

HL GLOBAL ENTERPRISES LIMITED

Company Registration No.: 196100131N

Unaudited First Quarter Financial Statement Announcement for the period ended 31 March 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	1Q 2015 \$'000	Group 1Q 2014 \$'000	Change %
Revenue		2,651	1,439	84.2
Cost of sales		(1,151)	(517)	122.6
Gross profit		1,500	922	62.7
Other income	(i)	218	122	78.7
Selling and marketing expenses	(ii)	(86)	(19)	352.6
Administrative expenses		(107)	(99)	8.1
Finance costs	(iii)	(305)	(615)	(50.4)
Other operating expenses	(iv)	(1,477)	(896)	64.8
Share of results of joint ventures (net of tax)	(v)	(964)	(925)	4.2
Loss before tax		(1,221)	(1,510)	(19.1)
Income tax	(vi)	(114)	(110)	3.6
Loss for the period attributable to owners of the Company		(1,335)	(1,620)	(17.6)

Notes:**(i) Other income**

	1Q 2015 \$'000	Group 1Q 2014 \$'000	Change %
Interest income	61	47	29.8
Licence fee	70	66	6.1
Sundry income	11	9	22.2
Gain on liquidation of a joint venture	76	-	NM
	218	122	78.7

(ii) Selling and marketing expenses

The increase in selling and marketing expenses for 1Q 2015 was primarily due to the consolidation of the financial results of Augustland Hotel Sdn Bhd ("AHSB") following the completion of the acquisition of the remaining 55% equity interest in AHSB in July 2014.

(iii) Finance costs

	1Q 2015 \$'000	Group 1Q 2014 \$'000	Change %
Interest expense	(421)	(345)	22.0
Currency exchange gains/(losses)-net	116	(270)	NM
	(305)	(615)	(50.4)

The increase in interest expense for 1Q 2015 compared to 1Q 2014 was partly due to the consolidation of the interest expense incurred by AHSB. The net currency exchange gains of approximately \$0.1 million for 1Q 2015 was due to the revaluation of the net foreign currency monetary assets and liabilities arising mainly from the strengthening of the Chinese Renminbi and weakening of the Malaysian Ringgit against the Singapore Dollar.

NM: Not meaningful

(iv) Other operating expenses

	1Q 2015	Group 1Q 2014	Change
	\$'000	\$'000	%
Depreciation of property, plant and equipment	(574)	(240)	139.2
Staff costs/directors' fee	(563)	(418)	34.7
Others	(340)	(238)	42.9
	<u>(1,477)</u>	<u>(896)</u>	<u>64.8</u>

Depreciation of property, plant and equipment and staff costs/directors' fee and others in 1Q 2015 were higher than 1Q 2014 primarily due to the consolidation of the financial results of AHSB.

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

The share of net loss after tax in joint ventures was mainly due to slowdown of the hospitality business and keen competition faced by Copthorne Hotel Qingdao.

(vi) Income tax

There was an overprovision of taxation amounting to \$1,000 in respect of prior years for 1Q 2015. (1Q 2014: Nil)
The tax expense of \$0.1 million for 1Q 2015 arose mainly from the income derived from overseas which could not be offset against the losses incurred by other entities within the Group.

