



Hiap Hoe Limited
(Registration No.: 199400676Z)

UNAUDITED FINANCIAL STATEMENTS FOR THE THIRD QUARTER AND NINE MONTHS ENDED 30 SEPTEMBER 2018

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			9 months ended		
	30-Sep-18	30-Sep-17	%	30-Sep-18	30-Sep-17	%
	\$'000	\$'000		\$'000	\$'000	
Revenue	42,117	25,843	63.0	155,550	74,375	109.1
<u>Other items of income</u>						
Dividend income	1,131	680	66.3	3,039	1,874	62.2
Financial income	1,514	728	108.0	3,323	2,308	44.0
Other income	1,726	1,090	58.3	4,012	4,768	(15.9)
	4,371	2,498	75.0	10,374	8,950	15.9
Changes in development properties	(9,705)	-	NM	(52,634)	(6,078)	766.0
Employee benefits expense	(6,815)	(6,734)	1.2	(20,722)	(19,427)	6.7
Depreciation expense	(7,072)	(5,847)	21.0	(20,247)	(16,650)	21.6
Other expenses	(13,183)	(11,263)	17.0	(38,865)	(29,877)	30.1
Finance cost	(3,862)	(2,037)	89.6	(9,897)	(5,376)	84.1
Fair value changes in financial instruments	(1,071)	2,109	(150.8)	(8,012)	8,599	(193.2)
Foreign exchange (loss)/gain	(2,396)	742	(422.9)	(4,540)	1,289	(452.2)
Profit before tax	2,384	5,311	(55.1)	11,007	15,805	(30.4)
Income tax expense	(1,769)	(1,328)	33.2	(7,673)	(3,275)	134.3
Profit for the period	615	3,983	(84.6)	3,334	12,530	(73.4)
Attributable to :						
Owners of the Company	633	3,971	(84.1)	3,376	12,494	(73.0)
Non-controlling interests	(18)	12	(250.0)	(42)	36	(216.7)
Total	615	3,983	(84.6)	3,334	12,530	(73.4)

Statement of Comprehensive Income for the Group for the Third Quarter and Nine Months Ended 30 September 2018.

	The Group			
	3 months ended		9 months ended	
	30-Sep-18 \$'000	30-Sep-17 \$'000	30-Sep-18 \$'000	30-Sep-17 \$'000
Profit for the period	615	3,983	3,334	12,530
Other comprehensive income items that may be reclassified subsequently to profit or loss				
Foreign currency translation	(2,708)	540	(8,918)	2,609
Other comprehensive (loss)/income for the period, net of tax of nil	(2,708)	540	(8,918)	2,609
Total comprehensive (loss)/income for the period	(2,093)	4,523	(5,584)	15,139
Attributable to :				
Owners of the Company	(2,075)	4,511	(5,542)	15,103
Non-controlling interests	(18)	12	(42)	36
Total comprehensive (loss)/income for the period	(2,093)	4,523	(5,584)	15,139

Additional Information

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

	The Group					
	3 months ended			9 months ended		
	30-Sep-18 \$'000	30-Sep-17 \$'000	%	30-Sep-18 \$'000	30-Sep-17 \$'000	%
Depreciation of property, plant and equipment	6,011	4,911	22.4	16,770	13,862	21.0
Depreciation of investment properties	1,061	936	13.4	3,477	2,788	24.7
Loss/(gain) on disposal of property, plant and equipment	-	6	NM	19	(67)	(128.4)
Property, plant and equipment written off	10	-	NM	16	-	NM
Fair value changes in held-for-trading investments	672	(1,781)	(137.7)	6,694	(8,247)	(181.2)
Fair value changes in derivative instruments	399	(328)	(221.6)	1,318	(352)	(474.4)
(Written back)/impairment of trade receivables	(1)	(42)	(97.6)	12	(392)	(103.1)
Bad debts written off - trade	4	-	NM	4	33	(87.9)
Gain on disposal of investments	(748)	(104)	619.2	(719)	(191)	276.4
Amortisation of deferred income	(20)	(22)	(9.1)	(64)	(44)	45.5
Write back of other provision	-	-	NM	-	(999) ⁽¹⁾	NM

NM – Not meaningful

Note:

⁽¹⁾ This relates to the write back of provision for tenancy and contract matters arising from the disposal of our Australian properties.

