

HL GLOBAL ENTERPRISES LIMITED

Company Registration No.: 196100131N

Unaudited Second Quarter and Half Year Financial Statement Announcement for the period ended 30 June 2018**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	Group					
	2Q 2018 \$'000	2Q 2017 \$'000	Change %	1H 2018 \$'000	1H 2017 \$'000	Change %
		(Restated)			(Restated)	
Revenue	(i) 4,939	3,073	60.7	6,768	5,701	18.7
Cost of sales	(i) (2,454)	(1,303)	88.3	(3,410)	(2,435)	40.0
Gross profit						
Other income	(ii) 713	157	354.1	763	289	164.0
Selling and marketing expenses	(53)	(59)	(10.2)	(113)	(112)	0.9
Administrative expenses	(200)	(201)	(0.5)	(329)	(316)	4.1
Finance costs	(iii) (28)	(376)	(92.6)	(57)	(1,030)	(94.5)
Other expenses	(iv) (812)	(1,329)	(38.9)	(1,691)	(2,666)	(36.6)
Share of results of joint ventures (net of tax)	47	47	-	78	70	11.4
Profit/(loss) before tax						
Income tax	(v) (21)	(101)	(79.2)	(33)	(250)	(86.8)
Profit/(loss) for the period attributable to owners of the Company						
	2,131	(92)	NM	1,976	(749)	NM

Notes:**(i) Revenue and Cost of Sales**

The increase in the revenue and cost of sales for 2Q 2018 was mainly due to the recognition of \$3.3 million on the sale of 2 plots of land at Punggol 17th Avenue, Singapore ("Punggol Land") and the provision of maintenance charge for the apartment units in Cameron Highlands. The improvement in revenue was partially offset by the drop in revenue of \$1.3 million from the hospitality segment.

(ii) Other income

	Group					
	2Q 2018 \$'000	2Q 2017 \$'000	Change %	1H 2018 \$'000	1H 2017 \$'000	Change %
		(Restated)			(Restated)	
Interest income	196	64	206.3	372	121	207.4
Licence fee	106	80	32.5	204	149	36.9
Currency exchange gain-net	407	-	NM	179	-	NM
Sundry income	4	13	(69.2)	8	19	(57.9)
	713	157	354.1	763	289	164.0

The increase in interest income was due to the placement of surplus funds (sale proceeds from the disposal of the subsidiary, LKN Investment International Pte Ltd ("LKNII")) in fixed deposit. The increase in licence fee was mainly due to licence fee charged to Copthorne Hotel Qingdao Co Ltd. The net currency exchange gain of approximately \$0.4 million for 2Q 2018 was due to the revaluation of the net foreign currency monetary assets and liabilities arising mainly from the strengthening of the US Dollar and Singapore Dollar against the Singapore Dollar and Renminbi respectively.

(iii) Finance costs

	Group					
	2Q 2018 \$'000	2Q 2017 \$'000	Change %	1H 2018 \$'000	1H 2017 \$'000	Change %
		(Restated)			(Restated)	
Interest expense	(28)	(382)	(92.7)	(57)	(763)	(92.5)
Currency exchange gain/(loss)-net	-	6	NM	-	(267)	NM
	(28)	(376)	(92.6)	(57)	(1,030)	(94.5)

The decrease in interest expense was due to the full prepayment of an unsecured loan of \$68 million in December 2017.

(iv) Other expenses

	Group					
	2Q 2018 \$'000	2Q 2017 \$'000	Change %	1H 2018 \$'000	1H 2017 \$'000	Change %
		(Restated)			(Restated)	
Depreciation of investment property, property, plant and equipment	(248)	(528)	(53.0)	(513)	(1,045)	(50.9)
Staff costs/directors' fee	(369)	(496)	(25.6)	(780)	(994)	(21.5)
Others	(195)	(305)	(36.1)	(398)	(627)	(36.5)
	(812)	(1,329)	(38.9)	(1,691)	(2,666)	(36.6)

The decrease in other expenses was mainly due to the deconsolidation of the financial statements of Shanghai Hutai Real Estate Development Co., Ltd ("Shanghai Hutai"), a subsidiary of LKNII. LKNII was disposed in November 2017.

NM: Not meaningful

(v) Income tax

There was no over provision or under provision of taxation in respect of prior years for 1H 2018.