(vii) Statement of comprehensive income

	1Q 2015	Group 1Q 2014	Change
	\$'000	\$'000	%
Loss for the period	(1,335)	(1,620)	(17.6)
Other comprehensive income/(loss)			
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation differences for foreign operations	769	(634)	NM
Realisation of foreign currency translation reserve upon liquidation of a foreign operation	(64)	-	NM
Other comprehensive income/(loss) for the period, net of tax	<u>705</u>	<u>(634)</u>	<u>NM</u>
Total comprehensive loss for the period attributable to owners of the Company	<u>(630)</u>	<u>(2,254)</u>	<u>(72.0)</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 31/03/2015	Group 31/12/2014	Company 31/03/2015	Company 31/12/2014
	\$'000	\$'000	\$'000	\$'000
Non-current assets				
Property, plant and equipment	43,474	43,335	8	9
Subsidiaries	-	-	47,083	47,083
Associate	70	71	-	-
Joint ventures	1 2,998	4,190	-	-
Non-trade receivables	2 334	268	767	156
	<u>46,876</u>	<u>47,864</u>	<u>47,858</u>	<u>47,248</u>
Current assets				
Inventories	105	95	-	-
Development properties	6,541	6,640	-	-
Trade and other receivables	1,531	1,619	289	2,362
Prepayment	3 192	114	53	22
Cash and bank balances	22,847	23,288	5,833	5,722
	<u>31,216</u>	<u>31,756</u>	<u>6,175</u>	<u>8,106</u>
Total assets	<u>78,092</u>	<u>79,620</u>	<u>54,033</u>	<u>55,354</u>

	Group	Group	Company	Company
	31/03/2015	31/12/2014	31/03/2015	31/12/2014
	\$'000	\$'000	\$'000	\$'000
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	(134,628)	(133,998)	(154,860)	(154,365)
Total equity attributable to owners of the Company	(855)	(225)	(21,087)	(20,592)
Non-current liabilities				
Other payables	-	-	2,138	2,857
Loans and borrowings	4b 73,869	74,259	68,000	68,000
Deferred tax liabilities	93	93	-	-
	73,962	74,352	70,138	70,857
Current liabilities				
Trade and other payables	3,602	3,853	4,971	5,076
Loans and borrowings	4a & b 1,130	1,407	-	-
Current tax payable	253	233	11	13
	4,985	5,493	4,982	5,089
Total liabilities	78,947	79,845	75,120	75,946
Total equity and liabilities	78,092	79,620	54,033	55,354

Notes:

- 1 The decrease was largely due to the recognition of losses incurred by joint ventures and the de-recognition of investment in a joint venture upon members' voluntary liquidation of this joint venture.
- 2 The increase was mainly due to advances to a joint venture.
- 3 The increase was mainly due to prepayment made for insurance, trustee fee and listing fee.
- 4 Movement in the loans and borrowings arose mainly from:
 - a. partial repayment of a secured loan; and
 - b. reclassification of borrowings from non-current liabilities to current liabilities.

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	Group
	31/03/2015	31/12/2014
	\$'000	\$'000
Unsecured	15	17
Secured	1,115	1,390

Amount repayable after one year

	Group	Group
	31/03/2015	31/12/2014
	\$'000	\$'000
Unsecured	68,018	68,022
Secured	5,851	6,237

The secured loan as at 31 March 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	
	1Q 2015	1Q 2014
	\$'000	\$'000
Cash flows from operating activities		
Loss before tax	(1,221)	(1,510)
Adjustments for:		
Allowance for doubtful trade receivables	1	-
Depreciation of property, plant and equipment	574	240
Gain on liquidation of a joint venture	(76)	-
Interest expense	421	345
Interest income	(61)	(47)
Loss on disposal of property, plant and equipment	1	-
Property, plant and equipment written off	1	-
Share of results of joint ventures (net of tax)	964	925
Unrealised foreign exchange (gains)/losses-net	(115)	268
Operating cash flows before changes in working capital	489	221
Development properties	-	120
Inventories	(10)	(2)
Trade and other payables	(244)	(56)
Trade and other receivables	(160)	101
Cash from operating activities	75	384
Income tax paid	(99)	(104)
Interest paid	(428)	(353)
Interest received	127	47
Net cash used in operating activities	(325)	(26)
Cash flows from investing activities		
Capital injection in joint ventures	-	(95)
Net cash inflow on liquidation of a joint venture	385	-
Purchase of property, plant and equipment	(57)	(2)
Net cash from/(used in) investing activities	328	(97)
Cash flows from financing activities		
Repayment of borrowings	(533)	-
Payment of finance lease liabilities	(5)	-
Net cash used in financing activities	(538)	-
Net decrease in cash and cash equivalents	(535)	(123)
Cash and cash equivalents at beginning of the period	23,288	28,017
Effect of exchange rate changes on balances held in foreign currencies	94	(53)
Cash and cash equivalents at end of the period	22,847	27,841

