



Hiap Hoe Limited
(Registration No.: 199400676Z)

UNAUDITED FINANCIAL STATEMENTS FOR THE SECOND QUARTER AND FIRST HALF YEAR ENDED 30 JUNE 2019

PART I – INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR RESULTS

1(a) **An income statement and statement of comprehensive income, for the group, together with a comparative statement for the corresponding period of the immediately preceding financial year.**

	The Group					
	3 months ended			6 months ended		
	30-Jun-19	30-Jun-18	%	30-Jun-19	30-Jun-18	%
	\$'000	\$'000		\$'000	\$'000	
Revenue	32,853	64,179	(48.8)	61,338	113,433	(45.9)
Other items of income						
Dividend income	1,530	1,279	19.6	2,595	1,908	36.0
Financial income	793	1,082	(26.7)	1,791	1,809	(1.0)
Other income	3,520	1,290	172.9	6,838	2,282	199.6
Impairment loss on trade receivables written back	10	4	150.0	10	4	150.0
	5,853	3,655	60.1	11,234	6,003	87.1
Changes in completed properties for sale	(2,125)	(27,077)	(92.2)	(3,506)	(42,929)	(91.8)
Employee benefits expense	(8,006)	(6,768)	18.3	(14,789)	(13,907)	6.3
Depreciation expense	(8,338)	(6,529)	27.7	(15,894)	(13,175)	20.6
Other expenses	(13,383)	(13,154)	1.7	(29,513)	(25,665)	15.0
Finance cost	(5,161)	(3,235)	59.5	(9,752)	(6,035)	61.6
Fair value changes in financial instruments	1,483	(4,860)	NM	6,699	(6,941)	NM
Foreign exchange (loss)/gain	(2,121)	1,821	NM	977	(2,144)	NM
Impairment loss on trade receivables	(2)	(11)	(81.8)	(2)	(17)	(88.2)
Profit before tax	1,053	8,021	(86.9)	6,792	8,623	(21.2)
Income tax expense	(609)	(3,949)	(84.6)	(976)	(5,904)	(83.5)
Profit for the period	444	4,072	(89.1)	5,816	2,719	113.9
Attributable to :						
Owners of the Company	449	4,083	(89.0)	5,776	2,743	110.6
Non-controlling interests	(5)	(11)	(54.5)	40	(24)	NM
Total	444	4,072	(89.1)	5,816	2,719	113.9

Statement of Comprehensive Income for the Group for the Second Quarter and First Half Year Ended 30 June 2019

	The Group			
	3 months ended		6 months ended	
	30-Jun-19	30-Jun-18	30-Jun-19	30-Jun-18
	\$'000	\$'000	\$'000	\$'000
Profit for the period	444	4,072	5,816	2,719
Other comprehensive (loss)/income items that may be reclassified subsequently to profit or loss				
Foreign currency translation	(1,865)	491	(2,364)	(6,210)
Exchange differences realised on de-registration of subsidiary recycled to profit or loss	-	-	(132)	-
Other comprehensive (loss)/income for the period, net of tax of nil	(1,865)	491	(2,496)	(6,210)
Total comprehensive (loss)/income for the period	(1,421)	4,563	3,320	(3,491)
Attributable to :				
Owners of the Company	(1,416)	4,574	3,280	(3,467)
Non-controlling interests	(5)	(11)	40	(24)
Total comprehensive (loss)/income for the period	(1,421)	4,563	3,320	(3,491)

Additional Information

Profit from operation is determined after charging/(crediting):

	The Group					
	3 months ended			6 months ended		
	30-Jun-19	30-Jun-18	%	30-Jun-19	30-Jun-18	%
	\$'000	\$'000		\$'000	\$'000	
Depreciation of property, plant and equipment	6,206	5,328	16.5	11,896	10,759	10.6
Depreciation of investment properties	1,423	1,201	18.5	2,580	2,416	6.8
Depreciation of right-of-use assets ⁽¹⁾	709	-	NM	1,418	-	NM
Interest expense - lease liabilities ⁽¹⁾	301	-	NM	600	-	NM
Loss on disposal of property, plant and equipment	-	7	NM	29	19	52.6
Property, plant and equipment written off	9	2	350.0	9	6	50.0
Fair value changes in held-for-trading investments	(1,533)	3,987	NM	(6,353)	6,022	NM
Fair value changes in derivative instruments	50	873	(94.3)	(346)	919	NM
(Gain)/loss on disposal of investments	(351)	20	NM	(2,709)	29	NM
Amortisation of deferred income	(20)	(22)	(9.1)	(40)	(44)	(9.1)

NM – Not meaningful

Note:

⁽¹⁾ The Group has adopted the new SFRS(I) 16 Leases with effect from 1 January 2019. The detailed impact from the adoption is shown in Note 5 of the financial statements.

