

**HL GLOBAL ENTERPRISES LIMITED**

Company Registration No.: 196100131N

**Unaudited Second Quarter and Half Year Financial Statement Announcement for the period ended 30 June 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	2Q 2014 \$'000	2Q 2013 \$'000 (Restated)	Group Change %	1H 2014 \$'000	1H 2013 \$'000 (Restated)	Change %
Revenue	1,414	1,382	2.3	2,853	3,223	(11.5)
Cost of sales	(444)	(619)	(28.3)	(961)	(1,575)	(39.0)
<b>Gross profit</b>	970	763	27.1	1,892	1,648	14.8
Other income	(i) 125	127	(1.6)	247	728	(66.1)
Selling and marketing expenses	(20)	(27)	(25.9)	(39)	(53)	(26.4)
Administrative expenses	(163)	(113)	44.2	(262)	(207)	26.6
Finance costs	(ii) (382)	(65)	487.7	(997)	(151)	560.3
Other operating expenses	(iii) (834)	(4,915)	(83.0)	(1,730)	(5,780)	(70.1)
Share of results of associate and joint ventures (net of tax)	(47)	(166)	(71.7)	(972)	(845)	15.0
<b>Loss before tax</b>	(351)	(4,396)	(92.0)	(1,861)	(4,660)	(60.1)
Income tax	(iv) (119)	(95)	25.3	(229)	(274)	(16.4)
<b>Loss for the period</b>	(470)	(4,491)	(89.5)	(2,090)	(4,934)	(57.6)
Loss attributable to owners of the Company	(470)	(4,491)	(89.5)	(2,090)	(4,934)	(57.6)

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

	2Q 2014 \$'000	2Q 2013 \$'000 (Restated)	Change %	1H 2014 \$'000	1H 2013 \$'000 (Restated)	Change %
Interest income	55	60	(8.3)	102	95	7.4
Licence fee	68	60	13.3	134	79	69.6
Sundry income	2	2	-	11	20	(45.0)
Write-back of trade and other payables	-	-	NM	-	81	NM
Forfeiture of tenant deposit	-	5	NM	-	453	NM
	125	127	(1.6)	247	728	(66.1)

**(ii) Finance costs**

	2Q 2014 \$'000	2Q 2013 \$'000 (Restated)	Group Change %	1H 2014 \$'000	1H 2013 \$'000 (Restated)	Group Change %
Interest expense	(350)	(390)	(10.3)	(695)	(775)	(10.3)
Currency exchange (losses)/gains-net	(32)	325	NM	(302)	624	NM
	(382)	(65)	487.7	(997)	(151)	560.3

The net currency exchange losses of approximately \$0.3 million for 1H 2014 was due to the revaluation of net foreign currency monetary assets and liabilities arising mainly from the weakening of the Chinese Renminbi and US Dollar against the Singapore Dollar.

**(iii) Other operating expenses**

	2Q 2014 \$'000	2Q 2013 \$'000 (Restated)	Group Change %	1H 2014 \$'000	1H 2013 \$'000 (Restated)	Group Change %
Depreciation of property, plant and equipment	(234)	(236)	(0.8)	(474)	(465)	1.9
Wages/salaries/directors' fee/ other relevant staff costs	(417)	(393)	6.1	(835)	(794)	5.2
Loss on disposal of associate and joint venture	-	(4,048)	NM	-	(4,048)	NM
Others	(183)	(238)	(23.1)	(421)	(473)	(11.0)
	(834)	(4,915)	(83.0)	(1,730)	(5,780)	(70.1)

NM: Not meaningful

**(iv) Income tax**

There was an over provision of deferred tax amounting to \$6,000 in respect of prior years for 1H 2014. The tax expense of \$0.2 million for 1H 2014 arose mainly from the income derived from overseas which could not be offset against the losses incurred by other entities within the Group. (1H 2013: There was no over or under provision of tax in respect of prior years.)

