

FINANCIAL STATEMENTS AND RELATED ANNOUNCEMENT::THIRD QUARTER RESULTS

Issuer & Securities

Issuer/ Manager

HL GLOBAL ENTERPRISES LIMITED

Securities

HL GLOBAL ENTERPRISES LIMITED - SG1AI6000003 - AVX

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Please refer to the attachment.

Additional Details

For Financial Period Ended

30/09/2017

Attachments

[HLGE YTD3Q2017.pdf](#)

Total size =387K MB

HL GLOBAL ENTERPRISES LIMITED

Company Registration No.: 196100131N

Unaudited Third Quarter and Nine Months Financial Statement Announcement for the period ended 30 September 2017**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					
		3Q 2017 \$'000	3Q 2016 \$'000	Change %	YTD 3Q 2017 \$'000	YTD 3Q 2016 \$'000	Change %
Revenue		3,120	3,685	(15.3)	8,821	10,203	(13.5)
Cost of sales		(1,302)	(1,399)	(6.9)	(3,737)	(4,187)	(10.7)
Gross profit		1,818	2,286	(20.5)	5,084	6,016	(15.5)
Other income	(i)	224	224	-	513	515	(0.4)
Selling and marketing expenses	(ii)	(48)	(72)	(33.3)	(160)	(234)	(31.6)
Administrative expenses		(57)	(127)	(55.1)	(373)	(481)	(22.5)
Finance costs	(iii)	(355)	(339)	4.7	(1,385)	(1,704)	(18.7)
Other expenses	(iv)	(1,284)	(1,362)	(5.7)	(3,913)	(4,140)	(5.5)
Share of results of joint ventures and associate (net of tax)	(v)	39	35	11.4	109	(751)	NM
Profit/(loss) before tax		337	645	(47.8)	(125)	(779)	(84.0)
Income tax	(vi)	(61)	(141)	(56.7)	(311)	(369)	(15.7)
Profit/(loss) for the period attributable to owners of the Company		276	504	(45.2)	(436)	(1,148)	(62.0)

Notes:**(i) Other income**

	Group					
	3Q 2017 \$'000	3Q 2016 \$'000	Change %	YTD 3Q 2017 \$'000	YTD 3Q 2016 \$'000	Change %
Interest income	139	149	(6.7)	260	280	(7.1)
Licence fee	66	69	(4.3)	215	207	3.9
Sundry income	19	6	216.7	38	28	35.7
	224	224	-	513	515	(0.4)

(ii) Selling and marketing expenses

The decrease in selling and marketing expenses was mainly due to the reduction of advertising expenses and resignation of staff.

(iii) Finance costs

	Group					
	3Q 2017 \$'000	3Q 2016 \$'000	Change %	YTD 3Q 2017 \$'000	YTD 3Q 2016 \$'000	Change %
Interest expense	(361)	(406)	(11.1)	(1,124)	(1,204)	(6.6)
Currency exchange gain/(loss)-net	6	67	(91.0)	(261)	(500)	(47.8)
	(355)	(339)	4.7	(1,385)	(1,704)	(18.7)

The net currency exchange loss of approximately \$0.3 million for YTD 3Q 2017 was due to the revaluation of the net foreign currency monetary assets and liabilities arising mainly from the weakening of the US Dollar and Renminbi against the Singapore Dollar.

(iv) Other expenses

	Group					
	3Q 2017 \$'000	3Q 2016 \$'000	Change %	YTD 3Q 2017 \$'000	YTD 3Q 2016 \$'000	Change %
Depreciation of property, plant and equipment	(509)	(515)	(1.2)	(1,517)	(1,573)	(3.6)
Staff costs/directors' fee	(502)	(536)	(6.3)	(1,496)	(1,618)	(7.5)
Others	(273)	(311)	(12.2)	(900)	(949)	(5.2)
	(1,284)	(1,362)	(5.7)	(3,913)	(4,140)	(5.5)

NM: Not meaningful

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

The Company's wholly-owned subsidiary, LKN Investment International Pte. Ltd. ("LKNII"), together with the joint venture partner of Cophthorne 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 did not share the loss incurred by CHQ for YTD 3Q 2017.

