



Hiap Hoe Limited
(Registration No.: 199400676Z)

UNAUDITED FINANCIAL STATEMENTS FOR THE THIRD QUARTER AND NINE MONTHS ENDED 30 SEPTEMBER 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			9 months ended		
	30-Sep-19	30-Sep-18	%	30-Sep-19	30-Sep-18	%
	\$'000	\$'000		\$'000	\$'000	
Revenue	35,260	42,117	(16.3)	96,598	155,550	(37.9)
<u>Other items of income</u>						
Dividend income	1,601	1,131	41.6	4,196	3,039	38.1
Financial income	718	1,514	(52.6)	2,509	3,323	(24.5)
Other income	1,194	1,725	(30.8)	8,032	4,007	100.4
Impairment loss on trade receivables written back	-	1	NM	10	5	100.0
	3,513	4,371	(19.6)	14,747	10,374	42.2
Changes in completed properties for sale	(2,582)	(9,705)	(73.4)	(6,088)	(52,634)	(88.4)
Employee benefits expense	(8,198)	(6,815)	20.3	(22,987)	(20,722)	10.9
Depreciation expense	(8,222)	(7,072)	16.3	(24,116)	(20,247)	19.1
Other expenses	(14,235)	(13,183)	8.0	(43,748)	(38,848)	12.6
Finance cost	(4,977)	(3,862)	28.9	(14,729)	(9,897)	48.8
Fair value changes in financial instruments	351	(1,071)	NM	7,050	(8,012)	NM
Foreign exchange gain/(loss)	109	(2,396)	NM	1,086	(4,540)	NM
Impairment loss on trade receivables	(9)	-	NM	(11)	(17)	(35.3)
Profit before tax	1,010	2,384	(57.6)	7,802	11,007	(29.1)
Income tax expense	(903)	(1,769)	(49.0)	(1,879)	(7,673)	(75.5)
Profit for the period	107	615	(82.6)	5,923	3,334	77.7
Attributable to :						
Owners of the Company	114	633	(82.0)	5,890	3,376	74.5
Non-controlling interests	(7)	(18)	(61.1)	33	(42)	NM
Total	107	615	(82.6)	5,923	3,334	77.7

Statement of Comprehensive Income for the Group for the Third Quarter and Nine Months Ended 30 September 2019.

	The Group			
	3 months ended		9 months ended	
	30-Sep-19 \$'000	30-Sep-18 \$'000	30-Sep-19 \$'000	30-Sep-18 \$'000
Profit for the period	107	615	5,923	3,334
Other comprehensive loss items that may be reclassified subsequently to profit or loss				
Foreign currency translation	(1,799)	(2,708)	(4,163)	(8,918)
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	(1,799)	(2,708)	(4,295)	(8,918)
Total comprehensive (loss)/income for the period	(1,692)	(2,093)	1,628	(5,584)
Attributable to :				
Owners of the Company	(1,685)	(2,075)	1,595	(5,542)
Non-controlling interests	(7)	(18)	33	(42)
Total comprehensive (loss)/income for the period	(1,692)	(2,093)	1,628	(5,584)

Additional Information

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

	The Group					
	3 months ended			9 months ended		
	30-Sep-19 \$'000	30-Sep-18 \$'000	%	30-Sep-19 \$'000	30-Sep-18 \$'000	%
Depreciation of property, plant and equipment	6,032	6,011	0.3	17,928	16,770	6.9
Depreciation of investment properties	1,480	1,061	39.5	4,060	3,477	16.8
Depreciation of right-of-use assets ⁽¹⁾	710	-	NM	2,128	-	NM
Interest expense - lease liabilities ⁽¹⁾	299	-	NM	899	-	NM
Loss on disposal of property, plant and equipment	-	-	NM	29	19	52.6
Property, plant and equipment written off	6	10	(40.0)	15	16	(6.3)
Fair value changes in held-for-trading investments	(436)	672	NM	(6,789)	6,694	NM
Fair value changes in derivative instruments	85	399	(78.7)	(261)	1,318	NM
Bad debts written off - trade	29	4	625.0	29	4	625.0
Gain on disposal of investments	(302)	(748)	(59.6)	(3,011)	(719)	318.8
Amortisation of deferred income	(20)	(20)	-	(60)	(64)	(6.3)