(1H 2017: There was no over provision or under provision of taxation.)

The decrease in income tax was mainly due to the deconsolidation of the financial statements of Shanghai Hutai and LKNII.

There is no provision for income tax for the profit recognised from the sale of Punggol Land due to tax losses brought forward in LKN Development Pte Ltd, a wholly owned subsidiary of the Company.

(vi) Consolidated statement of comprehensive income

	Group					
	2Q 2018 \$'000	2Q 2017 \$'000 (Restated)	Change %	1H 2018 \$'000	1H 2017 \$'000 (Restated)	Change %
Profit/(loss) for the period	2,131	(92)	NM	1,976	(749)	NM
Other comprehensive (loss)/income						
Items that may be reclassified subsequently to profit or loss						
Foreign currency translation differences for foreign operations	(65)	255	NM	450	(463)	NM
Total comprehensive income/(loss) for the period attributable to owners of the Company	2,066	163	NM	2,426	(1,212)	NM

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		Company	
		30/06/2018 \$'000	31/12/2017 \$'000 (Restated)	30/06/2018 \$'000	31/12/2017 \$'000
Non-current assets					
Property, plant and equipment		17,879	17,679	1	-
Investment property		2,100	2,086	-	-
Subsidiaries		-	-	34,602	34,602
Associate		60	59	-	-
Joint ventures		453	538	-	-
Non-trade receivables		131	127	-	5
Other asset	1	-	62	-	-
		20,623	20,551	34,603	34,607
Current assets					
Inventories		117	113	-	-
Development properties	1	4,123	4,881	-	-
Trade and other receivables		953	6,494	256	6,083
Prepayment	2	114	62	34	23
Cash and bank balances		62,774	60,486	48,667	46,525
		68,081	72,036	48,957	52,631
Total assets		88,704	92,587	83,560	87,238
Equity					
Share capital		129,793	129,793	129,793	129,793
Equity capital contributed by parent		3,980	3,980	3,980	3,980
Reserves		(55,712)	(55,245)	(61,275)	(58,254)
Total equity attributable to owners of the Company		78,061	78,528	72,498	75,519
Non-current liabilities					
Other payables	1	-	1,650	3,523	3,689
Loans and borrowings	3	1,099	2,393	-	-
Deferred tax liabilities		28	28	-	-
		1,127	4,071	3,523	3,689
Current liabilities					
Trade and other payables	4	9,507	9,981	7,531	8,021
Loans and borrowings		1	4	-	-
Current tax payable		8	3	8	9
		9,516	9,988	7,539	8,030
Total liabilities		10,643	14,059	11,062	11,719
Total equity and liabilities		88,704	92,587	83,560	87,238

Notes:

- The decrease was due to the recognition of the sale of Punggol Land, progress payments received and deferred expenses relating to the sale of the Punggol Land were transferred to Profit or Loss.
- The increase was due to prepayment made for insurance, listing and trustee fee.
- The decrease was due to partial prepayment of secured loan.
- The decrease was mainly due to payment of directors' fee, staff bonus and 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	
	30/06/2018	31/12/2017
	\$'000	\$'000
Unsecured	1	4