**(v) Statement of comprehensive income**

	2Q 2014 \$'000	2Q 2013 \$'000 (Restated)	Change %	1H 2014 \$'000	Group 1H 2013 \$'000 (Restated)	Change %
Loss for the period	(470)	(4,491)	(89.5)	(2,090)	(4,934)	(57.6)
<b>Other comprehensive income</b>						
Foreign currency translation differences for foreign operations	(136)	917	NM	(770)	1,542 *	NM
<b>Total comprehensive loss for the period</b>	<b>(606)</b>	<b>(3,574)</b>	<b>(83.0)</b>	<b>(2,860)</b>	<b>(3,392)</b>	<b>(15.7)</b>
<b>Total comprehensive loss attributable to owners of the Company</b>	<b>(606)</b>	<b>(3,574)</b>	<b>(83.0)</b>	<b>(2,860)</b>	<b>(3,392)</b>	<b>(15.7)</b>

\* Inclusive of foreign currency translation differences arose from the remeasurement of disposal groups classified as held for sale at the exchange rate ruling at the end of reporting period and preceding financial year. The cumulative foreign currency translation reserve has been reclassified from equity to profit or loss upon the completion of disposal.

**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 30/06/2014 \$'000	Group 31/12/2013 \$'000 (Restated)	Group 01/01/2013 \$'000 (Restated)	Company 30/06/2014 \$'000	Company 31/12/2013 \$'000
<b>Non-current assets</b>					
Property, plant and equipment	20,623	21,910	21,315	11	14
Subsidiaries	-	-	-	51,943	51,943
Associate	74	73	77	-	-
Joint ventures	1 4,610	5,739	6,285	-	-
Non-trade receivables	1,458	1,430	1,469	155	41
Deferred tax assets	-	7	-	-	-
	<b>26,765</b>	<b>29,159</b>	<b>29,146</b>	<b>52,109</b>	<b>51,998</b>
<b>Current assets</b>					
Inventories	1	-	-	-	-
Development properties	7,625	7,695	9,433	-	-
Trade and other receivables	2 1,768	1,700	3,530	2,387	255
Prepayment	3 90	104	131	33	20
Cash and bank balances	27,211	28,017	16,856	5,801	8,972
	<b>36,695</b>	<b>37,516</b>	<b>29,950</b>	<b>8,221</b>	<b>9,247</b>
Assets of disposal groups classified as held for sale	-	-	15,827	-	-
	<b>36,695</b>	<b>37,516</b>	<b>45,777</b>	<b>8,221</b>	<b>9,247</b>
<b>Total assets</b>	<b>63,460</b>	<b>66,675</b>	<b>74,923</b>	<b>60,330</b>	<b>61,245</b>
<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	(140,997)	(138,137)	(132,895)	(148,425)	(147,331)
Reserve of disposal groups classified as held for sale	-	-	(5,613)	-	-
<b>Total equity</b>	<b>(7,224)</b>	<b>(4,364)</b>	<b>(4,735)</b>	<b>(14,652)</b>	<b>(13,558)</b>

		Group 30/06/2014 \$'000	Group 31/12/2013 \$'000 (Restated)	Group 01/01/2013 \$'000 (Restated)	Company 30/06/2014 \$'000	Company 31/12/2013 \$'000
<b>Non-current liabilities</b>						
Other payables		-	-	-	2,857	2,368
Financial liabilities	4	68,000	-	-	68,000	-
Deferred tax liabilities		93	93	93	-	-
		68,093	93	93	70,857	2,368
<b>Current liabilities</b>						
Trade and other payables	5	2,310	2,676	4,165	4,114	4,423
Financial liabilities	4	-	68,000	75,000	-	68,000
Current tax payable		281	270	400	11	12
		2,591	70,946	79,565	4,125	72,435
<b>Total liabilities</b>		70,684	71,039	79,658	74,982	74,803
<b>Total equity and liabilities</b>		63,460	66,675	74,923	60,330	61,245

