



Hiap Hoe Limited
(Registration No.: 199400676Z)

UNAUDITED FINANCIAL STATEMENTS FOR THE SECOND QUARTER AND FIRST HALF YEAR ENDED 30 JUNE 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			6 months ended		
	30-Jun-18	30-Jun-17	%	30-Jun-18	30-Jun-17	%
	\$'000	\$'000		\$'000	\$'000	
Revenue	64,179	23,214	176.5	113,433	48,532	133.7
Other items of income						
Dividend income	1,279	632	102.4	1,908	1,194	59.8
Financial income	1,082	762	42.0	1,809	1,580	14.5
Other income	1,294	1,176	10.0	2,286	3,678	(37.8)
	3,655	2,570	42.2	6,003	6,452	(7.0)
Changes in development properties	(27,077)	(986)	2,646.1	(42,929)	(6,078)	606.3
Employee benefits expense	(6,768)	(8,127)	(16.7)	(13,907)	(14,801)	(6.0)
Depreciation expense	(6,529)	(5,644)	15.7	(13,175)	(10,803)	22.0
Other expenses	(13,165)	(8,605)	53.0	(25,682)	(16,506)	55.6
Finance cost	(3,235)	(1,768)	83.0	(6,035)	(3,339)	80.7
Fair value changes in financial instruments	(4,860)	3,136	(255.0)	(6,941)	6,490	(206.9)
Foreign exchange gain/(loss)	1,821	(1,806)	(200.8)	(2,144)	547	(492.0)
Profit before tax	8,021	1,984	304.3	8,623	10,494	(17.8)
Income tax expense	(3,949)	(536)	636.8	(5,904)	(1,947)	203.2
Profit for the period	4,072	1,448	181.2	2,719	8,547	(68.2)
Attributable to :						
Owners of the Company	4,083	1,441	183.3	2,743	8,523	(67.8)
Non-controlling interests	(11)	7	(257.1)	(24)	24	(200.0)
Total	4,072	1,448	181.2	2,719	8,547	(68.2)

Statement of Comprehensive Income for the Group for the Second Quarter and First Half Year Ended 30 June 2018

	The Group			
	3 months ended		6 months ended	
	30-Jun-18	30-Jun-17	30-Jun-18	30-Jun-17
	\$'000	\$'000	\$'000	\$'000
Profit for the period	4,072	1,448	2,719	8,547
Other comprehensive income items that may be reclassified subsequently to profit or loss				
Foreign currency translation	491	(1,278)	(6,210)	2,069
Other comprehensive income/(loss) for the period, net of tax of nil	491	(1,278)	(6,210)	2,069
Total comprehensive income/(loss) for the period	4,563	170	(3,491)	10,616
Attributable to :				
Owners of the Company	4,574	163	(3,467)	10,592
Non-controlling interests	(11)	7	(24)	24
Total comprehensive income/(loss) for the period	4,563	170	(3,491)	10,616

