

**HL GLOBAL ENTERPRISES LIMITED**

Company Registration No.: 196100131N

**Unaudited Full Year Financial Statement Announcement for the year ended 31 December 2014****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  | 2014<br>\$'000 | Group<br>2013<br>\$'000<br>(Restated) | Change<br>% |
|---|-------|----------------|---------------------------------------|-------------|
| Revenue   |       | 10,034         | 6,502                                 | 54.3        |
| Cost of sales   |       | (3,917)        | (2,685)                               | 45.9        |
| <b>Gross profit</b>   |       | 6,117          | 3,817                                 | 60.3        |
| Other income  | (i)   | 6,791          | 1,001                                 | 578.4       |
| Selling and marketing expenses  | (ii)  | (196)          | (101)                                 | 94.1        |
| Administrative expenses   | (iii) | (592)          | (421)                                 | 40.6        |
| Finance costs   | (iv)  | (1,809)        | (1,017)                               | 77.9        |
| Other operating expenses  | (v)   | (4,928)        | (8,473)                               | (41.8)      |
| Share of results of associate and joint ventures (net of tax)           | (vi)  | (1,377)        | (359)                                 | 283.6       |
| <b>Profit/(loss) before tax</b>   |       | 4,006          | (5,553)                               | NM          |
| Income tax  | (vii) | (435)          | (531)                                 | (18.1)      |
| <b>Profit/(loss) for the year attributable to owners of the Company</b> |       | 3,571          | (6,084)                               | NM          |

**Notes:****(i) Other income**

|   | 2014<br>\$'000 | Group<br>2013<br>\$'000<br>(Restated) | Change<br>% |
|---|----------------|---------------------------------------|-------------|
| Interest income   | 301            | 200                                   | 50.5        |
| Licence fee   | 278            | 216                                   | 28.7        |
| Sundry income   | 15             | 46                                    | (67.4)      |
| Write-back of trade and other payables                                | 2              | 80                                    | (97.5)      |
| Forfeiture of tenant deposit  | -              | 459                                   | NM          |
| Fair value gain on initial 45% equity interest in AHSB on Acquisition | 3,742          | -                                     | NM          |
| Negative goodwill on Acquisition                                      | 600            | -                                     | NM          |
| Gain on deemed settlement of advances to AHSB                         | 1,853          | -                                     | NM          |
|   | 6,791          | 1,001                                 | 578.4       |

At the completion of the acquisition of the remaining 55% equity interest in Augustland Hotel Sdn Bhd ("AHSB") (the "Acquisition") on 8 July 2014, the Group revalued its initial 45% equity interest in AHSB at fair value and recognised a gain of approximately \$3.7 million. The identified assets and liabilities being assumed in AHSB pursuant to the Acquisition were also measured at their fair value on the completion date. As the fair value exceeded the consideration, it resulted in a negative goodwill of \$0.6 million. Pursuant to paragraphs 51 and 52 of FRS 103 *Business Combinations*, the Group's advances to AHSB were considered effectively settled on the date of Acquisition and the Group recorded a gain on deemed settlement of the Group's advances to AHSB of \$1.9 million as of that date.

**(ii) Selling and marketing expenses**

The increase in selling and marketing expenses for 2014 was primarily due to the consolidation of the financial results of AHSB following the completion of the Acquisition.

**(iii) Administrative expenses**

The increase in administrative expenses for 2014 was mainly due to legal fee incurred for the Acquisition and expenses related to corporate exercise.

NM: Not meaningful

**(iv) Finance costs**

|                                      | <b>2014</b>    | <b>Group</b>      | <b>Change</b> |
|--------------------------------------|----------------|-------------------|---------------|
|                                      | <b>\$'000</b>  | <b>2013</b>       | <b>%</b>      |
|                                      |                | <b>(Restated)</b> |               |
| Interest expense                     | (1,586)        | (1,494)           | 6.2           |
| Currency exchange (losses)/gains-net | (223)          | 477               | NM            |
|                                      | <b>(1,809)</b> | <b>(1,017)</b>    | <b>77.9</b>   |

The net currency exchange loss of approximately \$0.2 million for 2014 was due to the revaluation of net foreign currency monetary assets and liabilities arising mainly from the weakening of the Malaysian Ringgit and strengthening of the Chinese Renminbi against the Singapore Dollar.

**(v) Other operating expenses**

|   | <b>2014</b>    | <b>Group</b>      | <b>Change</b> |
|---|----------------|-------------------|---------------|
|   | <b>\$'000</b>  | <b>2013</b>       | <b>%</b>      |
|   |                | <b>(Restated)</b> |               |
| Depreciation of property, plant and equipment   | (1,619)        | (941)             | 72.1          |
| Staff costs/directors' fee                      | (2,055)        | (1,797)           | 14.4          |
| Loss on disposal of associate and joint venture | -              | (4,048)           | NM            |
| Others  | (1,254)        | (1,687)           | (25.7)        |
|   | <b>(4,928)</b> | <b>(8,473)</b>    | <b>(41.8)</b> |

Depreciation of property, plant and equipment and Staff costs/directors' fee in 2014 were higher than 2013 primarily due to the consolidation of the financial results of AHSB. The expenses for "Others" was lower in 2014 as there was cost incurred for slope rehabilitation works at Cameron Highlands amounting to \$0.8 million in 2013 and no such cost was incurred in 2014.

