



Hiap Hoe Limited
(Registration No.: 199400676Z)

UNAUDITED FINANCIAL STATEMENTS FOR THE FIRST QUARTER ENDED 31 MARCH 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		%
	31-Mar-19	31-Mar-18	
	\$'000	\$'000	
Revenue	28,485	49,254	(42.2)
<u>Other items of income</u>			
Dividend income	1,065	629	69.3
Financial income	998	727	37.3
Other income	3,318	992	234.5
	5,381	2,348	129.2
Changes in completed properties for sale	(1,381)	(15,852)	(91.3)
Employee benefits expense	(6,783)	(7,139)	(5.0)
Depreciation expense	(7,556)	(6,646)	13.7
Other expenses	(16,130)	(12,511)	28.9
Finance cost	(4,591)	(2,800)	64.0
Fair value changes in financial instruments	5,216	(2,081)	NM
Foreign exchange gain/(loss)	3,098	(3,965)	NM
Impairment loss on trade receivables	-	(6)	NM
Profit before tax	5,739	602	853.3
Income tax expense	(367)	(1,955)	(81.2)
Profit/(loss) for the period	5,372	(1,353)	NM
Attributable to :			
Owners of the Company	5,327	(1,340)	NM
Non-controlling interests	45	(13)	NM
Total	5,372	(1,353)	NM

Statement of Comprehensive Income for the Group for the First Quarter Ended 31 March 2019

	The Group	
	3 months ended	
	31-Mar-19	31-Mar-18
	\$'000	\$'000
Profit/(loss) for the period	5,372	(1,353)
Other comprehensive loss items that may be reclassified subsequently to profit or loss		
Foreign currency translation	(499)	(6,701)
Exchange differences realised on de-registration of subsidiary recycled to profit or loss	(132)	-
Other comprehensive loss for the period, net of tax of nil	(631)	(6,701)
Total comprehensive income/(loss) for the period	4,741	(8,054)
Attributable to :		
Owners of the Company	4,696	(8,041)
Non-controlling interests	45	(13)
Total comprehensive income/(loss) for the period	4,741	(8,054)