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-Sep-19 \$'000	31-Dec-18 \$'000	30-Sep-19 \$'000	31-Dec-18 \$'000
Non-Current Assets				
Property, plant and equipment	783,645	766,767	100	165
Investment properties	461,372	411,485	-	-
Right-of-use assets	26,928	-	-	-
Subsidiaries	-	-	610,025	477,489
Joint venture	-	-	18,581	16,753
Other assets	401	10,675	-	-
Other receivables	299	171	-	-
Deferred tax assets	4,112	3,875	-	-
	<u>1,276,757</u>	<u>1,192,973</u>	<u>628,706</u>	<u>494,407</u>
Current Assets				
Cash and short-term deposits	15,979	55,545	89	474
Other investments ⁽¹⁾	300,575	280,353	-	-
Trade and other receivables	5,331	4,668	-	-
Other assets	907	2,165	-	-
Derivatives - assets	-	200	-	-
Prepaid operating expenses	1,820	1,092	23	7
Due from subsidiaries, trade	-	-	189	101
Due from subsidiaries, non-trade	-	-	11,560	161,451
Due from related companies, trade	-	3	-	-
Due from related companies, non-trade	-	1	-	-
Completed properties for sale	9,089	15,564	-	-
Inventories	3,072	2,753	-	-
	<u>336,773</u>	<u>362,344</u>	<u>11,861</u>	<u>162,033</u>
Current Liabilities				
Trade and other payables	7,297	7,951	40	30
Other liabilities	12,500	11,651	430	575
Derivatives - liabilities	277	646	-	-
Due to subsidiaries, trade	-	-	10	58
Due to subsidiaries, non-trade	-	-	115,702	134,287
Due to related companies, trade	23	23	-	-
Due to related companies, non-trade	17	33	-	-
Interest-bearing loans and borrowings	449,815	378,272	-	-
Lease liabilities	2,356	-	-	-
Tax payable	2,416	4,451	60	263
	<u>474,701</u>	<u>403,027</u>	<u>116,242</u>	<u>135,213</u>
Net Current (Liabilities)/Assets⁽²⁾	(137,928)	(40,683)	(104,381)	26,820
Non-Current Liabilities				
Other liabilities	3,944	3,235	-	-
Interest-bearing loans and borrowings	274,262	306,455	-	-
Lease liabilities	24,997	-	-	-
Deferred tax liabilities	79,428	80,939	-	-
	<u>382,631</u>	<u>390,629</u>	<u>-</u>	<u>-</u>
Net Assets	756,198	761,661	524,325	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	669,403	674,867	440,981	437,883
	<u>752,747</u>	<u>758,211</u>	<u>524,325</u>	<u>521,227</u>
Non-controlling interests	3,451	3,450	-	-
Total Equity	756,198	761,661	524,325	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 Sep 19		As at 31 Dec 18	
Secured	Unsecured	Secured	Unsecured
449,815	-	378,272	-

Amount repayable after one year

(\$'000)

As at 30 Sep 19		As at 31 Dec 18	
Secured	Unsecured	Secured	Unsecured
274,262	-	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		9 months ended	
	30-Sep-19 \$'000	30-Sep-18 \$'000	30-Sep-19 \$'000	30-Sep-18 \$'000
Cash flows from operating activities				
Profit before taxation	1,010	2,384	7,802	11,007
Adjustments for:				
Amortisation of deferred income	(20)	(20)	(60)	(64)
Depreciation of investment properties	1,480	1,061	4,060	3,477
Depreciation of property, plant and equipment	6,032	6,011	17,928	16,770
Depreciation of right-of-use assets	710	-	2,128	-
Dividend income from investments	(1,601)	(1,131)	(4,196)	(3,039)
Fair value changes in held-for-trading investments	(436)	672	(6,789)	6,694
Fair value changes in derivative instruments	85	399	(261)	1,318
Loss on disposal of property, plant and equipment	-	-	29	19
Impairment loss on trade receivables	9	-	11	17
Impairment loss on trade receivables written back	-	(1)	(10)	(5)
Interest expenses	4,977	3,862	14,729	9,897
Interest income	(718)	(1,514)	(2,509)	(3,323)
Gain on disposal of investments	(302)	(748)	(3,011)	(719)
Property, plant and equipment written off	6	10	15	16
Exchange difference	325	2,318	(484)	4,004
Operating cash flows before changes in working capital	11,557	13,303	29,382	46,069
<u>Changes in working capital</u>				
(Increase)/decrease in :				
Completed properties for sale	2,583	9,727	6,088	52,634
Inventories	-	2	48	49
Trade and other receivables	895	(93)	(782)	(1,263)
Other assets	392	1,431	1,220	8,170
Prepaid operating expenses	(300)	(73)	(526)	(584)
Due from related companies, trade	3	(3)	3	(3)
Due from related companies, non-trade	-	-	1	-
Increase/(decrease) in :				
Trade and other payables	776	(7,500)	(654)	(16,687)
Other liabilities	228	(553)	(307)	(9,180)
Due to related companies, trade	(7)	(17)	-	(35)
Due to related companies, non-trade	1	-	(16)	-
	16,128	16,224	34,457	79,170
Income tax paid	(1,575)	(5,824)	(5,796)	(18,887)
Net cash flows generated from operating activities carried forward	14,553	10,400	28,661	60,283

