

FINANCIAL STATEMENTS AND RELATED ANNOUNCEMENT::HALF YEARLY RESULTS**Issuer/ Manager**

HL GLOBAL ENTERPRISES LIMITED

Securities

HL GLOBAL ENTERPRISES LIMITED - SG1AI6000003 - AVX

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No

Announcement Details**Announcement Title**

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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**

30/06/2020

Attachments[1H2020 results.pdf](#)

Total size =590K MB

HL GLOBAL ENTERPRISES LIMITED

Company Registration No.: 196100131N

Unaudited Half Year Financial Statement Announcement for the period ended 30 June 2020**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, or a statement of comprehensive income, for the group, together with a comparative statement for the corresponding period of the immediately preceding financial year.**

	Note	1H 2020 \$'000	Group 1H 2019 \$'000	Change %
Revenue	(1)	1,416	3,103	(54.4)
Cost of sales		(1,102)	(1,570)	(29.8)
Gross profit	(1)	314	1,533	(79.5)
Other income	(2)	674	677	(0.4)
Selling and marketing expenses		(118)	(109)	8.3
Administrative expenses	(3)	(179)	(210)	(14.8)
Finance costs		(4)	(4)	-
Other expenses	(4)	(1,382)	(1,480)	(6.6)
Share of results of a joint venture (net of tax)		33	81	(59.3)
(Loss)/profit before tax		(662)	488	NM
Income tax expense	(5)	(36)	(114)	(68.4)
(Loss)/profit for the period attributable to owners of the Company		(698)	374	NM

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

(1) Revenue and gross profit

Compared to 1H 2019, the decline in revenue and gross profit in 1H 2020 was mainly due to the Movement Control Order which started on 18 March 2020, implemented by the Malaysian Government arising from the COVID-19 pandemic. The Group's operation in Cameron Highlands, the Copthorne Hotel Cameron Highlands ("CHCH"), had to temporarily stop operations since 18 March 2020 and ended on 9 June 2020. CHCH has since resumed its operations and started to receive guests from 10 June 2020.

(2) Other income

	1H 2020 \$'000	Group 1H 2019 \$'000	Change %
Interest income	486	488	(0.4)
Licence fee	32	180	(82.2)
Sundry income	156	9	NM
	674	677	(0.4)

Compared to 1H 2019:

- The decrease in licence fee for 1H 2020 was due to lower revenue recorded by Hotel Equatorial Shanghai ("HES") as licence fee is charged as a percentage of the revenue of HES.
- The increase in sundry income was mainly due to the subsidies from Singapore and Malaysian Governments arising from COVID-19 pandemic.

(3) Administrative expenses

Compared to 1H 2019, the reduction in administrative expenses in 1H 2020 was mainly due to reduction in corporate expenses.

NM: Not meaningful

(4) Other expenses

	1H 2020	Group 1H 2019	Change
	\$'000	\$'000	%
Depreciation of investment property, property, plant and equipment	(449)	(481)	(6.7)
Depreciation of right-of-use assets	(80)	(70)	14.3
Staff costs/directors' fee	(660)	(693)	(4.8)
Other operating expenses	(193)	(236)	(18.2)
	(1,382)	(1,480)	(6.6)

The decrease in other operating expenses was mainly due to:

- a) decrease in repair and maintenance expenses for property, plant and equipment;
- b) decrease in commission payable to traveller agents due to lower room revenue; and
- c) decrease in currency exchange loss.

(5) Income tax expense

There was no under or overprovision of tax in respect of prior years for 1H 2020.

(1H 2019: There was an over provision of tax amounting to \$4,000 in respect of prior years).

The income tax expense consisted mainly of withholding tax on overseas income and tax on interest income.

(6) Consolidated statement of comprehensive income

	1H 2020	Group 1H 2019	Change
	\$'000	\$'000	%
(Loss)/profit for the period	(698)	374	NM
Other comprehensive loss			
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation differences for foreign operations	(197)	(188)	4.8
Other comprehensive loss for the period, net of tax	(197)	(188)	4.8
Total comprehensive (loss)/income for the period attributable to owners of the Company	(895)	186	NM

