

FINANCIAL STATEMENTS AND RELATED ANNOUNCEMENT::FIRST QUARTER RESULTS

Issuer & Securities

Issuer/ Manager

HL GLOBAL ENTERPRISES LIMITED

Securities

HL GLOBAL ENTERPRISES LIMITED - SG1AI6000003 - AVX

Stapled Security

No

Announcement Details

Announcement Title

Financial Statements and Related Announcement

Date & Time of Broadcast

24-Apr-2019 18:23:54

Status

New

Announcement Sub Title

First Quarter Results

Announcement Reference

SG190424OTHRT2SW

Submitted By (Co./ Ind. Name)

Foo Yang Hym

Designation

Chief Financial Officer

Description (Please provide a detailed description of the event in the box below - Refer to the Online help for the format)

Please refer to the attachment.

Additional Details

For Financial Period Ended

31/03/2019

Attachments

[HLGE_1Q2019.pdf](#)

Total size =333K MB

HL GLOBAL ENTERPRISES LIMITED

Company Registration No.: 196100131N

Unaudited First Quarter Financial Statement Announcement for the period ended 31 March 2019**PART I - INFORMATION REQUIRED FOR QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR ANNOUNCEMENTS**

1(a)(i) An income statement and statement of comprehensive income, for the group, together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Note	1Q 2019 \$'000	Group 1Q 2018 \$'000	Change %
Revenue		1,648	1,829	(9.9)
Cost of sales		(870)	(956)	(9.0)
Gross profit		778	873	(10.9)
Other income	(1)	325	278	16.9
Selling and marketing expenses		(51)	(60)	(15.0)
Administrative expenses		(86)	(129)	(33.3)
Finance costs	(2)	(5)	(257)	(98.1)
Other expenses	(3)	(737)	(879)	(16.2)
Share of results of associate and joint ventures (net of tax)		29	31	(6.5)
Profit/(loss) before tax		253	(143)	NM
Income tax expense	(4)	(8)	(12)	(33.3)
Profit/(loss) for the period attributable to owners of the Company		245	(155)	NM

1(a)(ii) Notes to the income statement

(1) Other income

	1Q 2019 \$'000	Group 1Q 2018 \$'000	Change %
Interest income	235	176	33.5
Sundry income	4	4	-
Licence fee	86	98	(12.2)
	325	278	16.9

The increase in interest income was partly due to higher interest rates on fixed deposit placements for 1Q 2019 compared to 1Q 2018.

(2) Finance costs

	1Q 2019 \$'000	Group 1Q 2018 \$'000	Change %
Interest expense	-	(29)	NM
Interest expense relates to lease liabilities	(2)	-	NM
Currency exchange loss-net	(3)	(228)	(98.7)
	(5)	(257)	(98.1)

Currency exchange loss of \$228,000 in 1Q 2018 was largely due to the revaluation of foreign currency monetary assets and liabilities at period end. Such foreign currency liabilities were settled with the corresponding foreign currency cash in 1Q 2019, resulting in the decrease in currency exchange loss to \$3,000.

(3) Other expenses

	1Q 2019 \$'000	Group 1Q 2018 \$'000	Change %
Depreciation of investment property, property, plant and equipment	(240)	(265)	(9.4)
Depreciation of right-of-use assets	(34)	-	NM
Staff costs/directors' fee	(349)	(411)	(15.1)
Others	(114)	(203)	(43.8)
	(737)	(879)	(16.2)

The decrease in staff costs/directors' fee was due to reduction of headcount. The decrease in other expenses was mainly due to lower office rental expense and reclassification of office and warehouse rental expenses under depreciation of right-of-use assets in accordance with Singapore Financial Reporting Standard (International) ("SFRS(I)") 16 - Leases.

NM: Not meaningful

(4) Income tax

There was over provision of tax amounting to \$4,000 in respect of prior years for 1Q 2019.
(1Q 2018: There was no over or under provision of taxation in respect of prior years).

