



Hiap Hoe Limited
(Registration No.: 199400676Z)

UNAUDITED FINANCIAL STATEMENTS FOR THE FIRST HALF YEAR ENDED 30 JUNE 2020

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.

	Note	The Group		%
		6 months ended		
		30-Jun-20	30-Jun-19	
		\$'000	\$'000	
Revenue		42,948	61,338	(30.0)
Other items of income				
Dividend income		2,820	2,595	8.7
Interest income		1,290	1,791	(28.0)
Other income		6,806	6,838	(0.5)
Impairment loss on trade receivables written back		-	10	NM
		10,916	11,234	(2.8)
Changes in completed properties for sale		(1,859)	(3,506)	(47.0)
Employee benefits expense		(13,170)	(14,789)	(10.9)
Depreciation expense	A	(16,667)	(15,894)	4.9
Other expenses	B	(20,487)	(29,513)	(30.6)
Finance cost		(7,169)	(9,752)	(26.5)
Fair value changes in financial instruments	C	(13,227)	6,699	NM
Foreign exchange (loss)/gain		(2,933)	977	NM
Impairment loss on trade receivables		(970)	(2)	NM
(Loss)/profit before tax	D	(22,618)	6,792	NM
Income tax credit/(expense)		1,411	(976)	NM
(Loss)/profit for the period		(21,207)	5,816	NM
Attributable to :				
Owners of the Company		(21,124)	5,776	NM
Non-controlling interests		(83)	40	NM
Total		(21,207)	5,816	NM

Statement of Comprehensive Income for the Group for the First Half Year Ended 30 June 2020.

	The Group	
	6 months ended	
	30-Jun-20	30-Jun-19
	\$'000	\$'000
(Loss)/profit for the period	(21,207)	5,816
Other comprehensive income/(loss) items that may be reclassified subsequently to profit or loss		
Foreign currency translation	1,800	(2,364)
Exchange differences realised on de-registration of subsidiary recycled to profit or loss	-	(132)
Other comprehensive income/(loss) for the period, net of tax of nil	1,800	(2,496)
Total comprehensive (loss)/ income for the period	(19,407)	3,320
Attributable to :		
Owners of the Company	(19,324)	3,280
Non-controlling interests	(83)	40
Total comprehensive (loss)/ income for the period	(19,407)	3,320

Notes to the Income Statement

	The Group		
	6 months ended		
	30-Jun-20	30-Jun-19	%
	\$'000	\$'000	
(A) Depreciation of property, plant and equipment	13,868	13,314	4.2
Depreciation of investment properties	2,799	2,580	8.5
(B) <u>Other expenses comprises mainly:</u>			
Marketing and distribution expenses (include grants and rebates)	3,737	3,788	(1.3)
Property relates taxes	2,112	2,217	(4.7)
Stamp duty	-	4,975 ⁽¹⁾	NM
Upkeep and maintenance expenses of properties	9,678	10,876	(11.0)
(C) Fair value changes in held-for-trading investments	13,141	(6,353)	NM
Fair value changes in derivative instruments	86	(346)	NM
(D) <u>(Loss)/profit from operation is determined after charging/(crediting) :</u>			
(Gain)/loss on disposal of property, plant and equipment	(19)	29	NM
Gain on disposal of asset held-for-sale	(930) ⁽²⁾	-	NM
Property, plant and equipment written off	3	9	(66.7)
Loss/(gain) on disposal of investments	48	(2,709)	NM
Amortisation of deferred income	(38)	(40)	(5.0)

NM – Not meaningful

⁽¹⁾ Relates to the stamp duty of \$5.0 million arising from the acquisition of the properties in Perth.

⁽²⁾ This relates to the gain on disposal of property unit at 56 Kallang Pudding Road, HH@Kallang.