Additional Information

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

	The Group					
	3 months ended			6 months ended		
	30-Jun-18	30-Jun-17	%	30-Jun-18	30-Jun-17	%
	\$'000	\$'000		\$'000	\$'000	
Depreciation of property, plant and equipment	5,328	4,722	12.8	10,759	8,951	20.2
Depreciation of investment properties	1,201	922	30.3	2,416	1,852	30.5
Loss/(gain) on disposal of property, plant and equipment	7	(17)	(141.2)	19	(73)	(126.0)
Property, plant and equipment written off	2	-	NM	6	-	NM
Fair value changes in held-for-trading investments	3,987	(3,118)	(227.9)	6,022	(6,466)	(193.1)
Fair value changes in derivative instruments	873	(18)	NM	919	(24)	NM
Impairment/(written back) of trade receivables	7	79	(91.1)	13	(350)	(103.7)
Bad debts written off - trade	-	-	NM	-	33	NM
Loss/(gain) on disposal of investments	20	(101)	(119.8)	29	(87)	(133.3)
Amortisation of deferred income	(22)	(22)	-	(44)	(22)	100.0
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-Jun-18 \$'000	31-Dec-17 \$'000	30-Jun-18 \$'000	31-Dec-17 \$'000
Non-Current Assets				
Property, plant and equipment	783,424	797,141	208	251
Investment properties	367,473	372,832	-	-
Subsidiaries	-	-	479,669	479,669
Joint venture	-	-	15,421	13,379
Other assets	16	106	-	-
Other receivables	207	204	-	-
Deferred tax assets	1,830	1,838	-	-
	1,152,950	1,172,121	495,298	493,299
Current Assets				
Cash and short-term deposits	62,757	73,452	110	174
Other investments ⁽¹⁾	270,280	117,711	-	-
Trade and other receivables	5,027	3,770	-	-
Other assets	4,295	11,335	-	-
Derivatives - assets	-	275	-	-
Prepaid operating expenses	1,453	959	12	20
Due from subsidiaries, trade	-	-	187	211
Due from subsidiaries, non-trade	-	-	197,499	214,655
Due from related companies, non-trade	1	-	-	-
Completed properties for sale	81,337	126,486	-	-
Inventories	2,764	2,810	-	-
	427,914	336,798	197,808	215,060
Current Liabilities				
Trade and other payables	17,138	27,163	37	31
Other liabilities	13,826	21,355	354	748
Dividend payables	32	-	-	-
Derivatives - liabilities	654	9	-	-
Due to subsidiaries, trade	-	-	2	68
Due to subsidiaries, non-trade	-	-	85,481	110,598
Due to related companies, trade	49	67	-	-
Interest-bearing loans and borrowings	396,186	474,297	11	24
Tax payable	8,492	15,139	511	627
	436,377	538,030	86,396	112,096
Net Current (Liabilities)/Assets⁽²⁾	(8,463)	(201,232)	111,412	102,964
Non-Current Liabilities				
Other liabilities	3,404	4,995	-	-
Due to subsidiary, non-trade	-	-	80,024	80,024
Interest-bearing loans and borrowings	276,486	92,245	-	-
Deferred tax liabilities	81,857	82,680	-	-
	361,747	179,920	80,024	80,024
Net Assets	782,740	790,969	526,686	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	695,859	704,032	443,342	432,895
	779,203	787,376	526,686	516,239
Non-controlling interests	3,537	3,593	-	-
Total Equity	782,740	790,969	526,686	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 Jun 18		As at 31 Dec 17	
Secured	Unsecured	Secured	Unsecured
396,186	-	474,297	-

Amount repayable after one year

(\$'000)

As at 30 Jun 18		As at 31 Dec 17	
Secured	Unsecured	Secured	Unsecured
276,486	-	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		6 months ended	
	30-Jun-18 \$'000	30-Jun-17 \$'000 (restated)	30-Jun-18 \$'000	30-Jun-17 \$'000 (restated)
Cash flows from operating activities				
Profit before taxation	8,021	1,984	8,623	10,494
Adjustments for:				
Amortisation of deferred income	(22)	(22)	(44)	(22)
Depreciation of investment properties	1,201	922	2,416	1,852
Depreciation of property, plant and equipment	5,328	4,722	10,759	8,951
Dividend income from investments	(1,279)	(632)	(1,908)	(1,194)
Fair value changes in held-for-trading investments	3,987	(3,118)	6,022	(6,466)
Fair value changes in derivative instruments	873	(18)	919	(24)
Loss/(gain) on disposal of property, plant and equipment	7	(17)	19	(73)
Impairment/(written back) of trade receivables	7	79	13	(350)
Interest expenses	3,235	1,768	6,035	3,339
Interest income	(1,082)	(762)	(1,809)	(1,580)
Loss/(gain) on disposal of investments	20	(101)	29	(87)
Property, plant and equipment written off	2	-	6	-
Write back of other provision	-	-	-	(999)
Exchange difference	(1,346)	(509)	1,686	(484)
Operating cash flows before changes in working capital	18,952	4,296	32,766	13,357
<u>Changes in working capital</u>				
(Increase)/decrease in :				
Completed properties for sale/development properties	27,055	(20,888)	42,907	(42,890)
Inventories	7	(6)	47	(18)
Trade and other receivables	(441)	(1,269)	(1,170)	848
Other assets	4,300	1,386	6,739	975
Prepaid operating expenses	(370)	61	(511)	48
Due from related company, trade	-	1	-	5
Due from related company, non-trade	3	-	-	-
Increase/(decrease) in :				
Trade and other payables	6,370	(2,783)	(9,187)	(4,212)
Other liabilities	(4,076)	1,889	(8,627)	(1,953)
Due to related company, trade	17	6	(18)	(10)
Due to related company, non-trade	(2)	-	-	-
	51,815	(17,307)	62,946	(33,850)
Income tax paid	(12,724)	(1,175)	(13,063)	(1,315)
Net cash flows generated from/(used in) operating activities carried forward	39,091	(18,482)	49,883	(35,165)

