



**Hiap Hoe Limited**  
(Registration No. : 199400676Z)

## NEWS RELEASE

### HIAP HOE REPORTS NET LOSS OF S\$5.7 MILLION FOR 2Q2014

- *Revenue down 65.4% to S\$27.8 million due to lower progressive revenue recognition from real estate projects and absence of construction revenue due to the completion of Zhongshan Park Integrated Development*
- *2Q2014 bottomline affected by recognition of negative goodwill, and higher administrative expenses arising from the acquisitions of SuperBowl and an investment property in Australia*
- *Combined value of units sold to-date at 6-22 Pearl River Road mixed-development project amounted to over S\$150 million*
- *Cautiously optimistic on outlook as the Group continues to focus on building recurring income*

**SINGAPORE, August 11, 2014** – Singapore Mainboard-listed Hiap Hoe Limited (“Hiap Hoe” or the “Group”), a regional premier real estate group with a diversified portfolio of hospitality, retail, commercial and residential assets, reported a net loss after tax of S\$5.7 million for the three months ended June 30, 2014 (“2Q2014”), on the back of a 65.4% decrease in revenue to S\$27.8 million.

Commenting on the Group’s performance, Mr Teo Ho Beng, Hiap Hoe’s Executive Chairman and Chief Executive Officer, said: “Our second quarter loss was due to both lower progressive contributions from our development properties segment, and one-off non-recurring negative goodwill expense as well as higher administrative expenses associated with our acquisitions of SuperBowl and an Australian investment property.

“However, going forward, our strategic efforts to develop recurring business and diversify our reliance on the Singapore property market will mitigate the weak property sector in Singapore. I am especially encouraged that our Zhongshan Park Integrated Development as well as our recently acquired SuperBowl and Australian investment properties have contributed significantly to the Group’s rental, hotel and leisure segmental revenue.”

## **PERFORMANCE REVIEW**

On a segmental basis, contribution from the Group’s development properties decreased 93.1% to S\$5.5 million in 2Q2014, accounting for 19.8% of total revenue. The lower revenue was mainly due to lower progressive revenue recognition from *Waterscape at Cavenagh* compared to significant contribution from sales of units at *Signature at Lewis* and *Skyline 360<sup>o</sup>* in 2Q2013, and an absence of construction revenue due to the completion of the Zhongshan Park Integrated Development which was completed in the third quarter of 2013.

Rental revenue was S\$10.0 million in the review quarter, accounting for 35.8% of total revenue. This is double the rental revenue of S\$4.9 million recorded in 1Q2014, backed by continuing contribution from the Group’s investment properties in Australia and SuperBowl which were acquired in February 2014. Hotel operations, which comprise income from Ramada Singapore and Days Hotel Singapore At Zhongshan Park, contributed S\$9.9 million or 35.6% of total revenue. The leisure business accounted for the remaining 8.8% or S\$2.5 million.

Administrative expenses rose to S\$20.1 million in 2Q2014, compared to S\$1.8 million in 2Q2013. The increase is due mainly to the administrative expenses of approximately S\$9.2 million attributable to SuperBowl following the completion of the acquisition, a one-off S\$5.5 million in stamp duties arising from the Group’s acquisition of 130 Stirling Street in April 2014 and higher depreciation of S\$3.9 million in view of the higher value of the Group’s increased portfolio of property assets (albeit after a S\$1.6 million offset against excess depreciation provided in the earlier two quarters).

The Group also recognised S\$1.2 million of negative goodwill expense (Kindly refer to note 1 found in page 1 of the results announcement for a detailed explanation), as well as higher financial expenses of S\$5.9 million in 2Q2014 as compared to S\$0.5 million the previous corresponding quarter, due to the interest expenses for the fixed rate notes and increase in bank loans. Consequently, the Group reported a net loss after tax of S\$5.7 million in the review quarter.

The Group's balance sheet remains healthy with shareholders' equity of S\$723.7 million and cash and short-term deposits amounting to S\$72.0 million as at the end of June 2014.

On a consolidated basis, the Group reported a 46.7% decrease in revenue to S\$59.0 million for the six months ended June 30, 2014 ("1H2014"). Net profit after tax in 1H2014 was S\$348.5 million, backed by the recognition of negative goodwill of S\$147.5 million and a S\$200.4 million gain on re-measurement of investment in a joint-venture company to fair value.

## **OUTLOOK**

The Group expects the outlook for the Singapore property market to remain lacklustre in the near-term as buying sentiments for luxury properties in Singapore remain relatively soft.

"We maintain a cautious view on the local property market as near-term sentiments will inevitably remain weak due to the cooling measures imposed by the Singapore Government. In view of the challenging operating market, we will continue to carefully manage the risk and reward trade-offs when bidding for new land parcels in Singapore." Mr Teo added.

Ms Tracy Wun, Executive Director of Hiap Hoe, said, "Our maiden foray into Australia in 3Q2013 had been a timely one whereby our acquisitions were opportunistic. We continue to believe in the long-term prospects of our four trophy quality assets in Australia. Our recently launched mixed-development project at 6 – 22 Pearl River Road is also seeing healthy take-up rates, with the combined value of units sold to-date amounting to over S\$150 million, bulk of which will be recognised upon completion in 2017."

## **About Hiap Hoe Limited**

Hiap Hoe Limited is a premium integrated property developer, engaged in the development of luxury and mid-tier residential and hotel-cum-commercial properties that are distinct in design and preferred for their excellent location and investment prospects. The Group's residential portfolio includes distinctive projects such as Treasure on Balmoral, Skyline 360°, Waterscape at Cavenagh, The Beverly, Signature At Lewis, Oxford Suites and Cuscaden Royale.

Hiap Hoe also owns an integrated hotel-cum-commercial development along Balestier Road that sits just opposite the historic Sun Yat-Sen Nanyang Memorial Hall, a national monument that pays tribute to the father of the 1911 Chinese Revolution. Comprising Days Hotel Singapore At Zhongshan Park (新加坡中山公园戴斯酒店), and Ramada Singapore At Zhongshan Park (新加坡中山公园华美达酒店), Zhongshan Mall (中山广场) and an office tower, the two hotels flank Zhongshan Park Singapore (中山公园), creating a unique integrated development with a strong heritage connection and old world charm.

In 2013, Hiap Hoe embarked on its strategic overseas expansion plans, acquiring assets in three prime locations in Melbourne, Australia: 6-22 Pearl River Road, 380 Lonsdale Street and 206 Bourke Street. Hiap Hoe has also entered into an MOU with Probuild, Australia's leading construction company to explore joint-venture opportunities in Australia. In February 2014, Hiap Hoe further expanded its presence into Western Australia with the acquisition of 130 Stirling Street, an A-grade commercial building located along the northern fringe of Perth's CBD.

To further consolidate Hiap Hoe's presence in the property development and investment market, the Group had in late 2013 embarked on the strategic acquisition of its sister company – SuperBowl Holdings Limited.

In addition to the Group's core business of property investment and property development, Hiap Hoe is also engaged in the construction business. More information on Hiap Hoe can be found at <http://www.hiaphoe.com>

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