## Notes:

- 1 The decrease was largely due to the recognition of losses incurred by joint ventures.
- 2 The increase in the Company's trade and other receivables was mainly due to the advance made to a subsidiary for the acquisition of equity interests in Augustland Hotel Sdn Bhd.
- 3 The decrease in the Group's prepayment was mainly due to amortization of staff benefit and the increase in the Company's prepayment was resulted from the payment made for insurance and trustee fee.
- 4 The unsecured loan due to Venture Lewis Limited was reclassified from current liabilities to non-current liabilities as the said unsecured loan has been extended to 2 July 2015 pursuant to a loan agreement signed with Venture Lewis in February 2014.
- 5 The decrease was mainly due to payment of directors' fee, staff bonus and settlement of debt owed to creditors.

- 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 30/6/2014 \$'000	Group 31/12/2013 \$'000 (Restated)	Group 01/01/2013 \$'000 (Restated)
Unsecured	-	68,000	75,000

**Amount repayable after one year**

	Group 30/6/2014 \$'000	Group 31/12/2013 \$'000 (Restated)	Group 01/01/2013 \$'000 (Restated)
Unsecured	68,000	-	-

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 2014	2Q 2013	Group	
	\$'000	\$'000	1H 2014	1H 2013
		(Restated)	\$'000	\$'000
				(Restated)
<b>Cash flows from operating activities</b>				
Loss before tax	(351)	(4,396)	(1,861)	(4,660)
Adjustments for:				
Bad debts written off	-	-	-	2
Depreciation of property, plant and equipment	234	236	474	465
Foreign exchange losses/(gains)-net	32	(325)	302	(624)
Interest expense	350	390	695	775
Interest income	(55)	(60)	(102)	(95)
Loss on disposal of associate and joint venture	-	4,048	-	4,048
Share of results of associate and joint ventures, net of tax	47	166	972	845
Write-back of provision for impairment of receivables	-	(1)	-	(1)
Write-back of trade and other payables	-	-	-	(81)
<b>Operating cash flows before changes in working capital</b>	257	58	480	674
Development properties	2	181	122	776
Inventories	1	-	(1)	-
Trade and other payables	(306)	(71)	(362)	(1,073)
Trade and other receivables	(179)	428	(82)	451
<b>Cash (used in)/from operating activities</b>	(225)	596	157	828
Income tax paid	(101)	(284)	(205)	(451)
Interest paid	(346)	(385)	(699)	(778)
Interest received	55	60	102	95
<b>Net cash used in operating activities</b>	(617)	(13)	(645)	(306)
<b>Cash flows from investing activities</b>				
Net cash inflow on disposal of equity interests in associate and compensation from joint venture partner-net	-	8,963	-	8,963
Dividend received from joint venture	53	149	53	1,557
Capital injection in joint ventures	-	-	(95)	-
Purchase of property, plant and equipment	(5)	(2)	(7)	(2)
<b>Net cash from/(used in) investing activities</b>	48	9,110	(49)	10,518
<b>Net (decrease)/increase in cash and cash equivalents</b>	(569)	9,097	(694)	10,212
Cash and cash equivalents at beginning of the period	27,841	18,024	28,017	16,856
Effect of exchange rate changes on balances held in foreign currencies	(61)	82	(112)	135
<b>Cash and cash equivalents at end of the period</b>	27,211	27,203	27,211	27,203