**(vi) Share of results of associate and joint ventures (net of tax)**

Compared to 2013, the increase in the share of net loss after tax in associate and joint ventures for 2014 was primarily due to slowdown of the hospitality business and keen competition faced by Copthorne Hotel Qingdao.

**(vii) Income tax**

There was an overprovision of taxation amounting to \$73,000 in respect of prior years for 2014. (2013: There was an overprovision of tax amounting to \$88,000 in respect of prior years.) The tax expense of \$0.5 million for 2014 arose mainly from the income derived from overseas which could not be offset against the losses incurred by other entities within the Group.

**(viii) Statement of comprehensive income**

|  | <b>2014</b>   | <b>Group</b>      | <b>Change</b> |
|--|---------------|-------------------|---------------|
|  | <b>\$'000</b> | <b>2013</b>       | <b>%</b>      |
|  |               | <b>(Restated)</b> |               |
| Profit/(loss) for the year   | 3,571         | (6,084)           | NM            |
| <b>Other comprehensive income</b>  |               |                   |               |
| <b>Items that may be reclassified subsequently to profit or loss</b>   |               |                   |               |
| Foreign currency translation differences for foreign operations  | 316           | 1,808             | (82.5)        |
| Realisation of foreign currency translation reserves upon disposal of foreign operations                     | -             | 4,997             | NM            |
| Realisation of foreign currency translation reserves on initial 45% equity interest in AHSB upon Acquisition | (97)          | -                 | NM            |
| <b>Other comprehensive income for the year, net of tax</b>   | <b>219</b>    | <b>6,805</b>      | <b>(96.8)</b> |
| <b>Total comprehensive income for the year attributable to owners of the Company</b>                         | <b>3,790</b>  | <b>721</b>        | <b>425.7</b>  |

**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<br>31/12/2014<br>\$'000 | Group<br>31/12/2013<br>\$'000<br>(Restated) | Group<br>01/01/2013<br>\$'000<br>(Restated) | Company<br>31/12/2014<br>\$'000 | Company<br>31/12/2013<br>\$'000 |
|---|-------|-------------------------------|---|---|---------------------------------|---------------------------------|
| <b>Non-current assets</b>                                 |       |                               |   |   |                                 |                                 |
| Property, plant and equipment                             | 1     | 43,336                        | 21,910                                      | 21,315                                      | 9                               | 14                              |
| Subsidiaries  |       | -                             | -   | -   | 47,083                          | 51,943                          |
| Associate   |       | 71                            | 73  | 77  | -                               | -                               |
| Joint ventures  | 2     | 4,190                         | 6,089                                       | 6,285                                       | -                               | -                               |
| Non-trade receivables                                     | 3     | 268                           | 1,445                                       | 1,469                                       | 156                             | 41                              |
| Deferred tax assets                                       |       | -                             | 7   | -   | -                               | -                               |
|   |       | 47,865                        | 29,524                                      | 29,146                                      | 47,248                          | 51,998                          |
| <b>Current assets</b>                                     |       |                               |   |   |                                 |                                 |
| Inventories   | 1     | 95                            | -   | -   | -                               | -                               |
| Development properties                                    | 4     | 6,640                         | 7,695                                       | 9,433                                       | -                               | -                               |
| Trade and other receivables                               |       | 1,619                         | 1,685                                       | 3,530                                       | 2,362                           | 255                             |
| Prepayment  |       | 114                           | 104   | 131   | 22                              | 20                              |
| Cash and bank balances                                    | 5     | 23,288                        | 28,017                                      | 16,856                                      | 5,722                           | 8,972                           |
|   |       | 31,756                        | 37,501                                      | 29,950                                      | 8,106                           | 9,247                           |
| Assets of disposal groups<br>classified as held for sale  |       | -                             | -   | 15,827                                      | -                               | -                               |
|   |       | 31,756                        | 37,501                                      | 45,777                                      | 8,106                           | 9,247                           |
| <b>Total assets</b>                                       |       | 79,621                        | 67,025                                      | 74,923                                      | 55,354                          | 61,245                          |
| <b>Equity</b>   |       |                               |   |   |                                 |                                 |
| Share capital   |       | 129,793                       | 129,793                                     | 129,793                                     | 129,793                         | 129,793                         |
| Equity capital contributed by parent                      |       | 3,980                         | 3,980                                       | 3,980                                       | 3,980                           | 3,980                           |
| Reserves  |       | (133,997)                     | (137,787)                                   | (132,895)                                   | (154,365)                       | (147,331)                       |
| Reserve of disposal groups<br>classified as held for sale |       | -                             | -   | (5,613)                                     | -                               | -                               |
| <b>Total equity</b>                                       |       | (224)                         | (4,014)                                     | (4,735)                                     | (20,592)                        | (13,558)                        |
| <b>Non-current liabilities</b>                            |       |                               |   |   |                                 |                                 |
| Other payables  |       | -                             | -   | -   | 2,857                           | 2,368                           |
| Financial liabilities                                     | 1 & 6 | 74,259                        | -   | -   | 68,000                          | -                               |
| Deferred tax liabilities                                  |       | 93                            | 93  | 93  | -                               | -                               |
|   |       | 74,352                        | 93  | 93  | 70,857                          | 2,368                           |
| <b>Current liabilities</b>                                |       |                               |   |   |                                 |                                 |
| Trade and other payables                                  | 1     | 3,853                         | 2,676                                       | 4,165                                       | 5,076                           | 4,423                           |
| Financial liabilities                                     | 6     | 1,407                         | 68,000                                      | 75,000                                      | -                               | 68,000                          |
| Current tax payable                                       | 7     | 233                           | 270   | 400   | 13                              | 12                              |
|   |       | 5,493                         | 70,946                                      | 79,565                                      | 5,089                           | 72,435                          |
| <b>Total liabilities</b>                                  |       | 79,845                        | 71,039                                      | 79,658                                      | 75,946                          | 74,803                          |
| <b>Total equity and liabilities</b>                       |       | 79,621                        | 67,025                                      | 74,923                                      | 55,354                          | 61,245                          |