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-Sep-18 \$'000	31-Dec-17 \$'000	30-Sep-18 \$'000	31-Dec-17 \$'000
Non-Current Assets				
Property, plant and equipment	776,155	797,141	186	251
Investment properties	417,761	372,832	-	-
Subsidiaries	-	-	476,489	479,669
Joint venture	-	-	16,261	13,379
Other assets	-	106	-	-
Other receivables	204	204	-	-
Deferred tax assets	1,684	1,838	-	-
	<u>1,195,804</u>	<u>1,172,121</u>	<u>492,936</u>	<u>493,299</u>
Current Assets				
Cash and short-term deposits	58,759	73,452	103	174
Other investments ⁽¹⁾	295,393	117,711	-	-
Trade and other receivables	5,318	3,770	-	-
Other assets	2,821	11,335	-	-
Derivatives - assets	-	275	-	-
Prepaid operating expenses	1,514	959	18	20
Due from subsidiaries, trade	-	-	243	211
Due from subsidiaries, non-trade	-	-	198,462	214,655
Due from related companies, trade	3	-	-	-
Completed properties for sale	18,600	126,486	-	-
Inventories	2,761	2,810	-	-
	<u>385,169</u>	<u>336,798</u>	<u>198,826</u>	<u>215,060</u>
Current Liabilities				
Trade and other payables	9,533	27,163	71	31
Other liabilities	13,271	21,355	523	748
Derivatives - liabilities	1,060	9	-	-
Due to subsidiaries, trade	-	-	-	68
Due to subsidiaries, non-trade	-	-	85,550	110,598
Due to related companies, trade	32	67	-	-
Interest-bearing loans and borrowings	412,904	474,297	4	24
Tax payable	4,721	15,139	263	627
	<u>441,521</u>	<u>538,030</u>	<u>86,411</u>	<u>112,096</u>
Net Current (Liabilities)/Assets⁽²⁾	(56,352)	(201,232)	112,415	102,964
Non-Current Liabilities				
Other liabilities	3,304	4,995	-	-
Due to subsidiary, non-trade	-	-	80,024	80,024
Interest-bearing loans and borrowings	276,452	92,245	-	-
Deferred tax liabilities	81,413	82,680	-	-
	<u>361,169</u>	<u>179,920</u>	<u>80,024</u>	<u>80,024</u>
Net Assets	778,283	790,969	525,327	516,239
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	691,431	704,032	441,983	432,895
	<u>774,775</u>	<u>787,376</u>	<u>525,327</u>	<u>516,239</u>
Non-controlling interests	3,508	3,593	-	-
Total Equity	778,283	790,969	525,327	516,239

Notes:

⁽¹⁾ This includes commercial papers and trading investments.

⁽²⁾ The Group is in a net current liabilities position mainly due to maturity of borrowings within the next 12 months. The Group has 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 Sep 18		As at 31 Dec 17	
Secured	Unsecured	Secured	Unsecured
412,904	-	474,297	-

Amount repayable after one year

(\$'000)

As at 30 Sep 18		As at 31 Dec 17	
Secured	Unsecured	Secured	Unsecured
276,452	-	92,245	-

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 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		9 months ended	
	30-Sep-18	30-Sep-17	30-Sep-18	30-Sep-17
	\$'000	\$'000	\$'000	\$'000
	(restated)		(restated)	
Cash flows from operating activities				
Profit before taxation	2,384	5,311	11,007	15,805
Adjustments for:				
Amortisation of deferred income	(20)	(22)	(64)	(44)
Depreciation of investment properties	1,061	936	3,477	2,788
Depreciation of property, plant and equipment	6,011	4,911	16,770	13,862
Dividend income from investments	(1,131)	(680)	(3,039)	(1,874)
Fair value changes in held-for-trading investments	672	(1,781)	6,694	(8,247)
Fair value changes in derivative instruments	399	(328)	1,318	(352)
Loss/(gain) on disposal of property, plant and equipment	-	6	19	(67)
(Written back)/impairment of trade receivables	(1)	(42)	12	(392)
Interest expenses	3,862	2,037	9,897	5,376
Interest income	(1,514)	(728)	(3,323)	(2,308)
Gain on disposal of investments	(748)	(104)	(719)	(191)
Property, plant and equipment written off	10	-	16	-
Write back of other provision	-	-	-	(999)
Exchange difference	2,318	(137)	4,004	(621)
Operating cash flows before changes in working capital	13,303	9,379	46,069	22,736
<u>Changes in working capital</u>				
(Increase)/decrease in :				
Completed properties for sale/development properties	9,727	(14,864)	52,634	(57,754)
Inventories	2	10	49	(8)
Trade and other receivables	(93)	881	(1,263)	1,729
Other assets	1,431	(1,068)	8,170	(93)
Prepaid operating expenses	(73)	(324)	(584)	(276)
Due from related company, trade	(3)	-	(3)	5
Increase/(decrease) in :				
Trade and other payables	(7,500)	(6,183)	(16,687)	(10,395)
Other liabilities	(553)	2,657	(9,180)	704
Due to related company, trade	(17)	(5)	(35)	(15)
	16,224	(9,517)	79,170	(43,367)
Income tax paid	(5,824)	(866)	(18,887)	(2,181)
Net cash flows generated from/(used in) operating activities carried forward	10,400	(10,383)	60,283	(45,548)