1(c) **A statement of cash flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year. (Cont'd)**

	The Group			
	3 months ended		6 months ended	
	30-Jun-18	30-Jun-17	30-Jun-18	30-Jun-17
	\$'000	\$'000	\$'000	\$'000
		(restated)		(restated)
Net cash flows generated from/(used in) operating activities brought forward	39,091	(18,482)	49,883	(35,165)
Cash flows from investing activities				
Interest income received	767	790	1,662	1,591
Dividend income received and return of capital	1,553	1,520	2,552	3,335
Purchase of property, plant and equipment	(335)	(2,471)	(592)	(7,923)
Purchase of held-for-trading investments	(159,516)	(18,068)	(192,698)	(40,062)
Proceeds from disposal of held-for-trading investments	14,759	15,105	33,434	27,716
Proceeds from disposal of property, plant and equipment	50	79	89	197
Net cash outflow on acquisition of subsidiary ⁽¹⁾	-	(45,612)	-	(45,612)
Changes in funds placed with fund managers	(414)	601	(1,153)	447
Net cash flows used in investing activities	(143,136)	(48,056)	(156,706)	(60,311)
Cash flow from financing activities				
Interest paid	(3,282)	(2,158)	(5,978)	(3,794)
Cash and bank balances pledged	(13,490)	3,473	(22,077)	(259)
Fixed deposits pledged	(10,555)	(884)	(10,555)	(884)
Repayment of loans and borrowings	(8,885)	(7,844)	(277,622)	(66,056)
Repayment of lease obligations	(42)	(35)	(88)	(61)
Proceeds from loans and borrowings	98,781	78,385	385,317	156,121
Dividends paid on ordinary shares by the Company	(4,706)	(4,706)	(4,706)	(4,706)
Net cash flows generated from financing activities	57,821	66,231	64,291	80,361
Net (decrease)/increase in cash and cash equivalents	(46,224)	(307)	(42,532)	(15,115)
Effect of exchange rate changes on cash and cash equivalents	85	(141)	(1,948)	125
Cash and cash equivalents at beginning of period	71,996	13,048	70,337	27,590
Cash and cash equivalents at end of period	25,857	12,600	25,857	12,600
<u>Cash and cash equivalents comprise:</u>				
Cash and bank balances	36,735	8,719	36,735	8,719
Fixed deposits	26,022	5,927	26,022	5,927
	62,757	14,646	62,757	14,646
Cash and bank balances pledged	(24,468)	(259)	(24,468)	(259)
Fixed deposits pledged	(10,555)	(884)	(10,555)	(884)
Cash held by fund managers	(1,877)	(903)	(1,877)	(903)
	25,857	12,600	25,857	12,600