**Notes:**

- 1 The increase was mainly due to the consolidation of the accounts of AHSB which was acquired in July 2014.
- 2 The decrease was largely due to the recognition of losses incurred by joint ventures and the de-recognition of investment in AHSB as a joint venture following the Acquisition.
- 3 The decrease was mainly due to elimination of intercompany balances arising from the consolidation of the accounts of AHSB.
- 4 The decline was due to the sale of apartment units, currency exchange translation adjustment and the transfer of certain costs to property, plant and equipment as they are held for the Group's own use.
- 5 The decrease in cash and bank balances was largely due to the payment for the Acquisition.
- 6 The movement was primarily due to reclassification of unsecured loan from current liabilities to non-current liabilities as the lender has agreed to renew the unsecured loan up to July 2016.
- 7 The reduction was mainly due to adjustment on overprovision of taxation for previous year.

- 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<br>31/12/2014<br>\$'000 | Group<br>31/12/2013<br>\$'000<br>(Restated) | Group<br>01/01/2013<br>\$'000<br>(Restated) |
|-----------|-------------------------------|---|---|
| Unsecured | 17                            | 68,000                                      | 75,000                                      |
| Secured   | 1,390                         | -   | -   |

**Amount repayable after one year**

|           | Group<br>31/12/2014<br>\$'000 | Group<br>31/12/2013<br>\$'000<br>(Restated) | Group<br>01/01/2013<br>\$'000<br>(Restated) |
|-----------|-------------------------------|---|---|
| Unsecured | 68,022                        | -   | -   |
| Secured   | 6,237                         | -   | -   |

The secured loan as at 31 December 2014 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<br>2014<br>\$'000 | Group<br>2013<br>\$'000<br>(Restated) |
|---|-------------------------|---------------------------------------|
| <b>Cash flows from operating activities</b>                           |                         |                                       |
| Profit/(loss) before tax  | 4,006                   | (5,553)                               |
| Adjustments for:  |                         |                                       |
| Bad debts written off   | -                       | 29                                    |
| Depreciation of property, plant and equipment                         | 1,619                   | 941                                   |
| Fair value gain on initial 45% equity interest in AHSB on Acquisition | (3,742)                 | -                                     |
| Foreign exchange losses/(gains)-net                                   | 223                     | (477)                                 |
| Gain on deemed settlement of advances to AHSB                         | (1,853)                 | -                                     |
| Negative goodwill on Acquisition                                      | (600)                   | -                                     |
| Interest expense  | 1,586                   | 1,494                                 |
| Interest income   | (301)                   | (200)                                 |
| Loss on disposal of associate and joint venture                       | -                       | 4,048                                 |
| Property, plant and equipment written off                             | 3                       | -                                     |
| Allowance for doubtful trade receivables                              | 1                       | -                                     |
| Share of results of associate and joint ventures, net of tax          | 1,377                   | 359                                   |
| Write-back of trade and other payables                                | (2)                     | (80)                                  |
| <b>Operating cash flows before changes in working capital</b>         | <b>2,317</b>            | <b>561</b>                            |
| Development properties  | 111                     | 1,439                                 |
| Inventories   | (9)                     | -                                     |
| Trade and other payables  | 1,818                   | (1,371)                               |
| Trade and other receivables   | (1,939)                 | 495                                   |
| <b>Cash from operating activities</b>                                 | <b>2,298</b>            | <b>1,124</b>                          |
| Income tax paid   | (476)                   | (683)                                 |
| Interest paid   | (1,626)                 | (1,532)                               |
| Interest received   | 215                     | 200                                   |
| <b>Net cash from/(used in) operating activities</b>                   | <b>411</b>              | <b>(891)</b>                          |

|  | Group  |            |
|--|--------|------------|
|  | 2014   | 2013       |
|  | \$'000 | \$'000     |
|  |        | (Restated) |

