

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 the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) on 4 June 2014.

Pursuant to Rule 1313 (2) of the Listing Manual of the 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 posted a higher revenue of \$10 million for 2014 compared to \$6.5 million for 2013. The substantial increase in the Group’s revenue was mainly due to the consolidation of the financial results of Augustland Hotel Sdn Bhd (“**AHSB**”) following the completion of the Group’s acquisition of the remaining 55% equity interest in AHSB (the “**Acquisition**”) on 8 July 2014 (the “**Completion Date**”). AHSB owns Copthorne Hotel Cameron Highlands.

As a result of the higher revenue, the Group registered an operating profit of \$0.4 million before the share of results of associate and joint ventures, other income and finance costs for 2014 against an operating loss of \$1.1 million (excluding the loss on the disposal of the equity interests in Shanghai International Equatorial Hotel Company Ltd and Scientex Park (M) Sdn Bhd which amounted to \$4 million, comprising mainly net foreign currency translation loss) for 2013.

Arising from the Acquisition, the Group reported a substantial increase in other income which amounted to \$6.8 million for 2014, primarily due to:

1. the recognition of a gain of approximately \$3.7 million on the Completion Date of the Acquisition arising from the Group’s revaluation of its initial 45% equity interest in AHSB at fair value;
2. the identified assets and liabilities being assumed in AHSB pursuant to the Acquisition were also measured at their fair value on the Completion Date and as the fair value exceeded the consideration, it resulted in a negative goodwill amounting to \$0.6 million; and
3. the gain of \$1.9 million on the deemed settlement of the Group’s advances to AHSB which were considered effectively settled on the Completion Date pursuant to paragraphs 51 and 52 of FRS 103.

The share of net loss after tax in associate and joint ventures increased to \$1.4 million in 2014 from \$0.4 million in 2013. This was mainly due to the impact over the increase of hotel rooms and slowdown of the hospitality business in Qingdao.

The net profit attributable to shareholders of the Company was \$3.6 million for 2014 compared to a loss of \$6.1 million for 2013. The Group’s net liabilities decreased from \$4 million as at 31 December 2013 to \$0.2 million as at 31 December 2014.

For full details on the results and financial position of the Group, please refer to the Company's results announcement for the financial year ended 31 December 2014 released on 12 February 2015.

3. UPDATE ON FUTURE DIRECTION

With the Acquisition, the Group currently has full ownership and control of AHSB and its assets which comprise primarily Copthorne Hotel Cameron Highlands and the freehold property in Cameron Highlands on which the hotel is sited. The Acquisition allowed the Group to take a further step towards strengthening the Group's existing core business of hospitality operations.

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

The Company is aware of the deadline given by SGX-ST for its removal from the Watch-List. The Company has been actively looking for potential opportunities to improve the financial position of the Group, and will endeavor to meet the requirements of Rule 1314 of the SGX-ST Listing Manual for the removal of the Company from the Watch-List.

BY ORDER OF THE BOARD

Aw Siew Yen, Patricia

Yeo Swee Gim, Joanne

Company Secretaries

Singapore

12 February 2015