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 April 2018 to 30 June 2018 and 1 April 2017 to 30 June 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 April 2018	84,445	(1,101)	720,571	(7,672)	(16,960)	52	695,991	779,335	3,580	782,915
Profit/(loss) for the period	-	-	4,083	-	-	-	4,083	4,083	(11)	4,072
Foreign currency translation	-	-	-	-	491	-	491	491	-	491
Other comprehensive income net of tax of nil	-	-	-	-	491	-	491	491	-	491
Total comprehensive income/(loss) for the period	-	-	4,083	-	491	-	4,574	4,574	(11)	4,563
Contributions by and distributions to owners										
Dividends on ordinary shares	-	-	(4,706)	-	-	-	(4,706)	(4,706)	-	(4,706)
Dividends payable to non-controlling interests	-	-	-	-	-	-	-	-	(32)	(32)
Total contributions by and distributions to owners	-	-	(4,706)	-	-	-	(4,706)	(4,706)	(32)	(4,738)
At 30 June 2018	84,445	(1,101)	719,948	(7,672)	(16,469)	52	695,859	779,203	3,537	782,740
At 1 April 2017	84,445	(1,101)	655,583	(7,672)	(5,648)	52	642,315	725,659	3,601	729,260
Profit for the period	-	-	1,441	-	-	-	1,441	1,441	7	1,448
Foreign currency translation	-	-	-	-	(1,278)	-	(1,278)	(1,278)	-	(1,278)
Other comprehensive loss net of tax of nil	-	-	-	-	(1,278)	-	(1,278)	(1,278)	-	(1,278)
Total comprehensive income/(loss) for the period	-	-	1,441	-	(1,278)	-	163	163	7	170
Contributions by and distributions to owners										
Dividends on ordinary shares	-	-	(4,706)	-	-	-	(4,706)	(4,706)	-	(4,706)
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	(32)	(32)
Total contributions by and distributions to owners	-	-	(4,706)	-	-	-	(4,706)	(4,706)	(32)	(4,738)
At 30 June 2017	84,445	(1,101)	652,318	(7,672)	(6,926)	52	637,772	721,116	3,576	724,692

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 June 2018 and 1 January 2017 to 30 June 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	-	-	2,743	-	-	-	2,743	2,743	(24)	2,719
Foreign currency translation	-	-	-	-	(6,210)	-	(6,210)	(6,210)	-	(6,210)
Other comprehensive loss net of tax of nil	-	-	-	-	(6,210)	-	(6,210)	(6,210)	-	(6,210)
Total comprehensive income/(loss) for the period	-	-	2,743	-	(6,210)	-	(3,467)	(3,467)	(24)	(3,491)
Contributions by and distributions to owners										
Dividends on ordinary shares	-	-	(4,706)	-	-	-	(4,706)	(4,706)	-	(4,706)
Dividends payable to non-controlling interests	-	-	-	-	-	-	-	-	(32)	(32)
Total contributions by and distributions to owners	-	-	(4,706)	-	-	-	(4,706)	(4,706)	(32)	(4,738)
At 30 June 2018	84,445	(1,101)	719,948	(7,672)	(16,469)	52	695,859	779,203	3,537	782,740
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	-	-	8,523	-	-	-	8,523	8,523	24	8,547
Foreign currency translation	-	-	-	-	2,069	-	2,069	2,069	-	2,069
Other comprehensive income net of tax of nil	-	-	-	-	2,069	-	2,069	2,069	-	2,069
Total comprehensive income for the period	-	-	8,523	-	2,069	-	10,592	10,592	24	10,616
Contributions by and distributions to owners										
Dividends on ordinary shares	-	-	(4,706)	-	-	-	(4,706)	(4,706)	-	(4,706)
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	(32)	(32)
Total contributions by and distributions to owners	-	-	(4,706)	-	-	-	(4,706)	(4,706)	(32)	(4,738)
At 30 June 2017	84,445	(1,101)	652,318	(7,672)	(6,926)	52	637,772	721,116	3,576	724,692

1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year. (Cont'd)

Statement of changes in equity for the period from 1 April 2018 to 30 June 2018 and 1 April 2017 to 30 June 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 April 2018	84,445	(1,101)	434,107	52	434,159	517,503
Profit for the period	-	-	13,889	-	13,889	13,889
Total comprehensive income for the period	-	-	13,889	-	13,889	13,889
<u>Contributions by and distributions to owners</u>						
Dividends on ordinary shares	-	-	(4,706)	-	(4,706)	(4,706)
Total contributions by and distribution to owners	-	-	(4,706)	-	(4,706)	(4,706)
At 30 June 2018	84,445	(1,101)	443,290	52	443,342	526,686
At 1 April 2017	84,445	(1,101)	390,001	52	390,053	473,397
Profit for the period	-	-	1,388	-	1,388	1,388
Total comprehensive income for the period	-	-	1,388	-	1,388	1,388
<u>Contributions by and distributions to owners</u>						
Dividends on ordinary shares	-	-	(4,706)	-	(4,706)	(4,706)
Total contributions by and distribution to owners	-	-	(4,706)	-	(4,706)	(4,706)
At 30 June 2017	84,445	(1,101)	386,683	52	386,735	470,079