**Cash flows from investing activities**

|  |                |               |
|--|----------------|---------------|
| Net cash outflow on acquisition of a subsidiary  | (4,213)        | -             |
| Net cash inflow on disposal of equity interests in associate and compensation from joint venture partner-net | -              | 17,243        |
| Dividend received from joint venture   | 53             | 1,772         |
| Capital injection in joint ventures  | (95)           | -             |
| Proceeds from disposal of property, plant and equipment  | 2              | -             |
| Purchase of property, plant and equipment  | (450)          | (146)         |
| <b>Net cash (used in)/from investing activities</b>  | <b>(4,703)</b> | <b>18,869</b> |

**Cash flows from financing activities**

|  |              |                |
|--|--------------|----------------|
| Repayment of borrowings                      | (484)        | (7,000)        |
| Payment of finance lease liabilities         | (11)         | -              |
| <b>Net cash used in financing activities</b> | <b>(495)</b> | <b>(7,000)</b> |

**Net (decrease)/increase in cash and cash equivalents**

|  |               |               |
|--|---------------|---------------|
|  | (4,787)       | 10,978        |
| Cash and cash equivalents at beginning of the year                     | 28,017        | 16,856        |
| Effect of exchange rate changes on balances held in foreign currencies | 58            | 183           |
| <b>Cash and cash equivalents at end of the year</b>                    | <b>23,288</b> | <b>28,017</b> |

- 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<br>\$'000 | Equity capital<br>contributed<br>by parent<br>\$'000 | Preference<br>shares<br>\$'000 | Special reserve<br>\$'000 | Premium paid on<br>acquisition of<br>non-controlling<br>interests<br>\$'000 | Currency<br>translation<br>reserve<br>\$'000 | Accumulated<br>losses<br>\$'000 | Total<br>equity<br>\$'000 |
|---|-------------------------|--|--------------------------------|---------------------------|---|--|---------------------------------|---------------------------|
| <b>At 1 January 2014<br/>(As previously stated)</b>   | 129,790                 | 3,980  | 3                              | 8,529                     | (192)   | 1,922  | (149,044)                       | (5,012)                   |
| Cumulative effects of<br>adopting FRS 111   | -                       | -  | -                              | -                         | -   | 900  | 98                              | 998                       |
| <b>At 1 January 2014<br/>(Restated)</b>   | 129,790                 | 3,980  | 3                              | 8,529                     | (192)   | 2,822  | (148,946)                       | (4,014)                   |
| Profit for the year   | -                       | -  | -                              | -                         | -   | -  | 3,571                           | 3,571                     |
| <u>Other comprehensive<br/>income, net of tax</u>   |                         |  |                                |                           |   |  |                                 |                           |
| Foreign currency<br>translation differences<br>for foreign operations   | -                       | -  | -                              | -                         | -   | 316  | -                               | 316                       |
| Realisation of foreign<br>currency translation<br>reserves on initial<br>45% equity interest in<br>AHSB on Acquisiton | -                       | -  | -                              | -                         | -   | (97)   | -                               | (97)                      |
| <b>Other comprehensive<br/>income for the year,<br/>net of tax</b>  | -                       | -  | -                              | -                         | -   | 219  | -                               | 219                       |
| <b>Total comprehensive<br/>income for the year</b>  | -                       | -  | -                              | -                         | -   | 219  | 3,571                           | 3,790                     |
| <b>At 31 December 2014</b>  | <b>129,790</b>          | <b>3,980</b>   | <b>3</b>                       | <b>8,529</b>              | <b>(192)</b>  | <b>3,041</b>                                 | <b>(145,375)</b>                | <b>(224)</b>              |