Amount repayable after one year

	Group	
	30/06/2018	31/12/2017
	\$'000	\$'000
Secured	1,099	2,393

The secured loan as at 30 June 2018 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			
	2Q 2018	2Q 2017	1H 2018	1H 2017
	\$'000	\$'000	\$'000	\$'000
		(Restated)		(Restated)
Operating activities				
Profit/(loss) before tax	2,152	9	2,009	(499)
Adjustments for:				
Depreciation of investment property	20	19	39	37
Depreciation of property, plant and equipment	228	509	474	1,008
Interest expense	28	382	57	763
Interest income	(196)	(64)	(372)	(121)
Loss on disposal of property, plant and equipment	-	4	-	4
Property, plant and equipment written off	-	(4)	-	1
Share of results of joint ventures (net of tax)	(47)	(47)	(78)	(70)
Unrealised foreign exchange (gain)/loss-net	(268)	(13)	(39)	258
Write-back of trade and other payables	-	-	-	(2)
Operating cash flows before changes in working capital	<u>1,917</u>	<u>795</u>	<u>2,090</u>	<u>1,379</u>
Development properties	860	74	860	74
Inventories	8	5	(4)	(7)
Trade and other payables	(2,327)	66	(2,124)	(157)
Trade and other receivables	5,551	(463)	5,639	(310)
Cash from operating activities	<u>6,009</u>	<u>477</u>	<u>6,461</u>	<u>979</u>
Income tax paid	(20)	(114)	(32)	(245)
Interest paid	(28)	(378)	(57)	(765)
Interest received	225	39	288	80
Net cash from operating activities	<u>6,186</u>	<u>24</u>	<u>6,660</u>	<u>49</u>
Investing activities				
Amount due from a joint venture	-	(396)	-	(396)
Deposit collected from the disposal of the Company's equity interest in LKNII	-	4,021	-	4,021
Dividend received from a joint venture	167	154	167	154
Placement of short term fixed deposits and restricted cash at bank	(7,958)	-	(44,637)	-
Proceeds from disposal of property, plant and equipment	2	-	2	-
Purchase of property, plant and equipment	(223)	(23)	(384)	(128)
Net cash (used in)/from investing activities	<u>(8,012)</u>	<u>3,756</u>	<u>(44,852)</u>	<u>3,651</u>
Financing activities				
Dividend paid to shareholders/holders of non-redeemable convertible cumulative preference shares	(2,890)	-	(2,893)	-
Repayment of borrowings	(675)	(5)	(1,354)	(321)
Repayment of finance lease liabilities	(1)	(2)	(3)	(2)
Net cash used in financing activities	<u>(3,566)</u>	<u>(7)</u>	<u>(4,250)</u>	<u>(323)</u>

	Group			
	2Q 2018 \$'000	2Q 2017 \$'000 (Restated)	1H 2018 \$'000	1H 2017 \$'000 (Restated)
Net (decrease)/increase in cash and cash equivalents	(5,392)	3,773	(42,442)	3,377
Cash and cash equivalents at beginning of the period	11,117	19,290	48,297	19,806
Effect of exchange rate changes on balances held in foreign currencies	73	58	(57)	(62)
Cash and cash equivalents at end of the period	5,798	23,121	5,798	23,121
Short term fixed deposits and restricted cash at bank	56,976	-	56,976	-
Cash and bank balances	62,774	23,121	62,774	23,121

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
At 1 January 2018 (as previously stated)	129,790	3,980	3	8,529	(192)	(2,024)	(61,482)	-	78,604
Transfer from translation reserve to accumulated losses (refer to item 5)	-	-	-	-	-	2,454	(2,454)	-	-
Depreciation of investment property (refer to item 5)	-	-	-	-	-	(3)	(73)	-	(76)
At 1 January 2018 (Restated)	129,790	3,980	3	8,529	(192)	427	(64,009)	-	78,528
Loss for the period	-	-	-	-	-	-	(155)	-	(155)
<u>Other comprehensive income, net of tax</u>									
Foreign currency translation differences for foreign operations	-	-	-	-	-	515	-	-	515
Total comprehensive income/ (loss) for the period	-	-	-	-	-	515	(155)	-	360
Others									
Dividend paid to holders of non-redeemable convertible cumulative preference shares ("NCCPS")	-	-	-	-	-	-	(3)	-	(3)
At 31 March 2018 and 1 April 2018	129,790	3,980	3	8,529	(192)	942	(64,167)	-	78,885
Profit for the period	-	-	-	-	-	-	2,131	-	2,131
<u>Other comprehensive income, net of tax</u>									
Foreign currency translation differences for foreign operations	-	-	-	-	-	(65)	-	-	(65)
Total comprehensive (loss)/ income for the period	-	-	-	-	-	(65)	2,131	-	2,066
Contributions by owners									
Conversion of NCCPS	3	-	(3)	-	-	-	-	-	-
Others									
Dividend paid to ordinary shareholders	-	-	-	-	-	-	(2,890)	-	(2,890)
At 30 June 2018	129,793	3,980	-	8,529	(192)	877	(64,926)	-	78,061