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 30/6/2020 \$'000	Group 31/12/2019 \$'000	Company 30/6/2020 \$'000	Company 31/12/2019 \$'000
Non-current assets					
Property, plant and equipment		16,173	16,604	3	4
Investment property		1,872	1,930	-	-
Subsidiaries		-	-	40,425	40,425
Associate		57	57	-	-
Joint ventures		569	525	-	-
Right-of-use assets	1	208	245	123	177
Deferred tax asset		213	215	-	-
Other receivables		90	87	22	22
		<u>19,182</u>	<u>19,663</u>	<u>40,573</u>	<u>40,628</u>
Current assets					
Inventories		83	94	-	-
Development properties		3,383	3,422	-	-
Trade and other receivables	2	624	971	424	468
Prepayments	3	185	46	9	21
Cash and bank balances		56,185	56,875	37,643	37,807
		<u>60,460</u>	<u>61,408</u>	<u>38,076</u>	<u>38,296</u>
Total assets		<u>79,642</u>	<u>81,071</u>	<u>78,649</u>	<u>78,924</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		(56,605)	(55,710)	(56,294)	(56,120)
Total equity attributable to owners of the Company		<u>77,168</u>	<u>78,063</u>	<u>77,479</u>	<u>77,653</u>
Non-current liabilities					
Lease liabilities	4	77	113	38	83
Deferred tax liability		28	28	-	-
		<u>105</u>	<u>141</u>	<u>38</u>	<u>83</u>
Current liabilities					
Trade and other payables	5	2,134	2,653	948	1,015
Lease liabilities	4	139	138	89	98
Current tax payable		96	76	95	75
		<u>2,369</u>	<u>2,867</u>	<u>1,132</u>	<u>1,188</u>
Total liabilities		<u>2,474</u>	<u>3,008</u>	<u>1,170</u>	<u>1,271</u>
Total equity and liabilities		<u>79,642</u>	<u>81,071</u>	<u>78,649</u>	<u>78,924</u>

Notes:

- 1 There is an overall decrease in right-of-use assets in 1H 2020. This is mainly due to the depreciation of right-of-use assets, which is partially offset by the current period's additions.
- 2 The decrease was mainly due to the decline in the revenue of CHCH.
- 3 The increase in prepayments was mainly due to the downpayment made for the lift upgrading for CHCH.
- 4 The movement comprised :-
 - reclassification of lease payments due within the next 12 months from non-current liabilities to current liabilities;
 - addition of a new lease entered into during 1H 2020 (current and non-current); and
 - payment of lease liabilities (current) in 1H 2020.
- 5 The decrease was partly due to the reduction in direct operating costs, which corresponds to the decline in the revenue of CHCH.

- 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.

(a) the amount repayable in one year or less, or on demand;

	Group	
	30/06/2020	31/12/2019
	\$'000	\$'000
Unsecured	139	138

(b) the amount repayable after one year;

	Group	
	30/06/2020	31/12/2019
	\$'000	\$'000
Unsecured	77	113

These are lease liabilities relating to rental of office premises, warehouse and apartments for staff accommodation.

- 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	
	1H 2020	1H 2019
	\$'000	\$'000
Operating activities		
(Loss)/profit before tax	(662)	488
Adjustments for:		
Depreciation of investment property	37	38
Depreciation of property, plant and equipment	412	443
Depreciation of right-of-use assets	80	70
Impairment loss on trade receivables	6	-
Interest expense related to lease liabilities	4	4
Interest income	(486)	(488)
Share of results of a joint venture (net of tax)	(33)	(81)
Unrealised foreign exchange losses-net	18	56
Write-back of provision for maintenance fee	-	(133)
Operating cash flows before changes in working capital	(624)	397
Development properties	(2)	-
Inventories	11	2
Trade and other payables	(519)	(325)
Trade and other receivables and prepayments	83	523
Cash (used in)/from operating activities	(1,051)	597
Income tax paid	(16)	(80)
Interest expense related to lease liabilities	(4)	(4)
Interest received	600	500
Net cash (used in)/from operating activities	(471)	1,013

	Group	
	1H 2020 \$'000	1H 2019 \$'000
Investing activities		
Dividend received from a joint venture	-	162
Purchase of property, plant and equipment	(89)	(93)
Tax and relevant expenses in relation to the disposal of a subsidiary	-	(7,789)
Withdrawal of fixed deposits matured	20,364	20,188
Net cash from investing activities	20,275	12,468
Financing activity		
Repayment of principal portion of lease liabilities	(78)	(66)
Net cash used in financing activity	(78)	(66)
Net increase in cash and cash equivalents	19,726	13,415
Cash and cash equivalents at beginning of the period	6,371	5,495
Effect of exchange rate changes on balances held in foreign currencies	(52)	(78)
Cash and cash equivalents at end of the period	26,045	18,832
Fixed deposits with tenure more than 3 months and restricted cash at bank	30,140	37,047
Cash and bank balances	56,185	55,879