| Group  | Share capital<br>\$'000             | Equity capital<br>contributed<br>by parent<br>\$'000           | Preference<br>shares<br>\$'000          | Special reserve<br>\$'000         | Premium paid on<br>acquisition of<br>non-controlling<br>interests<br>\$'000 | Currency<br>translation<br>reserve<br>\$'000 | Accumulated<br>losses<br>\$'000 | Reserve of<br>disposal<br>groups<br>classified as<br>held for sale<br>\$'000 | Total<br>equity<br>\$'000 |
|--|-------------------------------------|--|---|-----------------------------------|---|--|---------------------------------|--|---------------------------|
| <b>At 1 January 2013<br/>(As previously stated)</b>  | 129,790                             | 3,980  | 3                                       | 8,529                             | (192)   | 673  | (142,827)                       | (5,613)  | (5,657)                   |
| Cumulative effects of<br>adopting FRS 111  | -                                   | -  | -                                       | -                                 | -   | 957  | (35)                            | -  | 922                       |
| <b>At 1 January 2013<br/>(Restated)</b>  | 129,790                             | 3,980  | 3                                       | 8,529                             | (192)   | 1,630  | (142,862)                       | (5,613)  | (4,735)                   |
| Loss for the year  | -                                   | -  | -                                       | -                                 | -   | -  | (6,084)                         | -  | (6,084)                   |
| <u>Other comprehensive<br/>income, net of tax</u>  |                                     |  |   |                                   |   |  |                                 |  |                           |
| Foreign currency<br>translation differences<br>for foreign operations                                | -                                   | -  | -                                       | -                                 | -   | 1,192  | -                               | 616  | 1,808                     |
| Realisation of foreign<br>currency translation<br>reserves upon<br>disposal of foreign<br>operations | -                                   | -  | -                                       | -                                 | -   | -  | -                               | 4,997  | 4,997                     |
| <b>Other comprehensive<br/>income for the year,<br/>net of tax</b>                                   | -                                   | -  | -                                       | -                                 | -   | 1,192  | -                               | 5,613  | 6,805                     |
| <b>Total comprehensive<br/>income/(loss) for<br/>the year</b>  | -                                   | -  | -                                       | -                                 | -   | 1,192  | (6,084)                         | 5,613  | 721                       |
| <b>At 31 December 2013</b>   | 129,790                             | 3,980  | 3                                       | 8,529                             | (192)   | 2,822  | (148,946)                       | -  | (4,014)                   |
| <b>Company</b>   | <b>Share<br/>capital<br/>\$'000</b> | <b>Equity capital<br/>contributed<br/>by parent<br/>\$'000</b> | <b>Preference<br/>shares<br/>\$'000</b> | <b>Special reserve<br/>\$'000</b> | <b>Accumulated<br/>losses<br/>\$'000</b>                                    | <b>Total<br/>\$'000</b>                      |                                 |  |                           |
| <b>At 1 January 2014</b>   | 129,790                             | 3,980  | 3                                       | 12,471                            | (159,802)   | (13,558)                                     |                                 |  |                           |
| Loss for the year,<br>representing total<br>comprehensive loss<br>for the year                       | -                                   | -  | -                                       | -                                 | (7,034)   | (7,034)                                      |                                 |  |                           |
| <b>At 31 December 2014</b>   | 129,790                             | 3,980  | 3                                       | 12,471                            | (166,836)   | (20,592)                                     |                                 |  |                           |
| <b>Company</b>   | <b>Share<br/>capital<br/>\$'000</b> | <b>Equity capital<br/>contributed<br/>by parent<br/>\$'000</b> | <b>Preference<br/>shares<br/>\$'000</b> | <b>Special reserve<br/>\$'000</b> | <b>Accumulated<br/>losses<br/>\$'000</b>                                    | <b>Total<br/>\$'000</b>                      |                                 |  |                           |
| <b>At 1 January 2013</b>   | 129,790                             | 3,980  | 3                                       | 12,471                            | (165,741)   | (19,497)                                     |                                 |  |                           |
| Profit for the year,<br>representing total<br>comprehensive income<br>for the year                   | -                                   | -  | -                                       | -                                 | 5,939   | 5,939  |                                 |  |                           |
| <b>At 31 December 2013</b>   | 129,790                             | 3,980  | 3                                       | 12,471                            | (159,802)   | (13,558)                                     |                                 |  |                           |

- 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 year ended 31 December 2014, there was no change in the Company's issued ordinary share capital and non-redeemable convertible cumulative preference share ("NCCPS") capital.

As at 31 December 2014, the maximum number of ordinary shares that may be issued upon full conversion of all the NCCPS is 158,394 ordinary shares (31 December 2013: 158,394 ordinary shares).

- 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.

|  | Number<br>of shares | Share Capital<br>\$'000 |
|--|---------------------|-------------------------|
| <b><u>Ordinary shares</u></b>  |                     |                         |
| At 31 December 2014 and 31 December 2013<br>(as per Accounting and Corporate Regulatory Authority's records) | 963,187,297 *       | 133,770                 |
| Trust Shares   | (24,189,170)        | (3,980)                 |
| At 31 December 2014 and 31 December 2013   | 938,998,127         | 129,790                 |
|  |                     |                         |
|  | Number<br>of shares | Share Capital<br>\$'000 |
| <b><u>NCCPS</u></b>  |                     |                         |
| At 31 December 2014 and 31 December 2013   | 158,394             | 3                       |

The Company did not hold any treasury shares as at 31 December 2014 and as at 31 December 2013.

\* 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 year ended 31 December 2014.

