



**Hiap Hoe Limited**  
(Registration No.: 199400676Z)

Condensed Consolidated Interim Financial Statements  
for the First Half Year Ended 30 June 2022

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**A. Condensed interim consolidated income statement  
For the first half year ended 30 June 2022**

	Note	The Group		%
		6 months ended		
		30-Jun-22 \$'000	30-Jun-21 \$'000	
Revenue	4	48,689	45,368	7.3
<b><u>Other items of income</u></b>				
Dividend income		4,216	3,665	15.0
Interest income		1,368	1,407	(2.8)
Other income	7A	15,932	4,543	250.7
Impairment loss on trade receivables written back		53	86	(38.4)
Foreign exchange gain		239	1,161	(79.4)
		21,808	10,862	100.8
Changes in completed properties for sale		-	(1,869)	NM
Employee benefits expense		(13,545)	(12,830)	5.6
Depreciation expense	7B	(17,532)	(17,596)	(0.4)
Other expenses	7C	(23,752)	(22,310)	6.5
Finance cost		(6,606)	(5,481)	20.5
Fair value changes in financial instruments	7D	(12,619)	13,643	NM
Impairment loss on trade receivables		(23)	(960)	(97.6)
<b>(Loss)/profit before tax</b>		(3,580)	8,827	NM
Income tax credit/(expense)	9	1,258	(1,400)	NM
<b>(Loss)/profit for the period</b>		(2,322)	7,427	NM
<b>Attributable to :</b>				
Owners of the Company		(2,244)	7,400	NM
Non-controlling interests		(78)	27	NM
Total		(2,322)	7,427	NM
<b>Earnings per share (cents)</b>				
Basic		(0.48)	1.57	
Diluted		(0.48)	1.57	

Earnings per share are calculated based on the net (loss)/profit attributable to owners of the Company divided by the weighted average number of shares.

**B. Condensed interim consolidated statement of comprehensive income  
For the first half year ended 30 June 2022**

	The Group	
	6 months ended	
	30-Jun-22 \$'000	30-Jun-21 \$'000
<b>(Loss)/profit for the period</b>	(2,322)	7,427
<b>Other comprehensive (loss)/income items that may be reclassified subsequently to income statement</b>		
Foreign currency translation	(2,947)	(319)
Exchange differences realised on de-registration of subsidiary recycled to profit or loss	-	185
Other comprehensive loss for the period, net of tax of nil	(2,947)	(134)
<b>Total comprehensive (loss)/income for the period</b>	<u>(5,269)</u>	<u>7,293</u>
<b>Attributable to :</b>		
Owners of the Company	(5,191)	7,266
Non-controlling interests	(78)	27
<b>Total comprehensive (loss)/income for the period</b>	<u>(5,269)</u>	<u>7,293</u>

## C. Condensed interim statements of financial position As at 30 June 2022

	Note	The Group		The Company	
		30-Jun-22 \$'000	31-Dec-21 \$'000	30-Jun-22 \$'000	31-Dec-21 \$'000
<b>Non-Current Assets</b>					
Property, plant and equipment	12	621,588	637,204	-	-
Investment properties	13	585,782	594,229	-	-
Subsidiaries		-	-	595,141	595,141
Joint venture		-	-	23,663	22,857
Other receivables		2,504	401	-	-
Lease incentives		12,823	13,909	-	-
Deferred tax assets		14,117	12,729	-	-
		<u>1,236,814</u>	<u>1,258,472</u>	<u>618,804</u>	<u>617,998</u>
<b>Current Assets</b>					
Cash and short-term deposits		33,902	29,580	26	155
Other investments	5	306,308	315,565	-	-
Trade and other receivables		5,262	9,592	-	-
Lease incentives		1,438	1,477	-	-
Other assets		327	337	-	-
Derivatives - assets	5	1	61	-	-
Prepaid operating expenses		1,248	1,505	3	6
Due from subsidiaries, trade		-	-	716	624
Due from subsidiaries, non-trade		-	-	18,821	19,877
Completed properties for sale		2,222	2,282	-	-
Inventories		2,789	2,820	-	-
		<u>353,497</u>	<u>363,219</u>	<u>19,566</u>	<u>20,662</u>
Asset held-for-sale		-	6,971	-	-
		<u>353,497</u>	<u>370,190</u>	<u>19,566</u>	<u>20,662</u>
<b>Current Liabilities</b>					
Trade and other payables		5,843	4,573	49	55
Other liabilities		9,369	10,969	268	458
Derivatives - liabilities	5	437	289	-	-
Due to subsidiaries, trade		-	-	3	9
Due to subsidiaries, non-trade		-	-	131,851	129,965
Due to related companies, trade		28	11	-	-
Due to related companies, non-trade		11	12	-	-
Interest-bearing loans and borrowings	14	370,228	373,141	-	-
Tax payable		2,900	3,229	176	213
		<u>388,816</u>	<u>392,224</u>	<u>132,347</u>	<u>130,700</u>
<b>Net Current Liabilities<sup>(A)</sup></b>		<b>(35,319)</b>	<b>(22,034)</b>	<b>(112,781)</b>	<b>(110,038)</b>
<b>Non-Current Liabilities</b>					
Other liabilities		2,721	2,352	-	-
Other payables		-	592	-	-
Interest-bearing loans and borrowings	14	372,772	398,436	-	-
Deferred tax liabilities		77,760	79,194	-	-
		<u>453,253</u>	<u>480,574</u>	<u>-</u>	<u>-</u>
<b>Net Assets</b>		<b>748,242</b>	<b>755,864</b>	<b>506,023</b>	<b>507,960</b>
<b>Equity attributable to owners of the Company</b>					
Share capital	15	84,445	84,445	84,445	84,445
Treasury shares	16	(1,101)	(1,101)	(1,101)	(1,101)
Reserves		661,624	669,168	422,679	424,616
		<u>744,968</u>	<u>752,512</u>	<u>506,023</u>	<u>507,960</u>
Non-controlling interests		3,274	3,352	-	-
<b>Total Equity</b>		<b>748,242</b>	<b>755,864</b>	<b>506,023</b>	<b>507,960</b>

<sup>(A)</sup> The Group and the Company are in a net current liabilities position mainly due to maturity of borrowings within the next 12 months. The Group and the Company have unutilised credit facilities available to refinance the portion of borrowings which are maturing within the next 12 months.