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-20 \$'000	31-Dec-19 \$'000	30-Jun-20 \$'000	31-Dec-19 \$'000
Non-Current Assets				
Property, plant and equipment	802,242	815,246	36	79
Investment properties	456,956	457,919	-	-
Subsidiaries	-	-	610,075	610,075
Joint venture	-	-	19,655	19,557
Other assets	2,342	2,120	-	-
Other receivables	310	331	-	-
Deferred tax assets	16,442	14,910	-	-
	<u>1,278,292</u>	<u>1,290,526</u>	<u>629,766</u>	<u>629,711</u>
Current Assets				
Cash and short-term deposits	15,729	16,885	243	277
Other investments ⁽¹⁾	291,998	306,177	-	-
Trade and other receivables	5,170	6,257	5	-
Other assets	520	653	-	-
Derivatives - assets	170	-	-	-
Prepaid operating expenses	643	1,603	12	7
Due from subsidiaries, trade	-	-	398	161
Due from subsidiaries, non-trade	-	-	11,504	11,950
Completed properties for sale	4,822	6,646	-	-
Inventories	2,805	2,817	-	-
Tax recoverable	978	962	-	-
	<u>322,835</u>	<u>342,000</u>	<u>12,162</u>	<u>12,395</u>
Asset held-for-sale	-	1,039	-	-
	<u>322,835</u>	<u>343,039</u>	<u>12,162</u>	<u>12,395</u>
Current Liabilities				
Trade and other payables	4,874	6,790	63	119
Other liabilities	10,494	13,292	455	600
Dividends payable	4,706	-	4,706	-
Derivatives - liabilities	400	108	-	-
Due to subsidiaries, trade	-	-	1	-
Due to subsidiaries, non-trade	-	-	116,345	116,090
Due to related companies, trade	7	37	-	-
Due to related companies, non-trade	105	39	-	-
Interest-bearing loans and borrowings	440,869	630,742	-	-
Tax payable	3,948	3,726	302	252
	<u>465,403</u>	<u>654,734</u>	<u>121,872</u>	<u>117,061</u>
Net Current Liabilities⁽²⁾	(142,568)	(311,695)	(109,710)	(104,666)
Non-Current Liabilities				
Other liabilities	3,232	3,717	-	-
Interest-bearing loans and borrowings	304,820	122,282	-	-
Deferred tax liabilities	78,151	79,196	-	-
	<u>386,203</u>	<u>205,195</u>	<u>-</u>	<u>-</u>
Net Assets	749,521	773,636	520,056	525,045
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	662,787	686,817	436,712	441,701
	<u>746,131</u>	<u>770,161</u>	<u>520,056</u>	<u>525,045</u>
Non-controlling interests	3,390	3,475	-	-
Total Equity	749,521	773,636	520,056	525,045

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 unutilised credit 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 ⁽¹⁾

(\$'000)

As at 30 Jun 20		As at 31 Dec 19	
Secured	Unsecured	Secured	Unsecured
437,827	-	627,854	-

Amount repayable after one year ⁽²⁾

(\$'000)

As at 30 Jun 20		As at 31 Dec 19	
Secured	Unsecured	Secured	Unsecured
274,160	-	89,850	-

⁽¹⁾ Exclude lease liabilities of \$3,042,000 (31 December 2019: \$2,888,000).

⁽²⁾ Exclude lease liabilities of \$30,660,000 (31 December 2019: \$32,432,000).

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 and investment properties (collectively, the "Properties");
- 2) Legal assignment of all rights and benefits under the sale and purchase agreements, hotel 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 and shares of a subsidiary.

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	
	6 months ended	
	30-Jun-20	30-Jun-19
	\$'000	\$'000
Cash flows from operating activities		
(Loss)/profit before taxation	(22,618)	6,792
Adjustments for:		
Amortisation of deferred income	(38)	(40)
Depreciation of property, plant and equipment	13,868	13,314
Depreciation of investment properties	2,799	2,580
Dividend income from investments	(2,820)	(2,595)
Fair value changes in held-for-trading investments	13,141	(6,353)
Fair value changes in derivative instruments	86	(346)
Gain on disposal of asset held-for-sale	(930)	-
(Gain)/loss on disposal of property, plant and equipment	(19)	29
Impairment loss on trade receivables	970	2
Impairment loss on trade receivables written back	-	(10)
Finance cost	7,169	9,752
Interest income	(1,290)	(1,791)
Loss/(gain) on disposal of investments	48	(2,709)
Property, plant and equipment written off	3	9
Effects of COVID-19 related rent waivers received from lessors	(277)	-
Exchange difference	2,721	(809)
Operating cash flows before changes in working capital	12,813	17,825
<u>Changes in working capital</u>		
(Increase)/decrease in:		
Completed properties for sale	1,859	3,505
Inventories	24	48
Trade and other receivables	74	(1,677)
Other assets	133	828
Prepaid operating expenses	958	(226)
Due from related companies, non-trade	-	1
Increase/(decrease) in:		
Trade and other payables	(1,938)	(1,430)
Other liabilities	(3,283)	(535)
Due to related companies, trade	(30)	7
Due to related companies, non-trade	66	(17)
	10,676	18,329
Income tax paid	(685)	(4,221)
Net cash flows generated from operating activities carried forward	9,991	14,108