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.**

	The Group		The Company	
	30-Jun-19 \$'000	31-Dec-18 \$'000	30-Jun-19 \$'000	31-Dec-18 \$'000
Non-Current Assets				
Property, plant and equipment	791,341	766,767	122	165
Investment properties	464,577	411,485	-	-
Right-of-use assets	27,638	-	-	-
Subsidiaries	-	-	517,489	477,489
Joint venture	-	-	17,714	16,753
Other assets	-	10,675	-	-
Other receivables	323	171	-	-
Deferred tax assets	4,222	3,875	-	-
	<u>1,288,101</u>	<u>1,192,973</u>	<u>535,325</u>	<u>494,407</u>
Current Assets				
Cash and short-term deposits	24,128	55,545	53	474
Other investments ⁽¹⁾	285,559	280,353	-	-
Trade and other receivables	6,270	4,668	-	-
Other assets	1,313	2,165	-	-
Derivatives - assets	23	200	-	-
Prepaid operating expenses	1,535	1,092	12	7
Due from subsidiaries, trade	-	-	173	101
Due from subsidiaries, non-trade	-	-	121,595	161,451
Due from related companies, trade	3	3	-	-
Due from related companies, non-trade	-	1	-	-
Completed properties for sale	11,824	15,564	-	-
Inventories	3,088	2,753	-	-
	<u>333,743</u>	<u>362,344</u>	<u>121,833</u>	<u>162,033</u>
Current Liabilities				
Trade and other payables	6,552	7,951	33	30
Other liabilities	12,196	11,651	301	575
Dividends payable	32	-	-	-
Derivatives - liabilities	188	646	-	-
Due to subsidiaries, trade	-	-	8	58
Due to subsidiaries, non-trade	-	-	139,453	134,287
Due to related companies, trade	30	23	-	-
Due to related companies, non-trade	16	33	-	-
Interest-bearing loans and borrowings	422,628	378,272	-	-
Lease liabilities	2,329	-	-	-
Tax payable	2,625	4,451	187	263
	<u>446,596</u>	<u>403,027</u>	<u>139,982</u>	<u>135,213</u>
Net Current (Liabilities)/Assets⁽²⁾	(112,853)	(40,683)	(18,149)	26,820
Non-Current Liabilities				
Other liabilities	4,123	3,235	-	-
Interest-bearing loans and borrowings	305,345	306,455	-	-
Lease liabilities	25,592	-	-	-
Deferred tax liabilities	79,945	80,939	-	-
	<u>415,005</u>	<u>390,629</u>	<u>-</u>	<u>-</u>
Net Assets	760,243	761,661	517,176	521,227
Equity attributable to owners of the Company				
Share capital	84,445	84,445	84,445	84,445
Treasury shares	(1,101)	(1,101)	(1,101)	(1,101)
Reserves	673,441	674,867	433,832	437,883
	<u>756,785</u>	<u>758,211</u>	<u>517,176</u>	<u>521,227</u>
Non-controlling interests	3,458	3,450	-	-
Total Equity	760,243	761,661	517,176	521,227

Notes:

⁽¹⁾ This included short-term commercial papers and trading investments.

⁽²⁾ 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 sufficient banking facilities available to refinance the portion of borrowings which are maturing within the next 12 months.

1(b)(ii) Aggregate amount of Group's borrowings and debts securities.

Amount repayable in one year or less, or on demand

(\$'000)

As at 30 Jun 19		As at 31 Dec 18	
Secured	Unsecured	Secured	Unsecured
422,628	-	378,272	-

Amount repayable after one year

(\$'000)

As at 30 Jun 19		As at 31 Dec 18	
Secured	Unsecured	Secured	Unsecured
305,345	-	306,455	-

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, investment properties and completed properties for sale (collectively, the "Properties");
- 2) Legal assignment of all rights and benefits under the sale and purchase agreements, 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 trading investments, cash and short-term deposits.