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

	Group	
	1Q 2015	1Q 2014
	\$'000	\$'000
Cash	373	-
Net asset disposed	373	-
Gain on liquidation of a joint venture	76	-
Realisation of foreign currency translation reserve 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	Equity capital contributed by parent	Preference shares	Special reserve	Premium paid on acquisition of non-controlling interests	Currency translation reserve	Accumulated losses	Total equity								
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000								
At 1 January 2015	129,790	3,980	3	8,529	(192)	3,039	(145,374)	(225)								
Loss for the period	-	-	-	-	-	-	(1,335)	(1,335)								
<u>Other comprehensive income/(loss), net of tax</u>																
Foreign currency translation differences for foreign operations									-	-	-	-	-	769	-	769
Realisation of foreign currency translation reserve upon liquidation of a foreign operation									-	-	-	-	-	(64)	-	(64)
Other comprehensive income for the period, net of tax	-	-	-	-	-	705	-	705								
Total comprehensive income/(loss) for the period	-	-	-	-	-	705	(1,335)	(630)								
At 31 March 2015	129,790	3,980	3	8,529	(192)	3,744	(146,709)	(855)								
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	Total equity								
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'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)								
Loss for the period	-	-	-	-	-	-	(1,620)	(1,620)								
<u>Other comprehensive loss, net of tax</u>																
Foreign currency translation differences for foreign operations									-	-	-	-	-	(634)	-	(634)
At 31 March 2014	129,790	3,980	3	8,529	(192)	2,188	(150,566)	(6,268)								

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)
Loss for the period, representing total comprehensive loss for the period	-	-	-	-	(495)	(495)
At 31 March 2015	129,790	3,980	3	12,471	(167,331)	(21,087)

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 period, representing total comprehensive loss for the period	-	-	-	-	(535)	(535)
At 31 March 2014	129,790	3,980	3	12,471	(160,337)	(14,093)

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 31 March 2015, there was no change in the Company's issued ordinary share capital and non-redeemable convertible cumulative preference share ("NCCPS") capital.

<u>Ordinary shares</u>	Number of shares	Share Capital \$'000
At 1 January 2015 and 31 March 2015 (as per Accounting and Corporate Regulatory Authority's records)	963,187,297 *	133,770
Trust Shares	(24,189,170)	(3,980)
At 1 January 2015 and 31 March 2015 (see note under 1(d)(iii))	938,998,127	129,790
<u>NCCPS</u>	Number of shares	Share Capital \$'000
At 1 January 2015 and 31 March 2015	158,394	3

As at 31 March 2015, the maximum number of ordinary shares that may be issued upon full conversion of all the NCCPS is 158,394 ordinary shares (31 March 2014: 158,394 ordinary shares).

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

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	
	31/03/2015	31/12/2014
Ordinary shares	963,187,297 *	963,187,297 *
NCCPS	158,394	158,394

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

* The ordinary shares issued includes 24,189,170 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 31 March 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).

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 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	
	1Q 2015	1Q 2014
	¢	¢
Loss per share		
(Based on the weighted average number of ordinary shares in issue)		
- Basic and diluted	(0.14)	(0.17)
(1Q 2015 and 1Q 2014: 938,998,127)		

The diluted loss per share 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.