- 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	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 2020	129,793	3,980	8,529	(192)	310	(64,357)	78,063
Loss for the period	-	-	-	-	-	(698)	(698)
<u>Other comprehensive loss, net of tax</u>							
Foreign currency translation differences for foreign operations	-	-	-	-	(197)	-	(197)
Total comprehensive loss for the period, net of tax	-	-	-	-	(197)	(698)	(895)
At 30 June 2020	129,793	3,980	8,529	(192)	113	(65,055)	77,168

Group	Share capital \$'000	Equity capital contributed by parent \$'000	Special reserve \$'000	Premium paid	Currency translation reserve \$'000	Accumulated losses \$'000	Total equity \$'000
				on acquisition of non- controlling interests \$'000			
At 1 January 2019	129,793	3,980	8,529	(192)	382	(65,237)	77,255
Profit for the period	-	-	-	-	-	374	374
<u>Other comprehensive loss, net of tax</u>							
Foreign currency translation differences for foreign operations	-	-	-	-	(188)	-	(188)
Total comprehensive (loss)/ income for the period, net of tax	-	-	-	-	(188)	374	186
At 30 June 2019	129,793	3,980	8,529	(192)	194	(64,863)	77,441

Company	Share capital \$'000	Equity capital contributed by parent \$'000	Special reserve \$'000	Accumulated losses \$'000	Total \$'000
Loss for the period, representing total comprehensive loss for the period	-	-	-	(174)	(174)
At 30 June 2020	129,793	3,980	12,471	(68,765)	77,479

Company	Share capital \$'000	Equity capital contributed by parent \$'000	Special reserve \$'000	Accumulated losses \$'000	Total \$'000
Loss for the period, representing total comprehensive loss for the period	-	-	-	(71)	(71)
At 30 June 2019	129,793	3,980	12,471	(70,348)	75,896

- 1(d)(ii) **Details of any changes in the company's share capital arising from rights issue, bonus issue, subdivision, consolidation, 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 30 June 2020, 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 2020 and 30 June 2020 (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 2020 and 30 June 2020	93,915,337	129,793

As at 30 June 2020 and 30 June 2019, 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	
	<u>30-06-20</u>	<u>31-12-19</u>
Ordinary Shares	96,334,254	96,334,254

The Company did not hold any treasury shares as at 30 June 2020 and 31 December 2019.

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 as at the end of the current financial period reported on.**

There were no sales, transfers, cancellation and/or use of treasury shares during the six months ended 30 June 2020.

1(d)(v) A statement showing all sales, transfers, cancellation and/or use of subsidiary holdings as at the end of the current financial period reported on.

There were no sales, transfers, cancellation and/or use of subsidiary holdings during the six months ended 30 June 2020.

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 modifications or emphasis of a matter).

The figures have not been audited or reviewed by the auditors.

3A Where the latest financial statements are subject to an adverse opinion, qualified opinion or disclaimer of opinion: -

(a) Updates on the efforts taken to resolve each outstanding audit issue.

(b) Confirmation from the Board that the impact of all outstanding audit issues on the financial statements have been adequately disclosed.

This is not required for any audit issue that is a material uncertainty relating to going concern.

Not applicable.

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 is no change in the accounting policies and methods of computation.

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:-

(a) Based on the weighted average number of ordinary shares on issue; and

(b) On a fully diluted basis (detailing any adjustments made to the earnings).

	Group	
	1H 2020	1H 2019
	¢	¢
(Loss)/earnings per share		
(Based on the weighted average number of ordinary shares in issue)		
- Basic	(0.74)	0.40
(1H 2020: 93,915,337 and 1H 2019: 93,915,337)		
- Diluted	NA	NA

NA: Not applicable

- 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 30/06/2020 \$	Group 31/12/2019 \$	Company 30/06/2020 \$	Company 31/12/2019 \$
Net asset value per issued share, excluding Trust Shares	0.82	0.83	0.82	0.83

The net asset value per issued share, excluding Trust Shares is computed based on 93,915,337 issued ordinary shares as at 30 June 2020 and at 31 December 2019.

- 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 6 months ended 30 June ("1H") 2020 versus 1H 2019

The Group reported revenue of \$1.4 million for 1H 2020, a decline of \$1.7 million compared to 1H 2019. The decrease in revenue was mainly attributed to the Movement Control Orders implemented by the Malaysian Government arising from the COVID-19 pandemic. As a result, the Group's hospitality business in Cameron Highlands, the Copthorne Hotel Cameron Highlands ("CHCH"), had to temporarily stop operations since 18 March 2020. It has since resumed its operations and started to receive guests from 10 June 2020.