- 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.**

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.**

**Financial Reporting Standard ("FRS") 111 Joint Arrangements and Revised FRS 28 Investments in Associates and Joint Ventures**

FRS 111 uses the principle of control in FRS 110 *Consolidated Financial Statements* to define joint control and removes the option to account for joint ventures using proportionate consolidation. Accounting for a joint arrangement is dependent on the nature of the rights and obligations arising from the arrangement. Joint operations that give the parties a right to the underlying assets and obligations is accounted for by recognising the share of those assets and obligations. Joint ventures that give the parties a right to the net assets is accounted for using the equity method. The revised FRS 28 was amended to describe the application of equity method to investments in joint ventures in addition to associates.

The adoption of FRS 111 has resulted in the Group having to revise its method of accounting for its joint arrangement. Investment in jointly controlled entity had been previously consolidated proportionately. Under FRS 111, this arrangement is classified as joint venture to be equity accounted.

The change in accounting policy has been applied in accordance with FRS 111. The initial investment was measured as the aggregate of the carrying amounts of the assets and liabilities that the Group previously proportionately consolidated. The effects of adoption on the financial statements are as follows:

| <b>Increase/(decrease) in:</b>   | <b>Group<br/>As at<br/>31/12/2013<br/>\$'000</b> | <b>Group<br/>As at<br/>01/01/2013<br/>\$'000</b> |
|--|--|--|
| <b><u>Consolidated balance sheet</u></b>   |  |  |
| <b>Non-current assets</b>  |  |  |
| Property, plant and equipment  | (26,593)   | (26,904)   |
| Joint ventures   | 6,089  | 6,285  |
| Non-trade receivables  | 482  | 600  |
| <b>Current assets</b>  |  |  |
| Inventories  | (160)  | (176)  |
| Trade and other receivables  | 244  | 2,175  |
| Prepayment   | (77)   | (62)   |
| Assets of disposal groups classified as held for sale                            | -  | (5,260)  |
| Cash and bank balances   | (2,749)  | (3,265)  |
| <b>Equity</b>  |  |  |
| Net liabilities  | (998)  | (922)  |
| <b>Non-current liabilities</b>   |  |  |
| Financial liabilities  | (17,766)   | (4,097)  |
| <b>Current liabilities</b>   |  |  |
| Trade and other payables   | (1,803)  | (2,007)  |
| Financial liabilities  | (4,147)  | (17,637)   |
| Current tax payable  | (46)   | (17)   |
| Liabilities directly associated with disposal groups classified as held for sale | -  | (3,771)  |



| <b>Increase/(decrease) in:</b>               | <b>Group</b>       |
|--|--------------------|
| <b><u>Consolidated income statement</u></b>  | <b><u>2013</u></b> |
|  | <b>\$'000</b>      |
| Revenue                                      | (11,724)           |
| Cost of sales                                | (6,279)            |
| Other income                                 | (48)               |
| Selling and marketing expenses               | (499)              |
| Administrative expenses                      | (55)               |
| Finance costs                                | (948)              |
| Other operating expenses                     | (4,415)            |
| Share of loss of joint ventures (net of tax) | 358                |
| Income tax                                   | (67)               |

**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.**

|   | <b>Group</b> | <b>2013</b>       |
|---|--------------|-------------------|
|   | <b>2014</b>  | <b>2013</b>       |
|   | <b>¢</b>     | <b>¢</b>          |
|   |              | <b>(Restated)</b> |
| Basic earnings/(loss) per share attributable to owners of the Company<br>(Based on the weighted average number of ordinary shares in issue)<br>(2014 and 2013: 938,998,127)             | 0.38         | (0.65)            |
| Diluted earnings/(loss) per share attributable to owners of the Company<br>(Based on the weighted average number of ordinary shares in issue)<br>(2014: 939,156,521; 2013: 938,998,127) | 0.38         | (0.65)            |

The diluted loss per share were shown as the same amounts as the respective 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.**

|  | <b>Group</b>      | <b>Group</b>      | <b>Group</b>      | <b>Company</b>    | <b>Company</b>    |
|--|-------------------|-------------------|-------------------|-------------------|-------------------|
|  | <b>31/12/2014</b> | <b>31/12/2013</b> | <b>01/01/2013</b> | <b>31/12/2014</b> | <b>31/12/2013</b> |
|  | <b>\$</b>         | <b>\$</b>         | <b>\$</b>         | <b>\$</b>         | <b>\$</b>         |
|  |                   | <b>(Restated)</b> | <b>(Restated)</b> |                   |                   |
| Net liabilities value per existing issued share,<br>excluding Trust Shares | #                 | #                 | (0.01)            | (0.02)            | (0.01)            |

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 December 2014, 31 December 2013 and 1 January 2013.