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
At 1 January 2017 (as previously stated)	129,790	3,980	3	8,529	(192)	(2,454)	(147,721)	3,132	(4,933)
Cumulative effects of adopting SFRS(I)	-	-	-	-	-	2,454	(2,454)	-	-
At 1 January 2017 (Restated)	129,790	3,980	3	8,529	(192)	-	(150,175)	3,132	(4,933)
Loss for the period	-	-	-	-	-	-	(657)	-	(657)
<u>Other comprehensive loss, net of tax</u>									
Foreign currency translation differences for foreign operations	-	-	-	-	-	(718)	-	-	(718)
Total comprehensive loss for the period	-	-	-	-	-	(718)	(657)	-	(1,375)
At 31 March 2017 and 1 April 2017	129,790	3,980	3	8,529	(192)	(718)	(150,832)	3,132	(6,308)
Loss for the period	-	-	-	-	-	-	(92)	-	(92)
<u>Other comprehensive income, net of tax</u>									
Foreign currency translation differences for foreign operations	-	-	-	-	-	255	-	-	255
Total comprehensive income/ (loss) for the period	-	-	-	-	-	255	(92)	-	163
At 30 June 2017	129,790	3,980	3	8,529	(192)	(463)	(150,924)	3,132	(6,145)
Company	\$'000	Equity capital contributed by parent \$'000	Preference shares \$'000	Special reserve \$'000	Accumulated losses \$'000	Total \$'000			
At 1 January 2018	129,790	3,980	3	12,471	(70,725)	75,519			
Loss for the period, representing total comprehensive loss for the period	-	-	-	-	(389)	(389)			
Others									
Dividend paid to holders of NCCPS	-	-	-	-	(3)	(3)			
At 31 March 2018 and 1 April 2018	129,790	3,980	3	12,471	(71,117)	75,127			
Profit for the period, representing total comprehensive income for the period	-	-	-	-	261	261			
Contributions by owners									
Conversion of NCCPS	3	-	(3)	-	-	-			
Others									
Dividend paid to ordinary shareholders	-	-	-	-	(2,890)	(2,890)			
At 30 June 2018	129,793	3,980	-	12,471	(73,746)	72,498			

Company	Share capital \$'000	Equity capital contributed by parent \$'000	Preference shares \$'000	Special reserve \$'000	Accumulated losses \$'000	Total \$'000
At 1 January 2017	129,790	3,980	3	12,471	(145,502)	742
Profit for the period, representing total comprehensive income for the period	-	-	-	-	182	182
At 31 March 2017 and 1 April 2017	129,790	3,980	3	12,471	(145,320)	924
Loss for the period, representing total comprehensive loss for the period	-	-	-	-	(590)	(590)
At 30 June 2017	129,790	3,980	3	12,471	(145,910)	334

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 the number of shares that may be issued on conversion of all the outstanding convertibles, if any, against the total number of issued shares excluding treasury shares and subsidiary holdings 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. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed 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

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.

Notwithstanding that the NCCPS Conversion Period had expired, the ordinary shareholders of the Company had, at the Company's extraordinary general meeting held on 26 April 2018, passed special resolutions to approve (i) the amendment of the Constitution of the Company to effect the conversion of all the existing and issued NCCPS into ordinary shares (the "NCCPS Conversion") and (ii) the NCCPS Conversion at a conversion ratio of one (1) ordinary share for every 10 NCCPS ("Conversion Ratio"), any fractional entitlement to the ordinary shares arising from the application of the conversion ratio to be disregarded.

During the three months ended 30 June 2018, an aggregate of 12,936 ordinary shares were issued and allotted to the NCCPS holders upon conversion of the NCCPS at the Conversion Ratio, thus bringing the total issued and paid-up ordinary share capital as at 30 June 2018 to \$133,773,351.95 comprising 96,334,254 ordinary shares.

	Number of shares	Share Capital \$'000
<u>Ordinary shares</u>		
At 1 April 2018	96,321,318	133,770
New ordinary shares issued arising from the conversion of NCCPS	12,936	3
At 30 June 2018 (As per Accounting and Corporate Regulatory Authority's records)	96,334,254	133,773
Trust Shares	(2,418,917)	(3,980)
At 30 June 2018	93,915,337	129,793
	Number of shares	Share Capital \$'000
<u>NCCPS</u>		
At 1 April 2018	129,396	3
Conversion of NCCPS to new ordinary shares	(129,396)	(3)
At 30 June 2018	-	-

As at 30 June 2018 and as at 30 June 2017, there were no ordinary shares held as treasury shares or as subsidiary holdings in the Company.