**D. Condensed interim statements of changes in equity**  
**For the period from 1 January 2022 to 30 June 2022 and 1 January 2021 to 30 June 2021**

	Attributable to equity holders of the Company							Total	Non-controlling interests	Total equity
	Share capital	Treasury shares	Accumulated profits	Capital reserve	Foreign currency reserve	Gain on reissuance of treasury shares	Total reserves			
<b>The Group</b> (All figures in \$'000)										
At 1 January 2022	84,445	(1,101)	697,397	(7,672)	(20,609)	52	669,168	752,512	3,352	755,864
Loss for the period	-	-	(2,244)	-	-	-	(2,244)	(2,244)	(78)	(2,322)
Foreign currency translation	-	-	-	-	(2,947)	-	(2,947)	(2,947)	-	(2,947)
Other comprehensive loss net of tax of nil	-	-	-	-	(2,947)	-	(2,947)	(2,947)	-	(2,947)
<b>Total comprehensive loss for the period</b>	-	-	(2,244)	-	(2,947)	-	(5,191)	(5,191)	(78)	(5,269)
<u>Contributions by and distributions to owners</u>										
Dividends on ordinary shares	-	-	(2,353)	-	-	-	(2,353)	(2,353)	-	(2,353)
<b>Total contributions by and distributions to owners</b>	-	-	(2,353)	-	-	-	(2,353)	(2,353)	-	(2,353)
<b>At 30 June 2022</b>	<b>84,445</b>	<b>(1,101)</b>	<b>692,800</b>	<b>(7,672)</b>	<b>(23,556)</b>	<b>52</b>	<b>661,624</b>	<b>744,968</b>	<b>3,274</b>	<b>748,242</b>
At 1 January 2021	84,445	(1,101)	678,553	(7,672)	(16,830)	52	654,103	737,447	3,361	740,808
Profit for the period	-	-	7,400	-	-	-	7,400	7,400	27	7,427
Foreign currency translation	-	-	-	-	(319)	-	(319)	(319)	-	(319)
Exchange differences realised on de-registration of subsidiary recycled to profit or loss	-	-	-	-	185	-	185	185	-	185
Other comprehensive loss net of tax of nil	-	-	-	-	(134)	-	(134)	(134)	-	(134)
<b>Total comprehensive income/(loss) for the period</b>	-	-	7,400	-	(134)	-	7,266	7,266	27	7,293
<u>Contributions by and distributions to owners</u>										
Dividends on ordinary shares	-	-	(2,353)	-	-	-	(2,353)	(2,353)	-	(2,353)
Acquisition of non-controlling interests	-	-	-	-	-	-	-	-	(1)	(1)
<b>Total contributions by and distributions to owners</b>	-	-	(2,353)	-	-	-	(2,353)	(2,353)	(1)	(2,354)
<b>At 30 June 2021</b>	<b>84,445</b>	<b>(1,101)</b>	<b>683,600</b>	<b>(7,672)</b>	<b>(16,964)</b>	<b>52</b>	<b>659,016</b>	<b>742,360</b>	<b>3,387</b>	<b>745,747</b>

**D. Condensed interim statements of changes in equity (cont'd)**

**For the period from 1 January 2022 to 30 June 2022 and 1 January 2021 to 30 June 2021**

<b><u>The Company</u></b> (All figures in \$'000)	<b>Share capital</b>	<b>Treasury shares</b>	<b>Accumulated profits</b>	<b>Gain on reissuance of treasury shares</b>	<b>Total reserves</b>	<b>Total equity</b>
At 1 January 2022	84,445	(1,101)	424,564	52	424,616	507,960
Profit for the period	-	-	416	-	416	416
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>416</b>	<b>-</b>	<b>416</b>	<b>416</b>
<u>Contributions by and distributions to owners</u>						
Dividends on ordinary shares	-	-	(2,353)	-	(2,353)	(2,353)
<b>Total contributions by and distribution to owners</b>	<b>-</b>	<b>-</b>	<b>(2,353)</b>	<b>-</b>	<b>(2,353)</b>	<b>(2,353)</b>
<b>At 30 June 2022</b>	<b>84,445</b>	<b>(1,101)</b>	<b>422,627</b>	<b>52</b>	<b>422,679</b>	<b>506,023</b>
At 1 January 2021	84,445	(1,101)	409,549	52	409,601	492,945
Profit for the period	-	-	218	-	218	218
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>218</b>	<b>-</b>	<b>218</b>	<b>218</b>
<u>Contributions by and distributions to owners</u>						
Dividends on ordinary shares	-	-	(2,353)	-	(2,353)	(2,353)
<b>Total contributions by and distribution to owners</b>	<b>-</b>	<b>-</b>	<b>(2,353)</b>	<b>-</b>	<b>(2,353)</b>	<b>(2,353)</b>
<b>At 30 June 2021</b>	<b>84,445</b>	<b>(1,101)</b>	<b>407,414</b>	<b>52</b>	<b>407,466</b>	<b>490,810</b>