Additional Information

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

	The Group		
	3 months ended		
	31-Mar-19	31-Mar-18	%
	\$'000	\$'000	
Depreciation of property, plant and equipment	5,690	5,431	4.8
Depreciation of investment properties	1,157	1,251	(7.5)
Depreciation of right-of-use assets ⁽¹⁾	709	-	NM
Interest expense - lease liabilities ⁽¹⁾	299	-	NM
Loss on disposal of property, plant and equipment	29	12	141.7
Property, plant and equipment written off	-	4	NM
Fair value changes in held-for-trading investments	(4,820)	2,035	NM
Fair value changes in derivative instruments	(396)	46	NM
(Gain)/loss on disposal of investments	(2,358)	9	NM
Amortisation of deferred income	(20)	(22)	(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	
	31-Mar-19 \$'000	31-Dec-18 \$'000	31-Mar-19 \$'000	31-Dec-18 \$'000
Non-Current Assets				
Property, plant and equipment	800,838	766,767	143	165
Investment properties	467,742	411,485	-	-
Right-of-use assets	28,324	-	-	-
Subsidiaries	-	-	477,489	477,489
Joint venture	-	-	17,393	16,753
Other assets	81	10,675	-	-
Other receivables	333	171	-	-
Deferred tax assets	4,178	3,875	-	-
	<u>1,301,496</u>	<u>1,192,973</u>	<u>495,025</u>	<u>494,407</u>
Current Assets				
Cash and short-term deposits	31,653	55,545	78	474
Other investments ⁽¹⁾	284,483	280,353	-	-
Trade and other receivables	6,206	4,668	9	-
Other assets	2,033	2,165	-	-
Derivatives - assets	206	200	-	-
Prepaid operating expenses	1,413	1,092	33	7
Due from subsidiaries, trade	-	-	145	101
Due from subsidiaries, non-trade	-	-	162,968	161,451
Due from related companies, trade	1	3	-	-
Due from related companies, non-trade	-	1	-	-
Completed properties for sale	14,137	15,564	-	-
Inventories	2,809	2,753	-	-
	<u>342,941</u>	<u>362,344</u>	<u>163,233</u>	<u>162,033</u>
Current Liabilities				
Trade and other payables	6,447	7,951	139	30
Other liabilities	12,257	11,651	320	575
Derivatives - liabilities	257	646	-	-
Due to subsidiaries, trade	-	-	37	58
Due to subsidiaries, non-trade	-	-	135,728	134,287
Due to related companies, trade	27	23	-	-
Due to related companies, non-trade	18	33	-	-
Interest-bearing loans and borrowings	434,870	378,272	-	-
Lease liabilities	2,299	-	-	-
Tax payable	4,176	4,451	254	263
	<u>460,351</u>	<u>403,027</u>	<u>136,478</u>	<u>135,213</u>
Net Current (Liabilities)/Assets⁽²⁾	(117,410)	(40,683)	26,755	26,820
Non-Current Liabilities				
Other liabilities	3,856	3,235	-	-
Interest-bearing loans and borrowings	307,197	306,455	-	-
Lease liabilities	26,166	-	-	-
Deferred tax liabilities	80,465	80,939	-	-
	<u>417,684</u>	<u>390,629</u>	<u>-</u>	<u>-</u>
Net Assets	<u>766,402</u>	<u>761,661</u>	<u>521,780</u>	<u>521,227</u>
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	679,563	674,867	438,436	437,883
	<u>762,907</u>	<u>758,211</u>	<u>521,780</u>	<u>521,227</u>
Non-controlling interests	3,495	3,450	-	-
Total Equity	<u>766,402</u>	<u>761,661</u>	<u>521,780</u>	<u>521,227</u>

Notes:

⁽¹⁾ This included short-term 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 31 Mar 19		As at 31 Dec 18	
Secured	Unsecured	Secured	Unsecured
434,870	-	378,272	-

Amount repayable after one year

(\$'000)

As at 31 Mar 19		As at 31 Dec 18	
Secured	Unsecured	Secured	Unsecured
307,197	-	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 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	
	31-Mar-19	31-Mar-18
	\$'000	\$'000
Cash flows from operating activities		
Profit before taxation	5,739	602
Adjustments for:		
Amortisation of deferred income	(20)	22
Depreciation of investment properties	1,157	1,215
Depreciation of property, plant and equipment	5,690	5,431
Depreciation of right-of-use assets	709	-
Dividend income from investments	(1,065)	(629)
Fair value changes in held-for-trading investments	(4,820)	2,035
Fair value changes in derivative instruments	(396)	46
Loss on disposal of property, plant and equipment	29	12
Impairment loss on trade receivables	-	6
Interest expenses	4,591	2,800
Interest income	(998)	(727)
(Gain)/loss on disposal of investments	(2,358)	9
Property, plant and equipment written off	-	4
Exchange difference	(3,390)	3,032
Operating cash flows before changes in working capital	4,868	13,858
<u>Changes in working capital</u>		
(Increase)/decrease in :		
Completed properties for sale	1,381	15,852
Inventories	19	40
Trade and other receivables	(1,663)	(729)
Other assets	122	2,439
Prepaid operating expenses	(111)	(141)
Due from related companies, trade	2	-
Due from related companies, non-trade	1	(3)
Increase/(decrease) in :		
Trade and other payables	(1,754)	(15,557)
Other liabilities	(491)	(4,595)
Due to related companies, trade	4	(35)
Due to related companies, non-trade	(15)	2
	2,363	11,131
Income tax paid	(1,438)	(339)
Net cash flows generated from operating activities carried forward	925	10,792

