | 4,007 |
| Income tax expense | | | | (435) |
| Profit for the year | | | | 3,572 |
| Other segment items | | | | |
| Capital expenditure | | | | |
| - property, plant and equipment | - | 449 | 1 | 450 |
| Depreciation | 5 | 1,585 | 29 | 1,619 |
| Reportable segment assets | 5,894 | 50,892 | 18,573 | 75,359 |
| Investment in associate | - | - | 71 | 71 |
| Investment in joint ventures | - | 4,170 | 20 | 4,190 |
| Consolidated total assets | 5,894 | 55,062 | 18,664 | 79,620 |
| Consolidated total liabilities | 68,766 | 10,534 | 545 | 79,845 |

| | Revenue | | Non-current assets | |
|------------------------------|----------------|----------------|--------------------|----------------|
| | 2015 \$'000 | 2014 \$'000 | 2015 \$'000 | 2014 \$'000 |
| Geographical segments | | | | |
| Singapore | - | - | 4 | 9 |
| Malaysia | 7,930 | 4,822 | 20,725 | 22,063 |
| People's Republic of China | 5,503 | 5,212 | 22,310 | 25,524 |
| | <u>13,433</u> | <u>10,034</u> | <u>43,039</u> | <u>47,596</u> |

The Group's segment revenue is based on the geographical location of operations. Segment non-current assets (excluding non-trade receivables and deferred tax assets) are based on the geographical location of the assets.

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

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.

Please refer to item 8.

15 A breakdown of sales as follows:

| | 2015 \$'000 | Group 2014 \$'000 | Change % |
|--|----------------|-------------------------|-------------|
| Revenue reported for first half year | 5,892 | 2,853 | 106.5 |
| Revenue reported for second half year | 7,541 | 7,181 | 5.0 |
| | <u>13,433</u> | <u>10,034</u> | <u>33.9</u> |
| Operating loss after tax reported for the first half year | (2,520) | (2,090) | 20.6 |
| Operating profit after tax reported for the second half year | 324 | 5,662 | (94.3) |
| | <u>(2,196)</u> | <u>3,572</u> | <u>NM</u> |

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 Disclosure of person occupying a managerial position in the Company or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the Company.

Pursuant to Rule 704(13) of the Listing Manual of the Singapore Exchange Securities Trading Limited, HL Global Enterprises Limited (the "Company") confirms that there is no person occupying a managerial position in the Company or in any of its principal subsidiaries who is a relative of a director or substantial shareholder of the Company. The Company has not appointed a chief executive officer, and the overall management of the Group's operations and investments is currently undertaken by the Executive Committee which comprises Messrs Gan Khai Choon, Philip Ting Sii Tien and Andrew Goh Kia Teck, all of whom are Directors of the Company.

BY ORDER OF THE BOARD

Foo Yang Hym
Chief Financial Officer

Singapore
18 February 2016