(5) Consolidated statement of comprehensive income

	1Q 2019 \$'000	Group 1Q 2018 \$'000	Change %
Profit/(loss) for the period	245	(155)	NM
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation differences for foreign operations	152	515	(70.5)
Total comprehensive income for the period attributable to owners of the Company	397	360	10.3

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 31/03/2019 \$'000	Group 31/12/2018 \$'000	Company 31/03/2019 \$'000	Company 31/12/2018 \$'000
Non-current assets				
Property, plant and equipment	17,226	17,314	5	5
Investment property	2,007	2,011	-	-
Subsidiaries	-	-	39,397	39,397
Associate	59	58	-	-
Joint ventures	561	524	-	-
Right-of-use assets	305	-	258	-
	20,158	19,907	39,660	39,402
Current assets				
Inventories	104	105	-	-
Development properties	4,056	4,025	-	-
Trade and other receivables	1,220	1,233	327	312
Prepayment	128	59	36	22
Deferred tax asset	201	199	-	-
Cash and bank balances	55,139	62,730	40,237	48,120
	60,848	68,351	40,600	48,454
Total assets	81,006	88,258	80,260	87,856
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	(56,121)	(56,518)	(57,833)	(57,806)
Total equity attributable to owners of the Company	77,652	77,255	75,940	75,967
Non-current liabilities				
Other payables	-	-	2,964	3,022
Lease liabilities	173	-	155	-
Deferred tax liabilities	28	28	-	-
	201	28	3,119	3,022
Current liabilities				
Trade and other payables	2,962	10,915	1,038	8,806
Lease liabilities	133	-	104	-
Current tax payable	58	60	59	61
	3,153	10,975	1,201	8,867
Total liabilities	3,354	11,003	4,320	11,889
Total equity and liabilities	81,006	88,258	80,260	87,856

Notes:

- Please refer to item 5 SFRS (I) 16 on leases.
- The increase was due to prepayment made for listing fee and insurance premium.
- The decrease in cash and bank balances and trade and other payables was mainly due to the payment of tax and relevant expenses in January 2019 in relation to the disposal of the entire equity interest in the Company's wholly owned subsidiary LKN Investment International Pte Ltd ("LKNII") in 2018.

- 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.

Not applicable.

- 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	
	1Q 2019	1Q 2018
	\$'000	\$'000
Operating activities		
Profit/(loss) before tax	253	(143)
Adjustments for:		
Depreciation of investment property	19	19
Depreciation of property, plant and equipment	221	246
Depreciation of right-of-use assets	34	-
Interest expense	-	29
Interest expense relates to lease liabilities	2	-
Interest income	(235)	(176)
Share of results of associate and joint ventures (net of tax)	(29)	(31)
Unrealised foreign exchange loss-net	25	229
Operating cash flows before changes in working capital	290	173
Inventories	1	(12)
Trade and other payables	(164)	203
Trade and other receivables	68	88
Cash from operating activities	195	452
Income tax paid	(10)	(12)
Interest paid	-	(29)
Interest received	112	63
Net cash from operating activities	297	474
Investing activities		
Withdrawal/(placement) of fixed deposits with tenure more than 3 months and restricted cash at bank	11,193	(36,679)
Purchase of property, plant and equipment	(46)	(161)
Tax and relevant expenses in relation to the disposal of LKNII	(7,789)	-
Net cash from/(used in) investing activities	3,358	(36,840)
Financing activities		
Dividend paid to holders of non-redeemable convertible cumulative preference shares ("NCCPS")	-	(3)
Repayment of borrowings	-	(679)
Repayment of finance lease liabilities	-	(2)
Repayment of lease liabilities	(35)	-
Net cash used in financing activities	(35)	(684)
Net increase/(decrease) in cash and cash equivalents	3,620	(37,050)
Cash and cash equivalents at beginning of the period	5,495	48,297
Effect of exchange rate changes on balances held in foreign currencies	(18)	(130)
Cash and cash equivalents at end of the period	9,097	11,117
Fixed deposits with tenure more than 3 months and restricted cash at bank	46,042	48,832
Cash and bank balances	55,139	59,949