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		9 months ended	
	30-Sep-18	30-Sep-17	30-Sep-18	30-Sep-17
	\$'000	\$'000	\$'000	\$'000
	(restated)		(restated)	
Net cash flows generated from/(used in) operating activities brought forward	10,400	(10,383)	60,283	(45,548)
Cash flows from investing activities				
Interest income received	1,303	774	2,965	2,365
Dividend income received and return of capital	1,871	1,463	4,423	4,798
Purchase of property, plant and equipment	(191)	(509)	(783)	(8,432)
Purchase of held-for-trading investments	(46,696)	(16,435)	(239,394)	(56,497)
Proceeds from disposal of held-for-trading investments	20,918	13,900	54,352	41,616
Proceeds from disposal of property, plant and equipment	-	2	89	199
Deposit paid on acquisition of a company	-	(1,620)	-	(1,620)
Net cash outflow on acquisition of subsidiary ⁽¹⁾	-	(445)	-	(46,057)
Changes in funds placed with fund managers	(456)	221	(1,609)	668
Net cash flows used in investing activities	(23,251)	(2,649)	(179,957)	(62,960)
Cash flow from financing activities				
Acquisition of non-controlling interests	(11)	-	(11)	-
Interest paid	(3,532)	(2,277)	(9,510)	(6,071)
Cash and bank balances pledged	17,086	218	(4,991)	(41)
Fixed deposits pledged	(5)	143	(10,560)	(741)
Repayment of loans and borrowings	(12,800)	(9,421)	(290,422)	(75,477)
Repayment of lease obligations	(41)	(35)	(129)	(96)
Proceeds from loans and borrowings	28,079	30,011	413,396	186,132
Dividends paid to non-controlling interests	(32)	(32)	(32)	(32)
Dividends paid on ordinary shares by the Company	(2,353)	(2,352)	(7,059)	(7,058)
Net cash flows generated from financing activities	26,391	16,255	90,682	96,616
Net increase/(decrease) in cash and cash equivalents	13,540	3,223	(28,992)	(11,892)
Effect of exchange rate changes on cash and cash equivalents	(913)	74	(2,861)	199
Cash and cash equivalents at beginning of period	25,857	12,600	70,337	27,590
Cash and cash equivalents at end of period	38,484	15,897	38,484	15,897

Cash and cash equivalents comprise:

Cash and bank balances	47,359	10,077
Fixed deposits	11,400	7,284
	<u>58,759</u>	<u>17,361</u>
Cash and bank balances pledged	(7,382)	(41)
Fixed deposits pledged	(10,560)	(741)
Cash held by fund managers	(2,333)	(682)
Cash and cash equivalents	<u>38,484</u>	<u>15,897</u>

Note:

⁽¹⁾ Acquisition of subsidiary

The Group had acquired the share capital in Trafford City Hotel Limited, the owner of Holiday Inn Express Trafford City, Manchester, United Kingdom on 16 June 2017.

Certain comparative figures have been restated to conform with audited statement of cash flows for the year ended 31 December 2017.

