

**HL GLOBAL ENTERPRISES LIMITED**

Company Registration No.: 196100131N

**Unaudited Second Quarter and Half Year Financial Statement Announcement for the period ended 30 June 2017****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.

		2Q 2017	2Q 2016	Group Change	1H 2017	1H 2016	Change
	Note	\$'000	\$'000	%	\$'000	\$'000	%
Revenue		3,073	3,189	(3.6)	5,701	6,518	(12.5)
Cost of sales		(1,303)	(1,361)	(4.3)	(2,435)	(2,788)	(12.7)
<b>Gross profit</b>		<b>1,770</b>	<b>1,828</b>	<b>(3.2)</b>	<b>3,266</b>	<b>3,730</b>	<b>(12.4)</b>
Other income	(i)	157	140	12.1	289	291	(0.7)
Selling and marketing expenses	(ii)	(59)	(79)	(25.3)	(112)	(162)	(30.9)
Administrative expenses		(201)	(189)	6.3	(316)	(354)	(10.7)
Finance costs	(iii)	(376)	(648)	(42.0)	(1,030)	(1,365)	(24.5)
Other expenses	(iv)	(1,310)	(1,390)	(5.8)	(2,629)	(2,778)	(5.4)
Share of results of joint ventures (net of tax)	(v)	47	42	11.9	70	(786)	NM
<b>Profit/(loss) before tax</b>		<b>28</b>	<b>(296)</b>	<b>NM</b>	<b>(462)</b>	<b>(1,424)</b>	<b>(67.6)</b>
Income tax	(vi)	(101)	(108)	(6.5)	(250)	(228)	9.6
<b>Loss for the period attributable to owners of the Company</b>		<b>(73)</b>	<b>(404)</b>	<b>(81.9)</b>	<b>(712)</b>	<b>(1,652)</b>	<b>(56.9)</b>

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

	2Q 2017	2Q 2016	Group Change	1H 2017	1H 2016	Change
	\$'000	\$'000	%	\$'000	\$'000	%
Interest income	64	67	(4.5)	121	131	(7.6)
Licence fee	80	70	14.3	149	138	8.0
Sundry income	13	3	333.3	19	22	(13.6)
	<b>157</b>	<b>140</b>	<b>12.1</b>	<b>289</b>	<b>291</b>	<b>(0.7)</b>

**(ii) Selling and marketing expenses**

The decrease in selling and marketing expenses was mainly due to the reduction of advertising expenses and resignation of staff.

**(iii) Finance costs**

	2Q 2017	2Q 2016	Group Change	1H 2017	1H 2016	Change
	\$'000	\$'000	%	\$'000	\$'000	%
Interest expense	(382)	(398)	(4.0)	(763)	(798)	(4.4)
Currency exchange gain/(loss)-net	6	(250)	NM	(267)	(567)	(52.9)
	<b>(376)</b>	<b>(648)</b>	<b>(42.0)</b>	<b>(1,030)</b>	<b>(1,365)</b>	<b>(24.5)</b>

The net currency exchange loss of approximately \$0.3 million for 1H 2017 was due to the revaluation of the net foreign currency monetary assets and liabilities arising mainly from the weakening of the US Dollar and Renminbi against the Singapore Dollar.

**(iv) Other expenses**

	2Q 2017	2Q 2016	Group Change	1H 2017	1H 2016	Change
	\$'000	\$'000	%	\$'000	\$'000	%
Depreciation of property, plant and equipment	(509)	(526)	(3.2)	(1,008)	(1,058)	(4.7)
Staff costs/directors' fee	(496)	(544)	(8.8)	(994)	(1,082)	(8.1)
Others	(305)	(320)	(4.7)	(627)	(638)	(1.7)
	<b>(1,310)</b>	<b>(1,390)</b>	<b>(5.8)</b>	<b>(2,629)</b>	<b>(2,778)</b>	<b>(5.4)</b>

NM: Not meaningful

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

The Company's wholly-owned subsidiary, LKN Investment International Pte. Ltd. ("LKNII"), together with the joint venture partner of Copthorne Hotel Qingdao Co., Ltd. ("CHQ"), had on 23 February 2016, listed the entire equity interest in CHQ on the Shanghai United Assets and Equity Exchange for sale. As a result, the investment in CHQ was reclassified as asset held for sale and the Group discontinued the use of equity method to recognize the interest in CHQ. Consequently, the Group did not share the loss incurred by CHQ for 1H 2017.

