

HL GLOBAL ENTERPRISES LIMITED

Company Registration No.: 196100131N

Unaudited Second Quarter and Half Year Financial Statement Announcement for the period ended 30 June 2016**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.**

		Group					
	Note	2Q 2016 \$'000	2Q 2015 \$'000	Change %	1H 2016 \$'000	1H 2015 \$'000	Change %
Revenue		3,189	3,241	(1.6)	6,518	5,892	10.6
Cost of sales		(1,361)	(1,310)	3.9	(2,788)	(2,461)	13.3
Gross profit		1,828	1,931	(5.3)	3,730	3,431	8.7
Other income	(i)	140	134	4.5	291	352	(17.3)
Selling and marketing expenses		(79)	(89)	(11.2)	(162)	(175)	(7.4)
Administrative expenses	(ii)	(189)	(151)	25.2	(354)	(258)	37.2
Finance costs	(iii)	(648)	(1,158)	(44.0)	(1,365)	(1,463)	(6.7)
Other expenses	(iv)	(1,390)	(1,364)	1.9	(2,778)	(2,841)	(2.2)
Share of results of joint ventures (net of tax)	(v)	42	(357)	NM	(786)	(1,321)	(40.5)
Loss before tax		(296)	(1,054)	(71.9)	(1,424)	(2,275)	(37.4)
Income tax	(vi)	(108)	(131)	(17.6)	(228)	(245)	(6.9)
Loss for the period attributable to owners of the Company		(404)	(1,185)	(65.9)	(1,652)	(2,520)	(34.4)

Notes:**(i) Other income**

Notes:						
(i) Other income	Group					
	2Q 2016	2Q 2015	Change	1H 2016	1H 2015	Change
	\$'000	\$'000	%	\$'000	\$'000	%
Interest income	67	45	48.9	131	106	23.6
Licence fee	70	80	(12.5)	138	150	(8.0)
Sundry income	3	9	(66.7)	22	20	10.0
Gain on liquidation of a joint venture	-	-	-	-	76	NM
	140	134	4.5	291	352	(17.3)

(ii) Administrative expenses

The increase in administrative expenses for 1H 2016 was mainly due to the legal fee incurred for the sale of lands at Punggol 17th Avenue, Singapore ("Punggol Land"). The buyer had, on 20 May 2016, exercised the option to purchase ("Option") and the completion of this transaction is subject to the full payment of the sale price to be made in instalments over a period of approximately two years in accordance with the terms and conditions stipulated in the Option.

(iii) Finance costs

(iii) Finance costs	Group					
	2Q 2016	2Q 2015	Change	1H 2016	1H 2015	Change
	\$'000	\$'000	%	\$'000	\$'000	%
Interest expense	(398)	(417)	(4.6)	(798)	(838)	(4.8)
Currency exchange loss-net	(250)	(741)	(66.3)	(567)	(625)	(9.3)
	(648)	(1,158)	(44.0)	(1,365)	(1,463)	(6.7)

The net currency exchange loss of approximately \$0.6 million for 1H 2016 was due to the revaluation of the net foreign currency monetary assets and liabilities arising mainly from the weakening of the Renminbi against the Singapore Dollar.

(iv) Other expenses

(iv) Other expenses	Group					
	2Q 2016 \$'000	2Q 2015 \$'000	Change %	1H 2016 \$'000	1H 2015 \$'000	Change %
Depreciation of property, plant and equipment	(526)	(561)	(6.2)	(1,058)	(1,135)	(6.8)
Staff costs/directors' fee	(544)	(542)	0.4	(1,082)	(1,105)	(2.1)
Others	(320)	(261)	22.6	(638)	(601)	6.2
	(1,390)	(1,364)	1.9	(2,778)	(2,841)	(2.2)

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

The Company's wholly-owned subsidiary, LKN Investment International Pte Ltd, together with the joint venture partner of Copthorne 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 only shared the loss incurred by CHQ up to 23 February 2016 instead of 30 June 2016.

NM: Not meaningful

(vi) Income tax

There was an overprovision of taxation of \$2,000 in respect of prior years for 1H 2016.

(1H 2015: There was an overprovision of taxation amounting to \$1,000.)