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.**

	The Group			
	3 months ended		6 months ended	
	30-Jun-19	30-Jun-18	30-Jun-19	30-Jun-18
	\$'000	\$'000	\$'000	\$'000
Cash flows from operating activities				
Profit before taxation	1,053	8,021	6,792	8,623
Adjustments for:				
Amortisation of deferred income	(20)	(22)	(40)	(44)
Depreciation of investment properties	1,423	1,201	2,580	2,416
Depreciation of property, plant and equipment	6,206	5,328	11,896	10,759
Depreciation of right-of-use assets	709	-	1,418	-
Dividend income from investments	(1,530)	(1,279)	(2,595)	(1,908)
Fair value changes in held-for-trading investments	(1,533)	3,987	(6,353)	6,022
Fair value changes in derivative instruments	50	873	(346)	919
Loss on disposal of property, plant and equipment	-	7	29	19
Impairment loss on trade receivables	2	11	2	17
Impairment loss on trade receivables written back	(10)	(4)	(10)	(4)
Interest expenses	5,161	3,235	9,752	6,035
Interest income	(793)	(1,082)	(1,791)	(1,809)
(Gain)/loss on disposal of investments	(351)	20	(2,709)	29
Property, plant and equipment written off	9	2	9	6
Exchange difference	2,581	(1,346)	(809)	1,686
Operating cash flows before changes in working capital	12,957	18,952	17,825	32,766
<u>Changes in working capital</u>				
(Increase)/decrease in :				
Completed properties for sale	2,124	27,055	3,505	42,907
Inventories	29	7	48	47
Trade and other receivables	(14)	(441)	(1,677)	(1,170)
Other assets	706	4,300	828	6,739
Prepaid operating expenses	(115)	(370)	(226)	(511)
Due from related companies, trade	(2)	-	-	-
Due from related companies, non-trade	-	3	1	-
Increase/(decrease) in :				
Trade and other payables	324	6,370	(1,430)	(9,187)
Other liabilities	(44)	(4,076)	(535)	(8,627)
Due to related companies, trade	3	17	7	(18)
Due to related companies, non-trade	(2)	(2)	(17)	-
	15,966	51,815	18,329	62,946
Income tax paid	(2,783)	(12,724)	(4,221)	(13,063)
Net cash flows generated from operating activities carried forward	13,183	39,091	14,108	49,883

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. (Cont'd)**

	The Group			
	3 months ended		6 months ended	
	30-Jun-19	30-Jun-18	30-Jun-19	30-Jun-18
	\$'000	\$'000	\$'000	\$'000
Net cash flows generated from operating activities brought forward	13,183	39,091	14,108	49,883
Cash flows from investing activities				
Interest income received and settlement of derivatives	856	767	2,051	1,662
Dividend income received and return of capital	3,179	1,553	4,490	2,552
Purchase of property, plant and equipment	(122)	(335)	(469)	(592)
Purchase of held-for-trading investments	(8,350)	(159,516)	(32,188)	(192,698)
Proceeds from disposal of held-for-trading investments	7,507	14,759	34,147	33,434
Proceeds from disposal of property, plant and equipment	-	50	102	89
Net cash inflow/(outflow) on business combination ⁽¹⁾	112	-	(83,891)	-
Changes in funds placed with fund managers	-	(414)	-	(1,153)
Net cash flows generated from/(used in) investing activities	3,182	(143,136)	(75,758)	(156,706)
Cash flow from financing activities				
Interest paid on borrowings	(4,781)	(3,282)	(9,052)	(5,978)
Interest paid on lease liabilities	(301)	-	(600)	-
Changes in cash and bank balances pledged	2,200	(13,490)	7,303	(22,077)
Changes in fixed deposits pledged	1,697	(10,555)	1,309	(10,555)
Repayment of loans and borrowings	(59,643)	(8,885)	(62,940)	(277,622)
Repayment of principal portion of lease liabilities	(567)	-	(1,135)	-
Repayment of lease obligations	(38)	(42)	(75)	(88)
Proceeds from loans and borrowings	46,662	98,781	109,425	385,317
Dividends paid on ordinary shares by the Company	(4,706)	(4,706)	(4,706)	(4,706)
Net cash flows (used in)/ generated from financing activities	(19,477)	57,821	39,529	64,291
Net decrease in cash and cash equivalents	(3,112)	(46,224)	(22,121)	(42,532)
Effect of exchange rate changes on cash and cash equivalents	(516)	85	(684)	(1,948)
Cash and cash equivalents at beginning of period	10,520	71,996	29,697	70,337
Cash and cash equivalents at end of period	6,892	25,857	6,892	25,857
<u>Cash and cash equivalents comprise:</u>				
Cash and bank balances			13,906	36,735
Fixed deposits			10,222	26,022
			24,128	62,757
Cash and bank balances pledged			(7,014)	(24,468)
Fixed deposits pledged			(10,222)	(10,555)
Cash held by fund managers			-	(1,877)
Cash and cash equivalents			6,892	25,857

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. (Cont'd)

⁽¹⁾ Acquisition of properties

The Group had on 2 November 2018 entered into a Sale and Purchase Agreement with BAAC Pty Ltd to acquire the properties located at 25-27 Rowe Avenue, Rivervale, Western Australia, comprising Aloft Perth hotel and 25 Rowe Avenue office building. The acquisition was completed on 29 March 2019.

The Group had recorded net assets acquired of \$95,033,746 at the initial accounting as a business combination. The Group will within the measurement period adjust this provisional amounts recognised at the acquisition date to reflect new information obtained about facts and circumstances that existed as of the acquisition date and, if known, would have affected the measurement of the amounts recognised below.