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 of disposal groups classified as held for sale \$'000	Total equity \$'000
<b>At 1 January 2014 (As previously stated)</b>	129,790	3,980	3	8,529	(192)	1,922	(149,044)	-	(5,012)
Cumulative effects of adopting FRS 111	-	-	-	-	-	900	(252)	-	648
<b>At 1 January 2014 (Restated)</b>	129,790	3,980	3	8,529	(192)	2,822	(149,296)	-	(4,364)
Loss for the period	-	-	-	-	-	-	(1,620)	-	(1,620)
<u>Other comprehensive income, net of tax</u> Foreign currency translation differences for foreign operations	-	-	-	-	-	(634)	-	-	(634)
<b>At 31 March 2014 and 1 April 2014</b>	129,790	3,980	3	8,529	(192)	2,188	(150,916)	-	(6,618)
Loss for the period	-	-	-	-	-	-	(470)	-	(470)
<u>Other comprehensive income, net of tax</u> Foreign currency translation differences for foreign operations	-	-	-	-	-	(136)	-	-	(136)
<b>At 30 June 2014</b>	129,790	3,980	3	8,529	(192)	2,052	(151,386)	-	(7,224)
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 of disposal groups classified as held for sale \$'000	Total equity \$'000
<b>At 1 January 2013 (As previously stated)</b>	129,790	3,980	3	8,529	(192)	673	(142,827)	(5,613)	(5,657)
Cumulative effects of adopting FRS 111	-	-	-	-	-	957	(35)	-	922
<b>At 1 January 2013 (Restated)</b>	129,790	3,980	3	8,529	(192)	1,630	(142,862)	(5,613)	(4,735)
Loss for the period	-	-	-	-	-	-	(443)	-	(443)
<u>Other comprehensive income, net of tax</u> Foreign currency translation differences for foreign operations	-	-	-	-	-	396	-	229	625
<b>At 31 March 2013</b>	129,790	3,980	3	8,529	(192)	2,026	(143,305)	(5,384)	(4,553)

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 of disposal groups classified as held for sale \$'000	Total equity \$'000
<b>At 1 April 2013</b>	129,790	3,980	3	8,529	(192)	2,026	(143,305)	(5,384)	(4,553)
Loss for the period	-	-	-	-	-	-	(4,491)	-	(4,491)
<u>Other comprehensive income, net of tax</u>									
Foreign currency translation differences for foreign operations	-	-	-	-	-	530	-	387	917
<u>Others</u>									
Transfer reserve of disposal groups classified as held for sale to profit & loss	-	-	-	-	-	-	-	4,997	4,997
<b>At 30 June 2013</b>	129,790	3,980	3	8,529	(192)	2,556	(147,796)	-	(3,130)

Company	Share capital \$'000	Equity capital contributed by parent \$'000	Preference shares \$'000	Special reserve \$'000	Accumulated losses \$'000	Total \$'000
<b>At 1 January 2014</b>	129,790	3,980	3	12,471	(159,802)	(13,558)
Loss for the period, representing total comprehensive loss for the period	-	-	-	-	(535)	(535)
<b>At 31 March 2014 and 1 April 2014</b>	129,790	3,980	3	12,471	(160,337)	(14,093)
Loss for the period, representing total comprehensive loss for the period	-	-	-	-	(559)	(559)
<b>At 30 June 2014</b>	129,790	3,980	3	12,471	(160,896)	(14,652)

Company	Share capital \$'000	Equity capital contributed by parent \$'000	Preference shares \$'000	Special reserve \$'000	Accumulated losses \$'000	Total \$'000
<b>At 1 January 2013</b>	129,790	3,980	3	12,471	(165,741)	(19,497)
Loss for the period, representing total comprehensive loss for the period	-	-	-	-	(490)	(490)
<b>At 31 March 2013 and 1 April 2013</b>	129,790	3,980	3	12,471	(166,231)	(19,987)
Loss for the period, representing total comprehensive loss for the period	-	-	-	-	(620)	(620)
<b>At 30 June 2013</b>	129,790	3,980	3	12,471	(166,851)	(20,607)

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

<b><u>Ordinary shares</u></b>	<b>Number of shares</b>	<b>Share Capital \$'000</b>
At 1 April 2014 and 30 June 2014 (as per Accounting and Corporate Regulatory Authority's records)	963,187,297 *	133,770
Trust Shares	(24,189,170)	(3,980)
At 1 April 2014 and 30 June 2014 (see note under 1(d)(iii))	<u>938,998,127</u>	<u>129,790</u>
	<b>Number of shares</b>	<b>Share Capital \$'000</b>
<b><u>NCCPS</u></b>		
At 1 April 2014 and 30 June 2014	<u>158,394</u>	<u>3</u>

As at 30 June 2014, the maximum number of ordinary shares that may be issued upon full conversion of all the NCCPS is 158,394 ordinary shares (30 June 2013: 158,394 ordinary shares).

