



Hiap Hoe Limited
(Registration No.: 199400676Z)

UNAUDITED FINANCIAL STATEMENTS FOR THE THIRD QUARTER AND NINE MONTHS ENDED 30 SEPTEMBER 2017

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-17	30-Sep-16	%	30-Sep-17	30-Sep-16	%
	\$'000	\$'000		\$'000	\$'000	
Revenue	25,843	19,865	30.1	74,375	63,562	17.0
Other items of income						
Dividend income	680	448	51.8	1,874	1,300	44.2
Financial income	728	511	42.5	2,308	1,106	108.7
Other income	1,090	19,039	(94.3)	4,768	34,510	(86.2)
	2,498	19,998	(87.5)	8,950	36,916	(75.8)
Changes in development properties	-	-	NM	(6,078)	(1,944)	212.7
Employee benefits expense	(6,734)	(5,439)	23.8	(19,427)	(15,984)	21.5
Depreciation expense	(5,847)	(5,142)	13.7	(16,650)	(15,553)	7.1
Other expenses	(11,263)	(14,149)	(20.4)	(29,877)	(33,018)	(9.5)
Finance cost	(2,037)	(2,600)	(21.7)	(5,376)	(9,181)	(41.4)
Fair value changes in financial instruments	2,109	1,355	55.6	8,599	1,009	752.2
Foreign exchange gain	742	3,905	(81.0)	1,289	1,054	22.3
Profit before tax	5,311	17,793	(70.2)	15,805	26,861	(41.2)
Income tax expense	(1,328)	(4,090)	(67.5)	(3,275)	(9,619)	(66.0)
Profit for the period	3,983	13,703	(70.9)	12,530	17,242	(27.3)
Attributable to :						
Owners of the Company	3,971	13,736	(71.1)	12,494	17,272	(27.7)
Non-controlling interests	12	(33)	(136.4)	36	(30)	(220.0)
Total	3,983	13,703	(70.9)	12,530	17,242	(27.3)

Statement of Comprehensive Income for the Group for the Third Quarter and Nine Months Ended 30 September 2017

	The Group			
	3 months ended		9 months ended	
	30-Sep-17	30-Sep-16	30-Sep-17	30-Sep-16
	\$'000	\$'000	\$'000	\$'000
Profit for the period	3,983	13,703	12,530	17,242
Other comprehensive income items that may be reclassified subsequently to profit or loss				
Foreign currency translation	540	5,611	2,609	1,916
Currency translation on disposal of subsidiary	-	(148)	-	(148)
Fair value loss on net investment hedge	-	-	-	(45)
Other comprehensive income for the period, net of tax of nil	540	5,463	2,609	1,723
Total comprehensive income for the period	4,523	19,166	15,139	18,965
Attributable to :				
Owners of the Company	4,511	19,199	15,103	18,995
Non-controlling interests	12	(33)	36	(30)
Total comprehensive income for the period	4,523	19,166	15,139	18,965

Additional Information

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

	The Group					
	3 months ended			9 months ended		
	30-Sep-17	30-Sep-16	%	30-Sep-17	30-Sep-16	%
	\$'000	\$'000		\$'000	\$'000	
Depreciation of property, plant and equipment	4,911	4,179	17.5	13,862	12,528	10.6
Depreciation of investment properties	936	963	(2.8)	2,788	3,025	(7.8)
Loss/(gain) on disposal of property, plant and equipment	6	-	NM	(67)	(6)	1,016.7
Loss/(gain) on disposal of investment property held for sale	-	2,037	NM	-	(11,166) ⁽¹⁾	NM
Property, plant and equipment written off	-	2	NM	-	14	NM
Fair value changes in held-for-trading investments	(1,781)	(1,598)	11.5	(8,247)	(109)	7,466.1
Fair value changes in derivative instruments	(328)	243	(235.0)	(352)	(900)	(60.9)
(Written back)/impairment of trade receivables	(42)	(51)	(17.6)	(392)	496	(179.0)
Impairment loss on investment property	-	5,024	NM	-	5,024	NM
Bad debts (recovered)/written off - trade	-	(2)	NM	33	9	266.7
Gain on disposal of investments	(104)	(135)	(23.0)	(191)	(69)	176.8
Amortisation of deferred income	(22)	-	NM	(44)	-	NM
Gain on disposal of subsidiary	-	(19,966)	NM	-	(19,966) ⁽²⁾	NM
Write back of other provision	-	-	NM	(999) ⁽³⁾	-	NM