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 2019	129,793	3,980	-	8,529	(192)	382	(65,237)	77,255
Profit for the period	-	-	-	-	-	-	245	245
<u>Other comprehensive income, net of tax</u>								
Foreign currency translation differences for foreign operations	-	-	-	-	-	152	-	152
Total comprehensive income for the period	-	-	-	-	-	152	245	397
At 31 March 2019	129,793	3,980	-	8,529	(192)	534	(64,992)	77,652
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 2018 (as previously stated)	129,790	3,980	3	8,529	(192)	(2,024)	(61,482)	78,604
Cumulative effects of adopting SFRS(I)								
Transfer from translation reserve to accumulated losses	-	-	-	-	-	2,454	(2,454)	-
Depreciation of investment property	-	-	-	-	-	(3)	(73)	(76)
At 1 January 2018	129,790	3,980	3	8,529	(192)	427	(64,009)	78,528
Loss for the period	-	-	-	-	-	-	(155)	(155)
<u>Other comprehensive income, net of tax</u>								
Foreign currency translation differences for foreign operations	-	-	-	-	-	515	-	515
Total comprehensive income /(loss) for the period	-	-	-	-	-	515	(155)	360
Others								
Dividend paid to holders of NCCPS	-	-	-	-	-	-	(3)	(3)
At 31 March 2018	129,790	3,980	3	8,529	(192)	942	(64,167)	78,885
Company	Share capital \$'000	Equity capital contributed by parent \$'000	Preference shares \$'000	Special reserve \$'000	Accumulated losses \$'000	Total \$'000		
At 1 January 2019	129,793	3,980	-	12,471	(70,277)	75,967		
Loss for the period, representing total comprehensive loss for the period	-	-	-	-	(27)	(27)		
At 31 March 2019	129,793	3,980	-	12,471	(70,304)	75,940		

Company	Share capital \$'000	Equity capital contributed by parent \$'000	Preference shares \$'000	Special reserve \$'000	Accumulated losses \$'000	Total \$'000
At 1 January 2018	129,790	3,980	3	12,471	(70,725)	75,519
Loss for the period, representing total comprehensive loss for the period	-	-	-	-	(389)	(389)
Others						
Dividend paid to holders of NCCPS	-	-	-	-	(3)	(3)
At 31 March 2018	129,790	3,980	3	12,471	(71,117)	75,127

- 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 the number of shares that may be issued on conversion of all the outstanding convertibles, if any, against the total number of issued shares excluding treasury shares and subsidiary holdings 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. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed 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 period ended 31 March 2019, there was no change in the Company's issued ordinary share capital.

	Number of shares	Share Capital \$'000
<u>Ordinary shares</u>		
At 1 January 2019 and 31 March 2019 (As per Accounting and Corporate Regulatory Authority's records)	96,334,254	133,773
Less: Trust Shares	(2,418,917)	(3,980)
At 1 January 2019 and 31 March 2019	93,915,337	129,793

As at 31 March 2019 and 31 March 2018, there were no ordinary shares held as treasury shares or as subsidiary holdings in the Company.

- 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	
	31/3/2019	31/12/2018
Ordinary Shares	96,334,254	96,334,254

The Company did not hold any treasury shares as at 31 March 2019 and 31 December 2018.

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, cancellation and/or use of treasury shares/subsidiary holdings as at the end of the current financial period reported on.

There were no sales, transfers, cancellation and/or use of treasury shares/subsidiary holdings during the three months ended 31 March 2019.

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.

Except as disclosed in item 5 below, 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.

SFRS(I) 16 Leases

SFRS(I) 16 requires lessees to recognise most leases on balance sheets. The standard includes two recognition exemptions for lessees – leases of 'low value' assets and short-term leases. SFRS(I) 16 is effective for annual periods beginning on or after 1 January 2019. At commencement date of a lease, a lessee will recognise a liability to make a lease payments (i.e. the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e. the right-of-use asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

On the adoption of SFRS(I) 16, the Group measured lease liability based on remaining lease payments discounted using the incremental borrowing rate at the date of initial application, 1 January 2019. Right-of-use asset was measured at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments

On the adoption of SFRS(I) 16, the Group recognised right-of-use assets of \$338,590 and lease liabilities of \$338,590 for its leases previously classified as operating leases as of 1 January 2019.

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	
	1Q 2019	1Q 2018
	¢	¢
Earnings/(loss) per share		
(Based on the weighted average number of ordinary shares in issue)		
- Basic and diluted	0.26	(0.17)
(1Q 2019: 93,915,337; 1Q 2018: 93,902,401)		

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	Group	Company	Company
	31/03/2019	31/12/2018	31/03/2019	31/12/2018
	\$	\$	\$	\$
Net asset value per issued share, excluding Trust Shares	0.83	0.82	0.81	0.81

The net asset value per issued share, excluding Trust Shares is computed based on 93,915,337 issued ordinary shares as at 31 March 2019 and at 31 December 2018.