The Company did not hold any treasury shares as at 30 June 2014 and 30 June 2013.

- 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.**

	<b>Total number of issued shares</b>	
	<b>30/06/2014</b>	<b>31/12/2013</b>
<b>Ordinary shares</b>	963,187,297 *	963,187,297 *
<b>NCCPS</b>	158,394	158,394

The Company did not hold any treasury shares as at 30 June 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 three months ended 30 June 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 As at 31/12/2013 \$'000</b>	<b>Group As at 01/01/2013 \$'000</b>
<b><u>Consolidated balance sheet</u></b>		
<b>Non-current assets</b>		
Property, plant and equipment	(26,593)	(26,904)
Joint ventures	5,739	6,285
Non-trade receivables	467	600
<b>Current assets</b>		
Inventories	(160)	(176)
Trade and other receivables	259	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	(648)	(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>1H 2013</b>
	<b>\$'000</b>
Revenue	(5,007)
Cost of sales	(2,877)
Other income	(20)
Selling and marketing expenses	(244)
Administrative expenses	(16)
Finance costs	(451)
Other operating expenses	(2,177)
Share of loss of joint ventures (net of tax)	845
Income tax	(31)

**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>Group</b>	<b>Group</b>	<b>Group</b>
	<b>2Q 2014</b>	<b>2Q 2013</b>	<b>1H 2014</b>	<b>1H 2013</b>
	<b>¢</b>	<b>¢</b>	<b>¢</b>	<b>¢</b>
	<b>(Restated)</b>		<b>(Restated)</b>	
Basic and diluted loss per share attributable to owners of the Company (Based on the weighted average number of ordinary shares in issue) (2Q 2014, 2Q 2013, 1H 2014 and 1H 2013: 938,998,127)	(0.05)	(0.48)	(0.22)	(0.53)

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>30/6/2014</b>	<b>31/12/2013</b>	<b>01/01/2013</b>	<b>30/6/2014</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, excluding Trust Shares	(0.01)	(0.01)	(0.01)	(0.02)	(0.01)

Note:

The net liabilities value per existing issued share, excluding Trust Shares is computed based on:-

- a) 938,998,127 issued ordinary shares as at 30 June 2014
- b) 938,998,127 issued ordinary shares as at 31 December 2013
- c) 938,998,127 issued ordinary shares as at 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.**

**3 months ended 30 June 2014 ("2Q 2014")**

Effective from financial year 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 effect of adopting the aforesaid accounting policies are accordingly disclosed in Item 5.

The Group's revenue of \$1.4 million for 2Q 2014 was comparable to that for the 3 months ended 30 June 2013 ("2Q 2013 (Restated)"). There was an increase in revenue contribution from Elite Residences amounting to \$0.1 million. However, this improvement was offset by the decline in revenue contribution from the property development segment as a result of lower sales of apartment units at Cameron Highlands.

The Group's operating loss before the share of results of associate and joint ventures, other income and finance costs showed a smaller operating loss of \$47,000 in 2Q 2014 compared to a loss of \$244,000 in 2Q 2013 (Restated) (excluding the loss on sale of equity in Shanghai International Equatorial Hotel Company Ltd and Scientex Park (M) Sdn Bhd amounting to \$4 million in 2Q 2013 (Restated) (the "Disposal")). Elite Residences saw an improvement in its operating result by \$0.1 million.

For the quarter under review, the share of net loss after tax in associate and joint ventures reduced to \$47,000 from \$166,000 in 2Q 2013 (Restated). This was mainly attributed to the increase in the net profit of Copthorne Hotel Cameron Highlands, but the improvement was offset by the slowdown of the hospitality business in Qingdao which had affected the room, food and beverage business of Copthorne Hotel Qingdao.