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	
	31-Mar-19	31-Mar-18
	\$'000	\$'000
Net cash flows generated from operating activities brought forward	925	10,792
Cash flows from investing activities		
Interest income received and settlement of derivatives	1,195	895
Dividend income received and return of capital	1,311	999
Purchase of property, plant and equipment	(347)	(257)
Purchase of held-for-trading investments	(23,838)	(33,182)
Proceeds from disposal of held-for-trading investments	26,640	18,675
Proceeds from disposal of property, plant and equipment	102	39
Net cash outflow on business combination ⁽³⁾	(84,003)	-
Changes in funds placed with fund managers	-	(739)
Net cash flows used in investing activities	(78,940)	(13,570)
Cash flow from financing activities		
Interest paid on borrowings	(4,271)	(2,696)
Interest paid on lease liabilities	(299)	-
Changes in cash and bank balances pledged	5,103	(8,587)
Changes in fixed deposits pledged	(388)	-
Repayment of loans and borrowings	(3,297)	(268,737)
Repayment of principal portion of lease liabilities	(568)	-
Repayment of lease obligations	(37)	(46)
Proceeds from loans and borrowings	62,763	286,536
Net cash flows generated from financing activities	59,006	6,470
Net (decrease)/increase in cash and cash equivalents	(19,009)	3,692
Effect of exchange rate changes on cash and cash equivalents	(168)	(2,033)
Cash and cash equivalents at beginning of period	29,697	70,337
Cash and cash equivalents at end of period	10,520	71,996
<u>Cash and cash equivalents comprise:</u>		
Cash and bank balances	19,734	58,464
Fixed deposits	11,919	25,973
	31,653	84,437
Cash and bank balances pledged	(9,214)	(10,978)
Fixed deposits pledged	(11,919)	-
Cash held by fund managers	-	(1,463)
Cash and cash equivalents	10,520	71,996

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 \$95,108,011 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	38,424
Investment properties	57,636
Cash and cash equivalents	503
Trade and other receivables	241
Prepaid operating expenses	206
Inventories	<u>77</u>
Total assets	<u>97,087</u>
Trade and other payables	228
Other liabilities	<u>1,751</u>
Total liabilities	<u>1,979</u>
Net assets acquired	95,108
Cash and cash equivalents relates to the properties acquired	<u>(503)</u>
Net cash outflow on business combination	<u><u>94,605</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 January 2019 to 31 March 2019 and 1 January 2018 to 31 March 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	-	-	5,327	-	-	-	5,327	5,327	45	5,372
Foreign currency translation	-	-	-	-	(499)	-	(499)	(499)	-	(499)
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	-	-	-	-	(631)	-	(631)	(631)	-	(631)
Total comprehensive income/(loss) for the period	-	-	5,327	-	(631)	-	4,696	4,696	45	4,741
<u>Contributions by and distributions to owners</u>										
Dividends on ordinary shares	-	-	-	-	-	-	-	-	-	-
Total contributions by and distributions to owners	-	-	-	-	-	-	-	-	-	-
At 31 March 2019	84,445	(1,101)	710,254	(7,672)	(23,071)	52	679,563	762,907	3,495	766,402
At 1 January 2018	84,445	(1,101)	721,911	(7,672)	(10,259)	52	704,032	787,376	3,593	790,969
Loss for the period	-	-	(1,340)	-	-	-	(1,340)	(1,340)	(13)	(1,353)
Foreign currency translation	-	-	-	-	(6,701)	-	(6,701)	(6,701)	-	(6,701)
Exchange differences realised on de-registration of subsidiary recycled to profit or loss	-	-	-	-	-	-	-	-	-	-
Other comprehensive loss net of tax of nil	-	-	-	-	(6,701)	-	(6,701)	(6,701)	-	(6,701)
Total comprehensive loss for the period	-	-	(1,340)	-	(6,701)	-	(8,041)	(8,041)	(13)	(8,054)
<u>Contributions by and distributions to owners</u>										
Dividends on ordinary shares	-	-	-	-	-	-	-	-	-	-
Total contributions by and distributions to owners	-	-	-	-	-	-	-	-	-	-
At 31 March 2018	84,445	(1,101)	720,571	(7,672)	(16,960)	52	695,991	779,335	3,580	782,915