NM – Not meaningful

Notes:

⁽¹⁾ This relates to the gain on disposal of 206 Bourke Street in Melbourne.

⁽²⁾ This relates to the gain on disposal of shares in Meteorite Property (Lonsdale Street) Pty Ltd and all its units in the Meteorite Property (Lonsdale Street) Unit Trust.

⁽³⁾ This relates to the write back of provision for tenancy and contract matters arising from the disposal of our Australia 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-Sep-17 \$'000	31-Dec-16 \$'000	30-Sep-17 \$'000	31-Dec-16 \$'000
Non-Current Assets				
Property, plant and equipment	802,837	727,107	272	336
Investment properties	170,379	171,494	-	-
Investment in subsidiaries	-	-	168,417	168,417
Investment in joint venture	-	-	12,442	9,279
Other assets	3,507	28,605	1,620	-
Other receivables	40	52	-	-
Due from subsidiary, non-trade	-	-	106,620	103,870
Deferred tax assets	2,596	2,963	-	-
	979,359	930,221	289,371	281,902
Current Assets				
Cash and short-term deposits	17,361	28,939	143	5,511
Other investments ⁽¹⁾	111,411	91,017	-	-
Trade and other receivables	7,352	8,533	-	-
Other assets	28,399	683	-	-
Derivatives assets	246	-	-	-
Prepaid operating expenses	1,006	651	62	7
Due from subsidiaries, trade	-	-	86	4
Due from subsidiaries, non-trade	-	-	290,968	245,902
Due from related companies, trade	1	6	-	-
Development properties	181,392	150,927	-	-
Completed properties for sale	52,681	52,681	-	-
Inventories	2,068	2,044	-	-
	401,917	335,481	291,259	251,424
Current Liabilities				
Trade and other payables	10,529	21,019	71	65
Other liabilities	36,995	10,048	399	528
Derivatives - liabilities	96	203	-	-
Due to subsidiaries, trade	-	-	4	4
Due to subsidiaries, non-trade	-	-	110,231	60,504
Due to related companies, trade	39	54	-	8
Interest-bearing loans and borrowings	515,404	341,327	27	27
Tax payable	4,216	2,072	346	81
	567,279	374,723	111,078	61,217
Net Current (Liabilities)/Assets⁽²⁾	(165,362)	(39,242)	180,181	190,207
Non-Current Liabilities				
Other liabilities	4,100	29,573	-	-
Interest-bearing loans and borrowings	123	58,173	4	24
Deferred tax liabilities	82,912	84,419	-	-
	87,135	172,165	4	24
Net Assets	726,862	718,814	469,548	472,085
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	639,930	631,886	386,204	388,741
	723,274	715,230	469,548	472,085
Non-controlling interests	3,588	3,584	-	-
Total Equity	726,862	718,814	469,548	472,085

Notes:

⁽¹⁾ This included short-term commercial papers and trading investments.

⁽²⁾ The Group is in a net current liabilities position mainly due to maturity of the long-term 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 Sep 17		As at 31 Dec 16	
Secured	Unsecured	Secured	Unsecured
515,404	-	341,327	-

Amount repayable after one year

(\$'000)

As at 30 Sep 17		As at 31 Dec 16	
Secured	Unsecured	Secured	Unsecured
123	-	58,173	-