The tax expense of \$0.2 million for 1H 2016 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

	Group					
	2Q 2016 \$'000	2Q 2015 \$'000	Change %	1H 2016 \$'000	1H 2015 \$'000	Change %
Loss for the period	(404)	(1,185)	(65.9)	(1,652)	(2,520)	(34.4)
Other comprehensive (loss)/income						
Items that may be reclassified subsequently to profit or loss						
Foreign currency translation differences for foreign operations	(859)	(487)	76.4	(1,037)	282	NM
Realisation of foreign currency translation reserves upon liquidation of a joint venture	-	-	-	-	(64)	NM
Other comprehensive (loss)/income for the period, net of tax	(859)	(487)	76.4	(1,037)	218	NM
Total comprehensive loss for the period attributable to owners of the Company	(1,263)	(1,672)	(24.5)	(2,689)	(2,302)	16.8

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 30/06/2016 \$'000	Group 31/12/2015 \$'000	Company 30/06/2016 \$'000	Company 31/12/2015 \$'000
Non-current assets					
Property, plant and equipment		37,813	39,954	2	4
Investment property		1,635	1,602	-	-
Subsidiaries		-	-	56,643	56,643
Associate		62	62	-	-
Joint ventures	1	555	1,421	-	-
Non-trade receivables	2	1,700	327	30	32
		41,765	43,366	56,675	56,679
Current assets					
Inventories		107	85	-	-
Development properties		4,951	4,870	-	-
Trade and other receivables	2	4,890	3,050	331	287
Prepayment	3	128	75	34	22
Cash and bank balances		18,660	22,487	3,048	4,567
		28,736	30,567	3,413	4,876
Asset held for sale	1	30	-	-	-
Total assets		70,531	73,933	60,088	61,555
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		(143,161)	(137,340)	(144,148)	(146,866)
Reserve held for sale	1	3,132	-	-	-
Total equity attributable to owners of the Company		(6,256)	(3,567)	(10,375)	(13,093)
Non-current liabilities					
Loans and borrowings		72,034	72,451	68,000	68,000
Deferred tax liabilities		120	120	-	-
		72,154	72,571	68,000	68,000

		Group 30/06/2016 \$'000	Group 31/12/2015 \$'000	Company 30/06/2016 \$'000	Company 31/12/2015 \$'000
Current liabilities					
Trade and other payables	4	3,399	3,632	2,456	6,635
Loans and borrowings		1,015	997	-	-
Current tax payable		219	300	7	13
		4,633	4,929	2,463	6,648
Total liabilities		76,787	77,500	70,463	74,648
Total equity and liabilities		70,531	73,933	60,088	61,555

Notes:

- Investment in CHQ was reclassified as asset held for sale as the Company had listed its entire equity interest in CHQ on the Shanghai United Assets and Equity Exchange for sale on 23 February 2016.
The decrease in the investment in CHQ was due to the recognition of losses incurred by CHQ.
- The increase was mainly due to advances to a joint venture.
- The increase was due to prepayment made for insurance and other operating expenses.
- The decline in the Company's trade and other payables was mainly due to the write-back of amount due to subsidiaries arising from the striking off of the subsidiaries.

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 30/06/2016 \$'000	Group 31/12/2015 \$'000
Unsecured	8	10
Secured	1,007	987

Amount repayable after one year

	Group 30/06/2016 \$'000	Group 31/12/2015 \$'000
Unsecured	68,006	68,009
Secured	4,028	4,442

The secured loan as at 30 June 2016 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.**

	2Q 2016 \$'000	Group 2Q 2015 \$'000	1H 2016 \$'000	1H 2015 \$'000
Cash flows from operating activities				
Loss before tax	(296)	(1,054)	(1,424)	(2,275)
Adjustments for:				
Depreciation of property, plant and equipment	526	561	1,058	1,135
Gain on liquidation of a joint venture	-	-	-	(76)
Impairment loss on trade receivables	-	-	-	1
Interest expense	398	417	798	838
Interest income	(67)	(45)	(131)	(106)
Loss on disposal of property, plant and equipment	-	-	-	1
Property, plant and equipment written off	1	1	1	2
Share of results of joint ventures (net of tax)	(42)	357	786	1,321
Unrealised foreign exchange loss-net	251	652	567	537
Write-back of impairment on trade receivables	-	-	(3)	-
Operating cash flows before changes in working capital	771	889	1,652	1,378
Inventories	(6)	13	(21)	3
Trade and other payables	(22)	(219)	(306)	(463)
Trade and other receivables	(155)	(65)	(337)	(225)
Cash from operating activities	588	618	988	693