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	
	6 months ended	
	30-Jun-20 \$'000	30-Jun-19 \$'000
Net cash flows generated from operating activities brought forward	9,991	14,108
Cash flows from investing activities		
Interest income received and settlement of derivatives	1,412	2,051
Dividend income received and return of capital	3,263	4,490
Purchase of property, plant and equipment	(510)	(469)
Purchase of held-for-trading investments	(17,413)	(32,188)
Proceeds from disposal of held-for-trading investments	17,960	34,147
Proceeds from disposal of property, plant and equipment	34	102
Proceeds from disposal of asset held-for-sale	1,970	-
Deposits paid on acquisition of plant and equipment	(303)	-
Net cash outflow on business combination ⁽¹⁾	-	(83,891)
Net cash flows generated from/(used in) investing activities	6,413	(75,758)
Cash flow from financing activities		
Acquisition of non-controlling interests	(2)	-
Interest paid	(6,618)	(9,652)
Changes in cash and bank balances pledged	(1,675)	7,303
Changes in fixed deposits pledged	(9)	1,309
Repayment of loans and borrowings	(24,921)	(62,940)
Repayment of principal portion of lease liabilities	(1,066)	(1,210)
Proceeds from loans and borrowings	14,848	109,425
Dividends paid on ordinary shares by the Company	-	(4,706)
Net cash flows (used in)/generated from financing activities	(19,443)	39,529
Net decrease in cash and cash equivalents	(3,039)	(22,121)
Effect of exchange rate changes on cash and cash equivalents	199	(684)
Cash and cash equivalents at beginning of period	7,842	29,697
Cash and cash equivalents at end of period	5,002	6,892
<u>Cash and cash equivalents comprise:</u>		
Cash and bank balances	14,614	13,906
Fixed deposits	1,115	10,222
	15,729	24,128
Cash and bank balances pledged	(9,612)	(7,014)
Fixed deposits pledged	(1,115)	(10,222)
Cash and cash equivalents	5,002	6,892

Note:

⁽¹⁾ Relates to the acquisition of the properties in Perth.

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 2020 to 30 June 2020 and 1 January 2019 to 30 June 2019

	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 2020	84,445	(1,101)	719,968	(7,672)	(25,531)	52	686,817	770,161	3,475	773,636
Loss for the period	-	-	(21,124)	-	-	-	(21,124)	(21,124)	(83)	(21,207)
Foreign currency translation	-	-	-	-	1,800	-	1,800	1,800	-	1,800
Other comprehensive income net of tax	-	-	-	-	1,800	-	1,800	1,800	-	1,800
Total comprehensive (loss)/income for the period	-	-	(21,124)	-	1,800	-	(19,324)	(19,324)	(83)	(19,407)
Contributions by and distributions to owners										
Dividends payable on ordinary shares	-	-	(4,706)	-	-	-	(4,706)	(4,706)	-	(4,706)
Acquisition of non-controlling interests	-	-	-	-	-	-	-	-	(2)	(2)
Total contributions by and distributions to owners	-	-	(4,706)	-	-	-	(4,706)	(4,706)	(2)	(4,708)
At 30 June 2020	84,445	(1,101)	694,138	(7,672)	(23,731)	52	662,787	746,131	3,390	749,521
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	-	-	5,776	-	-	-	5,776	5,776	40	5,816
Foreign currency translation	-	-	-	-	(2,364)	-	(2,364)	(2,364)	-	(2,364)
Exchange differences realised on de-registration of subsidiary recycled to profit or loss	-	-	-	-	(132)	-	(132)	(132)	-	(132)
Other comprehensive loss net of tax	-	-	-	-	(2,496)	-	(2,496)	(2,496)	-	(2,496)
Total comprehensive income/(loss) for the period	-	-	5,776	-	(2,496)	-	3,280	3,280	40	3,320
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 2019	84,445	(1,101)	705,997	(7,672)	(24,936)	52	673,441	756,785	3,458	760,243

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 2020 to 30 June 2020 and 1 January 2019 to 30 June 2019