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-19 \$'000	30-Sep-18 \$'000	30-Sep-19 \$'000	30-Sep-18 \$'000
Net cash flows generated from operating activities brought forward	14,553	10,400	28,661	60,283
Cash flows from investing activities				
Interest income received and settlement of derivatives	774	1,303	2,825	2,965
Dividend income received and return of capital	1,906	1,871	6,396	4,423
Purchase of property, plant and equipment	(486)	(191)	(955)	(783)
Purchase of held-for-trading investments	(22,004)	(46,696)	(54,192)	(239,394)
Proceeds from disposal of held-for-trading investments	7,422	20,918	41,569	54,352
Proceeds from disposal of property, plant and equipment	-	-	102	89
Deposits paid on acquisition of capital assets	(327)	-	(327)	-
Net cash outflow on business combination ⁽¹⁾	-	-	(83,891)	-
Changes in funds placed with fund managers	-	(456)	-	(1,609)
Net cash flows used in investing activities	(12,715)	(23,251)	(88,473)	(179,957)
Cash flow from financing activities				
Acquisition of non-controlling interests	-	(11)	-	(11)
Interest paid on borrowings	(4,459)	(3,532)	(13,511)	(9,510)
Interest paid on lease liabilities	(299)	-	(899)	-
Changes in cash and bank balances pledged	(485)	17,086	6,818	(4,991)
Changes in fixed deposits pledged	9,116	(5)	10,425	(10,560)
Repayment of loans and borrowings	(62,371)	(12,800)	(125,311)	(290,422)
Repayment of principal portion of lease liabilities	(568)	-	(1,703)	-
Repayment of lease obligations	(39)	(41)	(114)	(129)
Proceeds from loans and borrowings	60,689	28,079	170,114	413,396
Dividends paid to non-controlling interests	(32)	(32)	(32)	(32)
Dividends paid on ordinary shares by the Company	(2,353)	(2,353)	(7,059)	(7,059)
Net cash flows (used in)/generated from financing activities	(801)	26,391	38,728	90,682
Net increase/(decrease) in cash and cash equivalents	1,037	13,540	(21,084)	(28,992)
Effect of exchange rate changes on cash and cash equivalents	(555)	(913)	(1,239)	(2,861)
Cash and cash equivalents at beginning of period	6,892	25,857	29,697	70,337
Cash and cash equivalents at end of period	7,374	38,484	7,374	38,484
<u>Cash and cash equivalents comprise:</u>				
Cash and bank balances			14,873	47,359
Fixed deposits			1,106	11,400
			15,979	58,759
Cash and bank balances pledged			(7,499)	(7,382)
Fixed deposits pledged			(1,106)	(10,560)
Cash held by fund managers			-	(2,333)
Cash and cash equivalents			7,374	38,484