The effect of the acquisition of assets and liabilities on 29 March 2019 was:

	<u>S\$'000</u>
Property, plant and equipment	38,101
Investment properties	57,636
Cash and cash equivalents	541
Trade and other receivables	320
Prepaid operating expenses	236
Inventories	400
Total assets	<u>97,234</u>
Trade and other payables	70
Other liabilities	2,130
Total liabilities	<u>2,200</u>
Net assets acquired	95,034
Cash and cash equivalents relates to the properties acquired	<u>(541)</u>
Net cash outflow on business combination	<u><u>94,493</u></u> *

* Net cash outflow on acquisition includes \$10,601,800 deposit paid to BAAC Pty Ltd during the financial year ended 31 December 2018.

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.

Statement of changes in equity for the period from 1 April 2019 to 30 June 2019 and 1 April 2018 to 30 June 2018

	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			
The Group										
(All figures in \$'000)										
At 1 April 2019	84,445	(1,101)	710,254	(7,672)	(23,071)	52	679,563	762,907	3,495	766,402
Profit/(loss) for the period	-	-	449	-	-	-	449	449	(5)	444
Foreign currency translation	-	-	-	-	(1,865)	-	(1,865)	(1,865)	-	(1,865)
Other comprehensive loss net of tax of nil	-	-	-	-	(1,865)	-	(1,865)	(1,865)	-	(1,865)
Total comprehensive income/(loss) for the period	-	-	449	-	(1,865)	-	(1,416)	(1,416)	(5)	(1,421)
<u>Contributions by and distributions to owners</u>										
Dividends on ordinary shares	-	-	(4,706)	-	-	-	(4,706)	(4,706)	-	(4,706)
Dividends payable to non-controlling interests	-	-	-	-	-	-	-	-	(32)	(32)
Total contributions by and distributions to owners	-	-	(4,706)	-	-	-	(4,706)	(4,706)	(32)	(4,738)
At 30 June 2019	84,445	(1,101)	705,997	(7,672)	(24,936)	52	673,441	756,785	3,458	760,243
At 1 April 2018	84,445	(1,101)	720,571	(7,672)	(16,960)	52	695,991	779,335	3,580	782,915
Profit/(loss) for the period	-	-	4,083	-	-	-	4,083	4,083	(11)	4,072
Foreign currency translation	-	-	-	-	491	-	491	491	-	491
Other comprehensive income net of tax of nil	-	-	-	-	491	-	491	491	-	491
Total comprehensive income/(loss) for the period	-	-	4,083	-	491	-	4,574	4,574	(11)	4,563
<u>Contributions by and distributions to owners</u>										
Dividends on ordinary shares	-	-	(4,706)	-	-	-	(4,706)	(4,706)	-	(4,706)
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	(32)	(32)
Total contributions by and distributions to owners	-	-	(4,706)	-	-	-	(4,706)	(4,706)	(32)	(4,738)
At 30 June 2018	84,445	(1,101)	719,948	(7,672)	(16,469)	52	695,859	779,203	3,537	782,740

- (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. (Cont'd)

Statement of changes in equity for the period from 1 January 2019 to 30 June 2019 and 1 January 2018 to 30 June 2018

	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			
The Group (All figures in \$'000)										
At 1 January 2019	84,445	(1,101)	704,927	(7,672)	(22,440)	52	674,867	758,211	3,450	761,661
Profit for the period	-	-	5,776	-	-	-	5,776	5,776	40	5,816
Foreign currency translation	-	-	-	-	(2,364)	-	(2,364)	(2,364)	-	(2,364)
Exchange differences realised on de-registration of subsidiary recycled to profit or loss	-	-	-	-	(132)	-	(132)	(132)	-	(132)
Other comprehensive loss net of tax of nil	-	-	-	-	(2,496)	-	(2,496)	(2,496)	-	(2,496)
Total comprehensive income/(loss) for the period	-	-	5,776	-	(2,496)	-	3,280	3,280	40	3,320
Contributions by and distributions to owners										
Dividends on ordinary shares	-	-	(4,706)	-	-	-	(4,706)	(4,706)	-	(4,706)
Dividends payable to non-controlling interests	-	-	-	-	-	-	-	-	(32)	(32)
Total contributions by and distributions to owners	-	-	(4,706)	-	-	-	(4,706)	(4,706)	(32)	(4,738)
At 30 June 2019	84,445	(1,101)	705,997	(7,672)	(24,936)	52	673,441	756,785	3,458	760,243
At 1 January 2018	84,445	(1,101)	721,911	(7,672)	(10,259)	52	704,032	787,376	3,593	790,969
Profit/(loss) for the period	-	-	2,743	-	-	-	2,743	2,743	(24)	2,719
Foreign currency translation	-	-	-	-	(6,210)	-	(6,210)	(6,210)	-	(6,210)
Exchange differences realised on de-registration of subsidiary recycled to profit or loss	-	-	-	-	-	-	-	-	-	-
Other comprehensive loss net of tax of nil	-	-	-	-	(6,210)	-	(6,210)	(6,210)	-	(6,210)
Total comprehensive income/(loss) for the period	-	-	2,743	-	(6,210)	-	(3,467)	(3,467)	(24)	(3,491)
Contributions by and distributions to owners										
Dividends on ordinary shares	-	-	(4,706)	-	-	-	(4,706)	(4,706)	-	(4,706)
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	(32)	(32)
Total contributions by and distributions to owners	-	-	(4,706)	-	-	-	(4,706)	(4,706)	(32)	(4,738)
At 30 June 2018	84,445	(1,101)	719,948	(7,672)	(16,469)	52	695,859	779,203	3,537	782,740