<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 2020	84,445	(1,101)	441,649	52	441,701	525,045
Loss for the period	-	-	(283)	-	(283)	(283)
Total comprehensive loss for the period	-	-	(283)	-	(283)	(283)
<u>Contributions by and distributions to owners</u>						
Dividends payable 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 2020	84,445	(1,101)	436,660	52	436,712	520,056
At 1 January 2019	84,445	(1,101)	437,831	52	437,883	521,227
Profit for the period	-	-	655	-	655	655
Total comprehensive income for the period	-	-	655	-	655	655
<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 2019	84,445	(1,101)	433,780	52	433,832	517,176

- 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-20	30-Jun-19
Balance as at	<u>470,557,541</u>	<u>470,557,541</u>

Treasury Shares

	<u>Number of Treasury Shares</u>	
	30-Jun-20	30-Jun-19
Balance as at	<u>3,999,850</u>	<u>3,999,850</u>

During the period ended 30 June 2020, 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 2020 is 470,557,541 (31 December 2019: 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 modifications or emphasis of a matter).**

Not applicable.

3A. Where the latest financial statements are subject to an adverse opinion, qualified opinion or disclaimer of opinion: -

- (a) Updates on the efforts taken to resolve each outstanding audit issue.**
- (b) Confirmation from the Board that the impact of all outstanding audit issues on the financial statements have been adequately disclosed.**

This is not required for any audit issue that is a material uncertainty relating to going concern.

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 2019.

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 mandatory for annual periods beginning on or after 1 January 2020.

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.

	<u>The Group</u>	
	6 months ended	
	30-Jun-20	30-Jun-19
Earning per share (cents)		
Basic	(4.49)	1.23
Diluted	(4.49)	1.23
	<hr/>	
Weighted average number of shares		
Basic	470,557,541	470,557,541
Diluted	470,557,541	470,557,541
	<hr/>	

Earnings per share are calculated based on the net (loss)/profit attributable to owners of the Company 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-20	31-Dec-19	30-Jun-20	31-Dec-19
Net assets value per share (cents)	158.56	163.67	110.52	111.58
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 owners of the Company 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 half year ended 30 June 2020 (“1H2020”) performance

Revenue

	6 months ended 30- Jun-20		6 months ended 30- Jun-19		
	\$'000	%	\$'000	%	
Development properties	2,525	5.9	4,771	7.8	(47.1)
Rental	13,656	31.8	15,914	25.9	(14.2)
Hotel operations	24,753	57.6	36,718	59.9	(32.6)
Leisure business	2,014	4.7	3,935	6.4	(48.8)
	42,948	100	61,338	100	(30.0)

The Group recorded revenue of \$42.9 million for the first half year ended 30 June 2020 (“1H2020”), a decrease of \$18.4 million from \$61.3 million recorded in the previous corresponding period ended 30 June 2019 (“1H2019”).

Revenue from development properties relates to the sale of units at Marina Tower, Melbourne. The Group recorded lower sales of development properties in 1H2020 as compared to 1H2019.

Rental revenue decreased by \$2.2 million from \$15.9 million in 1H2019 to \$13.7 million in 1H2020. The decrease in revenue was due to lower occupancies for the Group’s properties.

Revenue from hotel operations decreased by \$11.9 million from \$36.7 million in 1H2019 to \$24.8 million in 1H2020. The decrease in revenue was due to travel restrictions implemented by governments globally caused by the outbreak of COVID-19.

Revenue from leisure business decreased by \$1.9 million from \$3.9 million in 1H2019 to \$2.0 million in 1H2020. The decrease in revenue was due to the temporary cessation of all leisure business operations for approximately 3 months resulted from the Singapore government’s efforts to curb the spread of COVID-19.

(Loss)/Profit before Tax

The Group recorded a loss before tax of \$22.6 million in 1H2020 and a profit before tax of \$6.8 million in 1H2019. The loss recorded in 1H2020 is generally due to the lower revenue of the Group and the fair value loss in financial instruments recorded in this period.

Interest income decreased by \$0.5 million in 1H2020 as compared to 1H2019 mainly due to lower 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)**

Other income of \$6.8 million in 1H2020 comprises government grants including Jobs Support Scheme payout, wage credit received and property tax rebate of \$4.1 million. Also included in 1H2020 is the gain on disposal of a property unit of \$0.9 million. Other income recorded in 1H2019 was mainly property recovery income of \$3.6 million and gain on disposal of investments of \$2.7 million. The Group saw a lower property recovery income and a loss on disposal of investments in 1H2020.

Changes in completed properties for sale in 1H2020 and 1H2019 relates to the sale of units at Marina Tower, Melbourne.