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 June 2018 and 1 January 2017 to 30 June 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 January 2018	84,445	(1,101)	432,843	52	432,895	516,239
Profit for the period	-	-	15,153	-	15,153	15,153
Total comprehensive income for the period	-	-	15,153	-	15,153	15,153
<u>Contributions by and distributions to owners</u>						
Dividends on ordinary shares	-	-	(4,706)	-	(4,706)	(4,706)
Total contributions by and distribution to owners	-	-	(4,706)	-	(4,706)	(4,706)
At 30 June 2018	84,445	(1,101)	443,290	52	443,342	526,686
At 1 January 2017	84,445	(1,101)	388,689	52	388,741	472,085
Profit for the period	-	-	2,700	-	2,700	2,700
Total comprehensive income for the period	-	-	2,700	-	2,700	2,700
<u>Contributions by and distributions to owners</u>						
Dividends on ordinary shares	-	-	(4,706)	-	(4,706)	(4,706)
Total contributions by and distribution to owners	-	-	(4,706)	-	(4,706)	(4,706)
At 30 June 2017	84,445	(1,101)	386,683	52	386,735	470,079

- 1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.**

Ordinary Shares (excluding Treasury Shares)

	<u>Number of Ordinary Shares</u>	
	30-Jun-18	30-Jun-17
Balance as at 1 April and 30 June	470,557,541	470,557,541
Balance as at 1 January and 30 June	470,557,541	470,557,541

Treasury Shares

	<u>Number of Treasury Shares</u>	
	30-Jun-18	30-Jun-17
Balance as at 1 April and 30 June	3,999,850	3,999,850
Balance as at 1 January and 30 June	3,999,850	3,999,850

During the period ended 30 June 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 June 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		6 months ended	
	30-Jun-18	30-Jun-17	30-Jun-18	30-Jun-17
Earning per share (cents)				
Basic	0.87	0.31	0.58	1.81
Diluted	0.87	0.31	0.58	1.81
Weighted average number of shares				
Basic	470,557,541	470,557,541	470,557,541	470,557,541
Diluted	470,557,541	470,557,541	470,557,541	470,557,541

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

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

	The Group		The Company	
	30-Jun-18	31-Dec-17	30-Jun-18	31-Dec-17
Net assets value per share (cents)	165.59	167.33	111.93	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 – second quarter ended 30 June 2018 (“2Q2018”) performance

Revenue

	3 months ended 30-Jun-18		3 months ended 30-Jun-17		
	\$'000	%	\$'000	%	
Development properties	37,704	58.7	1,315	5.7	2,767.2
Rental	7,856	12.2	6,876	29.6	14.3
Hotel operations	16,595	25.9	13,251	57.1	25.2
Leisure business	2,024	3.2	1,772	7.6	14.2
	64,179	100	23,214	100	176.5

The Group recorded revenue of \$64.2 million in the 3 months ended 30 June 2018 (“2Q2018”), an increase of \$41.0 million from \$23.2 million recorded in the previous corresponding period ended 30 June 2017 (“2Q2017”).

Revenue from development properties from completion of sale of units at Marina Tower, Melbourne, increased by \$36.4 million from \$1.3 million in 2Q2017 to \$37.7 million in 2Q2018.

Rental revenue increased by \$1.0 million from \$6.9 million in 2Q2017 to \$7.9 million in 2Q2018. 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 \$3.3 million from \$13.3 million in 2Q2017 to \$16.6 million in 2Q2018. This was mainly due to revenue from hotel operations in Holiday Inn Express Trafford City, Manchester and which was acquired in June 2017.

Profit before tax

The Group registered a profit before tax of \$8.0 million and \$2.0 million in 2Q2018 and 2Q2017 respectively.