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 July 2019 to 30 September 2019 and 1 July 2018 to 30 September 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 July 2019	84,445	(1,101)	705,997	(7,672)	(24,936)	52	673,441	756,785	3,458	760,243
Profit/(loss) for the period	-	-	114	-	-	-	114	114	(7)	107
Foreign currency translation	-	-	-	-	(1,799)	-	(1,799)	(1,799)	-	(1,799)
Other comprehensive loss net of tax of nil	-	-	-	-	(1,799)	-	(1,799)	(1,799)	-	(1,799)
Total comprehensive income/(loss) for the period	-	-	114	-	(1,799)	-	(1,685)	(1,685)	(7)	(1,692)
<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 2019	84,445	(1,101)	703,758	(7,672)	(26,735)	52	669,403	752,747	3,451	756,198
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

- (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 September 2019 and 1 January 2018 to 30 September 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	-	-	5,890	-	-	-	5,890	5,890	33	5,923
Foreign currency translation	-	-	-	-	(4,163)	-	(4,163)	(4,163)	-	(4,163)
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	-	-	-	-	(4,295)	-	(4,295)	(4,295)	-	(4,295)
Total comprehensive income/(loss) for the period	-	-	5,890	-	(4,295)	-	1,595	1,595	33	1,628
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 2019	84,445	(1,101)	703,758	(7,672)	(26,735)	52	669,403	752,747	3,451	756,198
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)
Exchange differences realised on de-registration of subsidiary recycled to profit or loss	-	-	-	-	-	-	-	-	-	-
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

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 2019 to 30 September 2019 and 1 July 2018 to 30 September 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 July 2019	84,445	(1,101)	433,780	52	433,832	517,176
Profit for the period	-	-	9,502	-	9,502	9,502
Total comprehensive income for the period	-	-	9,502	-	9,502	9,502
<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 2019	84,445	(1,101)	440,929	52	440,981	524,325
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

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 September 2019 and 1 January 2018 to 30 September 2018

<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 2019	84,445	(1,101)	437,831	52	437,883	521,227
Profit for the period	-	-	10,157	-	10,157	10,157
Total comprehensive income for the period	-	-	10,157	-	10,157	10,157
<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 2019	84,445	(1,101)	440,929	52	440,981	524,325
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

- 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-19	30-Sep-18
Balance as at 1 July and 30 September	<u>470,557,541</u>	<u>470,557,541</u>
Balance as at 1 January and 30 September	<u>470,557,541</u>	<u>470,557,541</u>

Treasury Shares

	<u>Number of Treasury Shares</u>	
	30-Sep-19	30-Sep-18
Balance as at 1 July and 30 September	<u>3,999,850</u>	<u>3,999,850</u>
Balance as at 1 January and 30 September	<u>3,999,850</u>	<u>3,999,850</u>

During the period ended 30 September 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 September 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		9 months ended	
	30-Sep-19	30-Sep-18	30-Sep-19	30-Sep-18
Earning per share (cents)				
Basic	0.02	0.13	1.25	0.72
Diluted	0.02	0.13	1.25	0.72
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-19	31-Dec-18	30-Sep-19	31-Dec-18
Net assets value per share (cents)	159.97	161.13	111.43	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 – third quarter ended 30 September 2019 (“3Q2019”) performance

Revenue

	3 months ended 30-Sep-19		3 months ended 30-Sep-18		
	\$'000	%	\$'000	%	
Development properties	3,659	10.4	13,722	32.6	(73.3)
Rental	6,707	19.0	7,951	18.9	(15.6)
Hotel operations	22,765	64.6	18,313	43.4	24.3
Leisure business	2,129	6.0	2,131	5.1	(0.1)
	<u>35,260</u>	100	<u>42,117</u>	100	(16.3)

The Group recorded revenue of \$35.3 million in the 3 months ended 30 September 2019 (“3Q2019”), a decrease of \$6.8 million from \$42.1 million recorded in the previous corresponding period ended 30 September 2018 (“3Q2018”). The decrease in revenue is mainly due to lower sales of development properties in 3Q2019.

Revenue from development properties in 3Q2019 and 3Q2018 relates to the sale of units at Marina Tower, Melbourne.

Rental revenue decreased by \$1.3 million from \$8.0 million in 3Q2018 to \$6.7 million in 3Q2019. Included in 3Q2019 is the revenue from 25 Rowe Avenue office acquired on 29 March 2019. The decrease in revenue was generally due to lower occupancies for the Group's other properties.

Revenue from hotel operations increased by \$4.5 million from \$18.3 million in 3Q2018 to \$22.8 million in 3Q2019. 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 \$1.0 million and \$2.4 million in 3Q2019 and 3Q2018 respectively.