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 July 2018 to 30 September 2018 and 1 July 2017 to 30 September 2017

	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 July 2018	84,445	(1,101)	719,948	(7,672)	(16,469)	52	695,859	779,203	3,537	782,740
Profit/(loss) for the period	-	-	633	-	-	-	633	633	(18)	615
Foreign currency translation	-	-	-	-	(2,708)	-	(2,708)	(2,708)	-	(2,708)
Other comprehensive loss net of tax of nil	-	-	-	-	(2,708)	-	(2,708)	(2,708)	-	(2,708)
Total comprehensive income/(loss) for the period	-	-	633	-	(2,708)	-	(2,075)	(2,075)	(18)	(2,093)
<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	-	-	-	-	-	-	-	-	(11)	(11)
Total contributions by and distributions to owners	-	-	(2,353)	-	-	-	(2,353)	(2,353)	(11)	(2,364)
At 30 September 2018	84,445	(1,101)	718,228	(7,672)	(19,177)	52	691,431	774,775	3,508	778,283
At 1 July 2017	84,445	(1,101)	652,318	(7,672)	(6,926)	52	637,772	721,116	3,576	724,692
Profit for the period	-	-	3,971	-	-	-	3,971	3,971	12	3,983
Foreign currency translation	-	-	-	-	540	-	540	540	-	540
Other comprehensive income net of tax of nil	-	-	-	-	540	-	540	540	-	540
Total comprehensive income for the period	-	-	3,971	-	540	-	4,511	4,511	12	4,523
<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	-	-	-	-	-	-	-	-	-	-
Total contributions by and distributions to owners	-	-	(2,353)	-	-	-	(2,353)	(2,353)	-	(2,353)
At 30 September 2017	84,445	(1,101)	653,936	(7,672)	(6,386)	52	639,930	723,274	3,588	726,862

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 2018 to 30 September 2018 and 1 January 2017 to 30 September 2017

	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 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	-	-	3,376	-	-	-	3,376	3,376	(42)	3,334
Foreign currency translation	-	-	-	-	(8,918)	-	(8,918)	(8,918)	-	(8,918)
Other comprehensive loss net of tax of nil	-	-	-	-	(8,918)	-	(8,918)	(8,918)	-	(8,918)
Total comprehensive income/(loss) for the period	-	-	3,376	-	(8,918)	-	(5,542)	(5,542)	(42)	(5,584)
Contributions by and distributions to owners										
Dividends on ordinary shares	-	-	(7,059)	-	-	-	(7,059)	(7,059)	-	(7,059)
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	(32)	(32)
Acquisition of non-controlling interests	-	-	-	-	-	-	-	-	(11)	(11)
Total contributions by and distributions to owners	-	-	(7,059)	-	-	-	(7,059)	(7,059)	(43)	(7,102)
At 30 September 2018	84,445	(1,101)	718,228	(7,672)	(19,177)	52	691,431	774,775	3,508	778,283
At 1 January 2017	84,445	(1,101)	648,501	(7,672)	(8,995)	52	631,886	715,230	3,584	718,814
Profit for the period	-	-	12,494	-	-	-	12,494	12,494	36	12,530
Foreign currency translation	-	-	-	-	2,609	-	2,609	2,609	-	2,609
Other comprehensive income net of tax of nil	-	-	-	-	2,609	-	2,609	2,609	-	2,609
Total comprehensive income for the period	-	-	12,494	-	2,609	-	15,103	15,103	36	15,139
Contributions by and distributions to owners										
Dividends on ordinary shares	-	-	(7,059)	-	-	-	(7,059)	(7,059)	-	(7,059)
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	(32)	(32)
Acquisition of non-controlling interests	-	-	-	-	-	-	-	-	-	-
Total contributions by and distributions to owners	-	-	(7,059)	-	-	-	(7,059)	(7,059)	(32)	(7,091)
At 30 September 2017	84,445	(1,101)	653,936	(7,672)	(6,386)	52	639,930	723,274	3,588	726,862

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 July 2018 to 30 September 2018 and 1 July 2017 to 30 September 2017