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 31 March 2019 and 1 January 2018 to 31 March 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	-	-	553	-	553	553
Total comprehensive income for the period	-	-	553	-	553	553
<u>Contributions by and distributions to owners</u>						
Dividends on ordinary shares	-	-	-	-	-	-
Total contributions by and distribution to owners	-	-	-	-	-	-
At 31 March 2019	84,445	(1,101)	438,384	52	438,436	521,780
At 1 January 2018	84,445	(1,101)	432,843	52	432,895	516,239
Profit for the period	-	-	1,264	-	1,264	1,264
Total comprehensive income for the period	-	-	1,264	-	1,264	1,264
<u>Contributions by and distributions to owners</u>						
Dividends on ordinary shares	-	-	-	-	-	-
Total contributions by and distribution to owners	-	-	-	-	-	-
At 31 March 2018	84,445	(1,101)	434,107	52	434,159	517,503

- 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>	
	31-Mar-19	31-Mar-18
Balance as at	<u>470,557,541</u>	<u>470,557,541</u>

Treasury Shares

	<u>Number of Treasury Shares</u>	
	31-Mar-19	31-Mar-18
Balance as at	<u>3,999,850</u>	<u>3,999,850</u>

During the period ended 31 March 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 31 March 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	
	31-Mar-19	31-Mar-18
Earning per share (cents)		
Basic	1.13	(0.28)
Diluted	1.13	(0.28)
Weighted average number of shares		
Basic	470,557,541	470,557,541
Diluted	470,557,541	470,557,541

Earnings per share are calculated based on the net profit/(loss) 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	
	31-Mar-19	31-Dec-18	31-Mar-19	31-Dec-18
Net assets value per share (cents)	162.13	161.13	110.89	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 – first quarter ended 31 March 2019 (“1Q2019”) performance

Revenue

	3 months ended 31-Mar-19		3 months ended 31-Mar-18		
	\$'000	%	\$'000	%	
Development properties	1,869	6.6	22,190	45.1	(91.6)
Rental	7,745	27.2	7,844	15.9	(1.3)
Hotel operations	16,936	59.4	17,253	35.0	(1.8)
Leisure business	1,935	6.8	1,967	4.0	(1.6)
	<u>28,485</u>	100	<u>49,254</u>	100	(42.2)

The Group recorded revenue of \$28.5 million in the 3 months ended 31 March 2019 (“1Q2019”), a decrease of \$20.8 million from \$49.3 million recorded in the previous corresponding period ended 31 March 2018 (“1Q2018”). The decrease in revenue is mainly due to lower sales of development properties in 1Q2019.

Revenue from development properties in 1Q2019 and 1Q2018 relates to the sale of units at Marina Tower, Melbourne.

Rental revenue decreased by \$0.1 million from \$7.8 million in 1Q2018 to \$7.7 million in 1Q2019. This decrease was partially attributable to the weakening Australian dollar in 1Q2019 as compared to 1Q2018. Included in 1Q2019 is the rental revenue from 25 Rowe Avenue office following the completion of the acquisition of the property on 29 March 2019.

Revenue from hotel operations decreased by \$0.3 million from \$17.2 million in 1Q2018 to \$16.9 million in 1Q2019 due to both lower occupancy and average room rate. Included in 1Q2019 is the revenue from Aloft Perth hotel following the completion of the acquisition of the property on 29 March 2019.

Profit before Tax

The Group recorded a profit before tax of \$5.7 million and \$0.6 million in 1Q2019 and 1Q2018 respectively.

