**HL GLOBAL ENTERPRISES LIMITED**
(Company Registration Number: 196100131N)
(Incorporated in the Republic of Singapore)

## QUARTERLY UPDATE PURSUANT TO RULE 1313 (2) OF THE SGX-ST LISTING MANUAL

### 1. BACKGROUND

HL Global Enterprises Limited (the "Company", and together with its subsidiaries, the "Group") was placed on the Watch-List pursuant to Rule 1311 of the Listing Manual of Singapore Exchange Securities Trading Limited ("SGX-ST") on 4 June 2014. The SGX-ST had, on 31 May 2016, granted the Company an extension of time of up to 12 months to 3 June 2017 to meet the financial exit criteria set out in Rule 1314(1) of the Listing Manual ("Financial Exit Criteria") for its removal from the Watch-List. As announced by the Company on 1 August 2017 ("1 August Extension Announcement"), the SGX-ST has approved the Company's application for a further extension of time of 12 months to 3 June 2018 ("Expiry Date") to meet the Financial Exit Criteria for removal from the Watch-List, subject to certain conditions. In the event that the circumstances as set out in the 1 August Extension Announcement occur in relation to the Company being unable to exit the Watch-List by the Expiry Date, the Company has undertaken to SGX-ST that the Company will take steps to provide a reasonable exit offer to the minority shareholders of the Company in compliance with Rule 1309 of the Listing Manual. Please refer to the 1 August Extension Announcement for more information on the said extension and the conditions attached, including the terms of the Company's undertaking.

Pursuant to Rule 1313(2) of the Listing Manual of SGX-ST, the Board of Directors ("Board") of the Company wishes to provide the following updates on the Group's financial situation, including its future direction or other material development that may impact its financial position.

### 2. UPDATE ON FINANCIAL POSITION

Revenue of the Group decreased from $6.5 million for the 6 months ended 30 June ("1H") 2016 to $5.7 million for 1H 2017. The decrease was largely attributed to the increase in the supply of hotel rooms and apartments in the vicinity of Copthorne Hotel Cameron Highlands and the implementation of the value added tax in China since May 2016 which had been absorbed by Elite Residences Shanghai. In addition, Elite Residences Shanghai was only able to provide shorter tenancy leases, which is a condition precedent for completion as stipulated in the sale and purchase agreement entered into between the Company and Natural Apex Limited on 31 May 2017 ("SPA"). Consequently, the Group reported a lower profit of $0.2 million before share of results of joint ventures, other income and finance costs for 1H 2017 *vis-à-vis* an operating profit of $0.4 million for the same period in 2016.

The Group had since March 2016, discontinued the use of equity method to recognise its interest in Copthorne Hotel Qingdao Co., Ltd. ("CHQ") and did not take into account the share of loss incurred by CHQ in view of the Group's commitment to dispose of its equity interest in CHQ. As a result, the Group shared a net profit after tax of $70,000 from the joint ventures for 1H 2017 compared to the share of net loss after tax of $0.8 million in 1H 2016.

After taking into account the interest expense and exchange loss, the net loss attributable to shareholders of the Company for 1H 2017 was $0.7 million compared to a net loss of $1.7 million recorded for 1H 2016.

For full details on the results and financial position of the Group, please refer to the Company's results announcement for the financial period ended 30 June 2017 released on 4 August 2017.

## 3. UPDATE ON FUTURE DIRECTION

The Group will continue to contain costs and increase productivity where possible.

Under the SPA, subject to the satisfaction of its terms and conditions, the Company shall dispose of all the issued shares in the capital of LKN Investment International Pte. Ltd. ("LKNII") ("LKNII Disposal"). LKNII owns 100% equity interest in Shanghai Hutai Real Estate Development Co., Ltd ("Hutai") and 60% equity interest in CHQ.

The LKNII Disposal would enable the Company to realise and unlock the value of its investment in LKNII and therefore its indirect stakes in both Hutai and CHQ. With the LKNII Disposal, the losses of CHQ will no longer appear in subsequent consolidated financial results of the Group and is also part of the Company's on-going efforts to strengthen its balance sheet.

The Company is progressing on the various actions to be taken on its part to complete the LKNII Disposal and will continue its efforts to source for sustainable and viable business opportunities.

**BY ORDER OF THE BOARD**
**Foo Yang Hym**
**Chief Financial Officer**
**Singapore**
**4 August 2017**