	Group			
	2Q 2016 \$'000	2Q 2015 \$'000	1H 2016 \$'000	1H 2015 \$'000
Income tax paid	(106)	(109)	(219)	(208)
Interest paid	(398)	(414)	(802)	(842)
Interest received	44	35	100	162
Net cash from/(used in) operating activities	128	130	67	(195)
Cash flows from investing activities				
Amount due from a joint venture	(1,481)	-	(3,127)	-
Net cash inflow on liquidation of a joint venture	-	-	-	385
Purchase of property, plant and equipment	(41)	(12)	(127)	(69)
Net cash (used in)/from investing activities	(1,522)	(12)	(3,254)	316
Cash flows from financing activities				
Repayment of borrowings	(254)	(272)	(509)	(805)
Repayment of finance lease liabilities	(4)	(6)	(6)	(11)
Net cash used in financing activities	(258)	(278)	(515)	(816)
Net decrease in cash and cash equivalents	(1,652)	(160)	(3,702)	(695)
Cash and cash equivalents at beginning of the period	20,444	22,847	22,487	23,288
Effect of exchange rate changes on balances held in foreign currencies	(132)	(163)	(125)	(69)
Cash and cash equivalents at end of the period	18,660	22,524	18,660	22,524
Net asset disposed on liquidation of a joint venture as follows:				
	Group			
	2Q 2016 \$'000	2Q 2015 \$'000	1H 2016 \$'000	1H 2015 \$'000
Carrying value of net assets	-	-	-	373
Add: Gain on liquidation of a joint venture	-	-	-	76
Realisation of foreign currency translation reserves upon liquidation of a joint venture	-	-	-	(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 \$'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 2016	129,790	3,980	3	8,529	(192)	1,893	(147,570)	-	(3,567)
Loss for the period	-	-	-	-	-	-	(1,248)	-	(1,248)
<u>Other comprehensive loss, net of tax</u>									
Foreign currency translation differences for foreign operations	-	-	-	-	-	(178)	-	-	(178)
Total comprehensive loss for the period	-	-	-	-	-	(178)	(1,248)	-	(1,426)
Others									
Reserve held for sale	-	-	-	-	-	(3,132)	-	3,132	-
At 31 March 2016 and 1 April 2016	129,790	3,980	3	8,529	(192)	(1,417)	(148,818)	3,132	(4,993)
Loss for the period	-	-	-	-	-	-	(404)	-	(404)
<u>Other comprehensive loss, net of tax</u>									
Foreign currency translation differences for foreign operations	-	-	-	-	-	(859)	-	-	(859)
Total comprehensive loss for the period	-	-	-	-	-	(859)	(404)	-	(1,263)

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
Contributions by owners									
Conversion of non-redeemable convertible cumulative preference shares ("NCCPS")	#	-	(#)	-	-	-	-	-	-
At 30 June 2016	129,790	3,980	3	8,529	(192)	(2,276)	(149,222)	3,132	(6,256)

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 2015	129,790	3,980	3	8,529	(192)	3,039	(145,374)	-	(225)
Loss for the period	-	-	-	-	-	-	(1,335)	-	(1,335)
Other comprehensive loss, net of tax									
Foreign currency translation differences for foreign operations	-	-	-	-	-	769	-	-	769
Realisation of foreign currency translation reserves upon liquidation of a joint venture	-	-	-	-	-	(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 and 1 April 2015	129,790	3,980	3	8,529	(192)	3,744	(146,709)	-	(855)
Loss for the period	-	-	-	-	-	-	(1,185)	-	(1,185)
Other comprehensive loss, net of tax									
Foreign currency translation differences for foreign operations	-	-	-	-	-	(487)	-	-	(487)
Total comprehensive income/(loss) for the period	-	-	-	-	-	(487)	(1,185)	-	(1,672)
At 30 June 2015	129,790	3,980	3	8,529	(192)	3,257	(147,894)	-	(2,527)

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)
Loss for the period, representing total comprehensive loss for the period	-	-	-	-	(487)	(487)
At 31 March 2016 and 1 April 2016	129,790	3,980	3	12,471	(159,824)	(13,580)
Profit for the period, representing total comprehensive income for the period	-	-	-	-	3,205	3,205
Contributions by owners						
Conversion of NCCPS	#	-	(#)	-	-	-
At 30 June 2016	129,790	3,980	3	12,471	(156,619)	(10,375)