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)

Finance income decreased by \$0.8 million in 3Q2019 as compared to 3Q2018 mainly due to lower interest income from commercial papers.

Other income decreased by \$0.5 million from \$1.7 million in 3Q2018 to \$1.2 million in 3Q2019 mainly due to lower gain on disposal of investments.

Changes in completed properties for sale in 3Q2019 and 3Q2018 relates to the sale of units at Marina Tower, Melbourne.

Employee benefits expense increased by \$1.4 million in 3Q2019 as compared to 3Q2018 mainly due to employee benefits expense recorded in relation to Aloft Perth hotel.

Depreciation expense increased by \$1.1 million in 3Q2019 as compared to 3Q2018 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 \$1.0 million in 3Q2019 as compared to 3Q2018 mainly due to higher upkeep expenses for the Group's properties.

Finance cost increased by \$1.1 million in 3Q2019 as compared to 3Q2018 mainly due to borrowings for the acquisition of new properties in Perth. Included in 3Q2019 is also the interest expense on lease liabilities of \$0.3 million.

The Group recorded in 3Q2019 a fair value gain in financial instruments of \$0.4 million as compared to a fair value loss of \$1.1 million in 3Q2018.

The Group recorded in 3Q2019 a foreign exchange gain of \$0.1 million as compared to a foreign exchange loss of \$2.4 million in 3Q2018 mainly due to the fluctuation in Euro and USD exchange rates.

Tax Expense

The Group recorded a tax expense of \$0.9 million and \$1.8 million in 3Q2019 and 3Q2018 respectively. The higher tax expense recorded in 3Q2018 relates mainly to the higher gains on sale of Marina Tower, Melbourne during that period.

Net Profit

The Group registered a net profit after tax of \$0.1 million and \$0.6 million in 3Q2019 and 3Q2018 respectively.

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 Income Statement – nine months ended 30 September 2019 (“9M2019”) performance

Revenue

	9 months ended 30-Sep-19		9 months ended 30-Sep-18		
	\$'000	%	\$'000	%	
Development properties	8,430	8.7	73,616	47.3	(88.5)
Rental	22,621	23.4	23,651	15.2	(4.4)
Hotel operations	59,483	61.6	52,161	33.6	14.0
Leisure business	6,064	6.3	6,122	3.9	(1.0)
	<u>96,598</u>	100	<u>155,550</u>	100	(37.9)

The Group recorded revenue of \$96.6 million for the nine months ended 30 September 2019 (“9M2019”), a decrease of \$59.0 million from \$155.6 million recorded in the previous corresponding period ended 30 September 2018 (“9M2018”). The decrease in revenue is mainly due to lower sales of development properties in 9M2019.

Revenue from development properties in 9M2019 and 9M2018 relates to the sale of units at Marina Tower, Melbourne.

Rental revenue decreased by \$1.1 million from \$23.7 million in 9M2018 to \$22.6 million in 9M2019. Included in 9M2019 is the revenue from 25 Rowe Avenue office acquired on 29 March 2019. The decrease in revenue was generally due to lower occupancies for the Group's other properties.

Revenue from hotel operations increased by \$7.3 million from \$52.2 million in 9M2018 to \$59.5 million in 9M2019. 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 was recorded at \$6.1 million in both 9M2019 and 9M2018.

Profit before Tax

The Group recorded a profit before tax of \$7.8 million and \$11.0 million in 9M2019 and 9M2018 respectively.

Finance income decreased by \$0.8 million in 9M2019 as compared to 9M2018 mainly due to lower interest income from commercial papers.

Other income increased by \$4.0 million from \$4.0 million in 9M2018 to \$8.0 million in 9M2019 mainly due to higher gain on disposal of investments and higher property recoveries. Included in 9M2019 is the forfeited sale deposits relating to Marina Tower, Melbourne of \$0.5 million.

Changes in completed properties for sale in 9M2019 and 9M2018 relates to the sale of units at Marina Tower, Melbourne.

Employee benefits expense increased by \$2.3 million in 9M2019 as compared to 9M2018 mainly due to employee benefits expense recorded in relation to Aloft Perth hotel.