(vi) Income tax

There was no over provision or under provision of taxation in respect of prior years for YTD 3Q 2017. (YTD 3Q 2016: There was an overprovision of taxation amounting to \$4,000.)

The tax expense of \$0.3 million for YTD 3Q 2017 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

	Group					
	3Q 2017 \$'000	3Q 2016 \$'000	Change %	YTD 3Q 2017 \$'000	YTD 3Q 2016 \$'000	Change %
Profit/(loss) for the period	276	504	(45.2)	(436)	(1,148)	(62.0)
Other comprehensive income/(loss)						
Items that may be reclassified subsequently to profit or loss						
Foreign currency translation differences for foreign operations	106	(89)	NM	(358)	(1,126)	(68.2)
Total comprehensive income/(loss) for the period attributable to owners of the Company	382	415	(8.0)	(794)	(2,274)	(65.1)

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	Group	Company	Company
		30/09/2017 \$'000	31/12/2016 \$'000	30/09/2017 \$'000	31/12/2016 \$'000
Non-current assets					
Property, plant and equipment		35,377	37,140	-	-
Investment property		2,106	2,109	-	-
Subsidiaries		-	-	68,945	68,945
Associate		59	59	-	-
Joint ventures		481	533	-	-
Non-trade receivables		372	330	5	5
Other asset	1	62	54	-	-
		38,457	40,225	68,950	68,950
Current assets					
Inventories		112	91	-	-
Development properties		4,779	4,858	-	-
Trade and other receivables		6,073	6,723	535	187
Prepayment	2	122	69	43	23
Cash and bank balances	3	24,614	19,806	6,565	4,005
		35,700	31,547	7,143	4,215
Asset of disposal group classified as held for sale		30	30	-	-
Total assets		74,187	71,802	76,093	73,165
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		(142,632)	(141,838)	(133,978)	(133,031)
Reserve of disposal group classified as held for sale		3,132	3,132	-	-
Total equity attributable to owners of the Company		(5,727)	(4,933)	(205)	742
Non-current liabilities					
Other payables	1	1,650	590	3,640	2,851
Loans and borrowings	4a	2,652	71,384	-	68,000
Deferred tax liabilities		147	147	-	-
		4,449	72,121	3,640	70,851

		Group 30/09/2017 \$'000	Group 31/12/2016 \$'000	Company 30/09/2017 \$'000	Company 31/12/2016 \$'000
Current liabilities					
Trade and other payables	3	6,933	3,804	4,651	1,563
Loans and borrowings	4	68,327	569	68,000	-
Current tax payable		205	241	7	9
		<u>75,465</u>	<u>4,614</u>	<u>72,658</u>	<u>1,572</u>
Total liabilities		<u>79,914</u>	<u>76,735</u>	<u>76,298</u>	<u>72,423</u>
Total equity and liabilities		<u>74,187</u>	<u>71,802</u>	<u>76,093</u>	<u>73,165</u>

Notes:

- 1 The increase was due to additional legal fee paid for the sale of lands at Punggol 17th Avenue ("Punggol Land"). Similarly, increase in other payable relates mainly to progress payments received for the sale of the Punggol Land. Both deferred expenses and income will be transferred to Profit or Loss upon completion of the sale.
- 2 The increase was due to prepayment made for insurance, listing and trustee fee.
- 3 The increase was mainly due to the deposit collected from the disposal of the Company's equity interest in LKNII.
- 4 The movement was mainly due to:
- reclassification of secured loan and unsecured loan of \$68.7 million from non-current liabilities to current liabilities; and
 - repayment of secured loan of \$1 million.

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:-

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

Amount repayable in one year or less, or on demand

	Group	
	30/09/2017 \$'000	31/12/2016 \$'000
Unsecured	68,005	5
Secured	322	564

Amount repayable after one year

	Group	
	30/09/2017 \$'000	31/12/2016 \$'000
Unsecured	-	68,003
Secured	2,652	3,381

The secured loan as at 30 September 2017 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.