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. (Cont'd)

Statement of changes in equity for the period from 1 April 2019 to 30 June 2019 and 1 April 2018 to 30 June 2018

The Company (All figures in \$'000)	Share capital	Treasury shares	Accumulated profits	Gain on reissuance of treasury shares	Total reserves	Total equity
At 1 April 2019	84,445	(1,101)	438,384	52	438,436	521,780
Profit for the period	-	-	102	-	102	102
Total comprehensive income for the period	-	-	102	-	102	102
<u>Contributions by and distributions to owners</u>						
Dividends on ordinary shares	-	-	(4,706)	-	(4,706)	(4,706)
Total contributions by and distribution to owners	-	-	(4,706)	-	(4,706)	(4,706)
At 30 June 2019	84,445	(1,101)	433,780	52	433,832	517,176
At 1 April 2018	84,445	(1,101)	434,107	52	434,159	517,503
Profit for the period	-	-	13,889	-	13,889	13,889
Total comprehensive income for the period	-	-	13,889	-	13,889	13,889
<u>Contributions by and distributions to owners</u>						
Dividends on ordinary shares	-	-	(4,706)	-	(4,706)	(4,706)
Total contributions by and distribution to owners	-	-	(4,706)	-	(4,706)	(4,706)
At 30 June 2018	84,445	(1,101)	443,290	52	443,342	526,686

- 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. (Cont'd)

Statement of changes in equity for the period from 1 January 2019 to 30 June 2019 and 1 January 2018 to 30 June 2018

The Company (All figures in \$'000)	Share capital	Treasury shares	Accumulated profits	Gain on reissuance of treasury shares	Total reserves	Total equity
At 1 January 2019	84,445	(1,101)	437,831	52	437,883	521,227
Profit for the period	-	-	655	-	655	655
Total comprehensive income for the period	-	-	655	-	655	655
<u>Contributions by and distributions to owners</u>						
Dividends on ordinary shares	-	-	(4,706)	-	(4,706)	(4,706)
Total contributions by and distribution to owners	-	-	(4,706)	-	(4,706)	(4,706)
At 30 June 2019	84,445	(1,101)	433,780	52	433,832	517,176
At 1 January 2018	84,445	(1,101)	432,843	52	432,895	516,239
Profit for the period	-	-	15,153	-	15,153	15,153
Total comprehensive income for the period	-	-	15,153	-	15,153	15,153
<u>Contributions by and distributions to owners</u>						
Dividends on ordinary shares	-	-	(4,706)	-	(4,706)	(4,706)
Total contributions by and distribution to owners	-	-	(4,706)	-	(4,706)	(4,706)
At 30 June 2018	84,445	(1,101)	443,290	52	443,342	526,686

- 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 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.**

Ordinary Shares (excluding Treasury Shares)

	<u>Number of Ordinary Shares</u>	
	30-Jun-19	30-Jun-18
Balance as at 1 April and 30 June	470,557,541	470,557,541
Balance as at 1 January and 30 June	470,557,541	470,557,541

Treasury Shares

	<u>Number of Treasury Shares</u>	
	30-Jun-19	30-Jun-18
Balance as at 1 April and 30 June	3,999,850	3,999,850
Balance as at 1 January and 30 June	3,999,850	3,999,850

During the period ended 30 June 2019, there was no change to the issued share capital of 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.**

The number of issued shares as at 30 June 2019 is 470,557,541 (31 December 2018: 470,557,541).

- 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.**

Not applicable.

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

Not applicable.

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

These figures have not been audited or reviewed by the Company's auditors.

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

Not applicable.

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 Note 5, the Group and the Company have adopted the same accounting policies and methods of computation for the current financial period as those for the financial year ended 31 December 2018.

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.**

In the current financial period, the Group and the Company adopted the new SFRS(I) and Amendments to SFRS(I) that are effective for annual periods beginning on or after 1 January 2019.