Other income consisted of mainly interest income and licence fee. The Group continues to incur interest expense of \$0.4 million.

The net loss attributable to shareholders of the Company was \$0.5 million for 2Q 2014 compared to a loss of \$4.5 million for 2Q 2013 (Restated).

**6 months ended 30 June 2014 ("1H 2014")**

Despite an increase of \$0.3 million in the revenue for the hospitality segment, the lower sales of apartment units in Cameron Highlands for 1H 2014 resulted in lower Group revenue of \$2.9 million against \$3.2 million for the 6 months ended 30 June 2013 ("1H 2013 (Restated)").

Likewise, excluding the Disposal, the Group reported a lower operating loss before the share of results of associate and joint ventures, other income and finance costs of \$0.1 million in 1H 2014 compared to an operating loss of \$0.3 million for the same corresponding period of last year. This improvement was attributed to the increase in revenue contribution from the hospitality segment.

For 1H 2014, the share of net loss after tax in associate and joint ventures increased to \$1 million from \$0.8 million in 1H 2013 (Restated). This was largely due to intense competition faced by Copthorne Hotel Qingdao and the slowdown of its overall business in spite of the improved results in Copthorne Hotel Cameron Highlands by \$0.3 million over the same period.

Other income comprised mainly interest income and licence fee. The Group continues to incur interest expense of \$0.7 million, reduced by 10.3% from \$0.8 million for 1H 2013 (Restated). It also recognised an exchange loss of \$0.3 million largely due to the revaluation of net foreign currency monetary assets and liabilities which resulted from the weakening of the Chinese Renminbi and US Dollar against the Singapore Dollar in 1H 2014.

The net loss attributable to shareholders of the Company was \$2.1 million for 1H 2014 compared to a loss of \$4.9 million for 1H 2013 (Restated).

**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 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 in Shanghai and Qingdao continue to operate under challenging conditions in view of the oversupply of hotel rooms and the high operating costs in China.

As the Group's assets are substantially located overseas, it will continue to be exposed to currency fluctuation risks.

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
<b>6 months ended 30 June 2014</b>				
Revenue				
- external revenue	-	2,603	250	2,853
- inter-segment revenue	-	-	-	-
	-	2,603	250	2,853
Elimination				-
				2,853
Reportable segment results	(547)	560	(152)	(139)
Other income (excluding interest income)	143	-	2	145
Interest income	30	13	59	102
Interest expense	(695)	-	-	(695)
Exchange gain/(loss)	19	(372)	51	(302)
Share of results of associate and joint ventures	-	(969)	(3)	(972)
Loss before income tax	(1,050)	(768)	(43)	(1,861)
Income tax expense				(229)
<b>Net loss</b>				<b>(2,090)</b>

	Investments and others	Hospitality and restaurant	Property development	Total
	\$'000	\$'000	\$'000	\$'000
<b>6 months ended 30 June 2013 (Restated)</b>				
Revenue				
- external revenue	-	2,285	938	3,223
- inter-segment revenue	-	-	-	-
	-	2,285	938	3,223
Elimination				-
				3,223
Reportable segment results				
- operation	(548)	278	(74)	(344)
- loss on disposal of equity interests in associate and joint venture	-	(3,525)	(523)	(4,048)
Other income (excluding interest income)	141	490	2	633
Interest income	6	36	53	95
Interest expense	(775)	-	-	(775)
Exchange gain	104	402	118	624
Share of results of joint ventures	-	(845)	-	(845)
Loss before income tax	(1,072)	(3,164)	(424)	(4,660)
Income tax expense				(274)
<b>Net loss</b>				<b>(4,934)</b>

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  
1 August 2014

**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 period ended 30 June 2014 to be false or misleading.

On behalf of the Board of Directors

Gan Khai Choon  
Chairman

Philip Ting Sii Tien  
Director

Singapore  
1 August 2014