	3Q 2017 \$'000	3Q 2016 \$'000	YTD 3Q 2017 \$'000	YTD 3Q 2016 \$'000
Cash flows from operating activities				
Profit/(loss) before tax	337	645	(125)	(779)
Adjustments for:				
Bad debts written off	2	-	2	-
Depreciation of property, plant and equipment	509	515	1,517	1,573
Interest expense	361	406	1,124	1,204
Interest income	(139)	(149)	(260)	(280)
(Gain)/loss on disposal of property, plant and equipment	(1)	-	3	-
Property, plant and equipment written off	-	-	1	1
Share of results of joint ventures and associate (net of tax)	(39)	(35)	(109)	751
Unrealised foreign exchange (gain)/loss-net	(7)	(69)	251	498
Write-back of impairment on trade receivables	-	-	-	(3)
Write-back of trade and other payables	(1)	-	(3)	-
Operating cash flows before changes in working capital	<u>1,022</u>	<u>1,313</u>	<u>2,401</u>	<u>2,965</u>
Development properties	-	-	74	-
Inventories	(14)	15	(21)	(6)
Trade and other payables	403	626	246	320
Trade and other receivables	1,094	(230)	784	(567)
Cash from operating activities	<u>2,505</u>	<u>1,724</u>	<u>3,484</u>	<u>2,712</u>

	Group			
	3Q 2017 \$'000	3Q 2016 \$'000	YTD 3Q 2017 \$'000	YTD 3Q 2016 \$'000
Income tax paid	(91)	(118)	(336)	(337)
Interest paid	(372)	(388)	(1,137)	(1,190)
Interest received	160	192	240	292
Net cash from operating activities	2,202	1,410	2,251	1,477
Cash flows from investing activities				
Amount due from a joint venture	-	-	(396)	(3,127)
Deposit collected from the disposal of the Company's equity interest in LKNII	-	-	4,021	-
Dividend received from a joint venture	-	124	154	124
Proceeds from disposal of property, plant and equipment	1	-	1	-
Purchase of property, plant and equipment	(17)	(160)	(145)	(287)
Net cash (used in)/from investing activities	(16)	(36)	3,635	(3,290)
Cash flows from financing activities				
Repayment of borrowings	(642)	(580)	(963)	(1,089)
Repayment of finance lease liabilities	(1)	(2)	(3)	(8)
Net cash used in financing activities	(643)	(582)	(966)	(1,097)
Net increase/(decrease) in cash and cash equivalents	1,543	792	4,920	(2,910)
Cash and cash equivalents at beginning of the period	23,121	18,660	19,806	22,487
Effect of exchange rate changes on balances held in foreign currencies	(50)	(52)	(112)	(177)
Cash and cash equivalents at end of the period	24,614	19,400	24,614	19,400

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	Reserve held for sale \$'000	Total equity \$'000
At 1 January 2017	129,790	3,980	3	8,529	(192)	(2,454)	(147,721)	3,132	(4,933)
Loss for the period	-	-	-	-	-	-	(712)	-	(712)
<u>Other comprehensive loss, net of tax</u>									
Foreign currency translation differences for foreign operations	-	-	-	-	-	(464)	-	-	(464)
Total comprehensive loss for the period	-	-	-	-	-	(464)	(712)	-	(1,176)
At 30 June 2017 and 1 July 2017	129,790	3,980	3	8,529	(192)	(2,918)	(148,433)	3,132	(6,109)
Profit for the period	-	-	-	-	-	-	276	-	276
<u>Other comprehensive income, net of tax</u>									
Foreign currency translation differences for foreign operations	-	-	-	-	-	106	-	-	106
Total comprehensive income for the period	-	-	-	-	-	106	276	-	382
At 30 September 2017	129,790	3,980	3	8,529	(192)	(2,812)	(148,157)	3,132	(5,727)