Depreciation expense increased by \$3.9 million in 9M2019 as compared to 9M2018 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 \$4.9 million in 9M2019 as compared to 9M2018 mainly due to higher upkeep expenses for the Group's properties which was offset by lower selling expenses for Marina Tower, Melbourne. Included in 9M2019 is the stamp duty of \$5.0 million arising from the acquisition of the new properties in Perth.

Finance cost increased by \$4.8 million in 9M2019 as compared to 9M2018 mainly due to borrowings for the acquisition of new properties in Perth. Included in 9M2019 is also the interest expense on lease liabilities of \$0.9 million.

The Group recorded in 9M2019 a fair value gain in financial instruments of \$7.1 million as compared to a fair value loss of \$8.0 million in 9M2018.

The Group recorded in 9M2019 a foreign exchange gain of \$1.1 million as compared to a foreign exchange loss of \$4.5 million in 9M2018 mainly due to the fluctuation in Euro and Australian dollar exchange rates.

Tax Expense

The Group recorded a tax expense of \$1.9 million and \$7.7 million in 9M2019 and 9M2018 respectively. The higher tax expense recorded in 9M2018 relates mainly to the higher gains on sale of Marina Tower, Melbourne during that period.

Net Profit

The Group registered a net profit after tax of \$5.9 million and \$3.3 million in 9M2019 and 9M2018 respectively.

Consolidated Statement of Financial Position as at 30 September 2019

Non-current assets

Non-current assets increased by \$83.8 million as compared to 31 December 2018. This increase was mainly due to the new properties acquired in Perth on 29 March 2019. Also included in this period was the right-of-use assets of \$26.9 million relating to the adoption of the SFRS(I) 16.

Included in Other assets as at 31 December 2018 was a deposit of \$10.6 million paid in relation to the acquisition of properties in Perth.

Current assets

Current assets decreased by \$25.6 million as compared to 31 December 2018 mainly due to cash settlement relating to the acquisition of properties in Perth.

Current liabilities

Current liabilities increased by \$71.7 million as compared to 31 December 2018 mainly due to increase in bank borrowings for the acquisition of properties in Perth and the reclassification of bank borrowings from non-current liabilities due to the maturity within the next 12 months. Also included in this period was the lease liabilities of \$2.4 million arising from the adoption of the SFRS(I) 16.

Non-current liabilities

Non-current liabilities decreased by \$8.0 million as compared to 31 December 2018 mainly due to the reclassification of bank borrowings to current liabilities as mentioned above. Also included in this period was the lease liabilities of \$25.0 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 30 September 2019

The Group recorded net cash generated from operating activities of \$14.6 million and \$28.7 million for 3Q2019 and 9M2019 respectively. This amount includes cash inflow from the sale of development properties at Marina Tower, Melbourne.

Net cash used for investing activities amounted to \$12.7 million and \$88.5 million for 3Q2019 and 9M2019 respectively, mainly due to net increases in trading investments. Included in 9M2019 was a net cash used of \$83.9 million for the acquisition of properties in Perth.

Net cash used in financing activities in 3Q2019 of \$0.8 million was mainly due to higher repayment of bank borrowings. Recorded in 9M2019 was a net cash generated of \$38.7 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 continue to strengthen its recurring income base by focusing on improving its rental yields and occupancy rates of its existing properties. It will endeavor to improve on the room occupancies and room rates of its hotels although the environment for this sector remains competitive.

The Group will also continue to explore new acquisition opportunities to expand its recurring income base both locally and abroad.

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

The Group's investment portfolios will continue to be affected by the current global macroeconomic conditions.

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) Books closure date

Not applicable.

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

No dividend has been declared for the quarter ended 30 September 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 30 September 2019	9 months ended 30 September 2019	3 months ended 30 September 2019	9 months ended 30 September 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 \$23,000) - HH Properties Pte Ltd (value of transactions amounting to \$68,000)	Provision of Services for Maintenance of Properties to the Company's subsidiary: - SuperBowl Jurong Pte Ltd (value of transactions amounting to \$129,000) - HH Properties Pte Ltd (value of transactions amounting to \$120,000) ⁽¹⁾	Nil	Nil

Note:

⁽¹⁾ The value of IPT transaction with HH Properties Pte Ltd was \$52,000 for the first half year ended 30 June 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
8 November 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 third quarter and nine months ended 30 September 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