

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

Issuer & Securities

Issuer/ Manager

HL GLOBAL ENTERPRISES LIMITED

Securities

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Submitted By (Co./ Ind. Name)

Foo Yang Hym

Designation

Chief Financial Officer

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

Please refer to the attachment.

Attachments

[Quarterly update.pdf](#)

Total size = 75K MB

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

1. BACKGROUND

HL Global Enterprises Limited (the “Company”, and together with its subsidiaries, the “Group”) was placed on the Watch-List pursuant to Rule 1311 of the Listing Manual of the Singapore Exchange Securities Trading Limited (“SGX-ST”) on 4 June 2014. SGX-ST had, on 31 May 2016, granted the Company an extension of 12 months up to 3 June 2017 to meet the requirements of Rule 1314 of the Listing Manual (“Rule 1314”) and apply for removal from the Watch-list.

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

2. UPDATE ON FINANCIAL POSITION

The Group’s revenue increased marginally from \$13.4 million in 2015 to \$13.8 million in 2016. Revenue contribution from Copthorne Hotel Cameron Highlands in 2016 grew by 10% compared to 2015 as a result of higher occupancy and average room rate. However, this was partially offset by the decrease in revenue from Elite Residences (“Elite”) and decline in management fee from Copthorne Hotel Qingdao. The reduction in revenue for Elite was partly due to the implementation of the value added tax in China in May 2016, which had been absorbed by Elite during the year under review.

In tandem with the higher revenue in 2016, the Group’s operating profit before the share of results of associate and joint ventures, other income and finance costs increased to \$1.7 million from \$1.5 million for 2015.

As disclosed in the Company’s results announcement today, the Group’s share of loss incurred by Copthorne Hotel Qingdao Co Ltd (“CHQ”) was only recognized up to 23 February 2016 instead of 31 December 2016. The Group’s share of net loss after tax from associate and joint ventures was \$0.7 million in 2016 against \$2.5 million in 2015.

Other income for 2016 consisted mainly of interest income, licence fee and fair value gain on an investment property. The Group incurred interest expense of \$1.6 million.

The net loss attributable to shareholders of the Company for 2016 was \$0.2 million as compared to a loss of \$2.2 million for 2015.

For full details on the results and financial position of the Group, please refer to the Company’s results announcement for the financial year ended 31 December 2016 released on 15 February 2017.

3. UPDATE ON FUTURE DIRECTION

The Company had on 13 February 2017 announced its plan to dispose of CHQ and Shanghai Hutai Real Estate Development Co., Ltd (“Hutai”), which owns Elite) through the sale of all the issued shares in the capital of LKN Investment International Pte Ltd (“LKNII”) (“Proposed Disposal”).

The Proposed Disposal would enable the Company to realise and unlock the value of its investment in LKNII and therefore its indirect 100% stake in Hutai and 60% equity interest in CHQ. With the Proposed Disposal, the losses of CHQ will no longer appear in subsequent consolidated financial results of the Group and is also part of the Company’s on-going efforts to strengthen its balance sheet.

The Company is aware of the deadline given by SGX-ST for its removal from the Watch-List. The Company has been continuing its efforts to source for sustainable and viable business opportunities despite the current difficult economic environment in order to meet the requirements of Rule 1314 of the SGX-ST Listing Manual for the removal of the Company from the Watch-List.

BY ORDER OF THE BOARD

Foo Yang Hym
Chief Financial Officer
Singapore
15 February 2017