Group	Share capital	Equity capital contributed by parent	Preference shares	Special reserve	Premium paid on acquisition of non-controlling interests	Currency translation reserve	Accumulated losses	Reserve held for sale	Total equity
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
At 1 January 2016	129,790	3,980	3	8,529	(192)	1,893	(147,570)	-	(3,567)
Loss for the period	-	-	-	-	-	-	(1,652)	-	(1,652)
<u>Other comprehensive loss, net of tax</u>									
Foreign currency translation differences for foreign operations	-	-	-	-	-	(1,037)	-	-	(1,037)
Total comprehensive loss for the period	-	-	-	-	-	(1,037)	(1,652)	-	(2,689)
<u>Others</u>									
Reserve held for sale	-	-	-	-	-	(3,132)	-	3,132	-
<u>Contributions by owners</u>									
Conversion of non-redeemable convertible cumulative preference shares ("NCCPS")	#	-	(#)	-	-	-	-	-	-
At 30 June 2016 and 1 July 2016	129,790	3,980	3	8,529	(192)	(2,276)	(149,222)	3,132	(6,256)
Profit for the period	-	-	-	-	-	-	504	-	504
<u>Other comprehensive loss, net of tax</u>									
Foreign currency translation differences for foreign operations	-	-	-	-	-	(89)	-	-	(89)
Total comprehensive (loss)/income for the period	-	-	-	-	-	(89)	504	-	415
<u>Contributions by owners</u>									
Conversion of NCCPS	#	-	(#)	-	-	-	-	-	-
At 30 September 2016	129,790	3,980	3	8,529	(192)	(2,365)	(148,718)	3,132	(5,841)

Company	Share capital	Equity capital contributed by parent	Preference shares	Special reserve	Accumulated losses	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
At 1 January 2017	129,790	3,980	3	12,471	(145,502)	742
Loss for the period, representing total comprehensive loss for the period	-	-	-	-	(408)	(408)
At 30 June 2017 and 1 July 2017	129,790	3,980	3	12,471	(145,910)	334
Loss for the period, representing total comprehensive loss for the period	-	-	-	-	(539)	(539)
At 30 September 2017	129,790	3,980	3	12,471	(146,449)	(205)

less than \$1,000

Company	Share capital \$'000	Equity capital contributed by parent \$'000	Preference shares \$'000	Special reserve \$'000	Accumulated losses \$'000	Total \$'000
At 1 January 2016	129,790	3,980	3	12,471	(159,337)	(13,093)
Profit for the period, representing total comprehensive income for the period	-	-	-	-	2,718	2,718
Contributions by owners						
Conversion of NCCPS	#	-	(#)	-	-	-
At 30 June 2016 and 1 July 2016	129,790	3,980	3	12,471	(156,619)	(10,375)
Loss for the period, representing total comprehensive loss for the period	-	-	-	-	(543)	(543)
Contributions by owners						
Conversion of NCCPS	#	-	(#)	-	-	-
At 30 September 2016	129,790	3,980	3	12,471	(157,162)	(10,918)

- 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 September 2017, there was no change in the Company's issued ordinary share capital and NCCPS share capital.

Ordinary shares

At 1 July 2017 and 30 September 2017
(As per Accounting and Corporate Regulatory Authority's records)
Trust Shares
At 1 July 2017 and 30 September 2017

	Number of shares	Share Capital \$'000
	96,321,318	133,770
	(2,418,917)	(3,980)
	93,902,401	129,790

NCCPS

At 1 July 2017 and 30 September 2017

	Number of shares	Share Capital \$'000
	129,396	3

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). NCCPS are perpetual securities and there is no mandatory conversion of the NCCPS upon the expiry of the NCCPS Conversion Period.

The Company did not hold any treasury shares as at 30 September 2017 and as at 30 September 2016.

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.

	Total number of issued shares	
	30/9/2017	31/12/2016
Ordinary Shares	96,321,318	96,321,318
NCCPS	129,396	129,396

The Company did not hold any treasury shares as at 30 September 2017 and as at 31 December 2016.

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 three months ended 30 September 2017.

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.