The Company (All figures in \$'000)	Share capital	Treasury shares	Accumulated profits	Gain on reissuance of treasury shares	Total reserves	Total equity
At 1 July 2018	84,445	(1,101)	443,290	52	443,342	526,686
Profit for the period	-	-	994	-	994	994
Total comprehensive income for the period	-	-	994	-	994	994
<u>Contributions by and distributions to owners</u>						
Dividends on ordinary shares	-	-	(2,353)	-	(2,353)	(2,353)
Total contributions by and distribution to owners	-	-	(2,353)	-	(2,353)	(2,353)
At 30 September 2018	84,445	(1,101)	441,931	52	441,983	525,327
At 1 July 2017	84,445	(1,101)	386,683	52	386,735	470,079
Profit for the period	-	-	1,822	-	1,822	1,822
Total comprehensive income for the period	-	-	1,822	-	1,822	1,822
<u>Contributions by and distributions to owners</u>						
Dividends on ordinary shares	-	-	(2,353)	-	(2,353)	(2,353)
Total contributions by and distribution to owners	-	-	(2,353)	-	(2,353)	(2,353)
At 30 September 2017	84,445	(1,101)	386,152	52	386,204	469,548

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 2018 to 30 September 2018 and 1 January 2017 to 30 September 2017

<u>The Company</u> (All figures in \$'000)	Share capital	Treasury shares	Accumulated profits	Gain on reissuance of treasury shares	Total reserves	Total equity
At 1 January 2018	84,445	(1,101)	432,843	52	432,895	516,239
Profit for the period	-	-	16,147	-	16,147	16,147
Total comprehensive income for the period	-	-	16,147	-	16,147	16,147
<u>Contributions by and distributions to owners</u>						
Dividends on ordinary shares	-	-	(7,059)	-	(7,059)	(7,059)
Total contributions by and distribution to owners	-	-	(7,059)	-	(7,059)	(7,059)
At 30 September 2018	84,445	(1,101)	441,931	52	441,983	525,327
At 1 January 2017	84,445	(1,101)	388,689	52	388,741	472,085
Profit for the period	-	-	4,522	-	4,522	4,522
Total comprehensive income for the period	-	-	4,522	-	4,522	4,522
<u>Contributions by and distributions to owners</u>						
Dividends on ordinary shares	-	-	(7,059)	-	(7,059)	(7,059)
Total contributions by and distribution to owners	-	-	(7,059)	-	(7,059)	(7,059)
At 30 September 2017	84,445	(1,101)	386,152	52	386,204	469,548

- 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-Sep-18	30-Sep-17
Balance as at 1 July and 30 September	470,557,541	470,557,541
Balance as at 1 January and 30 September	470,557,541	470,557,541

Treasury Shares

	<u>Number of Treasury Shares</u>	
	30-Sep-18	30-Sep-17
Balance as at 1 July and 30 September	3,999,850	3,999,850
Balance as at 1 January and 30 September	3,999,850	3,999,850

During the period ended 30 September 2018, 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 September 2018 is 470,557,541 (31 December 2017: 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.

- 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.

The Accounting Standards Council announced on 29 May 2014 that Singapore-incorporated companies listed on the Singapore Exchange will apply a new financial reporting framework identical to the International Financial Reporting Standards. The Group have adopted the new financial reporting framework on 1 January 2018 and thereafter Singapore Financial Reporting Standards (International) ("**SFRS(I)**"), including SFRS(I) Interpretation issued by ASC on 29 December 2017.

The Group has performed an assessment of the impact of SFRS(I) 1 for the transition to the new reporting framework and the Group does not expect to change its existing accounting policies on adoption of the new framework on 1 January 2018.

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 2017.

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 2018.

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.

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		9 months ended	
	30-Sep-18	30-Sep-17	30-Sep-18	30-Sep-17
Earning per share (cents)				
Basic	0.13	0.84	0.72	2.66
Diluted	0.13	0.84	0.72	2.66
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-Sep-18	31-Dec-17	30-Sep-18	31-Dec-17
Net assets value per share (cents)	164.65	167.33	111.64	109.71
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 – third quarter ended 30 September 2018 (“3Q2018”) performance

Revenue

	3 months ended 30-Sep-18		3 months ended 30-Sep-17		
	\$'000	%	\$'000	%	
Development properties	13,722	32.6	-	-	-
Rental	7,951	18.9	7,086	27.4	12.2
Hotel operations	18,313	43.4	16,888	65.3	8.4
Leisure business	2,131	5.1	1,869	7.3	14.0
	42,117	100	25,843	100	63.0

The Group recorded revenue of \$42.1 million in the 3 months ended 30 September 2018 (“3Q2018”), an increase of \$16.3 million from \$25.8 million recorded in the previous corresponding period ended 30 September 2017 (“3Q2017”).