Finance income increased by \$0.3 million in 2Q2018 as compared to 2Q2017 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 2Q2018 and 2Q2017 were due to the sale of units in Marina Tower, Melbourne.

Employee benefits expense decreased by \$1.3 million from \$8.1 million in 2Q2017 to \$6.8 million in 2Q2018 mainly due to higher expenses recorded in 2Q2017 in relation to the Group's hotels.

Other expenses increased by \$4.6 million from \$8.6 million in 2Q2017 to \$13.2 million in 2Q2018. The increases in 2Q2018 comprise mainly higher selling expenses for Marina Tower, Melbourne by \$0.9 million, higher upkeep and marketing expenses for the Group's properties by \$2.2 million and \$0.9 million respectively.

Finance cost increased by \$1.5 million in 2Q2018 as compared to 2Q2017 due to higher borrowings in the Group.

The Group recorded in 2Q2018 a foreign exchange gain of \$1.8 million mainly due to the weakening of Euro as compared to a foreign exchange loss in 2Q2017 of \$1.8 million due to the weakening of the Australian dollar. Included in 2Q2018 was a fair value loss in financial instruments of \$4.9 million as compared to a fair value gain of \$3.1 million in 2Q2017.

Tax Expense

Tax expense increased by \$3.4 million in 2Q2018 as compared to 2Q2017 due to the gains on sale of units in Marina Tower.

Net Profit

The Group registered a higher net profit after tax of \$4.1 million in 2Q2018 as compared to net profit after tax of \$1.4 million in 2Q2017.

Consolidated Income Statement – first half ended 30 June 2018 (“1H2018”) performance

Revenue

	6 months ended 30-Jun-18		6 months ended 30-Jun-17		
	\$'000	%	\$'000	%	
Development properties	59,894	52.8	8,011	16.5	647.6
Rental	15,700	13.9	13,484	27.8	16.4
Hotel operations	33,848	29.8	23,662	48.8	43.0
Leisure business	3,991	3.5	3,375	6.9	18.3
	<u>113,433</u>	<u>100</u>	<u>48,532</u>	<u>100</u>	<u>133.7</u>

The Group recorded revenue of \$113.4 million for the first half year ended 30 June 2018 (“1H2018”), an increase of \$64.9 million from \$48.5 million recorded in the previous corresponding period ended 30 June 2017 (“1H2017”).

Revenue from development properties from completion of sale of units at Marina Tower, Melbourne, increased by \$51.9 million from \$8.0 million in 1H2017 to \$59.9 million in 1H2018.

Rental revenue increased by \$2.2 million from \$13.5 million in 1H2017 to \$15.7 million in 1H2018. This was due to rental revenue from Orchard Towers units acquired in December 2017 and higher occupancies for the Group's other properties.

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 hotel operations increased by \$10.1 million from \$23.7 million in 1H2017 to \$33.8 million in 1H2018. This increase was mainly attributed to the new hotel operations in Melbourne and Manchester.

The leisure business saw an increase in revenue by \$0.6 million from \$3.4 million in 1H2017 to \$4.0 million in 1H2018 due to the addition of two bowling centres in the Group.

Profit before tax

The Group registered a profit before tax of \$8.6 million and \$10.5 million in 1H2018 and 1H2017 respectively.

Finance income increased by \$0.2 million in 1H2018 as compared to 1H2017 due to higher interest income from commercial papers.

Other income decreased by \$1.4 million in 1H2018 as compared to 1H2017. Included in 1H2017 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 1H2018 and 1H2017 were due to the sale of units in Marina Tower, Melbourne.

Employee benefits expense decreased by \$0.9 million from \$14.8 million in 1H2017 to \$13.9 million in 1H2018 mainly due to higher expense recorded in 1H2017 in relation to the Group's hotels.

Depreciation expense increased by \$2.4 million in 1H2018 as compared to 1H2017 due to additional depreciation expense from the new hotels in the Group and the new investment property at Orchard Towers.