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 31/03/2015	Group 31/12/2014	Company 31/03/2015	Company 31/12/2014
	\$	\$	\$	\$
Net liabilities value per existing issued share, excluding Trust Shares	#	#	(0.02)	(0.02)

Note:

less than (0.01)

The net liabilities value per existing issued share, excluding Trust Shares is computed based on 938,998,127 issued ordinary shares as at 31 March 2015 and 31 December 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 a higher revenue of \$2.7 million for the 3 months ended 31 March ("1Q") 2015 compared to \$1.4 million for 1Q 2014. The increase was mainly due to the consolidation of the financial results of Augustland Hotel Sdn Bhd ("AHSB") which became the Group's wholly-owned subsidiary in July 2014.

For the quarter under review, the hospitality segment reported an operating profit of \$204,000 as compared to \$240,000 reported for 1Q 2014. The decrease was due to the weak hospitality markets in Shanghai and Cameron Highlands. Nevertheless, the Group registered an operating loss of \$170,000 before the share of results of joint ventures, other income and finance costs for 1Q 2015 as compared to an operating loss of \$92,000 in 1Q 2014. This was attributed to the loss of \$98,000 incurred by the property development segment in the absence of any sale of apartment unit at Cameron Highlands and corporate expenditure of \$276,000. The Group shared a net loss after tax of \$0.96 million from joint ventures for 1Q 2015, primarily due to the highly competitive hospitality market in Qingdao which impacted the performance of Copthorne Hotel Qingdao.

Other income consists of mainly interest income, licence fee and gain on liquidation of a joint venture. Interest expense for the quarter under review increased from \$345,000 to \$421,000, mainly due to the consolidation of the interest expense incurred by AHSB. The Group recognised an exchange gain of \$116,000 largely due to the revaluation of the net foreign currency monetary assets and liabilities.

The net loss attributable to shareholders of the Company was \$1.3 million for 1Q 2015 compared to a loss of \$1.6 million for 1Q 2014.

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 2014.

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 continue to operate under difficult conditions. Copthorne Hotel Cameron Highlands is also facing competition from a newly opened 200-room hotel in its vicinity.

Further, the Group will continue to be exposed to currency fluctuation risks given that its assets are substantially located overseas.

The Group will continue its effort to explore 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.

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	Hospitality and restaurant	Property development	Total
	\$'000	\$'000	\$'000	\$'000
3 months ended 31 March 2015				
Revenue				
- external revenue	-	2,626	37	2,663
- inter-segment revenue	-	-	(12)	(12)
	-	2,626	25	2,651
Elimination				-
				2,651
Reportable segment results	(276)	204	(98)	(170)
Other income (excluding interest income)	81	76	-	157
Interest income	17	38	6	61
Interest expense	(309)	(112)	-	(421)
Exchange gain/(loss)	3	322	(209)	116
Share of results of joint ventures	-	(964)	-	(964)
Loss before income tax	(484)	(436)	(301)	(1,221)
Income tax expense				(114)
Net loss				(1,335)
3 months ended 31 March 2014				
Revenue				
- external revenue	-	1,227	212	1,439
- inter-segment revenue	-	-	-	-
	-	1,227	212	1,439
Elimination				-
				1,439
Reportable segment results	(258)	240	(74)	(92)
Other income (excluding interest income)	75	-	-	75
Interest income	6	6	35	47
Interest expense	(345)	-	-	(345)
Exchange loss	(3)	(253)	(14)	(270)
Share of results of joint ventures	-	(923)	(2)	(925)
Loss before income tax	(525)	(930)	(55)	(1,510)
Income tax expense				(110)
Net loss				(1,620)

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 the Singapore Exchange Securities Trading Limited.

BY ORDER OF THE BOARD

Aw Siew Yen, Patricia
Yeo Swee Gim, Joanne
Company Secretaries

Singapore
21 April 2015

Confirmation by the Board pursuant to Rule 705(5) of the Listing Manual of the Singapore Exchange Securities Trading Limited

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 three months ended 31 March 2015 to be false or misleading.

On behalf of the Board of Directors

Gan Khai Choon
Chairman

Philip Ting Sii Tien
Director

Singapore
21 April 2015