**(vi) Income tax**

There was no over provision or under provision of taxation in respect of prior years for 1H 2017.

(1H 2016: There was an over provision of taxation amounting to \$2,000.)

The tax expense of \$0.3 million for 1H 2017 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**

	Group					
	2Q 2017	2Q 2016	Change	1H 2017	1H 2016	Change
	\$'000	\$'000	%	\$'000	\$'000	%
Loss for the period	(73)	(404)	(81.9)	(712)	(1,652)	(56.9)
<b>Other comprehensive income/(loss)</b>						
<b>Items that may be reclassified subsequently to profit or loss</b>						
Foreign currency translation differences for foreign operations	254	(859)	NM	(464)	(1,037)	(55.3)
<b>Total comprehensive income/(loss) for the period attributable to owners of the Company</b>	<b>181</b>	<b>(1,263)</b>	<b>NM</b>	<b>(1,176)</b>	<b>(2,689)</b>	<b>(56.3)</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	Group	Company	Company
		30/06/2017	31/12/2016	30/06/2017	31/12/2016
		\$'000	\$'000	\$'000	\$'000
<b>Non-current assets</b>					
Property, plant and equipment		35,775	37,140	-	-
Investment property		2,103	2,109	-	-
Subsidiaries		-	-	68,945	68,945
Associate		59	59	-	-
Joint ventures		439	533	-	-
Non-trade receivables		371	330	5	5
Other asset	1	62	54	-	-
		<b>38,809</b>	<b>40,225</b>	<b>68,950</b>	<b>68,950</b>
<b>Current assets</b>					
Inventories		98	91	-	-
Development properties		4,773	4,858	-	-
Trade and other receivables		7,187	6,723	517	187
Prepayment	2	129	69	34	23
Cash and bank balances		23,121	19,806	7,540	4,005
		<b>35,308</b>	<b>31,547</b>	<b>8,091</b>	<b>4,215</b>
Asset of disposal group classified as held for sale		30	30	-	-
<b>Total assets</b>		<b>74,147</b>	<b>71,802</b>	<b>77,041</b>	<b>73,165</b>
<b>Equity</b>					
Share capital		129,793	129,793	129,793	129,793
Equity capital contributed by parent		3,980	3,980	3,980	3,980
Reserves		(143,014)	(141,838)	(133,439)	(133,031)
Reserve of disposal group classified as held for sale		3,132	3,132	-	-
<b>Total equity attributable to owners of the Company</b>		<b>(6,109)</b>	<b>(4,933)</b>	<b>334</b>	<b>742</b>
<b>Non-current liabilities</b>					
Other payables	1	890	590	3,676	2,851
Loans and borrowings	4a	70,891	71,384	68,000	68,000
Deferred tax liabilities		147	147	-	-
		<b>71,928</b>	<b>72,121</b>	<b>71,676</b>	<b>70,851</b>

		Group 30/06/2017 \$'000	Group 31/12/2016 \$'000	Company 30/06/2017 \$'000	Company 31/12/2016 \$'000
<b>Current liabilities</b>					
Trade and other payables	3	7,364	3,804	5,023	1,563
Loans and borrowings	4	727	569	-	-
Current tax payable		237	241	8	9
		8,328	4,614	5,031	1,572
<b>Total liabilities</b>		80,256	76,735	76,707	72,423
<b>Total equity and liabilities</b>		74,147	71,802	77,041	73,165

Notes:

- The increase was due to additional legal fee paid for the sale of lands at Punggol 17th Avenue ("Punggol Land"). Similarly, increase in other payable relates mainly to progress payments received for the sale of the Punggol Land. Both deferred expenses and income will be transferred to Profit or Loss upon completion of the sale.
- The increase was due to prepayment made for insurance and trustee fee.
- The increase was mainly due to the deposit collected from the disposal of the Company's equity interest in LKNII.
- The movement was mainly due to:
  - a) reclassification of secured loan of \$0.5 million from non-current liabilities to current liabilities; and
  - b) repayment of secured loan of \$0.3 million.