The adoption of the new SFRS(I) and 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 except as detailed below.

SFRS(I) 16 Leases

The Group and Company adopted SFRS(I) 16 and elected to apply the standard retrospectively with the cumulative effect of initial application as an adjustment to the opening balance of retained earnings as at 1 January 2019.

The Group recognised right-of-use assets and the corresponding lease liabilities of \$29,031,000 for its leases previously classified as operating leases on adoption of SFRS(I) 16.

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.**

	The Group			
	3 months ended		6 months ended	
	30-Jun-19	30-Jun-18	30-Jun-19	30-Jun-18
Earning per share (cents)				
Basic	0.10	0.87	1.23	0.58
Diluted	0.10	0.87	1.23	0.58
Weighted average number of shares				
Basic	470,557,541	470,557,541	470,557,541	470,557,541
Diluted	470,557,541	470,557,541	470,557,541	470,557,541

Earnings per share are calculated based on the net profit attributable to ordinary shareholders divided by the weighted average number of shares.

7. **Net asset value (for the issuer and group) per ordinary share based on issued share capital of the issuer at the end of the (a) current period reported on and (b) immediately preceding financial year.**

	The Group		The Company	
	30-Jun-19	31-Dec-18	30-Jun-19	31-Dec-18
Net assets value per share (cents)	160.83	161.13	109.91	110.77
Based on number of shares	470,557,541	470,557,541	470,557,541	470,557,541

Net assets value per share is calculated based on the equity attributable to the equity holders of the parent excluding the non-controlling interests divided by the number of shares excluding treasury shares.

8. **A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. The review must discuss 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. It must also discuss any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.**

Consolidated Income Statement – second quarter ended 30 June 2019 (“2Q2019”) performance

Revenue

	3 months ended 30-Jun-19		3 months ended 30-June-18		
	\$'000	%	\$'000	%	
Development properties	2,902	8.8	37,704	58.7	(92.3)
Rental	8,169	24.9	7,856	12.2	4.0
Hotel operations	19,782	60.2	16,595	25.9	19.2
Leisure business	2,000	6.1	2,024	3.2	(1.2)
	<u>32,853</u>	100	<u>64,179</u>	100	(48.8)

The Group recorded revenue of \$32.9 million in the 3 months ended 30 June 2019 (“2Q2019”), a decrease of \$31.3 million from \$64.2 million recorded in the previous corresponding period ended 30 June 2018 (“2Q2018”). The decrease in revenue is due to lower sales of development properties in 2Q2019.

Revenue from development properties in 2Q2019 and 2Q2018 relates to the sale of units at Marina Tower, Melbourne.

Rental revenue increased by \$0.3 million from \$7.9 million in 2Q2018 to \$8.2 million in 2Q2019. The increase in revenue was mainly attributable to the rental from 25 Rowe Avenue office acquired on 29 March 2019.

Revenue from hotel operations increased by \$3.2 million from \$16.6 million in 2Q2018 to \$19.8 million in 2Q2019. The increase in revenue was mainly attributable to the hotel operations in Aloft Perth hotel which was acquired on 29 March 2019.

Profit before Tax

The Group recorded a profit before tax of \$1.1 million and \$8.0 million in 2Q2019 and 2Q2018 respectively.

Finance income decreased by \$0.3 million in 2Q2019 as compared to 2Q2018 mainly due to lower interest income from commercial papers.

Other income increased by \$2.2 million from \$1.3 million in 2Q2018 to \$3.5 million in 2Q2019 mainly due to higher gain on disposal of investments and higher property recoveries. Included in 2Q2019 is the forfeited sale deposits relating to Marina Tower, Melbourne of \$0.5 million.

8. **A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. The review must discuss 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. It must also discuss any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on. (Cont'd)**

Changes in completed properties for sale in 2Q2019 and 2Q2018 relates to the sale of units at Marina Tower, Melbourne.

Employee benefits expense increased by \$1.2 million in 2Q2019 as compared to 2Q2018 mainly due to employee benefits expense recorded in relation to Aloft Perth hotel.

Depreciation expense increased by \$1.8 million in 2Q2019 as compared to 2Q2018 mainly due to depreciation expense relating to right-of-use assets and the depreciation expense relating to the new properties acquired in Perth.

Other expenses increased by \$0.2 million in 2Q2019 as compared to 2Q2018 mainly due to higher upkeep expenses for the Group's properties which was partially offset by lower selling expenses for Marina Tower, Melbourne.

Finance cost increased by \$2.0 million in 2Q2019 as compared to 2Q2018 mainly due to borrowings for the acquisition of new properties in Perth. Included in 2Q2019 is also the interest expense on lease liabilities of \$0.3 million.