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 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 and 1 April 2015	129,790	3,980	3	12,471	(167,331)	(21,087)
Loss for the period, representing total comprehensive loss for the period	-	-	-	-	(567)	(567)
At 30 June 2015	129,790	3,980	3	12,471	(167,898)	(21,654)

- 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 June 2016, the Company issued a total of 2,599 new ordinary shares pursuant to the conversion of 25,998 non-redeemable convertible cumulative preference shares ("NCCPS"), at an issue price of \$0.02 for each NCCPS, thus bringing the total issued and paid-up ordinary share capital as at 30 June 2016 to \$133,770,704.03 comprising 96,321,018 ordinary shares. The NCCPS Conversion Ratio was one (1) new ordinary share for every ten (10) NCCPS converted.

Ordinary shares

At 1 April 2016
(As per Accounting and Corporate Regulatory Authority's records)
New ordinary shares issued arising from the conversion of NCCPS

Trust Shares
At 30 June 2016 (see note under 1(d)(iii))

Number of shares	Share Capital \$'000
96,318,419	133,770
2,599	#
96,321,018	133,770
(2,418,917)	(3,980)
93,902,101	129,790

NCCPS

At 1 April 2016
Conversion of NCCPS to new ordinary shares
At 30 June 2016

Number of shares	Share Capital \$'000
158,394	3
(25,998)	#
132,396	3

In 2015, the Company undertook a share consolidation of every ten (10) existing issued ordinary shares in the share capital of the Company into one (1) consolidated ordinary share, which was approved by the shareholders at the Extraordinary General Meeting of the Company held on 21 April 2015 (the "Share Consolidation").

As at 30 June 2016, the maximum number of ordinary shares that may be issued upon full conversion of all the NCCPS is 13,239 ordinary shares following the Share Consolidation. (30 June 2015: 15,839 ordinary shares).

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).

The Company did not hold any treasury shares as at 30 June 2016 and as at 30 June 2015.

less than \$1,000

- 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	
	30/06/2016	31/12/2015
Ordinary shares	96,321,018	96,318,419
NCCPS	132,396	158,394

The Company did not hold any treasury shares as at 30 June 2016 and as at 31 December 2015.

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 six months ended 30 June 2016.

- 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			
	2Q 2016	2Q 2015	1H 2016	1H 2015
	€	€	€	€
Loss per share				
(Based on the weighted average number of ordinary shares in issue)				
- Basic and diluted	(0.43)	(1.26)	(1.76)	(2.68)
(2Q 2016: 93,899,908, 1H 2016: 93,899,705)				
(2Q 2015, 1H 2015: 93,899,502)				

The diluted loss per share 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 30/06/2016 \$	Group 31/12/2015 \$	Company 30/06/2016 \$	Company 31/12/2015 \$
Net liabilities value per issued share, excluding Trust Shares	(0.07)	(0.04)	(0.11)	(0.14)

The net liabilities value per issued share, excluding Trust Shares is computed based on 93,902,101 issued ordinary shares as at 30 June 2016 and 93,899,502 issued ordinary shares as at 31 December 2015.

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 June ("2Q") 2016

The Group reported a revenue of \$3.2 million for 2Q 2016, which was comparable to the revenue for 2Q 2015. However, for the quarter under review, the Group registered a lower operating profit of \$0.2 million before the share of results of joint ventures, other income and finance costs compared to an operating profit of \$0.3 million for 2Q 2015. The decline in the operating profit was largely due to the higher operating costs and lower management fee earned from Copthorne Hotel Qingdao.

The Company's wholly-owned subsidiary, LKN Investment International Pte Ltd ("LKNII"), together with the joint venture partner of Copthorne Hotel Qingdao Co Ltd ("CHQ"), had on 23 February 2016, listed the entire equity interest in CHQ for sale on the Shanghai United Assets and Equity Exchange ("Public Tender Process"). 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 only shared the loss incurred by CHQ up to 23 February 2016. The Group's share of net profit after tax in joint ventures was \$42,000 for 2Q 2016 *vis-à-vis* a net loss after tax in joint ventures of \$0.4 million in 2Q 2015 using the equity method. Following the said reclassification, the investment in CHQ is now measured at the lower of carrying amount and fair value, less cost of sale.