**E. Condensed interim consolidated statement of cash flows**  
**For the first half year ended 30 June 2022**

	The Group	
	6 months ended	
	30-Jun-22	30-Jun-21
	\$'000	\$'000
<b>Cash flows from operating activities</b>		
(Loss)/profit before taxation	(3,580)	8,827
Adjustments for:		
Amortisation of deferred income	(41)	(43)
Amortisation of deferred government grant income	(365)	(332)
Amortisation of lease incentives	737	-
Depreciation of property, plant and equipment	12,640	12,845
Depreciation of investment properties	4,892	4,751
Dividend income from investments	(4,216)	(3,665)
Fair value changes in other investments	12,601	(13,511)
Fair value changes in derivative instruments	18	(132)
Gain on disposal of asset held-for-sale	(12,910)	-
Gain on disposal of property, plant and equipment	(41)	(82)
Impairment loss on trade receivables	23	960
Impairment loss on trade receivables written back	(53)	(86)
Finance cost	6,606	5,481
Interest income	(1,368)	(1,407)
Loss on disposal of other investments	7	73
Property, plant and equipment written off	5	7
Effects of COVID-19 related rent waivers received from lessors	-	(90)
Exchange difference	(789)	(1,223)
<b>Operating cash flows before changes in working capital</b>	<b>14,166</b>	<b>12,373</b>
<u>Changes in working capital</u>		
(Increase)/decrease in:		
Completed properties for sale	-	1,869
Inventories	9	28
Trade and other receivables	2,216	(3,027)
Other assets	3	123
Prepaid operating expenses	238	527
Due from related companies, trade	-	3
Due from related companies, non-trade	-	4
Increase/(decrease) in:		
Trade and other payables	767	696
Other liabilities	(490)	(2,117)
Due to related companies, trade	17	-
Due to related companies, non-trade	(1)	10
	<b>16,925</b>	<b>10,489</b>
Income tax paid	(2,110)	(2,477)
<b>Net cash flows generated from operating activities carried forward</b>	<b>14,815</b>	<b>8,012</b>



**E. Condensed interim consolidated statement of cash flows (cont'd)**  
**For the first half year ended 30 June 2022**

	The Group	
	6 months ended	
	30-Jun-22	30-Jun-21
	\$'000	\$'000
<b>Net cash flows generated from operating activities brought forward</b>	<b>14,815</b>	<b>8,012</b>
<b>Cash flows from investing activities</b>		
Interest income received and settlement of derivatives	1,478	1,373
Dividend income received and return of capital	4,682	3,736
Purchase of property, plant and equipment <sup>(1)</sup>	(1,647)	(1,029)
Improvements of investment properties <sup>(2)</sup>	-	(422)
Purchase of other investments	(18,190)	(27,250)
Proceeds from disposal of other investments	14,371	7,725
Proceeds from disposal of property, plant and equipment	291	173
Proceeds from disposal of asset held-for-sale	19,678	-
Payment of upfront lease incentives	-	(15,842)
<b>Net cash flows generated from/(used in) investing activities</b>	<b>20,663</b>	<b>(31,536)</b>
<b>Cash flow from financing activities</b>		
Acquisition of non-controlling interests	-	(1)
Interest paid	(6,184)	(4,752)
Changes in cash and bank balances pledged	2,436	5,255
Changes in fixed deposits pledged	(7,973)	(10)
Repayment of loans and borrowings	(50,511)	(2,142)
Repayment of principal portion of lease liabilities	(1,741)	(1,678)
Proceeds from loans and borrowings	29,865	27,256
Dividends paid on ordinary shares by the Company	(2,353)	(2,353)
<b>Net cash flows (used in)/generated from financing activities</b>	<b>(36,461)</b>	<b>21,575</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(983)</b>	<b>(1,949)</b>
Effect of exchange rate changes on cash and cash equivalents	(164)	8
<b>Cash and cash equivalents at beginning of period</b>	<b>11,325</b>	<b>7,185</b>
<b>Cash and cash equivalents at end of period</b>	<b>10,178</b>	<b>5,244</b>
<u>Cash and cash equivalents comprise:</u>		
Cash and bank balances	20,392	12,002
Fixed deposits	13,510	1,125
	33,902	13,127
Cash and bank balances pledged	(12,615)	(6,758)
Fixed deposits pledged	(11,109)	(1,125)
	10,178	5,244

**(1) Purchase of property, plant and equipment**

During the period, the Group acquired property, plant and equipment of \$2,683,000 (30 June 2021: \$2,482,000) which included non-cash additions to right-of-use assets of \$1,036,000 (30 June 2021: \$1,268,000), transfer from other assets relating to a deposit of \$Nil (30 June 2021: \$185,000) paid in prior period and the balance of \$1,647,000 (30 June 2021: \$1,029,000) was made in cash.

**(2) Improvements of investment properties**

During the period, the Group incurred improvement works on investment properties of \$Nil (30 June 2021: \$474,000) of which transfer from other assets relating to a deposit of \$Nil (30 June 2021: \$52,000) paid in prior period and the balance of \$Nil (30 June 2021: \$422,000) was made in cash.

## **F. Notes to the condensed interim consolidated financial statements For the first half year ended 30 June 2022**

### **1. Corporate Information**

Hiap Hoe Limited (the “Company”) is a limited liability company incorporated and domiciled in Singapore and is listed on the Singapore Exchange Securities Trading Limited (SGX-ST) Mainboard. These condensed interim consolidated financial statements as at and for the six months ended 30 June 2022 comprise the Company and its subsidiaries (collectively, the “Group”).

The principal activities of the Company are those of investment holding and provision of management services. The principal activities of the subsidiaries are:

- (a) Property investment and owner;
- (b) Hotel owner;
- (c) Investment holding; and
- (d) Owners and operators of bowling centres and recreation centres.

There has been no significant change in the nature of these activities during the financial period.

Its immediate and ultimate holding company is Hiap Hoe Holdings Pte Ltd, a company incorporated in Singapore. Related companies refer to members of the immediate and ultimate holding company’s group of companies.