**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.**

Effective from financial year ("FY") 2014, the Group has adopted FRS 111 and revised FRS 28 whereby the interest in joint ventures is accounted for using the equity method instead of proportionate consolidation. Other than recognising the net profit or loss after tax of the joint ventures, the underlying revenues and expenses as well as assets and liabilities of the joint ventures will not be proportionately consolidated in the Group's financial statements. The comparative figures for FY 2013 have been restated accordingly. The effect of adopting the aforesaid accounting policies are accordingly disclosed in Item 5.

The Group's revenue for FY 2014 increased to \$10 million from \$6.5 million for FY 2013, representing an increase of 54%. The substantial increase of \$3.5 million in revenue was mainly due to the consolidation of the financial results of Augustland Hotel Sdn Bhd ("**AHSB**") following the completion of the Group's acquisition of the remaining 55% equity interest in AHSB (the "**Acquisition**") on 8 July 2014 (the "**Completion Date**"). AHSB owns Copthorne Hotel Cameron Highlands. Elite Residences Serviced Apartment ("**Elite Residences**") also contributed about 11% of the Group's increased revenue. However, revenue generated by the property development segment for FY 2014 decreased by \$1.2 million compared to FY 2013 due to lower sales of apartment units at Equatorial Cameron Highlands.

As a result of the higher revenue, the Group posted an operating profit of \$0.4 million before the share of results of associate and joint ventures, other income and finance costs *vis-a-vis* an operating loss of \$1.1 million (excluding the loss on the disposal of the equity interests in Shanghai International Equatorial Hotel Company Ltd and Scientex Park (M) Sdn Bhd which amounted to \$4 million, comprising mainly net foreign currency translation loss) a year ago. The improvement was primarily attributed to the hospitality segment which saw an increase of \$1.4 million in operating profit arising mainly from the consolidation of the results of AHSB. Elite Residences also reported an increase of \$0.4 million in the operating profit.

The Group's share of net loss after tax in associate and joint ventures increased from \$0.4 million in FY 2013 to \$1.4 million in FY 2014, mainly due to the impact over the increase of hotel rooms and slowdown of the hospitality business in Qingdao.

The substantial increase in other income was primarily due to:

1. the recognition of a gain of approximately \$3.7 million on the Completion Date of the Acquisition arising from the Group's revaluation of its initial 45% equity interest in AHSB at fair value;
2. the identified assets and liabilities being assumed in AHSB pursuant to the Acquisition were also measured at their fair value on the Completion Date and as the fair value exceeded the consideration, it resulted in a negative goodwill amounting to \$0.6 million; and
3. the gain of \$1.9 million on the deemed settlement of the Group's advances to AHSB which were considered effectively settled on the Completion Date pursuant to paragraphs 51 and 52 of FRS 103.

During FY 2014, the Group incurred interest expense of \$1.6 million. The Group also recognised an exchange loss of \$0.2 million which was largely due to the revaluation of net foreign currency monetary assets and liabilities arising from the weakening of the Malaysia Ringgit and strengthening of the Chinese Renminbi against the Singapore Dollar.

The net profit attributable to shareholders of the Company was \$3.6 million for FY 2014 compared to a loss of \$6.1 million for FY 2013.

**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 year under review is in line with its expectations as disclosed in the Company's announcement of its results for the third quarter and nine months ended 30 September 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.**

The Group's hospitality operations are expected to remain challenging in view of the intense competition in the hospitality sector of Shanghai and Qingdao and the austerity measures imposed.

Malaysia will implement the goods and services tax ("GST") with effect from 1 April 2015. GST, being a broad-based consumption tax, may have an effect on the disposable income of average Malaysians who form the bulk of Copthorne Hotel Cameron Highlands' ("CHCH") client base. CHCH will need to assess the impact of GST on its operations as well as its marketing and pricing strategies in order to mitigate the impact on CHCH's performance. CHCH will also face competition from a newly opened 200-room hotel in its vicinity.

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 business 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 year 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<br>others | Hospitality and<br>restaurant | Property<br>development | Total        |
|--|---------------------------|-------------------------------|-------------------------|--------------|
|  | \$'000                    | \$'000                        | \$'000                  | \$'000       |
| <b>2014</b>                                      |                           |                               |                         |              |
| Revenue  |                           |                               |                         |              |
| - external revenue                               | -                         | 9,731                         | 327                     | 10,058       |
| - inter-segment revenue                          | -                         | -                             | (24)                    | (24)         |
|  | -                         | 9,731                         | 303                     | 10,034       |
| Elimination                                      |                           |                               |                         | -            |
|  |                           |                               |                         | 10,034       |
| Reportable segment results                       | (1,145)                   | 2,347                         | (801)                   | 401          |
| Other income (excluding interest income)         | 287                       | 6,194                         | 9                       | 6,490        |
| Interest income                                  | 54                        | 64                            | 183                     | 301          |
| Interest expense                                 | (1,328)                   | (258)                         | -                       | (1,586)      |
| Exchange gain/(loss)                             | 22                        | 86                            | (331)                   | (223)        |
| Share of results of associate and joint ventures | -                         | (1,373)                       | (4)                     | (1,377)      |
| (Loss)/profit before income tax                  | (2,110)                   | 7,060                         | (944)                   | 4,006        |
| Income tax expense                               |                           |                               |                         | (435)        |
| <b>Net profit</b>                                |                           |                               |                         | <b>3,571</b> |