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	
	30/06/2017 \$'000	31/12/2016 \$'000
Unsecured	5	5
Secured	722	564

**Amount repayable after one year**

	Group	
	30/06/2017 \$'000	31/12/2016 \$'000
Unsecured	68,001	68,003
Secured	2,890	3,381

The secured loan as at 30 June 2017 was secured on a subsidiary's freehold land and building.

1(c) **A statement of cash flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.**

	2Q 2017 \$'000	2Q 2016 \$'000	1H 2017 \$'000	1H 2016 \$'000
<b>Cash flows from operating activities</b>				
Profit/(loss) before tax	28	(296)	(462)	(1,424)
Adjustments for:				
Depreciation of property, plant and equipment	509	526	1,008	1,058
Interest expense	382	398	763	798
Interest income	(64)	(67)	(121)	(131)
Loss on disposal of property, plant and equipment	4	-	4	-
Property, plant and equipment written off	(4)	1	1	1
Share of results of joint ventures (net of tax)	(47)	(42)	(70)	786
Unrealised foreign exchange (gain)/loss-net	(13)	251	258	567
Write-back of impairment on trade receivables	-	-	-	(3)
Write-back of trade and other payables	-	-	(2)	-
<b>Operating cash flows before changes in working capital</b>	795	771	1,379	1,652
Development properties	74	-	74	-
Inventories	5	(6)	(7)	(21)
Trade and other payables	66	(22)	(157)	(306)
Trade and other receivables	(463)	(155)	(310)	(337)
<b>Cash from operating activities</b>	477	588	979	988

	Group			
	2Q 2017 \$'000	2Q 2016 \$'000	1H 2017 \$'000	1H 2016 \$'000
Income tax paid	(114)	(106)	(245)	(219)
Interest paid	(378)	(398)	(765)	(802)
Interest received	39	44	80	100
<b>Net cash from operating activities</b>	<b>24</b>	<b>128</b>	<b>49</b>	<b>67</b>
<b>Cash flows from investing activities</b>				
Amount due from a joint venture	(396)	(1,481)	(396)	(3,127)
Deposit collected from the disposal of the Company's equity interest in LKNII	4,021	-	4,021	-
Dividend received from a joint venture	154	-	154	-
Purchase of property, plant and equipment	(23)	(41)	(128)	(127)
<b>Net cash from/(used in) investing activities</b>	<b>3,756</b>	<b>(1,522)</b>	<b>3,651</b>	<b>(3,254)</b>
<b>Cash flows from financing activities</b>				
Repayment of borrowings	(5)	(254)	(321)	(509)
Repayment of finance lease liabilities	(2)	(4)	(2)	(6)
<b>Net cash used in financing activities</b>	<b>(7)</b>	<b>(258)</b>	<b>(323)</b>	<b>(515)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>3,773</b>	<b>(1,652)</b>	<b>3,377</b>	<b>(3,702)</b>
Cash and cash equivalents at beginning of the period	19,290	20,444	19,806	22,487
Effect of exchange rate changes on balances held in foreign currencies	58	(132)	(62)	(125)
<b>Cash and cash equivalents at end of the period</b>	<b>23,121</b>	<b>18,660</b>	<b>23,121</b>	<b>18,660</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 \$'000	Equity capital contributed by parent \$'000	Preference shares \$'000	Special reserve \$'000	Premium paid on acquisition of non- controlling interests \$'000	Currency translation reserve \$'000	Accumulated losses \$'000	Reserve held for sale \$'000	Total equity \$'000
<b>At 1 January 2017</b>	129,790	3,980	3	8,529	(192)	(2,454)	(147,721)	3,132	(4,933)
Loss for the period	-	-	-	-	-	-	(639)	-	(639)
<u>Other comprehensive loss, net of tax</u>									
Foreign currency translation differences for foreign operations	-	-	-	-	-	(718)	-	-	(718)
<b>Total comprehensive loss for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(718)</b>	<b>(639)</b>	<b>-</b>	<b>(1,357)</b>
<b>At 31 March 2017 and 1 April 2017</b>	129,790	3,980	3	8,529	(192)	(3,172)	(148,360)	3,132	(6,290)
Loss for the period	-	-	-	-	-	-	(73)	-	(73)
<u>Other comprehensive income, net of tax</u>									
Foreign currency translation differences for foreign operations	-	-	-	-	-	254	-	-	254
<b>Total comprehensive income/ (loss) for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>254</b>	<b>(73)</b>	<b>-</b>	<b>181</b>
<b>At 30 June 2017</b>	129,790	3,980	3	8,529	(192)	(2,918)	(148,433)	3,132	(6,109)

