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

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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

The Group reported a lower revenue of $8.8 million for YTD 3Q 2017, a decrease of 13.5% compared to $10.2 million for the same period in 2016. The decrease was mainly due to the increase in the supply of hotel rooms and serviced apartments in the vicinity of Copthorne Hotel Cameron Highlands and lower occupancy at Elite Residences Shanghai ("Elite"). Elite was affected by shorter tenancy leases introduced pending the completion of the proposed disposal of all the issued shares in the capital of the Company's wholly-owned subsidiary, LKN Investment International Pte. Ltd. ("LKNII") which owns, *inter alia,* Elite (the "LKNII Disposal"). As a result, the Group registered a lower operating profit of $0.6 million before the share of results of joint ventures and associate, other income and finance costs for YTD 3Q 2017 *vis-à-vis* an operating profit of $1.2 million for YTD 3Q 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 decision to dispose of its equity interest in CHQ. Consequently, the Group shared a net profit after tax of $109,000 from joint ventures and associate for YTD 3Q 2017 against the share of net loss after tax from joint ventures and associate of $0.8 million for YTD 3Q 2016.

After taking into account the interest expense and exchange loss, the net loss attributable to shareholders of the Company for YTD 3Q 2017 was $0.4 million compared to the net loss of $1.1 million recorded for YTD 3Q 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 September 2017 released on 2 November 2017.

3. UPDATE ON FUTURE DIRECTION

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

Subject to the satisfaction of the terms and conditions of the sale and purchase agreement for LKNII Disposal, the Company shall dispose of all the issued shares in the capital of LKNII.

The completion of the disposal of the LKNII 60% equity interest in CHQ ("CHQ Disposal") had taken place on 19 October 2017 and the agreed consideration will be remitted by the Shanghai United Assets and Equity Exchange after the relevant clearances have been obtained. Please refer to the 19 October 2017 announcement for more information.

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

The Company will continue its efforts to source for sustainable and viable businesses.

BY ORDER OF THE BOARD
Foo Yang Hym
Chief Financial Officer
Singapore
2 November 2017