For the half year under review, the Group saw an increase in operating loss by \$1.1 million before other income, finance costs and share of results of a joint venture compared to the operating loss of \$266,000 for the corresponding period in 2019. The hospitality segment recorded an operating loss of \$0.6 million for 1H 2020 vis-à-vis an operating profit of \$0.3 million for 1H 2019. The operating losses incurred by the property development segment and investment segment (comprising investment property operation and corporate overhead costs) was \$127,000 and \$0.6 million respectively.

Other income of \$674,000 comprised mainly interest income, licence fee and subsidies from the Singapore and Malaysian Governments.

After taking into account the withholding tax on overseas income and income tax on interest income, the net loss attributable to shareholders of the Company for 1H 2020 was \$0.7 million compared to a net profit of \$0.4 million recorded for 1H 2019.

- 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 released on 25 June 2020 on the further update on the Group's operations at Copthorne Hotel Cameron Highlands.

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 will continue to operate in a very challenging condition in view of the competitive hospitality market in Cameron Highlands, Malaysia coupled with the ongoing COVID-19 pandemic.

The Group is in the midst of finalising the design and layout of the development of the 40-unit high-rise apartment and the refurbishment of the old commercial complex into additional hotel and function rooms in Cameron Highlands. CHCH will also be commencing the upgrading of its superior rooms in 2nd half of 2020 to enhance the quality of the hotel for guests.

As the Group's assets are substantially located in Malaysia, it will also continue to be exposed to currency fluctuation risks. The Company will continue to source for sustainable and viable business opportunities. However, given the current economic uncertainty brought by the COVID-19 pandemic, it is expected that these investment activities would slow down.

**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 If the Group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.

The Company has not sought any shareholders' mandate for interested person transactions pursuant to Rule 920 (1)(a)(ii) of the Listing Manual of SGX-ST ("Listing Manual").

14 Negative confirmation pursuant to Rule 705(5). (Not required for announcement on full year results)

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 half year ended 30 June 2019 to be false or misleading in any material aspect.

On behalf of the Board

Dato' Gan Khai Choon
Chairman

Andrew Goh Kia Teck
Director

Singapore

15 Confirmation that the issuer has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7.7) under Rule 720(1).

The Company confirms that it has procured undertakings from all its Directors and the Chief Financial Officer in compliance with the format set out in Appendix 7.7 under Rule 720(1) of the Listing Manual.

16 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
6 months ended 30 June 2020				
Revenue				
- external revenue	15	1,401	-	1,416
- inter-segment revenue	-	-	9	9
	15	1,401	9	1,425
Elimination				(9)
				<u>1,416</u>
Reportable segment results	(612)	(626)	(127)	(1,365)
Other income (excluding interest income)	84	104	-	188
Interest income	325	21	140	486
Interest expense related to lease liabilities	(2)	-	(2)	(4)
Share of results of a joint venture	-	33	-	33
(Loss)/profit before tax	(205)	(468)	11	(662)
Income tax expense				(36)
Loss for the period				<u>(698)</u>

	Investments and others	Hospitality and restaurant	Property development	Total
	\$'000	\$'000	\$'000	\$'000
6 months ended 30 June 2019				
Revenue				
- external revenue	37	3,066	-	3,103
- inter-segment revenue	-	-	21	21
	37	3,066	21	3,124
Elimination				(21)
				3,103
Reportable segment results	(620)	348	6	(266)
Other income (excluding interest income)	189	-	-	189
Interest income	336	37	115	488
Interest expense related to lease liabilities	(4)	-	-	(4)
Share of results of a joint venture	-	81	-	81
(Loss)/profit before tax	(99)	466	121	488
Income tax expense				(114)
Profit for the period				374

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

Currency exchange loss of \$32,000 in 1H 2019 was disclosed under finance costs. In 1H 2020, this comparative amount has been reclassified to 'other operating expenses' to conform with changes in 1H 2020 presentation.

17 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.

18 A breakdown of sales as follows:

Not applicable.

19 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.

20 Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704(13) in the format below. If there are no such persons, the issuer must make an appropriate negative statement.

Not applicable.

BY ORDER OF THE BOARD

Foo Yang Hym
Chief Financial Officer

Singapore
6 August 2020