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.

	Total number of issued shares	
	<u>30/6/2018</u>	<u>31/12/2017</u>
Ordinary Shares	96,334,254	96,321,318
NCCPS	-	129,396

The Company did not hold any treasury shares as at 30 June 2018 and as at 31 December 2017.

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/subsidiary holdings as at the end of the current financial period reported on.

There were no sales, transfers, cancellation and/or use of treasury shares/subsidiary holdings during the three months ended 30 June 2018.

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.

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.

Convergence with International Financial Reporting Standards

For annual financial period beginning on or after 1 January 2018, Singapore-incorporated companies listed on Singapore Exchange Securities Trading Limited ("SGX-ST") are required to adopt Singapore Financial Reporting Standards (International) ("SFRS(I)", a new financial reporting framework identical to International Financial Reporting Standards. The Group adopted SFRS(I) on 1 January 2018.

On transition to SFRS(I), the Group elected the option to deem cumulative translation differences for foreign operations to be zero on 1 January 2017, and accordingly, the gain or loss that will be recognised on a subsequent disposal of the foreign operations will exclude cumulative translation differences that arose before 1 January 2017. The Group reclassified an amount of \$2,454,000 of foreign currency translation reserve to the opening retained earnings as at 1 January 2017.

The Group also elected the option to treat the carrying amount of investment property amounting to \$2,109,000, revalued under the previous accounting policy as its deemed cost as at 1 January 2017. Accordingly, the Group's balance sheet as at 31 December 2017 and income statement for the quarter ended 30 June 2018 have been restated to reflect the said adoptions. Below are the effects of the abovementioned election on the financial statements.

**Group
As at
31 December 2017
\$'000**

Consolidated balance sheet

	(Restated)
Decrease in investment property	(76)
Decrease in reserves	(76)

**Group
1H 2017
\$'000**

Consolidated income statement

	(Restated)
Increase in other expenses	37

- 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 2018	2Q 2017	1H 2018	1H 2017
	¢	¢	¢	¢
		(Restated)		(Restated)
Earnings/(loss) per share				
(Based on the weighted average number of ordinary shares in issue)				
- Basic	2.27	(0.10)	2.10	(0.80)
(2Q 2018: 93,911,072, 1H 2018: 93,906,761)				
(2Q 2017: 93,902,401, 1H 2017: 93,902,401)				
- Diluted	2.27	(0.10)	2.10	(0.80)
(2Q 2018: 93,915,337; 1H 2018: 93,915,337)				
(2Q 2017: 93,902,401, 1H 2017: 93,902,401)				

The diluted loss per share for 2Q 2017 and 1H 2017 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	Group	Company	Company
	30/06/2018	31/12/2017	30/06/2018	31/12/2017
	\$	\$	\$	\$
		(Restated)		
Net asset value per issued share, excluding Trust Shares	0.83	0.84	0.77	0.80

The net asset value per issued share, excluding Trust Shares is computed based on 93,915,337 issued ordinary shares as at 30 June 2018 and 93,902,401 issued ordinary shares as at 31 December 2017.

- 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.**

Results for 3 months ended 30 June ("2Q") 2018 versus 2Q 2017 (Restated)

The Group achieved higher revenue of \$4.9 million for 2Q 2018, an increase of approximately \$1.8 million compared to the revenue of \$3.1 million for 2Q 2017. The improvement arose mainly from the recognition of \$3.3 million on the sale of 2 plots of land at Punggol 17th Avenue, Singapore ("Punggol Land"). However, this improvement was partially offset by the drop in revenue of \$1.3 million from the hospitality segment. The decline in revenue from the hospitality segment was due to (a) a consequence of the disposal of the Company's wholly-owned subsidiary, LKN Investment International Pte. Ltd., which owned Elite Residences Shanghai, completed in November 2017 ("LKNII Disposal"); and (b) weaker consumer spending in Malaysia.

For the quarter under review, the property development segment reported an operating profit of \$1.7 million arising mainly from the sale of Punggol Land, whereas a lower operating profit of \$0.2 million was reported by the hospitality segment *vis-à-vis* \$0.6 million for the same corresponding period in 2017. As a result, the Group's operating profit before the share of results of joint ventures, other income and finance costs increased to \$1.4 million for 2Q 2018 from \$0.2 million for 2Q 2017.