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, development properties and 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) The building contracts of certain Properties;
- 4) Assignment of all insurance policies for certain Properties;
- 5) Deed of subordination to subordinate all loans and advances from the Company to the facilities;
- 6) Corporate guarantees given by the Company; and
- 7) 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-17	30-Sep-16	30-Sep-17	30-Sep-16
	\$'000	\$'000	\$'000	\$'000
Cash flows from operating activities				
Profit before taxation	5,311	17,793	15,805	26,861
Adjustments for:				
Amortisation of transaction cost	-	35	-	83
Amortisation of deferred income	(22)	-	(44)	-
Depreciation of investment properties	936	963	2,788	3,025
Depreciation of property, plant and equipment	4,911	4,179	13,862	12,528
Dividend income from investments	(680)	(448)	(1,874)	(1,300)
Fair value changes in held-for-trading investments	(1,781)	(1,598)	(8,247)	(109)
Fair value changes in derivative instruments	(328)	243	(352)	(900)
Loss/(gain) on disposal of investment property held for sale	-	2,037	-	(11,166)
Loss/(gain) on disposal of property, plant and equipment	6	-	(67)	(6)
(Written back)/impairment of trade receivables	(42)	(51)	(392)	496
Interest expenses	2,037	2,600	5,376	9,181
Interest income	(728)	(511)	(2,308)	(1,106)
Gain on disposal of investments	(104)	(135)	(191)	(69)
Property, plant and equipment written off	-	2	-	14
Write back of other provision	-	-	(999)	-
Impairment loss on investment property	-	5,024	-	5,024
Gain on disposal of subsidiary	-	(19,966)	-	(19,966)
Exchange difference	(137)	521	(621)	(404)
Operating cash flows before changes in working capital	9,379	10,688	22,736	22,186
<u>Changes in working capital</u>				
(Increase)/decrease in :				
Completed properties for sale	-	-	-	1,944
Development properties	(14,864)	(30,423)	(57,754)	(66,061)
Inventories	10	(2)	(8)	6
Trade and other receivables	881	(312)	1,729	(600)
Other assets	(1,068)	(676)	(93)	(799)
Prepaid operating expenses	(324)	(1,801)	(276)	(1,470)
Due from related company, trade	-	6	5	8
Due from related company, non-trade	-	(2)	-	4
Increase/(decrease) in :				
Trade and other payables	(6,183)	2,501	(10,395)	4,685
Other liabilities	2,657	(1,267)	704	(1,218)
Due to related company, trade	(5)	(3)	(15)	(231)
Due to related company, non-trade	-	18	-	7
	(9,517)	(21,273)	(43,367)	(41,539)
Income tax paid	(866)	(3,982)	(2,181)	(9,591)
Net cash flows used in operating activities carried forward	(10,383)	(25,255)	(45,548)	(51,130)

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-17 \$'000	30-Sep-16 \$'000	30-Sep-17 \$'000	30-Sep-16 \$'000
Net cash flows used in operating activities brought forward	(10,383)	(25,255)	(45,548)	(51,130)
Cash flows from investing activities				
Interest income received	774	173	2,365	807
Dividend income received and return of capital	1,463	448	4,798	1,300
Purchase of property, plant and equipment	(509)	(9,392)	(8,432)	(18,501)
Purchase of held-for-trading investments	(16,435)	(37,333)	(56,497)	(68,784)
Proceeds from disposal of held-for-trading investments	13,900	10,613	41,616	20,155
Proceeds from disposal of property, plant and equipment	2	-	199	138
Proceeds from disposal of investment property - held for sale	-	-	-	118,421
Net cash outflow on acquisition of subsidiary ⁽¹⁾	(445)	-	(46,057)	-
Deposit paid on acquisition of a company	(1,620)	-	(1,620)	-
Net cash inflow on disposal of subsidiary ⁽²⁾	-	62,764	-	62,764
Changes in funds placed with fund managers	221	897	668	110
Net cash flows (used in)/generated from investing activities	(2,649)	28,170	(62,960)	116,410
Cash flow from financing activities				
Acquisition of non-controlling interests	-	(29)	-	(33)
Interest paid	(2,277)	(4,761)	(6,071)	(12,376)
Withdrawal of fixed deposit - pledged	-	-	-	10,000
Repayment of bank borrowings	(9,421)	(93,846)	(75,477)	(257,173)
Repayment of Medium Term Notes	-	(115,000)	-	(115,000)
Repayment of lease obligations	(35)	(7)	(96)	(29)
Proceeds from loans and borrowings	30,011	213,067	186,132	309,718
Dividend paid to non-controlling interests	(32)	(32)	(32)	(32)
Dividend paid	(2,352)	-	(7,058)	(4,706)
Net cash flows generated from/(used in) financing activities	15,894	(608)	97,398	(69,631)
Net increase/(decrease) in cash and cash equivalents	2,862	2,307	(11,110)	(4,351)
Effect of exchange rate changes on cash and cash equivalents	74	167	199	41
Cash and cash equivalents at beginning of period	13,743	20,137	27,590	26,921
Cash and cash equivalents at end of period	16,679	22,611	16,679	22,611
<u>Cash and cash equivalents comprise of:</u>				
Cash and bank balances	10,077	18,569	10,077	18,569
Fixed deposits	7,284	4,656	7,284	4,656
	17,361	23,225	17,361	23,225
Cash held by fund managers	(682)	(614)	(682)	(614)
Fixed deposits (pledged)	-	-	-	-
Cash and cash equivalents	16,679	22,611	16,679	22,611