### **2. Basis of Preparation**

The condensed interim financial statements for the six months ended 30 June 2022 have been prepared in accordance with SFRS(I) 1-34 Interim Financial Reporting issued by the Accounting Standards Council Singapore. The condensed interim financial statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group’s financial position and performance of the Group since the last annual financial statements for the year ended 31 December 2021.

The accounting policies adopted are consistent with those of the previous financial year which were prepared in accordance with SFRS(I)s, except for the adoption of new and amended standards as set out in Note 2.1.

The condensed interim financial statements are presented in Singapore dollar which is the Company’s functional currency and all values are rounded to the nearest thousand (\$’000), except when otherwise indicated.

#### **2.1. New and amended standards adopted by the Group**

In the current financial period, the Group and the Company adopted the Amendments to SFRS(I) that are mandatory for annual periods beginning on or after 1 January 2022.

The adoption of the Amendments to SFRS(I) did not result in any substantial change to the Group and the Company’s accounting policies or any material impact on the financial statements of the Group.

#### **2.2. Use of judgements and estimates**

In preparing the condensed interim financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates. Given the ongoing market disruption caused by the COVID-19 pandemic, the uncertainties associated with accounting estimates and assumptions may also be increased accordingly.

## 2.2. Use of judgements and estimates (cont'd)

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 31 December 2021.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Information about critical judgements, estimates and assumptions that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next interim period are included in the following notes:

### Impairment of non-financial assets

- Note 12 Property, plant and equipment
- Note 13 Investment properties

The Group carries its investment properties and property, plant and equipment at cost less accumulated depreciation and accumulated impairment. In the case of investment properties, impairment loss is recognised when carrying value exceeds fair value, and for property, plant and equipment, such loss is recognised when the carrying value exceeds recoverable amount.

The assets are accounted using the cost model. For assessing whether there is any indication that the asset is impaired, and recoverable amount where necessary, the Group considers both external and internal sources of information, including the fair value appraised by external valuers. The fair value assessment is complex and highly dependent on a range of assumptions such as discount rate, capitalisation rate, terminal yield and growth rate made by the valuers, and heightened by the increased level of estimation uncertainty arising from changes in market and economic conditions brought on by the COVID-19 pandemic. The ongoing development of COVID-19 may cause unexpected volatility in the future fair value of the properties subsequent to 30 June 2022.

It is the Group's practice to carry out an external independent valuation exercise on its property assets on an annual basis at the end of each financial year by engaging real estate valuation experts to assess the fair value of the properties. These independent valuers have recognised and relevant professional qualification with relevant experience in the location and category of the properties being valued. The Group does not undertake half-yearly external independent valuation of its property assets. For the first half year reporting, management's valuations were carried out, taking into consideration the latest valuation methodologies and assumptions used in the latest external valuation reports.

- Note 5 Valuation of unquoted investments

The Group has unquoted investments which include fixed income instruments, mutual and private equity funds.

The fair values of unquoted investments are determined based on various valuation techniques which involve the use of assumptions and estimates determined by financial institutions managing these investments and application of management judgement. Estimation uncertainty exists for the valuation as these investments are not traded in an active market and the valuation techniques involve the use of significant unobservable inputs such as revalued net asset values and recent transaction prices.

## 3. Seasonal operations

Save for the impact on the ongoing COVID-19 pandemic, the Group's businesses are not affected significantly by seasonal or cyclical factors during the financial period.

#### **4. Segment and revenue information**

For management purposes, the Group is organised into business units based on their products and services, and has five reportable operating segments as follows:

- i. The development properties segment is in the business of acquiring land/property and developing them into residential/industrial/commercial properties for sales.
- ii. The rental segment is in the business of renting of space under the investment properties and property, plant and equipment.
- iii. The leisure segment is in the business of providing leisure and recreational facilities, including bowling centres, billiards centres and amusement centres under the brand 'SuperBowl'.
- iv. The hotel operations segment is operated under the brand names of "Ramada Singapore", "Days Hotel Singapore", "Holiday Inn Express Trafford City", "Four Points by Sheraton Melbourne" and "Aloft Perth".
- v. The other investments portfolio with a mix of quoted and unquoted investments.
- vi. The others segment is involved in Group-level corporate services and treasury functions.

These operating segments are reported in a manner consistent with internal reporting provided to the Chief Executive Officer who is responsible for allocating resources and assessing performance of the operating segments.

## 4.1. Reportable segments

1 January 2022 to 30 June 2022

	Development Properties	Rental Income	Leisure Business	Hotel Income	Trading Investments	Others	Elimination	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Revenue</b>								
Segment revenue								
- External sales	-	12,295	4,286	32,108	-	-	-	48,689
- Inter-segment sales (Note A)	-	146	-	-	-	680	(826)	-
	-	12,441	4,286	32,108	-	680	(826)	48,689
<b>Results</b>								
Segment profit/(loss) (Note B)	2	14,086 <sup>(1)</sup>	508	302	(5,183)	(6,463)	(6,832)	(3,580)
Income tax credit								1,258
Loss after tax								(2,322)
<b>Other information:</b>								
Other income	10	15,058 <sup>(1)</sup>	235	611	-	18	-	15,932
Interest income	-	38	-	-	1,328	2	-	1,368
Finance cost	-	(1,869)	(224)	(1,909)	(809)	(1,795)	-	(6,606)
Fair value changes in other investments	-	-	-	-	(12,601)	-	-	(12,601)
Fair value changes in derivative instruments	-	-	-	-	(18)	-	-	(18)
Depreciation expense	-	(4,823)	(1,279)	(5,343)	-	(81)	(6,006)	(17,532)
Other expenses	(8)	(6,335)	(963)	(15,589)	(406)	(451)	-	(23,752)

<sup>(1)</sup> This includes \$12.9 million gain on disposal of two units of investment properties at Skyline 360° at St Thomas Walk.