Group	Share capital \$'000	Equity capital contributed by parent \$'000	Preference shares \$'000	Special reserve \$'000	Premium paid on acquisition of non- controlling interests \$'000	Currency translation reserve \$'000	Accumulated losses \$'000	Reserve held for sale \$'000	Total equity \$'000
<b>At 1 January 2016</b>	129,790	3,980	3	8,529	(192)	1,893	(147,570)	-	(3,567)
Loss for the period	-	-	-	-	-	-	(1,248)	-	(1,248)
<u>Other comprehensive loss, net of tax</u>									
Foreign currency translation differences for foreign operations	-	-	-	-	-	(178)	-	-	(178)
<b>Total comprehensive loss for the period</b>	-	-	-	-	-	(178)	(1,248)	-	(1,426)
<b>Others</b>									
Reserve held for sale	-	-	-	-	-	(3,132)	-	3,132	-
<b>At 31 March 2016 and 1 April 2016</b>	129,790	3,980	3	8,529	(192)	(1,417)	(148,818)	3,132	(4,993)
Loss for the period	-	-	-	-	-	-	(404)	-	(404)
<u>Other comprehensive loss, net of tax</u>									
Foreign currency translation differences for foreign operations	-	-	-	-	-	(859)	-	-	(859)
<b>Total comprehensive loss for the period</b>	-	-	-	-	-	(859)	(404)	-	(1,263)
<b>Contributions by owners</b>									
Conversion of non-redeemable convertible cumulative preference shares ("NCCPS")	#	-	(#)	-	-	-	-	-	-
<b>At 30 June 2016</b>	129,790	3,980	3	8,529	(192)	(2,276)	(149,222)	3,132	(6,256)
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 2017</b>	129,790	3,980	3	12,471	(145,502)	742			
Profit for the period, representing total comprehensive income for the period	-	-	-	-	182	182			
<b>At 31 March 2017 and 1 April 2017</b>	129,790	3,980	3	12,471	(145,320)	924			
Loss for the period, representing total comprehensive loss for the period	-	-	-	-	(590)	(590)			
<b>At 30 June 2017</b>	129,790	3,980	3	12,471	(145,910)	334			

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 2016</b>	129,790	3,980	3	12,471	(159,337)	(13,093)
Loss for the period, representing total comprehensive loss for the period	-	-	-	-	(487)	(487)
<b>At 31 March 2016 and 1 April 2016</b>	129,790	3,980	3	12,471	(159,824)	(13,580)
Profit for the period, representing total comprehensive income for the period	-	-	-	-	3,205	3,205
<b>Contributions by owners</b>						
Conversion of NCCPS	#	-	(#)	-	-	-
<b>At 30 June 2016</b>	129,790	3,980	3	12,471	(156,619)	(10,375)
# less than \$1,000						

- 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 2017, there was no change in the Company's issued ordinary share capital and NCCPS capital.

#### **Ordinary shares**

At 1 April 2017 and 30 June 2017

(As per Accounting and Corporate Regulatory Authority's records)

Trust Shares

At 1 April 2017 and 30 June 2017

Number of shares	Share Capital \$'000
96,321,318	133,770
(2,418,917)	(3,980)
93,902,401	129,790

#### **NCCPS**

At 1 April 2017 and 30 June 2017

Number of shares	Share Capital \$'000
129,396	3

As at 30 June 2017, no ordinary shares may be issued arising from the conversion of NCCPS as the NCCPS are non-convertible. (As at 30 June 2016, the maximum number of ordinary shares that could be issued upon full conversion of all the NCCPS was 13,239 ordinary shares).

In accordance with the terms and conditions of the NCCPS, the rights of NCCPS holders to convert all or any of their NCCPS into fully paid ordinary shares in the capital of the Company had lapsed on 4 July 2016 (being the date of expiry of the NCCPS Conversion Period). NCCPS are perpetual securities and there is no mandatory conversion of the NCCPS upon the expiry of the NCCPS Conversion Period.

The Company did not hold any treasury shares as at 30 June 2017 and as at 30 June 2016.

- 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>30/6/2017</b>	<b>31/12/2016</b>
Ordinary Shares	96,321,318	96,321,318
NCCPS	129,396	129,396

The Company did not hold any treasury shares as at 30 June 2017 and as at 31 December 2016.