Other expenses increased by \$9.2 million from \$16.5 million in 1H2017 to \$25.7 million in 1H2018. The increases in 1H2018 comprise mainly higher selling expenses for Marina Tower, Melbourne by \$1.3 million, higher upkeep and marketing expenses for the Group's properties by \$4.5 million and \$1.9 million respectively.

Finance cost increased by \$2.7 million in 1H2018 as compared to 1H2017 due to higher borrowings in the Group.

The Group recorded in 1H2018 a foreign exchange loss of \$2.1 million mainly due to the weakening of the Australian dollar which offset the foreign exchange gain from the Euro. Included in 1H2018 was also a fair value loss in financial instruments of \$6.9 million as compared to a fair value gain of \$6.5 million in 1H2017.

Tax Expense

Tax expense increased by \$4.0 million in 1H2018 as compared to 1H2017 due to the gains on sale of units in Marina Tower.

Net Profit

The Group registered a net profit after tax of \$2.7 million and \$8.5 million in 1H2018 and 1H2017 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 Statement of Financial Position as at 30 June 2018

Non-current assets

Non-current assets decreased by \$19.1 million as compared to 31 December 2017 mainly due to depreciation charge of \$13.2 million in 1H2018 and translation differences for the overseas properties.

Current assets

Current assets increased by \$91.1 million as compared to 31 December 2017 mainly due to increase in other investments by \$152.6 million which was funded by bank borrowings and sale proceeds from Marina Tower, Melbourne.

Current liabilities

Current liabilities was lower at \$436.4 million as at 30 June 2018 as compared to \$538.0 million as at 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

The increase in non-current liabilities of \$181.8 million from \$179.9 million as at 31 December 2017 to \$361.7 million as at 30 June 2018 was due to the reclassification of bank borrowings as mentioned above.

Consolidated Statement of Cash Flows Position as at 30 June 2018

The Group recorded net cash generated from operating activities of \$39.1 million and \$49.9 million for 2Q2018 and 1H2018 respectively, mainly due to cash inflow from the sale of development properties at Marina Tower in Melbourne.

Net cash used in 2Q2018 and 1H2018 for investing activities amounted to \$143.1 million and \$156.7 million respectively was mainly due to increase in trading investments. Net cash used in investing activities in 2Q2017 and 1H2017 was mainly due to acquisition of Trafford City Hotel Limited.

Net cash generated in 2Q2018 and 1H2018 from financing activities amounted to \$57.8 million and \$64.3 million respectively was 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 increase the rental yields and occupancy rates of the properties and expects the rental income to contribute positively to the Group's revenue. The Group will also seize opportunities to expand our portfolio of properties locally and overseas.

The Group expects the hotel sector to remain competitive both locally and overseas and this sector to contribute positively to the Group's revenue.

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? Yes

The Directors are pleased to announce an interim dividend for the financial period ended 30 June 2018 as follows:

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

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

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

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

(c) **Date payable**

14 September 2018.

(d) **Books closure date**

NOTICE IS HEREBY GIVEN that the Share Transfer Books and the Register of Members of the Company will be closed from 5 p.m. on **31 August 2018**, for the purpose of determining the shareholders' entitlements to the interim one-tier tax exempt dividend of 0.5 Singapore cent per ordinary share for the financial period ended 30 June 2018.

Duly completed registrable transfers in respect of shares in the Company received by the close of business at 5 p.m. on 31 August 2018 by the Company's Share Registrar, Boardroom Corporate & Advisory Services Pte. Ltd., will be registered to determine shareholders' entitlements to such dividend.

Shareholders whose Securities Accounts with The Central Depository (Pte) Limited are credited with shares in the Company as at 5 p.m. on 31 August 2018 will be entitled to such dividend.

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

Not applicable.

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

Name of interested person	Aggregate value of all interested person transactions during the financial period under review (excluding transactions less than \$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)		Aggregate value of all interested person transactions conducted under the shareholders' mandate pursuant to Rule 920 (excluding transactions less than \$100,000)	
	3 months ended 30 June 2018	6 months ended 30 June 2018	3 months ended 30 June 2018	6 months ended 30 June 2018
Nil	Nil	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
13 August 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 the second quarter and first half year ended 30 June 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