### Timing of transfer of goods or services (excluding lease rental income\*) from contracts with customers

At a point in time	-	361	4,255	6,646	-	-	-	11,262
Over time	-	713	31	25,462	-	-	-	26,206
	-	1,074	4,286	32,108	-	-	-	37,468
Additional to non-current assets (Note C)	-	735	1,542	363	-	43	-	2,683
Segment assets (Note D)	2,265	528,611	15,267	252,213	329,458	15,419	-	1,143,233
Segment liabilities (Note E)	42	385,228	11,123	150,986	163,551	61,898	-	772,828

## 4.1. Reportable segments (cont'd)

1 January 2021 to 30 June 2021

	Development Properties	Rental Income	Leisure Business	Hotel Income	Trading Investments	Others	Elimination	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Revenue</b>								
Segment revenue								
- External sales	2,353	12,315	3,548	27,152	-	-	-	45,368
- Inter-segment sales (Note A)	-	146	-	-	-	621	(767)	-
	<u>2,353</u>	<u>12,461</u>	<u>3,548</u>	<u>27,152</u>	<u>-</u>	<u>621</u>	<u>(767)</u>	<u>45,368</u>
<b>Results</b>								
Segment profit/(loss) (Note B)	366	(1,493)	261	413	18,638	(2,586)	(6,772)	8,827
Income tax expense								<u>(1,400)</u>
Profit after tax								<u><u>7,427</u></u>
<b>Other information:</b>								
Other income	41	1,640	380	2,237	-	245	-	4,543
Interest income	-	60	-	-	1,335	12	-	1,407
Finance cost	-	(1,711)	(228)	(1,653)	(788)	(1,101)	-	(5,481)
Fair value changes in other investments	-	-	-	-	13,511	-	-	13,511
Fair value changes in derivative instruments	-	-	-	-	132	-	-	132
Depreciation expense	-	(4,684)	(1,296)	(5,464)	-	(147)	(6,005)	(17,596)
Other expenses	(159)	(7,892)	(622)	(12,763)	(447)	(427)	-	(22,310)
<b>Timing of transfer of goods or services (excluding lease rental income*) from contracts with customers</b>								
At a point in time	2,353	200	3,544	7,245	-	-	-	13,342
Over time	-	28	4	19,907	-	-	-	19,939
	<u>2,353</u>	<u>228</u>	<u>3,548</u>	<u>27,152</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>33,281</u>
Additional to non-current assets (Note C)	-	1,785	6	525	-	640	-	2,956
Segment assets (Note D)	<u>2,824</u>	<u>534,801</u>	<u>15,786</u>	<u>268,205</u>	<u>321,689</u>	<u>18,601</u>	<u>-</u>	<u>1,161,906</u>
Segment liabilities (Note E)	<u>45</u>	<u>408,241</u>	<u>11,259</u>	<u>154,431</u>	<u>169,662</u>	<u>60,672</u>	<u>-</u>	<u>804,310</u>

\* Excluding rental income from lease of properties which is out of scope of SFRS(I) 15 *Revenue from Contracts with Customers*.

#### 4.1. Reportable segments (cont'd)

##### Notes

A Inter-segment revenues are eliminated on consolidation.

B The following items are deducted from segment (loss)/profit to arrive at “(loss)/profit before tax” presented in the consolidated income statement:

	6 months ended	
	30-Jun-22	30-Jun-21
	\$'000	\$'000
Profit from inter-segment sales	826	767
Depreciation	6,006	6,005
	<u>6,832</u>	<u>6,772</u>

C Additions to non-current assets consist of additions to property, plant and equipment and investment properties.

D The following items are deducted from segment assets to arrive at total assets reported in the consolidated balance sheet:

	30-Jun-22	30-Jun-21
	\$'000	\$'000
Segment assets	1,143,233	1,161,906
<u>Unallocated assets</u>		
Property, plant and equipment	322,034	330,546
Investment properties	125,044	128,545
Consolidated total assets	<u>1,590,311</u>	<u>1,620,997</u>

E The following items are deducted from segment liabilities to arrive at total liabilities reported in the consolidated balance sheet:

	30-Jun-22	30-Jun-21
	\$'000	\$'000
Segment liabilities	772,828	804,310
<u>Unallocated liabilities</u>		
Deferred tax liabilities	69,241	70,940
Consolidated total liabilities	<u>842,069</u>	<u>875,250</u>

##### F Geographical information

Revenue information based on the geographical location of customers are as follows:

	30-Jun-22	30-Jun-21
	\$'000	\$'000
<u>Revenue</u>		
Australia	16,488	20,533
Singapore	28,980	23,565
United Kingdom	3,221	1,270
	<u>48,689</u>	<u>45,368</u>

## 5. Financial assets and financial liabilities

Set out below is an overview of the financial assets and financial liabilities of the Group as at 30 June 2022 and 31 December 2021:

The Group	Note	Carrying amount		Fair value			Total
		Fair value through profit or loss	At amortised cost	Quoted prices in active markets for identical instruments (Level 1)	Significant observable inputs other than quoted prices (Level 2)	Significant unobservable inputs (Level 3)	
<b>At 30 June 2022</b>		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<u>Financial assets</u>							
Trade and other receivables (current and non-current) <sup>(1)</sup>		-	5,109				
Other investments		306,308	-	151,394	-	154,914	306,308
Derivatives		1	-	-	-	1	1
Other assets (current and non-current)		-	327				
Cash and bank balances		-	33,902				
		<u>306,309</u>	<u>39,338</u>				
<u>Financial liabilities</u>							
Trade and other payables <sup>(2)</sup>		-	(3,081)				
Other liabilities <sup>(3)</sup>		-	(9,634)				
Derivatives		(437)	-	-	-	(437)	(437)
Amount due to related companies (trade and non-trade)		-	(39)				
Interest-bearing loan and borrowings (current and non current)		-	(743,000)				
		<u>(437)</u>	<u>(755,754)</u>				