Finance income increased by \$0.3 million in 1Q2019 as compared to 1Q2018 mainly due to higher interest income from commercial papers.

Other income increased by \$2.3 million from \$1.0 million in 1Q2018 to \$3.3 million in 1Q2019 mainly due to higher gain on disposal of investments.

Changes in completed properties for sale in 1Q2019 and 1Q2018 relates to the sale of units at Marina Tower, Melbourne.

Employee benefits expense decreased by \$0.4 million in 1Q2019 as compared to 1Q2018, partially attributable to the weakening Australian dollar in 1Q2019. Included in 1Q2019 is also the employee benefits relating to Aloft Perth hotel.

Depreciation expense increased by \$0.9 million in 1Q2019 as compared to 1Q2018 mainly due to depreciation expense relating to right-of-use assets and the depreciation expense relating to the new properties acquired in Perth.

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)**

Other expenses increased by \$3.6 million in 1Q2019 as compared to 1Q2018. Included in 1Q2019 is the stamp duty of \$5.0 million arising from the acquisition of the new properties in Perth. This increase was offset by lower marketing expenses of \$1.0 million and in particular, lower selling expenses for Marina Tower, Melbourne.

Finance cost increased by \$1.8 million in 1Q2019 as compared to 1Q2018 due to higher borrowings in the Group. Included in 1Q2019 is also the interest expense on lease liabilities of \$0.3 million.

The Group recorded in 1Q2019 a fair value gain in financial instruments of \$5.2 million as compared to a fair value loss of \$2.1 million in 1Q2018.

The Group recorded in 1Q2019 a foreign exchange gain of \$3.1 million as compared to a foreign exchange loss of \$4.0 million in 1Q2018. The gain in 1Q2019 is mainly due to the fluctuation of Euro dollar exchange rates.

Tax Expense

The Group recorded a tax expense of \$0.4 million and \$2.0 million in 1Q2019 and 1Q2018 respectively. The higher tax expense recorded in 1Q2018 relates mainly to gain on sale of Marina Tower, Melbourne.

Net Profit

The Group registered a net profit after tax of \$5.4 million as compared to a net loss after tax of \$1.3 million in 1Q2019 and 1Q2018 respectively.

Consolidated Statement of Financial Position as at 31 March 2019

Non-current assets

Non-current assets increased by \$108.5 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 \$28.3 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 \$19.4 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 \$57.3 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 \$27.1 million as compared to 31 December 2018. Included in this period was the lease liabilities of \$26.2 million arising from the adoption of the SFRS(I) 16.

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)**

Consolidated Statement of Cash Flows Position as at 31 March 2019

The Group recorded a net cash generated from operating activities of \$0.9 million in 1Q2019 as compared to \$10.8 million in 1Q2018. The higher cash inflow in 1Q2018 was mainly due to the sale of development properties at Marina Tower, Melbourne.

Net cash used in investing activities in 1Q2019 amounted to \$78.9 million mainly for acquisition of properties. In 1Q2018, the net cash used in investing activities was mainly for trading investments.

Net cash generated from financing activities amounted to \$59.0 million and \$6.5 million in 1Q2019 and 1Q2018 respectively, mainly due to increase in bank borrowings. The higher bank borrowings in 1Q2019 relates mainly to acquisition of properties.

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 for both locally and overseas. The Group expects the rental income from the newly acquired 25 Rowe Avenue office to contribute to the Group's results.

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 and expects the newly acquired Aloft Perth hotel to contribute to the Group's results.

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?

None

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

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

None

11. Dividend (Cont'd)

(c) Date payable

Not applicable.

(d) Book closure date

Not applicable.

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

No dividend has been declared for the first quarter ended 31 March 2019 in view of the Group's capital requirements.

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 31 March 2019	3 months ended 31 March 2019
Nil	Nil	Nil

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
14 May 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 first quarter ended 31 March 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