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.**

Results for 3 months ended 31 March ("1Q") 2019

Compared to 1Q 2018, the Group's revenue declined by \$200,000 to \$1.6 million for 1Q 2019. The decline was mainly due to the oversupply of new hotel rooms and apartments in the vicinity of Copthorne Hotel Cameron Highlands ("CHCH"). Over the same period, the average occupancy rate for CHCH dropped slightly by 0.6 percentage point to 61% and the average room rate also decreased by RM7 to RM206.

As a result, the hospitality segment reported a lower operating profit of \$244,000 for 1Q 2019 versus the operating profit of \$255,000 for 1Q 2018. However, this operating profit was not sufficient to cover the operating loss of \$61,000 and \$279,000 incurred by the property development segment and investments/other segment (comprised investment property operations and corporate overhead costs) respectively. The overall operating loss for the Group before the share of results of associate and joint ventures, other income and finance costs for 1Q 2019 was \$96,000 compared to the operating loss of \$195,000 the same period a year ago.

Other income consisted of mainly licence fee and interest income amounting to \$325,000.

Currency exchange loss of \$228,000 in 1Q 2018 was largely due to the revaluation of foreign currency monetary assets and liabilities at period end. Such foreign currency liabilities were settled with the corresponding foreign currency cash in 1Q 2019, resulting in the decrease in currency exchange loss to \$3,000.

The net profit attributable to shareholders of the Company was \$245,000 for 1Q 2019 in contrast to a net loss of \$155,000 for 1Q 2018.

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 full year ended 31 December 2018 which was released on 15 February 2019.

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 operate in a challenging condition amidst highly competitive hospitality market in Cameron Highlands, Malaysia.

As the Group's assets are substantially located overseas, it will continue to be exposed to currency fluctuation risks. The Group will continue to explore sustainable and viable opportunities to grow its earning base.

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 and the reason(s) for the decision.

No dividend is declared (recommended) for the period under review. The Company will review it at the end of the financial year.

13 Interested persons transactions

The Company has not sought any shareholders' mandate for interested person transactions pursuant to Rule 920 of the Listing Manual of SGX-ST ("Listing Manual").

**PART II - ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT
(This part is not applicable to Q1, Q2, Q3 or Half Year Results)****14 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
3 months ended 31 March 2019				
Revenue				
- external revenue	20	1,628	-	1,648
- inter-segment revenue	-	-	10	10
	20	1,628	10	1,658
Elimination				(10)
				<u>1,648</u>
Reportable segment results	(279)	244	(61)	(96)
Other income (excluding interest income)	90	-	-	90
Interest income	167	19	49	235
Interest expense relates to lease liabilities	(2)	-	-	(2)
Currency exchange (loss)/gain	(15)	-	12	(3)
Share of results of associate and joint ventures	-	29	-	29
(Loss)/profit before tax	(39)	292	-	253
Income tax expense				(8)
Profit for the period				<u>245</u>
3 months ended 31 March 2018				
Revenue				
- external revenue	22	1,807	-	1,829
- inter-segment revenue	-	-	11	11
	22	1,807	11	1,840
Elimination				(11)
				<u>1,829</u>
Reportable segment results	(355)	255	(95)	(195)
Other income (excluding interest income)	102	-	-	102
Interest income	126	23	27	176
Interest expense	-	(29)	-	(29)
Currency exchange (loss)/gain	(276)	2	46	(228)
Share of results of associate and joint ventures	-	31	-	31
(Loss)/profit before tax	(403)	282	(22)	(143)
Income tax expense				(12)
Loss for the period				<u>(155)</u>

15 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.

16 A breakdown of sales as follows:

Not applicable.

17 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.

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

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

BY ORDER OF THE BOARD

Foo Yang Hym
Chief Financial Officer

Singapore
24 April 2019

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

The Board hereby confirms that, to the best of its knowledge, nothing has come to the attention of the Board which may render the Group's unaudited interim financial results for the first quarter ended 31 March 2019 to be false or misleading in any material aspect.

On behalf of the Board

Dato' Gan Khai Choon
Chairman

Tan Eng Kwee
Director

Singapore
24 April 2019