Included in 3Q2018 was revenue from development properties from completion of sale of units at Marina Tower, Melbourne of \$13.7 million.

Rental revenue increased by \$0.9 million from \$7.1 million in 3Q2017 to \$8.0 million in 3Q2018. This was due to rental revenue from Orchard Towers units acquired in December 2017 and higher occupancies for the Group's other properties.

Revenue from hotel operations increased by \$1.4 million from \$16.9 million in 3Q2017 to \$18.3 million in 3Q2018. This increase was mainly attributed to the new hotel operations in Melbourne and Manchester.

Profit before tax

The Group registered a profit before tax of \$2.4 million and \$5.3 million in 3Q2018 and 3Q2017 respectively.

Finance income increased by \$0.8 million in 3Q2018 as compared to 3Q2017 due to higher interest income from commercial papers.

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 development properties in 3Q2018 were due to the sale of units in Marina Tower, Melbourne.

Depreciation expense increased by \$1.2 million in 3Q2018 as compared to 3Q2017 due to additional depreciation expense from the new hotels in the Group and the new investment property at Orchard Towers.

Other expenses increased by \$1.9 million from \$11.3 million in 3Q2017 to \$13.2 million in 3Q2018. The increases in 3Q2018 comprise mainly selling expenses for Marina Tower, Melbourne of \$0.5 million, higher upkeep and marketing expenses for the Group's properties by \$0.4 million and \$0.3 million respectively.

Finance cost increased by \$1.8 million in 3Q2018 as compared to 3Q2017 due to higher borrowings in the Group.

Included in 3Q2018 was a fair value loss in financial instruments of \$1.1 million as compared to a fair value gain of \$2.1 million in 3Q2017.

The Group recorded in 3Q2018 a foreign exchange loss of \$2.4 million as compared to a foreign exchange gain of \$0.7 million in 3Q2017 mainly due to the fluctuation of Euro and Australian dollar exchange rates.

Tax Expense

Tax expense increased by \$0.4 million in 3Q2018 as compared to 3Q2017. Tax expense included in 3Q2018 was mainly due to the gains on sale of units in Marina Tower.

Net Profit

The Group registered a net profit after tax of \$0.6 million and \$4.0 million in 3Q2018 and 3Q2017 respectively.

Consolidated Income Statement – nine months ended 30 September 2018 (“9M2018”) performance

Revenue

	9 months ended 30-Sep-18		9 months ended 30-Sep-17		
	\$'000	%	\$'000	%	
Development properties	73,616	47.3	8,011	10.8	818.9
Rental	23,651	15.2	20,570	27.7	15.0
Hotel operations	52,161	33.6	40,550	54.5	28.6
Leisure business	6,122	3.9	5,244	7.0	16.7
	<u>155,550</u>	<u>100</u>	<u>74,375</u>	<u>100</u>	<u>109.1</u>

The Group recorded revenue of \$155.6 million for the nine months ended 30 September 2018 (“9M2018”), an increase of \$81.2 million from \$74.4 million recorded in the previous corresponding period ended 30 September 2017 (“9M2017”).

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 from completion of sale of units at Marina Tower, Melbourne, increased by \$65.6 million from \$8.0 million in 9M2017 to \$73.6 million in 9M2018.

Rental revenue increased by \$3.1 million from \$20.6 million in 9M2017 to \$23.7 million in 9M2018. This was due to rental revenue from Orchard Towers units acquired in December 2017 and higher occupancies for the Group's other properties.

Revenue from hotel operations increased by \$11.6 million from \$40.6 million in 9M2017 to \$52.2 million in 9M2018. This increase was mainly attributed to the new hotel operations in Melbourne and Manchester.

The leisure business saw an increase in revenue by \$0.9 million from \$5.2 million in 9M2017 to \$6.1 million in 9M2018 due to the addition of two bowling centres in the Group.

Profit before tax

The Group registered a profit before tax of \$11.0 million and \$15.8 million in 9M2018 and 9M2017 respectively.

Finance income increased by \$1.0 million in 9M2018 as compared to 9M2017 due to higher interest income from commercial papers.

Other income decreased by \$0.8 million in 9M2018 as compared to 9M2017. Included in 9M2017 was a write back of \$1.0 million provision for tenancy and contract matters relating to the disposal of our Australian properties.