Employee benefits expense decreased by \$1.6 million in 1H2020 as compared to 1H2019 due to implementation of cost-cutting measures such as no-pay leave, particularly for the hospitality and leisure businesses amid COVID-19.

Higher depreciation expense recorded in 1H2020 as compared to 1H2019 is mainly due to the depreciation for the properties in Perth which only commenced from 29 March 2019.

Other expenses decreased by \$9.0 million in 1H2020 as compared to 1H2019 mainly due to the absence of stamp duty incurred in 1H2019 for the acquisition of properties in Perth of \$5.0 million and lower operating expenses in relation to the upkeep of the Group's properties in 1H2020. Included in 1H2020 was the Singapore government grant expense of \$1.2 million in relation to the rental relief that was fully passed on to the tenants.

Finance cost decreased by \$2.6 million in 1H2020 as compared to 1H2019 mainly due to lower borrowing rates.

The Group recorded in 1H2020 a fair value loss of \$13.2 million in financial instruments due to weaker market sentiments as compared to a fair value gain of \$6.7 million recorded in 1H2019.

The Group recorded a foreign exchange loss of \$2.9 million and a foreign exchange gain of \$1.0 million in 1H2020 and 1H2019 respectively mainly due to the fluctuation of Euro and Australian dollar exchange rates.

Tax Credit

The Group recorded a tax credit of \$1.4 million and a tax expense of \$1.0 million for 1H2020 and 1H2019 respectively. The tax credit in 1H2020 relates mainly to unutilised tax loss arising from the fair value loss in financial instruments.

Net (Loss)/Profit

The Group registered a net loss after tax of \$21.2 million and a net profit after tax of \$5.8 million in 1H2020 and 1H2019 respectively.

Consolidated Statement of Financial Position as at 30 June 2020

Non-current assets

Non-current assets decreased by \$12.2 million as compared to 31 December 2019 mainly due to depreciation charge for the period.

Current assets

Current assets decreased by \$20.2 million as compared to 31 December 2019 mainly due to the fair value loss in financial instruments. The decrease is also due to the sale completion of a property unit of which the sale proceed was used to repay bank borrowing.

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)**

Current liabilities

Current liabilities decreased by \$189.3 million as compared to 31 December 2019 mainly due to the reclassification of the bank borrowings of \$184.3 million to non-current liabilities following the loan refinancing.

Non-current liabilities

Non-current liabilities increased by \$181.0 million as compared to 31 December 2019 mainly due to the reclassification of bank borrowings from current liabilities to non-current liabilities as mentioned above.

Consolidated Statement of Cash Flows Position as at 30 June 2020

The Group recorded net cash generated from operating activities of \$10.0 million and \$14.1 million for 1H2020 and 1H2019 respectively. This amount includes cash inflow from the sale of development properties at Marina Tower, Melbourne.

Net cash generated from investing activities amounted to \$6.4 million in 1H2020 which includes \$2.0 million from the sale proceed of a property unit. Included in 1H2019 was net cash used of \$83.9 million for the acquisition of properties in Perth.

Net cash used in financing activities of \$19.4 million in 1H2020 was mainly due to repayment of bank borrowings. Recorded in 1H2019 was net cash generated of \$39.5 million mainly due to increase in bank borrowings. Included in 1H2019 was also the dividend paid of \$4.7 million.

9. **Where a forecast, or prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.**

There are no forecast or prospect statement that have been disclosed to shareholders.

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 expects the rental yields and the occupancy rates of its existing properties to continue to be adversely impacted amid COVID-19 and expects the demand for travel and accommodation to remain low globally for the next 12 months and beyond. The weaker financial performance arising from the effects of COVID-19 might result in a decline in the value of the Group's properties as compared to the preceding financial year. The extent of the financial impact arising from the changes in the value of the Group's properties, if any, will only be ascertained in the second half year ending December 2020.

The Group will continue with the sale of units in Marina Tower, Melbourne in the next 12 months.

The Group also expects that its investment portfolios will continue to be affected by market volatility.

The Group has sufficient banking facilities and liquidity to meet its near-term debt obligations and operational needs. The Group will continue to exercise prudence in respect of non-essential capital and operating expenditure.

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?

Yes. Interim dividend of 0.5 Singapore cent per ordinary share was declared.

(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 first half year ended 30 June 2020 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)
	6 months ended 30 June 2020	6 months ended 30 June 2020
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 \$131,000)	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 2020

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 half year ended 30 June 2020 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