	Group			
	3Q 2017	3Q 2016	YTD 3Q 2017	YTD 3Q 2016
	€	€	€	€
Earnings/(loss) per share				
(Based on the weighted average number of ordinary shares in issue)				
- Basic	0.29	0.54	(0.46)	(1.22)
(3Q 2017: 93,902,401, YTD 3Q 2017: 93,902,401)				
(3Q 2016: 93,899,802, YTD 3Q 2016: 93,900,611)				
- Diluted	0.29	0.54	(0.46)	(1.22)
(3Q 2017: 93,902,401, YTD 3Q 2017: 93,902,401)				
(3Q 2016: 93,912,441, YTD 3Q 2016: 93,900,611)				

The diluted loss for 3Q2017, YTD 3Q 2017 and YTD 3Q 2016 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 30/09/2017	Group 31/12/2016	Company 30/09/2017	Company 31/12/2016
	\$	\$	\$	\$
Net (liabilities)/asset value per issued share, excluding Trust Shares	(0.06)	(0.05)	#	0.01

The net liabilities/asset value per issued share, excluding Trust Shares is computed based on 93,902,401 issued ordinary shares as at 30 September 2017 and 31 December 2016.

Note:

less than (0.01)

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 September ("3Q") 2017

The Group's revenue showed a decline from \$3.7 million for 3Q 2016 to \$3.1 million for 3Q 2017. The decrease was partly due to lower occupancy at Elite Residences Shanghai ("Elite") which was affected by shorter tenancy leases introduced pending the completion of the proposed disposal of all the issued shares in the capital of the Company's wholly-owned subsidiary, LKN Investment International Pte. Ltd. ("LKNII") which owns, *inter alia*, Elite (the "LKNII Disposal"). The decrease in revenue in Copthorne Hotel Cameron Highlands ("CHCH") was attributed to the increase in the supply of hotel rooms and serviced apartments in the vicinity of CHCH.

Correspondingly, compared to 3Q 2016, the Group's operating profit in the hospitality segment was reduced by \$0.3 million to \$0.8 million for 3Q 2017, whilst the operating loss of the property development segment reduced by \$61,000 to \$68,000 due to savings from overhead expenses. After taking into account the corporate expenses, the Group's operating profit before the share of results of joint ventures and associate, other income and finance costs, saw a decrease of \$0.3 million from \$0.7 million in 3Q 2016 to \$0.4 million in 3Q 2017.

Other income consisted of mainly interest income and licence fee. Interest expense reduced marginally from \$406,000 for 3Q 2016 to \$361,000 for 3Q 2017.

The net profit attributable to shareholders of the Company was \$0.3 million for 3Q 2017 compared \$0.5 million for 3Q 2016.

9 months ended 30 September ("YTD 3Q") 2017

The Group reported a lower revenue of \$8.8 million for YTD 3Q 2017, a decrease of 13.5% compared to \$10.2 million for the same period in 2016. The decrease was mainly due to the increase in the supply of hotel rooms and serviced apartments in the vicinity of CHCH and lower occupancy at Elite which led to a 18% drop in Elite's revenue against YTD 3Q 2016. As a result, the Group registered a lower operating profit of \$0.6 million before the share of results of joint ventures and associate, other income and finance costs for YTD 3Q 2017 *vis-à-vis* an operating profit of \$1.2 million for YTD 3Q 2016.

The Group had since March 2016 discontinued the use of equity method to recognise its interest in Copthorne Hotel Qingdao Co., Ltd. ("CHQ") and did not take into account the share of loss incurred by CHQ in view of the Group's decision to dispose of its equity interest in CHQ. Consequently, the Group shared a net profit after tax of \$109,000 from joint ventures and associate for YTD 3Q 2017 against the share of net loss after tax from joint ventures and associate of \$0.8 million for YTD 3Q 2016.

Other income comprised mainly interest income and licence fee. The Group continued to incur interest expense of \$1.1 million for YTD 3Q 2017. The Group recognised a net currency 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 US Dollar and Renminbi against the Singapore Dollar.

The net loss attributable to shareholders of the Company was \$0.4 million for YTD 3Q 2017 compared to the net loss of \$1.1 million for YTD 3Q 2016.

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 second quarter and half year ended 30 June 2017 which was released on 4 August 2017.

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.

CHCH continues to face challenges in view of the keen competition from new hotels and serviced apartments in Cameron Highlands.