Other income consisted of mainly interest income, licence fee and currency exchange gain. The reduction in interest expense was due to the full prepayment of an unsecured loan of \$68 million in December 2017 (the "Unsecured Loan"). The Group reported a net currency exchange gain of \$0.4 million mainly due to the revaluation of the net foreign currency monetary assets and liabilities arising largely from the strengthening of the US Dollar and Singapore Dollar against the Singapore Dollar and Renminbi respectively.

The net profit attributable to shareholders of the Company for 2Q 2018 was \$2.1 million compared to a net loss of \$0.1 million recorded for 2Q 2017.

Results for 6 months ended 30 June ("1H") 2018 versus 1H 2017 (Restated)

The recognition of the sale of the Punggol Land contributed to an increase in revenue for the property development segment by \$3.2 million for 1H 2018, from \$144,000 for 1H 2017. However, the Group's overall revenue for 1H 2018 rose by only \$1.1 million to \$6.8 million. This was mainly due to the absence of revenue contribution from Elite Residences Shanghai as a result of the LKNII Disposal.

Correspondingly, the property development segment saw an improvement in its operating profit by \$1.7 million whilst the operating profit from the hospitality segment declined by \$0.5 million against 1H 2017. The Group's operating profit before the share of results of joint ventures, other income and finance costs increased to \$1.2 million in 1H 2018 from \$0.2 million in 1H 2017.

Other income included mainly interest income, licence fee and currency exchange gain. The substantial drop in interest expense was due to the full prepayment of the Unsecured Loan. The Group reported a net currency exchange gain of \$0.2 million mainly due to the revaluation of the net foreign currency monetary assets and liabilities arising mainly from the strengthening of the US Dollar and Singapore Dollar against the Singapore Dollar and Renminbi respectively.

The net profit attributable to shareholders of the Company for 1H 2018 was \$2.0 million compared to a net loss of \$0.7 million recorded for 1H 2017.

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 2018 which was released on 9 May 2018.

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 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 Copthorne Hotel Cameron Highlands.

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

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

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 \$'000	Hospitality and restaurant \$'000	Property development \$'000	Total \$'000
6 months ended 30 June 2018				
Revenue				
- external revenue	51	3,417	3,300	6,768
- inter-segment revenue	-	-	22	22
	<u>51</u>	<u>3,417</u>	<u>3,322</u>	<u>6,790</u>
Elimination				<u>(22)</u>
				<u>6,768</u>
Reportable segment results	(773)	408	1,590	1,225
Other income (excluding interest income)	348	3	40	391
Interest income	268	45	59	372
Interest expense	-	(57)	-	(57)
Share of results of joint ventures	-	79	(1)	78
(Loss)/profit before tax	<u>(157)</u>	<u>478</u>	<u>1,688</u>	<u>2,009</u>
Income tax expense				<u>(33)</u>
Profit for the period				<u>1,976</u>

	Investments and others \$'000	Hospitality and restaurant \$'000	Property development \$'000	Total \$'000
6 months ended 30 June 2017 (Restated)				
Revenue				
- external revenue	38	5,519	144	5,701
- inter-segment revenue	-	-	20	20
	<u>38</u>	<u>5,519</u>	<u>164</u>	<u>5,721</u>
Elimination				<u>(20)</u>
				<u>5,701</u>
Reportable segment results	(659)	923	(92)	172
Other income (excluding interest income)	154	-	14	168
Interest income	7	109	5	121
Interest expense	(654)	(109)	-	(763)
Exchange loss-net	(4)	(240)	(23)	(267)
Share of results of joint ventures	-	71	(1)	70
(Loss)/profit before tax	<u>(1,156)</u>	<u>754</u>	<u>(97)</u>	<u>(499)</u>
Income tax expense				<u>(250)</u>
Loss for the period				<u>(749)</u>

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 SGX-ST ("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
2 August 2018

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

The Board hereby confirms that, to the best of its knowledge, nothing has come to the attention of the Board which may render the Group's unaudited interim financial results for the second quarter and half year ended 30 June 2018 to be false or misleading in any material aspect.

On behalf of the Board

Dato' Gan Khai Choon
Chairman

Philip Ting Sii Tien
Director

Singapore
2 August 2018