  

The Group	Note	Carrying amount		Fair value			Total
		Fair value through profit or loss	At amortised cost	Quoted prices in active markets for identical instruments (Level 1)	Significant observable inputs other than quoted prices (Level 2)	Significant unobservable inputs (Level 3)	
<b>At 31 December 2021</b>		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<u>Financial assets</u>							
Trade and other receivables (current and non-current) <sup>(1)</sup>		-	7,329				
Other investments		315,565	-	160,925	-	154,640	315,565
Derivatives		61	-	-	-	61	61
Other assets (current and non-current)		-	337				
Cash and bank balances		-	29,580				
		<u>315,626</u>	<u>37,246</u>				
<u>Financial liabilities</u>							
Trade and other payables <sup>(2)</sup>		-	(2,619)				
Other liabilities <sup>(4)</sup>		-	(10,733)				
Derivatives		(289)	-	-	-	(289)	(289)
Amount due to related companies (trade and non-trade)		-	(23)				
Interest-bearing loan and borrowings (current and non current)		-	(771,577)				
		<u>(289)</u>	<u>(784,952)</u>				

<sup>(1)</sup> excludes GST receivables and lease receivables.

<sup>(2)</sup> excludes GST payables, advance receipts and billings, and lease payables.

<sup>(3)</sup> excludes deposits that are not financial liabilities and deferred income.

<sup>(4)</sup> excludes deposits that are not financial liabilities, deferred income and deferred government grant income.



## 6. Fair value measurement

### Movements in Level 3 assets and liabilities measured at fair value

The following table presents the reconciliation for all assets and liabilities measured at fair value based on significant unobservable input (Level 3):

Group	Fair value measurements using significant unobservable inputs (Level 3)		
	Unquoted investments	Derivatives assets/ (liabilities)	Total
	\$'000	\$'000	\$'000
<b>2022</b>			
<b>At 1 January</b>	154,640	(228)	154,412
Loss on disposal of other investments	(79)	-	(79)
Fair value changes included in profit or loss	(483)	(18)	(501)
Return of capital	(732)	-	(732)
Purchase of other investments	7,578	-	7,578
Proceeds from disposal of other investments	(6,010)	-	(6,010)
Settlement of derivatives	-	(190)	(190)
<b>At 30 June</b>	<b>154,914</b>	<b>(436)</b>	<b>154,478</b>

Group	Fair value measurements using significant unobservable inputs (Level 3)		
	Unquoted investments	Derivatives assets/ (liabilities)	Total
	\$'000	\$'000	\$'000
<b>2021</b>			
<b>At 1 January</b>	131,148	(402)	130,746
Loss on disposal of other investments	(72)	-	(72)
Fair value changes included in profit or loss	5,144	17	5,161
Return of capital	(117)	-	(117)
Purchase of other investments	22,118	-	22,118
Proceeds from disposal of other investments	(3,581)	-	(3,581)
Settlement of derivatives	-	157	157
<b>At 31 December</b>	<b>154,640</b>	<b>(228)</b>	<b>154,412</b>

## 7. (Loss)/Profit before tax

(Loss)/Profit before tax is after crediting/(debiting) the following:

	The Group	
	6 months ended	
	30-Jun-22	30-Jun-21
	\$'000	\$'000
(A) <u>Other income comprises mainly:</u>		
Amortisation of deferred income	41	43
Amortisation of deferred government grant income	365	332
Effects of COVID-19 related rent waivers received from lessors	-	90
Gain on disposal of property, plant and equipment	41	82
Gain on disposal of asset held-for-sale <sup>(1)</sup>	12,910	-
Government grant income <sup>(2)</sup>	426	2,277
Property recovery income	2,138	1,608
Others	11	111
	<u>15,932</u>	<u>4,543</u>
(B) Depreciation of property, plant and equipment	(12,640)	(12,845)
Depreciation of investment properties	(4,892)	(4,751)
	<u>(17,532)</u>	<u>(17,596)</u>
(C) <u>Other expenses comprises mainly:</u>		
Audit and professional fees	(487)	(539)
Hotel consumables	(2,062)	(2,325)
Hotel management fees	(1,233)	(1,075)
Marketing and distribution expenses	(3,394)	(2,768)
Loss on disposal of other investments	(7)	(73)
Property, plant and equipment written off	(5)	(7)
Property related taxes	(1,455)	(2,209)
Upkeep and maintenance expenses of properties	(13,734)	(11,371)
Others	(1,375)	(1,943)
	<u>(23,752)</u>	<u>(22,310)</u>
(D) Fair value changes in other investments	(12,601)	13,511
Fair value changes in derivative instruments	(18)	132
	<u>(12,619)</u>	<u>13,643</u>

<sup>(1)</sup> This relates to the gain on disposal of two units of investment properties at Skyline 360° at St Thomas Walk.

<sup>(2)</sup> Government grant income includes mainly Job Support Scheme pay-out in Singapore and other similar support schemes in Australia and United Kingdom.

## 8. Related party transactions

There are no material related party transactions apart from those disclosed elsewhere in the financial statements. Please also refer to Other Information Required by Listing Rule Appendix 7.2 in Note 6.

## 9. Taxation

The Group calculates the period income tax expense using the tax rate that would be applicable to the expected total annual earnings. The major components of income tax expense in the condensed interim consolidated statement of profit or loss are:

	The Group	
	6 months ended	
	30-Jun-22	30-Jun-21
	\$'000	\$'000
Current income tax expense	(1,780)	(2,299)
Deferred income tax credit relating to origination and reversal of temporary differences	3,038	899

## 10. Dividends

The condensed financial statements for the first half year ended 30 June 2022 have not recognised any interim dividends. Refer to Note 5 of the Other Information Required by Listing Rule Appendix 7.2 section for more details.