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)**

Note:

(1) Acquisition of subsidiary

The Group has on 16 June 2017 entered into a Sale and Purchase Agreement with Topland (No. 18) Limited, Mill Lane Estates Limited, and Marick Capital Limited to acquire the entire issued share capital in Trafford City Hotel Limited ("TCHL"), the owner of Holiday Inn Express Trafford City, Mercury Way, Manchester, United Kingdom.

The effect of the acquisition of assets and liabilities of TCHL on 16 June 2017 was:

	<u>S\$'000</u>
Property, plant and equipment	45,664
Cash and cash equivalents	404
Trade and other receivables	705
Other asset	88
Prepaid operating expenses	73
Inventories	17
Total assets	<u>46,951</u>
Trade and other payables	281
Other liabilities	209
Interest-bearing loans and borrowings	36,000
Total liabilities	<u>36,490</u>
Net assets acquired	10,461
Assumption of loans and borrowings	36,000
Purchase consideration	46,461
Cash and cash equivalents in subsidiary acquired	(404)
Net cash outflow on acquisition of subsidiary	<u><u>46,057</u></u>

(2) Disposal of subsidiary

This relates to the disposal of a subsidiary, Meteorite Property (Lonsdale Street) Pty Ltd, which holds the property located at 380 Lonsdale Street, Melbourne to Brady Lonsdale Venture Pty Ltd on 15 August 2016.

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 2017 to 30 September 2017 and 1 July 2016 to 30 September 2016