As the Group's assets are substantially located in China and Malaysia, it will continue to be exposed to currency fluctuation risks. Nevertheless, the Company will continue its efforts to source for sustainable and viable businesses.

Disposal of equity interest in CHQ

The completion of the disposal of the LKNII 60% equity interest in CHQ had taken place on 19 October 2017 and the agreed consideration will be remitted by the Shanghai United Assets and Equity Exchange after the relevant clearances have been obtained. Please refer to the 19 October 2017 announcement for more information.

LKNII Disposal

As announced on 31 October 2017, The Company and Natural Apex Limited had agreed to extend the long-stop date under the LKNII Disposal from 31 October 2017 to 16 November 2017. The business of Elite will continue to be affected by the short-term tenancy leases arising from the impending LKNII Disposal.

Watch-list

The Company was placed on the watch-list of Singapore Exchange Securities Trading Limited ("SGX-ST") with effect from 4 June 2014 (the "Watch-List"). The SGX-ST had, on 31 May 2016, granted the Company an extension of time of up to 12 months to 3 June 2017 to meet the financial exit criteria set out in Rule 1314(1) of the Listing Manual ("Financial Exit Criteria") for its removal from the Watch-List. As announced by the Company on 1 August 2017 ("1 August Extension Announcement"), SGX-ST has approved the Company's application for a further extension of time of 12 months to 3 June 2018 ("Expiry Date") to meet the Financial Exit Criteria for removal from the Watch-List, subject to certain conditions. In the event that the circumstances as set out in the 1 August Extension Announcement occur in relation to the Company being unable to exit the Watch-List by the Expiry Date, the Company has undertaken to SGX-ST that the Company will take steps to provide a reasonable exit offer to the minority shareholders of the Company in compliance with Rule 1309 of the Listing Manual. Please refer to the 1 August Extension Announcement for more information on the said extension and the conditions attached, including the terms of the Company's undertaking.

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 others \$'000	Hospitality and restaurant \$'000	Property development \$'000	Total \$'000
9 months ended 30 September 2017				
Revenue				
- external revenue	63	8,614	144	8,821
- inter-segment revenue	-	-	30	30
	<u>63</u>	<u>8,614</u>	<u>174</u>	<u>8,851</u>
Elimination				<u>(30)</u>
				<u>8,821</u>
Reportable segment results	(924)	1,722	(160)	638
Other income (excluding interest income)	225	10	18	253
Interest income	24	165	71	260
Interest expense	(968)	(156)	-	(1,124)
Exchange loss	(5)	(233)	(23)	(261)
Share of results of a joint venture	-	109	-	109
(Loss)/profit before tax	<u>(1,648)</u>	<u>1,617</u>	<u>(94)</u>	<u>(125)</u>
Income tax expense				<u>(311)</u>
Loss for the period				<u>(436)</u>
9 months ended 30 September 2016				
Revenue				
- external revenue	105	10,098	-	10,203
- inter-segment revenue	-	-	32	32
	<u>105</u>	<u>10,098</u>	<u>32</u>	<u>10,235</u>
Elimination				<u>(32)</u>
				<u>10,203</u>
Reportable segment results	(866)	2,396	(369)	1,161
Other income (excluding interest income)	233	-	2	235
Interest income	48	138	94	280
Interest expense	(964)	(240)	-	(1,204)
Exchange loss	(2)	(472)	(26)	(500)
Share of results of joint ventures and associate	-	(749)	(2)	(751)
(Loss)/profit before tax	<u>(1,551)</u>	<u>1,073</u>	<u>(301)</u>	<u>(779)</u>
Income tax expense				<u>(369)</u>
Loss for the period				<u>(1,148)</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 Singapore Exchange Securities Trading Limited ("Listing Manual").

18 Undertakings with regard to Directors and Executive Officers

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
2 November 2017

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 third quarter and nine months ended 30 September 2017 to be false or misleading in any material aspect.

On behalf of the Board of Directors

Dato' Gan Khai Choon
Chairman

Philip Ting Sii Tien
Director

Singapore
2 November 2017