## 11. Net Asset Value

	The Group		The Company	
	30-Jun-22	31-Dec-21	30-Jun-22	31-Dec-21
Net assets value per share (cents)	158.32	159.92	107.54	107.95
Based on number of shares	470,557,541	470,557,541	470,557,541	470,557,541

## 12. Property, plant and equipment

The addition of assets including right-of-use assets for the six months ended 30 June 2022 was \$2,683,000 (30 June 2021: \$2,482,000) and assets disposal was \$255,000 (30 June 2021: \$98,000).

## 13. Investment properties

During the six months ended 30 June 2022, the Group incurred improvement cost amounting to \$Nil (30 June 2021: \$474,000).

Included in investment properties for the period ended 30 June 2022 is the property at Orchard Towers, Singapore as the Group is uncertain if the collective sale will proceed or be completed in the next 12 months.

## 14. Borrowings

Group (\$'000)

Amount repayable in one year or less, or on demand <sup>(1)</sup>

As at 30 June 2022		As at 31 December 2021	
Secured	Unsecured	Secured	Unsecured
367,119	-	369,864	-

Amount repayable after one year <sup>(2)</sup>

As at 30 June 2022		As at 31 December 2021	
Secured	Unsecured	Secured	Unsecured
344,731	-	369,858	-

<sup>(1)</sup> Exclude lease liabilities of \$3,109,000 (31 December 2021: \$3,277,000).

<sup>(2)</sup> Exclude lease liabilities of \$28,041,000 (31 December 2021: \$28,578,000).

## 14. Borrowings (cont'd)

### Details of any collateral

The above borrowings are from financial institutions and are secured by the following:

1. Legal mortgages on the Group's property, plant and equipment and investment properties (collectively, the "Properties");
2. Legal assignment of all rights and benefits under the sale and purchase agreements, hotel management contracts and/or tenancy agreements;
3. Assignment of all insurance policies and interest service reserve account for certain Properties;
4. Deed of subordination to subordinate all loans and advances from the Company to the facilities;
5. Corporate guarantees given by the Company and certain subsidiaries; and
6. A charge over certain other investments, cash and short-term deposits and shares of a subsidiary.

## 15. Share capital

	The Group and the Company			
	30-Jun-22	30-Jun-21	30-Jun-22	30-Jun-21
Issued and fully paid ordinary shares	Number of shares		\$	
Balance at beginning and at end of interim period	474,557,391	474,557,391	84,445,256	84,445,256

During the period ended 30 June 2022, there was no change to the issued share capital of the Company.

There were no outstanding convertibles and subsidiary holdings as at the end of the financial period ended 30 June 2022 and 30 June 2021.

The number of issued shares excluding treasury shares as at 30 June 2022 is 470,557,541 (30 June 2021: 470,557,541)

## 16. Treasury shares

	The Group and the Company			
	30-Jun-22	30-Jun-21	30-Jun-22	30-Jun-21
Balance at beginning and at end of interim period	Number of shares		\$	
	(3,999,850)	(3,999,850)	(1,101,125)	(1,101,125)

Treasury shares relate to ordinary shares of the Company that are held by the Company.

## **G. Other Information Required by Listing Rule Appendix 7.2**

### **1. Review**

The condensed consolidated statement of financial position of Hiap Hoe Limited and its subsidiaries as at 30 June 2022 and the related condensed consolidated income statement, condensed consolidated statement of comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six-month period then ended and certain explanatory notes have not been audited or reviewed.

### **2. Review of performance of the Group**

#### **Condensed consolidated income statement for the first half year ended 30 June 2022 (“1H2022”) performance**

The Group recorded revenue of \$48.7 million for 1H2022, an increase of \$3.3 million from \$45.4 million recorded in the previous corresponding period ended 30 June 2021 (“1H2021”).

Revenue from development properties recorded in 1H2021 relates to the sale of units at Marina Tower, Melbourne.

The Group recorded rental revenue of \$12.3 million for both periods, with Australia’s commercial properties contributing a higher rental revenue in 1H2022 as compared to 1H2021.

Revenue from hotel operations increased by \$4.9 million from \$27.2 million in 1H2021 to \$32.1 million in 1H2022. The increase in revenue attributed to United Kingdom and Singapore was supported by the easing of travel restrictions.

Revenue from leisure business increased by \$0.8 million from \$3.5 million in 1H2021 to \$4.3 million in 1H2022 arising from higher sales activities with the easing of safe management measures.

Included in other income of \$15.9 million was the gain on disposal of two units of investment properties at Skyline 360° at St Thomas Walk of \$12.9 million. See Note 7 at Condensed Consolidated Interim Financial Statements for more details on the Group’s other income.

The Group recorded a foreign exchange gain of \$0.2 million in 1H2022 as compared to \$1.2 million in 1H2021. The differences were mainly due to the fluctuation in Australian dollar, Euro and United States dollar exchange rates.

The Group recorded higher operating costs and expenses in 1H2022 as compared to 1H2021 due to the upkeep and maintenance of the properties, higher manpower and other costs. See Note 7 at Condensed Consolidated Interim Financial Statements for more details on the Group’s costs and expenses.

Finance cost increased by \$1.1 million in 1H2022 as compared to 1H2021 mainly due to higher borrowing rates.

The Group recorded in 1H2022 the fair value loss of \$12.6 million in financial instruments arising from mark-to-market losses from other investments due to weaker market conditions as compared to a fair value gain of \$13.6 million recorded in 1H2021.

The Group generated a loss before tax of \$3.6 million in 1H2022 as compared to a profit before tax of \$8.8 million in 1H2021. Income tax credit of \$1.3 million in 1H2022 includes fair value loss from other investments as compared to income tax expense of \$1.4 million in 1H2021, bringing the overall loss after tax at \$2.3 million in 1H2022 versus a profit after tax of \$7.4 million in 1H2021.