The Group recorded in 2Q2019 a fair value gain in financial instruments of \$1.5 million as compared to a fair value loss of \$4.9 million in 2Q2018.

The Group recorded in 2Q2019 a foreign exchange loss of \$2.1 million as compared to a foreign exchange gain of \$1.8 million in 2Q2018 mainly due to the fluctuation of Euro and Australian dollar exchange rates.

Tax Expense

The Group recorded a tax expense of \$0.6 million and \$3.9 million in 2Q2019 and 2Q2018 respectively. The higher tax expense recorded in 2Q2018 relates mainly to gain on sale of Marina Tower, Melbourne.

Net Profit

The Group registered a net profit after tax of \$0.4 million and \$4.1 million in 2Q2019 and 2Q2018 respectively.

Consolidated Income Statement – first half ended 30 June 2019 (“1H2019”) performance

Revenue

	6 months ended 30-Jun-19		6 months ended 30-Jun-18		%
	\$'000	%	\$'000	%	
Development properties	4,771	7.8	59,894	52.8	(92.0)
Rental	15,914	25.9	15,700	13.9	1.4
Hotel operations	36,718	59.9	33,848	29.8	8.5
Leisure business	3,935	6.4	3,991	3.5	(1.4)
	<u>61,338</u>	100	<u>113,433</u>	100	(45.9)

The Group recorded revenue of \$61.3 million for the first half year ended 30 June 2019 (“1H2019”), a decrease of \$52.1 million from \$113.4 million recorded in the previous corresponding period ended 30 June 2018 (“1H2018”). The decrease in revenue is mainly due to lower sales of development properties in 1H2019.

8. **A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. The review must discuss 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. It must also discuss any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on. (Cont'd)**

Revenue from development properties in 1H2019 and 1H2018 relates to the sale of units at Marina Tower, Melbourne.

Rental revenue increased by \$0.2 million from \$15.7 million in 1H2018 to \$15.9 million in 1H2019. The increase in revenue was mainly attributable to the rental from 25 Rowe Avenue office acquired on 29 March 2019.

Revenue from hotel operations increased by \$2.9 million from \$33.8 million in 1H2018 to \$36.7 million in 1H2019. The increase in revenue was mainly attributable to the hotel operations in Aloft Perth hotel which was acquired on 29 March 2019.

Revenue from leisure business decreased by \$0.1 million from \$4.0 million in 1H2018 to \$3.9 million in 1H2019.

Profit before Tax

The Group recorded a profit before tax of \$6.8 million and \$8.6 million in 1H2019 and 1H2018 respectively.

Finance income recorded at \$1.8 million in both 1H2019 and 1H2018 mainly comprises of interest income from commercial papers.

Other income increased by \$4.5 million from \$2.3 million in 1H2018 to \$6.8 million in 1H2019 mainly due to higher gain on disposal of investments and higher property recoveries. Included in 1H2019 is the forfeited sale deposits relating to Marina Tower, Melbourne of \$0.5 million.

Changes in completed properties for sale in 1H2019 and 1H2018 relates to the sale of units at Marina Tower, Melbourne.

Employee benefits expense increased by \$0.9 million in 1H2019 as compared to 1H2018 mainly due to employee benefits expense recorded in relation to Aloft Perth hotel.

Depreciation expense increased by \$2.7 million in 1H2019 as compared to 1H2018 mainly due to depreciation expense relating to right-of-use assets and the depreciation expense relating to the new properties acquired in Perth.

Other expenses increased by \$3.8 million in 1H2019 as compared to 1H2018 mainly due to higher upkeep expenses for the Group's properties which was offset by lower selling expenses for Marina Tower, Melbourne. Included in 1H2019 is the stamp duty of \$5.0 million arising from the acquisition of the new properties in Perth.

Finance cost increased by \$3.8 million in 1H2019 as compared to 1H2018 mainly due to borrowings for the acquisition of new properties in Perth. Included in 1H2019 is also the interest expense on lease liabilities of \$0.6 million.

The Group recorded in 1H2019 a fair value gain in financial instruments of \$6.7 million as compared to a fair value loss of \$6.9 million in 1H2018.

The Group recorded in 1H2019 a foreign exchange gain of \$1.0 million as compared to a foreign exchange loss of \$2.1 million in 1H2018 mainly due to the fluctuation of Euro and Australian dollar exchange rates.

8. **A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. The review must discuss 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. It must also discuss any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on. (Cont'd)**

Tax Expense

The Group recorded a tax expense of \$1.0 million and \$5.9 million in 1H2019 and 1H2018 respectively. The higher tax expense recorded in 1H2018 relates mainly to gain on sale of Marina Tower, Melbourne.

Net Profit

The Group registered a net profit after tax of \$5.8 million and \$2.7 million in 1H2019 and 1H2018 respectively.