The ordinary shares issued includes 2,418,917 ordinary shares held as Trust Shares by Amicorp Trustees (Singapore) Limited as trustee of the Trust established by the Company to facilitate the implementation of the HL Global Enterprises Share Option Scheme 2006 (the "Share Option Scheme").

Pursuant to the terms of the Trust Deed, the Trustee will, *inter alia*, acquire and hold existing shares in the capital of the Company (collectively, the "Trust Shares") for the benefit of participants who are employees of the Company and/or its subsidiaries and who have been granted share options under the Share Option Scheme (the "Beneficiaries") and transfer such Trust Shares to the Beneficiaries upon the exercise of their share options under the Share Option Scheme.

**1(d)(iv) A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.**

There were no sales, transfers, disposal, cancellation and/or use of treasury shares during the three months ended 30 June 2017.

**2 Whether the figures have been audited or reviewed, and in accordance with which auditing standard or practice.**

The figures have not been audited or reviewed by the auditors.

**3 Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter).**

The figures have not been audited or reviewed by the auditors.

**4 Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.**

The Group has applied the same accounting policies and methods of computation as in the Group's most recently audited annual financial statements.

**5 If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.**

There has been no change in the accounting policies and methods of computation adopted by the Group.

**6 Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.**

	Group			
	2Q 2017	2Q 2016	1H 2017	1H 2016
	¢	¢	¢	¢
Loss per share				
(Based on the weighted average number of ordinary shares in issue)				
- Basic and diluted	(0.08)	(0.43)	(0.76)	(1.76)
(2Q 2017: 93,902,401, 1H 2017: 93,902,401)				
(2Q 2016: 93,899,908, 1H 2016: 93,899,705)				

The diluted loss per share was shown as the same amount as the basic loss per share as the preference shares were considered anti-dilutive and disregarded in the computation of diluted loss per share.

**7 Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the:-**  
**(a) current financial period reported on; and**  
**(b) immediately preceding financial year.**

	Group 30/06/2017	Group 31/12/2016	Company 30/06/2017	Company 31/12/2016
	\$	\$	\$	\$
Net (liabilities)/assets value per issued share, excluding Trust Shares	(0.07)	(0.05)	#	0.01

The net liabilities/assets value per issued share, excluding Trust Shares is computed based on 93,902,401 issued ordinary shares as at 30 June 2017 and 31 December 2016.

# less than 0.01

**8 A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:-**

- (a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and**
- (b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.**

**3 months ended 30 June ("2Q") 2017**

The Group's revenue from the hospitality segment showed a decline from \$3.2 million for 2Q 2016 to \$2.9 million for 2Q 2017. The decrease was mainly due to Elite Residences Shanghai being 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") in relation to the disposal of all the issued shares in the capital of the Company's wholly-owned subsidiary, LKN Investment International Pte. Ltd. ("LKNII") (the "LKNII Disposal"). Copthorne Hotel Cameron Highlands ("CHCH") saw a slightly lower revenue as it was affected by competition from the opening of new hotels and serviced apartments in the vicinity. Compared to 2Q 2016, the Group sold one unit of high-rise apartment during the quarter under review. The Group's overall revenue decreased marginally from \$3.2 million for 2Q 2016 to \$3.1 million for 2Q 2017.

As a result, the operating profit from the Group's hospitality segment decreased by \$58,000 to \$556,000 for 2Q 2017 whilst the operating loss of the property development segment reduced by \$81,000 to \$21,000, as compared to 2Q 2016. The Group's operating profit before the share of results of joint ventures, other income and finance costs saw a marginal increase of \$30,000 to \$200,000 in 2Q 2017.

The Group shared a net profit after tax of \$47,000 from joint ventures in 2Q 2017 which was comparable to the results for the corresponding period last year. 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.

Other income consisted of mainly interest income and licence fee. Interest expense incurred by the Group for 2Q 2017 remained flat at \$0.4 million as compared to 2Q 2016.

The net loss attributable to shareholders of the Company was \$73,000 for 2Q 2017 compared to a net loss of \$0.4 million for 2Q 2016.