## 2. Review of performance of the Group (cont'd)

### **Condensed consolidated statement of financial position as at 30 June 2022**

#### Non-current assets

Non-current assets decreased by \$21.7 million from \$1,258.5 million as at 31 December 2021 mainly due to depreciation movements for the period.

Included in investment properties for the period is the property at Orchard Towers, Singapore as the Group is uncertain if the collective sale will proceed or be completed in the next 12 months.

#### Current assets

Current assets decreased by \$16.7 million from \$370.2 million as at 31 December 2021 mainly due to the fair value movements in other investments. Included in this period was the sale completion for the two units of investment properties at Skyline 360° At St Thomas Walk. The sale proceeds were taken to repay the Group's borrowings.

#### Non-current and current liabilities

Current liabilities decreased by \$3.4 million from \$392.2 million as at 31 December 2021 and non-current liabilities decreased by \$27.3 million from \$480.6 million as at 31 December 2021 mainly due to lower bank borrowings.

### **Condensed interim consolidated statement of cash flows position as at 30 June 2022**

The Group recorded a net cash generated from operating activities of \$14.8 million in 1H2022 as compared to \$8.0 million in 1H2021.

Net cash generated from investing activities in 1H2022 was mainly from the sale proceeds of the two units at Skyline 360° At St Thomas Walk of \$19.7 million. Included in 1H2021 was the payment of lease incentives of \$15.8 million for the leases in Perth.

The Group recorded a net cash used in financing activities in 1H2022 which includes a net repayment of bank borrowings of \$20.6 million. While in 1H2021, the Group generated a net cash in financing activities of \$21.6 million mainly due to increase in bank borrowings.

## 3. **Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results**

There are no forecast or prospect statement that have been disclosed to shareholders.

## 4. **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 operating period and the next 12 months**

While we see the easing of travel restrictions, the Group however anticipates that the impact of COVID-19 on hotel operations will persist before a full recovery takes place. For the rental business, the Group will strive to improve the occupancy rates for the Group's properties to strengthen the recurring income base and will also continue with the sale of remaining units in Marina Tower, Melbourne for the next 12 months.

The Group expects the financial performance for the next 12 months to be affected by the increase in operating and financing costs such as rising interest rates and the continued manpower shortage. The Group will take steps to manage the costs and to implement strategies to mitigate these risks.

The Group is uncertain if the collective sale of Orchard Towers will proceed or be completed in the next 12 months.

**4. 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 operating period and the next 12 months (cont'd)**

The Group expects the new bowling centre at Siglap Community Club to contribute to the results of its leisure operations, while the investment portfolios will continue to be affected by market volatility with the uncertain economic outlook.

The Group has sufficient banking facilities and liquidity to meet its near-term debt obligations and operational needs and will continue to exercise prudence with respect to non-essential capital and operating expenditure.

**5. Dividend information**

**(a) Current Financial Period Reported On**

**Any dividend declared for the current financial period reported on? Yes**

The Directors are pleased to announce an interim dividend for the financial period ended 30 June 2022 as follows:

Name of dividend	: Interim
Type of dividend	: Cash
Dividend	: 0.25 Singapore cent per ordinary share
Tax rate	: One tier (tax exempt)

**(b) Corresponding Period of the immediately preceding financial year**

**Any dividend declared for the corresponding period of the immediately preceding financial year? No**

**(c) Date payable**

31 August 2022.

**(d) Books closure date**

**NOTICE IS HEREBY GIVEN** that the Share Transfer Books and the Register of Members of the Company will be closed from 5 p.m. on **22 August 2022**, for the purpose of determining the shareholders' entitlements to the interim one-tier tax exempt dividend of 0.25 Singapore cent per ordinary share for the financial period ended 30 June 2022.

Duly completed registrable transfers in respect of shares in the Company received by the close of business at 5 p.m. on 22 August 2022 by the Company's Share Registrar, Boardroom Corporate & Advisory Services Pte. Ltd., will be registered to determine shareholders' entitlements to such dividend.

Shareholders whose Securities Accounts with The Central Depository (Pte) Limited are credited with shares in the Company as at 5 p.m. on 22 August 2022 will be entitled to such dividend.

## 6. Interested person transactions

Name of interested person	Aggregate value of all interested person transactions during the financial period under review (excluding transactions less than \$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted under the shareholders' mandate pursuant to Rule 920 (excluding transactions less than \$100,000)
	6 months ended 30 June 2022	6 months ended 30 June 2022
Nil	Nil	Nil

Above table excludes transactions with certain interested person during the financial period under review as pursuant to Rule 905(3) of the SGX-ST Listing Rules, no announcement is required by the Company with regard to these transactions as the value of these transactions were below \$100,000.

No general mandate for IPTs has been obtained from shareholders.

## 7. Confirmation that the issuer has procured undertaking from all its directors and executive officers (in the format set out in Appendix 7.7) under Rule 720(1)

The Company has received undertakings from all its directors and executive officers in the format as set out in Appendix 7.7 under Rule 720(1) of the Listing Manual of the SGX-ST.

### By Order of the Board

Ong Beng Hong  
Joint Company Secretary  
12 August 2022

### Confirmation by the Board Pursuant to Rule 705(5) of the Listing Manual

We, on behalf of the directors of Hiap Hoe Limited, hereby confirm that, to the best of our knowledge, nothing has come to the attention of the board of directors of Hiap Hoe Limited which may render the unaudited financial results of Hiap Hoe Limited for the first half year ended 30 June 2022 to be false or misleading in any material respect.

On behalf of the Board of Directors

Teo Ho Beng  
Executive Director / Chief Executive Officer

Roland Teo Ho Kang  
Managing Director