Changes in development properties in 9M2018 and 9M2017 were due to the sale of units in Marina Tower, Melbourne.

Employee benefits expense increased by \$1.3 million in 9M2018 as compared to 9M2017 mainly due to higher expense recorded in relation to the Group's hotels.

Depreciation expense increased by \$3.6 million in 9M2018 as compared to 9M2017 due to additional depreciation expense from the new hotels in the Group and the new investment property at Orchard Towers.

Other expenses increased by \$9.0 million from \$29.9 million in 9M2017 to \$38.9 million in 9M2018. The increases in 9M2018 comprise mainly higher selling expenses for Marina Tower, Melbourne by \$2.2 million, higher upkeep and marketing expenses for the Group's properties by \$2.6 million and \$1.8 million respectively.

Finance cost increased by \$4.5 million in 9M2018 as compared to 9M2017 due to higher borrowings in the Group.

Included in 9M2018 was a fair value loss in financial instruments of \$8.0 million as compared to a fair value gain of \$8.6 million in 9M2017.

The Group recorded in 9M2018 a foreign exchange loss of \$4.5 million as compared to a foreign exchange gain of \$1.3 million in 9M2017 mainly due to the fluctuation of 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

Tax expense increased by \$4.4 million in 9M2018 as compared to 9M2017 mainly due to the gains on sale of units in Marina Tower.

Net Profit

The Group registered a net profit after tax of \$3.3 million and \$12.5 million in 9M2018 and 9M2017 respectively.

Consolidated Statement of Financial Position as at 30 September 2018

Non-current assets

Non-current assets increased by \$23.7 million as compared to 31 December 2017. This increase was mainly due to the transfer of an asset from development property of \$52.7 million to investment property due to the change in use of the asset. Included in this period are the depreciation charge of \$20.2 million and translation differences for the overseas properties.

Current assets

Current assets increased by \$48.4 million as compared to 31 December 2017. Included in this period is an increase in other investments by \$177.7 million which was funded by bank borrowings and sale proceeds from Marina Tower, Melbourne. The decrease in development properties includes the transfer of an asset from development property to investment property as mentioned above.

Current liabilities

Current liabilities decreased by \$96.5 million as compared to 31 December 2017. Included in this period is an increase in bank borrowings mainly for other investments. This increase was mitigated by reclassification of the bank borrowings to non-current liabilities following the loan which had been refinanced.

Non-current liabilities

Non-current liabilities increased by \$181.2 million as compared to 31 December 2017. This increase was due to the reclassification of bank borrowings as mentioned above.

Consolidated Statement of Cash Flows Position as at 30 September 2018

The Group recorded net cash generated from operating activities of \$10.4 million and \$60.3 million for 3Q2018 and 9M2018 respectively, mainly due to cash inflow from the sale of development properties at Marina Tower in Melbourne.

Net cash used in 3Q2018 and 9M2018 for investing activities amounted to \$23.3 million and \$180.0 million respectively mainly due to an increase in trading investments.

Net cash generated in 3Q2018 and 9M2018 from financing activities amounted to \$26.4 million and \$90.7 million respectively mainly due to an 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 existing properties. For the hotel sector, the Group expects this sector to remain competitive both locally and overseas. In line with our recent announcement on the proposed acquisition of Aloft Perth hotel and a commercial office building, the Group expects the hotel revenue and rental income from this acquisition to contribute positively to the Group's revenue upon its completion.

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

The Group also expects the enlarged trading investments to result in more volatility in both the market price and foreign currency changes.

11. **Dividend**

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

Any dividend declared for the current financial period reported on?

None

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

Any dividend declared for the corresponding period of the immediately preceding financial year?

None

- (c) **Date payable**

Not applicable.

- (d) **Books closure date**

Not applicable.

12. **If no dividend has been declared/recommendeded, 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 September 2018	9 months ended 30 September 2018	3 months ended 30 September 2018	9 months ended 30 September 2018
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 \$44,000)	Provision of Services for Maintenance of Properties to the Company's subsidiary: - SuperBowl Jurong Pte Ltd (value of transactions amounting to \$140,000) ⁽¹⁾	Nil	Nil

Note:

⁽¹⁾ The value of IPT transaction with SuperBowl Jurong Pte Ltd was \$96,000 for the first half year ended 30 June 2018. 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
12 November 2018

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 third quarter and nine months ended 30 September 2018 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