**6 months ended 30 June ("1H") 2017**

Revenue of the Group decreased from \$6.5 million for 1H 2016 to \$5.7 million for 1H 2017. The decrease was largely attributed to the competition arising from the increase in the supply of hotel rooms and serviced apartments in the vicinity of CHCH and the implementation of 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 SPA. Consequently, the Group reported a lower profit of \$0.2 million before the 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.

Without the share of loss incurred by CHQ, the Group shared a net profit after tax of \$70,000 from joint ventures for 1H 2017 against the share of net loss after tax from joint ventures of \$0.8 million in 1H 2016.

Other income comprised mainly interest income and licence fee. The Group continued to incur interest expense of \$0.8 million for 1H 2017. The Group recognised a net currency exchange loss of \$0.3 million mainly due to the revaluation of net foreign currency monetary assets and liabilities arising from the weakening of the Renminbi and US Dollar against the Singapore Dollar.

The net loss attributable to shareholders of the Company was \$0.7 million for 1H 2017 compared to the net loss of \$1.7 million for 1H 2016.

**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 2017 which was released on 2 May 2017.



**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 business of Elite Residences Shanghai will continue to be affected by the restructuring exercise which is being carried out in relation to the LKNII Disposal. Further, CHQ's operations are dependent on the result of the listing of CHQ's equity interest for sale ("CHQ Disposal") by way of public tender on the Shanghai United Assets and Equity Exchange ("SUAEE") ("Public Tender Process"). On 1 August 2017, the Company announced that it has been notified by SUAEE that two bidders have been qualified to participate in the Public Tender Process. Please refer to the announcement dated 1 August 2017 for more information.

The Company will make further announcements when there are other material updates or developments in respect of the CHQ Disposal in compliance with requirements of the Listing Manual of Singapore Exchange Securities Trading Limited ("SGX-ST").

The Group's hospitality operations in Cameron Highlands, Malaysia continue to be affected by the challenges faced by the highly competitive hospitality industry. The keen competition from new hotels and serviced apartments in Cameron Highlands coupled with the weaker consumer spending in Malaysia will continue to impact the business of CHCH.

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

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.

**Watch-list**

The Company was placed on the watch-list of SGX-ST with effect from 4 June 2014 (the "Watch-List"). 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.

**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 2017</b>				
Revenue				
- external revenue	38	5,519	144	5,701
- inter-segment revenue	-	-	20	20
	38	5,519	164	5,721
Elimination				(20)
				5,701
Reportable segment results	(622)	923	(92)	209
Other income (excluding interest income)	154	-	14	168
Interest income	7	109	5	121
Interest expense	(654)	(109)	-	(763)
Exchange loss	(4)	(240)	(23)	(267)
Share of results of joint ventures	-	71	(1)	70
(Loss)/profit before tax	(1,119)	754	(97)	(462)
Income tax expense				(250)
<b>Loss for the period</b>				<b>(712)</b>
<b>6 months ended 30 June 2016</b>				
Revenue				
- external revenue	70	6,448	-	6,518
- inter-segment revenue	-	-	21	21
	70	6,448	21	6,539
Elimination				(21)
				6,518
Reportable segment results	(594)	1,270	(240)	436
Other income (excluding interest income)	158	-	2	160
Interest income	41	86	4	131
Interest expense	(633)	(165)	-	(798)
Exchange (loss)/gain	(2)	(603)	38	(567)
Share of results of joint ventures	-	(785)	(1)	(786)
Loss before tax	(1,030)	(197)	(197)	(1,424)
Income tax expense				(228)
<b>Loss for the period</b>				<b>(1,652)</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 ("Listing Manual").

**18 Undertakings with regard to Directors and Executive Officers**

The Company confirms that it has procured undertakings from all its Directors and Executive Officers in compliance with Rule 720(1) of the Listing Manual and according to the format set out in Appendix 7.7 of the Listing Manual.

**BY ORDER OF THE BOARD**

Foo Yang Hym  
Chief Financial Officer

Singapore  
4 August 2017

**Confirmation by the Board pursuant to Rule 705(5) of the Listing Manual**

The Board of Directors hereby confirm that, to the best of their knowledge, nothing has come to the attention of the Board of Directors which may render the Group's unaudited interim financial results for the second quarter and half year ended 30 June 2017 to be false or misleading in any material aspect.

On behalf of the Board of Directors

Dato' Gan Khai Choon  
Chairman

Philip Ting Sii Tien  
Director

Singapore  
4 August 2017