**2014****Other segment items**

Capital expenditure

- property, plant and equipment

Depreciation

| Investments and<br>others             | Hospitality and<br>restaurant | Property<br>development | Total         |
|---------------------------------------|-------------------------------|-------------------------|---------------|
| \$'000                                | \$'000                        | \$'000                  | \$'000        |
| -                                     | 449                           | 1                       | 450           |
| 5                                     | 1,585                         | 29                      | 1,619         |
| <b>Reportable segment assets</b>      |                               |                         |               |
| Associate                             | -                             | 71                      | 71            |
| Joint ventures                        | 4,170                         | 20                      | 4,190         |
| <b>Consolidated total assets</b>      | <b>5,894</b>                  | <b>18,664</b>           | <b>79,621</b> |
| <b>Consolidated total liabilities</b> | <b>68,766</b>                 | <b>10,534</b>           | <b>79,845</b> |

**2013**

Revenue

- external revenue

- inter-segment revenue

Elimination

| Investments and<br>others                        | Hospitality and<br>restaurant | Property<br>development | Total          |
|--|-------------------------------|-------------------------|----------------|
| \$'000   | \$'000                        | \$'000                  | \$'000         |
| -  | 5,013                         | 1,489                   | 6,502          |
| -  | -                             | -                       | -              |
| -  | 5,013                         | 1,489                   | 6,502          |
|  |                               |                         | -              |
|  |                               |                         | 6,502          |
| Reportable segment results                       | (1,089)                       | 936                     | (977)          |
| Loss on disposal of associate and joint venture  | -                             | (3,525)                 | (523)          |
| Other income (excluding interest income)         | 278                           | 502                     | 21             |
| Interest income                                  | 28                            | 70                      | 102            |
| Interest expense                                 | (1,494)                       | -                       | -              |
| Exchange gain/(loss)                             | 113                           | 611                     | (247)          |
| Share of results of associate and joint ventures | -                             | (358)                   | (1)            |
| Loss before income tax                           | (2,164)                       | (1,764)                 | (1,625)        |
| Income tax expense                               |                               |                         | (531)          |
| <b>Net loss</b>                                  |                               |                         | <b>(6,084)</b> |

**Other segment items**

Capital expenditure

- property, plant and equipment

Depreciation

**Reportable segment assets**

Associate

Joint ventures

**Consolidated total assets****Consolidated total liabilities**

| Revenue |        | Non-current assets |        |
|---------|--------|--------------------|--------|
| 2014    | 2013   | 2014               | 2013   |
| \$'000  | \$'000 | \$'000             | \$'000 |
| 473     | 524    | 9                  | 14     |
| 4,822   | 1,634  | 22,064             | 431    |
| 4,739   | 4,344  | 25,524             | 27,627 |
| 10,034  | 6,502  | 47,597             | 28,072 |

**Geographical segments**

Singapore

Malaysia

People's Republic of China

The Group's segment revenue is based on the geographical location of operations. Segment non-current assets (excluding non-trade receivables and deferred tax assets) are based on the geographical location of the assets.

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

**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.**

Please refer to item 8.

- 15 A breakdown of sales as follows:**

|   | <b>2014</b>   | <b>2013</b>    | <b>Change</b> |
|---|---------------|----------------|---------------|
|   | <b>\$'000</b> | <b>\$'000</b>  | <b>%</b>      |
| <b>Group</b>  |               |                |               |
| Revenue reported for first half year                                | 2,853         | 3,223          | (11.5)        |
| Revenue reported for second half year                               | 7,181         | 3,279          | 119.0         |
|   | <u>10,034</u> | <u>6,502</u>   | <u>54.3</u>   |
| Operating loss after tax reported for the first half year           | (2,090)       | (4,934)        | (57.6)        |
| Operating profit/(loss) after tax reported for the second half year | 5,661         | (1,150)        | NM            |
|   | <u>3,571</u>  | <u>(6,084)</u> | <u>NM</u>     |

- 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.

- 18 Disclosure of person occupying a managerial position in the Company or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the Company.**

Pursuant to Rule 704(13) of the Listing Manual of the Singapore Exchange Securities Trading Limited, HL Global Enterprises Limited (the "Company") confirms that there is no person occupying a managerial position in the Company or in any of its principal subsidiaries who is a relative of a director or substantial shareholder of the Company. The Company has not appointed a chief executive officer, and the overall management of the Group's operations and investments is currently undertaken by the Executive Committee which comprises Messrs Gan Khai Choon, Andrew Goh Kia Teck and Philip Ting Sii Tien, all of whom are Directors of the Company.

**BY ORDER OF THE BOARD**

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

Singapore  
12 February 2015