Consolidated Statement of Financial Position as at 30 June 2019

Non-current assets

Non-current assets increased by \$95.1 million as compared to 31 December 2018. This increase was mainly due to the completion of the acquisition of Aloft Perth hotel and 25 Rowe Avenue office on 29 March 2019. Also included in this period was the right-of-use assets of \$27.6 million relating to the adoption of the SFRS(I) 16.

Included in Other assets as at 31 December 2018 was a deposit paid in relation to the acquisition of the Aloft Perth hotel and 25 Rowe Avenue office of \$10.6 million.

Current assets

Current assets decreased by \$28.6 million as compared to 31 December 2018 mainly due to cash settlement relating to the acquisition of Aloft Perth hotel and 25 Rowe Avenue office.

Current liabilities

Current liabilities increased by \$43.6 million as compared to 31 December 2018 mainly due to increase in bank borrowings for the acquisition of Aloft Perth hotel and 25 Rowe Avenue office. Also included in this period was the lease liabilities of \$2.3 million arising from the adoption of the SFRS(I) 16.

Non-current liabilities

Non-current liabilities increased by \$24.4 million as compared to 31 December 2018. Included in this period was the lease liabilities of \$25.6 million arising from the adoption of the SFRS(I) 16.

Consolidated Statement of Cash Flows Position as at 30 June 2019

The Group recorded net cash generated from operating activities of \$13.2 million and \$14.1 million for 2Q2019 and 1H2019 respectively. This amount includes cash inflow from the sale of development properties at Marina Tower, Melbourne.

Net cash generated from investing activities in 2Q2019 of \$3.2 million was mainly due to higher dividend income received and return of capital. Recorded in 1H2019 was a net cash used of \$75.8 million mainly for acquisition of Aloft Perth hotel and 25 Rowe Avenue office.

Net cash used in financing activities in 2Q2019 of \$19.5 million was mainly due to higher repayment of bank borrowings. Recorded in 1H2019 was a net cash generated of \$39.5 million mainly due to increase in bank borrowings.

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

The results reported herein are in line with the announcements previously made.

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 Group will focus on improving the rental yields and occupancy rates of the Group's properties. The Group will continue to grow our recurring income base and seize opportunities to expand our portfolio of properties locally and overseas.

The hotel sector continues to remain competitive both locally and overseas. The Group will endeavor to improve on the occupancy and average room rates of the Group's hotels.

In relation to Marina Tower, Melbourne, the completion of units sold will continue in the next 12 months.

The uncertainties in the current market conditions may result in greater volatility in the Group's investment portfolios.

11. Dividend

(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 2019 as follows:

Name of dividend	: Interim
Type of dividend	: Cash
Dividend	: 0.5 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? Yes

Name of dividend	: Interim
Type of dividend	: Cash
Dividend	: 0.5 Singapore cent per ordinary share
Tax rate	: One tier (tax exempt)

(c) Date payable

13 September 2019.

(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 **30 August 2019**, for the purpose of determining the shareholders' entitlements to the interim one-tier tax exempt dividend of 0.5 Singapore cent per ordinary share for the financial period ended 30 June 2019.

11. Dividend (Cont'd)

(d) Books closure date (Cont'd)

Duly completed registrable transfers in respect of shares in the Company received by the close of business at 5 p.m. on 30 August 2019 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 30 August 2019 will be entitled to such dividend.

12. If no dividend has been declared/recommended, a statement to that effect.

Not applicable.

13. If the Group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.

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)	
	3 months ended 30 June 2019	6 months ended 30 June 2019	3 months ended 30 June 2019	6 months ended 30 June 2019
Hiap Hoe & Co. Pte. Ltd. (A subsidiary of the ultimate holding company, Hiap Hoe Holdings Pte Ltd)	Provision of Services for Maintenance of Properties to the Company's subsidiary: - SuperBowl Jurong Pte Ltd (value of transactions amounting to \$54,000)	Provision of Services for Maintenance of Properties to the Company's subsidiary: - SuperBowl Jurong Pte Ltd (value of transactions amounting to \$106,000) ⁽¹⁾	Nil	Nil

Note:

⁽¹⁾ The value of IPT transaction with SuperBowl Jurong Pte Ltd was \$52,000 for the first quarter ended 31 March 2019. Pursuant to Rule 905(3) of the SGX-ST Listing Rules, no announcement was made previously by the Company with regard to this transaction as its value was below \$100,000.

No general mandate for IPTs has been obtained from shareholders.

14. Confirmation Pursuant to Rule 720(1) of the Listing Manual

The Company hereby confirms that it has procured undertaking from all directors and executive officers under Rule 720(1).

By Order of the Board

Ong Beng Hong
Joint Company Secretary
13 August 2019

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 second quarter and first half year ended 30 June 2019 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