Other income consisted of mainly interest income and licence fee. The Group reported an 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 Renminbi against the Singapore Dollar during 2Q 2016.

The net loss attributable to shareholders of the Company was \$0.4 million for 2Q 2016 compared to the net loss of \$1.2 million for 2Q 2015.

6 months ended 30 June ("1H") 2016

Revenue of the Group increased to \$6.5 million for 1H 2016 from \$5.9 million for 1H 2015. The improvement was largely contributed by Copthorne Hotel Cameron Highlands, which resulted in an increase in Group's operating profit (before the share of results of joint ventures, other income and finance costs) in 1H 2016 to \$0.4 million compared to \$0.2 million for the same period in 2015.

As the Group's share of loss incurred by CHQ was up to 23 February 2016, the share of net loss after tax from joint ventures for 1H 2016 was \$0.8 million, a decline of \$0.5 million compared to the corresponding period of 2015.

Other income comprised mainly interest income and licence fee. The Group continued to incur interest expense of \$0.8 million during 1H 2016. The devaluation of Renminbi by the Chinese authority in 2015 continued to affect the Group which resulted in an exchange loss of \$0.6 million for 1H 2016 arising from the revaluation of net foreign currency monetary assets and liabilities.

The net loss attributable to shareholders of the Company was \$1.7 million for 1H 2016 compared to the net loss of \$2.5 million for 1H 2015.

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 first quarter ended 31 March 2016 which was released on 29 April 2016.

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.

The Group's hospitality operations in Shanghai and Qingdao continue to face difficult operating conditions. Business in Copthorne Hotel Cameron Highlands was also affected by certain changes in government spending.

Further to the Company's announcement dated 31 May 2016, LKNII and its joint venture partner in CHQ, CAAC East China Regional Administration Authority Service Center had, after studying the available options, decided to proceed for another round of bidding under the Public Tender Process. Both parties are now in the process of undertaking a re-valuation of CHQ. The Company will make further announcements in respect of the disposal of CHQ in accordance with the requirements of the Listing Manual of Singapore Exchange Securities Trading Limited ("SGX-ST").

As the Group's assets are substantially located overseas, it will continue to be exposed to currency fluctuation risks. The Company continues its efforts to source for sustainable and viable business opportunities under the current difficult economic environment.

The Company was placed on the watch-list of SGX-ST with effect from 4 June 2014 (the "Watch-list"). 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. Should the Company be unable to meet the requirements of Rule 1314, SGX-ST may either remove the Company from its Official List, or suspend trading of the ordinary shares in the capital of the Company.

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
6 months ended 30 June 2016				
Revenue				
- external revenue	70	6,448	-	6,518
- inter-segment revenue	-	-	21	21
	70	6,448	21	6,539
Elimination				(21)
				6,518
Reportable segment results	(594)	1,270	(240)	436
Other income (excluding interest income)	158	-	2	160
Interest income	41	86	4	131
Interest expense	(633)	(165)	-	(798)
Exchange (loss)/gain	(2)	(603)	38	(567)
Share of results of joint ventures	-	(785)	(1)	(786)
Loss before tax	(1,030)	(197)	(197)	(1,424)
Income tax expense				(228)
Loss for the period				(1,652)

	Investments and others \$'000	Hospitality and restaurant \$'000	Property development \$'000	Total \$'000
6 months ended 30 June 2015				
Revenue				
- external revenue	-	5,847	45	5,892
- inter-segment revenue	-	-	26	26
	-	5,847	71	5,918
Elimination				(26)
				5,892
Reportable segment results	(609)	954	(188)	157
Other income (excluding interest income)	160	86	-	246
Interest income	32	67	7	106
Interest expense	(622)	(216)	-	(838)
Exchange gain/(loss)	1	156	(782)	(625)
Share of results of joint ventures	-	(1,319)	(2)	(1,321)
Loss before tax	(1,038)	(272)	(965)	(2,275)
Income tax expense				(245)
Loss for the period				(2,520)

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 ("Listing Manual").

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
4 August 2016

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 second quarter and half year ended 30 June 2016 to be false or misleading.

On behalf of the Board of Directors

Gan Khai Choon
Chairman

Philip Ting Sii Tien
Director

Singapore
4 August 2016