	Attributable to equity holders of the Company							Total	Non-controlling interests	Total equity	
	Share capital	Treasury shares	Accumulated profits	Capital reserve	Foreign currency reserve	Hedging reserve	Gain on reissuance of treasury shares				Total reserves
The Group (All figures in \$'000)											
At 1 July 2017	84,445	(1,101)	652,318	(7,672)	(6,926)	-	52	637,772	721,116	3,576	724,692
Profit for the period	-	-	3,971	-	-	-	-	3,971	3,971	12	3,983
Fair value loss on net investment hedge	-	-	-	-	-	-	-	-	-	-	-
Foreign currency translation	-	-	-	-	540	-	-	540	540	-	540
Other comprehensive income net of tax of nil	-	-	-	-	540	-	-	540	540	-	540
Total comprehensive income for the period	-	-	3,971	-	540	-	-	4,511	4,511	12	4,523
Contributions by and distributions to owners											
Dividends on ordinary shares	-	-	(2,353)	-	-	-	-	(2,353)	(2,353)	-	(2,353)
Dividends payable to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-
Total contributions by and distributions to owners	-	-	(2,353)	-	-	-	-	(2,353)	(2,353)	-	(2,353)
At 30 September 2017	84,445	(1,101)	653,936	(7,672)	(6,386)	-	52	639,930	723,274	3,588	726,862
Disposal of subsidiary											
At 1 July 2016	84,445	(1,101)	606,603	(7,672)	(14,170)	-	52	584,813	668,157	3,632	671,789
Profit/(loss) for the period	-	-	13,736	-	-	-	-	13,736	13,736	(33)	13,703
Fair value loss on net investment hedge	-	-	-	-	-	-	-	-	-	-	-
Foreign currency translation	-	-	-	-	5,611	-	-	5,611	5,611	-	5,611
Disposal of subsidiary	-	-	-	-	(148)	-	-	(148)	(148)	-	(148)
Other comprehensive income net of tax of nil	-	-	-	-	5,463	-	-	5,463	5,463	-	5,463
Total comprehensive income/(loss) for the period	-	-	13,736	-	5,463	-	-	19,199	19,199	(33)	19,166
Contributions by and distributions to owners											
Dividends on ordinary shares	-	-	-	-	-	-	-	-	-	-	-
Acquisition of non-controlling interests	-	-	-	-	-	-	-	-	-	(29)	(29)
Total contributions by and distributions to owners	-	-	-	-	-	-	-	-	-	(29)	(29)
At 30 September 2016	84,445	(1,101)	620,339	(7,672)	(8,707)	-	52	604,012	687,356	3,570	690,926

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 2017 to 30 September 2017 and 1 January 2016 to 30 September 2016

The Group (All figures in \$'000)	Attributable to equity holders of the Company							Total	Non-controlling interests	Total equity	
	Share capital	Treasury shares	Accumulated profits	Capital reserve	Foreign currency reserve	Hedging reserve	Gain on reissuance of treasury shares				Total reserves
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	-	-	12,494	-	-	-	-	12,494	12,494	36	12,530
Fair value loss on net investment hedge	-	-	-	-	-	-	-	-	-	-	-
Foreign currency translation	-	-	-	-	2,609	-	-	2,609	2,609	-	2,609
Other comprehensive income net of tax of nil	-	-	-	-	2,609	-	-	2,609	2,609	-	2,609
Total comprehensive income for the period	-	-	12,494	-	2,609	-	-	15,103	15,103	36	15,139
Contributions by and distributions to owners											
Dividends on ordinary shares	-	-	(7,059)	-	-	-	-	(7,059)	(7,059)	-	(7,059)
Dividends payable to non-controlling interests	-	-	-	-	-	-	-	-	-	(32)	(32)
Total contributions by and distributions to owners	-	-	(7,059)	-	-	-	-	(7,059)	(7,059)	(32)	(7,091)
At 30 September 2017	84,445	(1,101)	653,936	(7,672)	(6,386)	-	52	639,930	723,274	3,588	726,862
At 1 January 2016	84,445	(1,101)	607,773	(7,672)	(10,475)	45	52	589,723	673,067	3,665	676,732
Profit/(loss) for the period	-	-	17,272	-	-	-	-	17,272	17,272	(30)	17,242
Fair value loss on net investment hedge	-	-	-	-	-	(45)	-	(45)	(45)	-	(45)
Foreign currency translation	-	-	-	-	1,916	-	-	1,916	1,916	-	1,916
Disposal of subsidiary	-	-	-	-	(148)	-	-	(148)	(148)	-	(148)
Other comprehensive income/(loss) net of tax of nil	-	-	-	-	1,768	(45)	-	1,723	1,723	-	1,723
Total comprehensive income/(loss) for the period	-	-	17,272	-	1,768	(45)	-	18,995	18,995	(30)	18,965
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)
Acquisition of non-controlling interests	-	-	-	-	-	-	-	-	-	(33)	(33)
Total contributions by and distributions to owners	-	-	(4,706)	-	-	-	-	(4,706)	(4,706)	(65)	(4,771)
At 30 September 2016	84,445	(1,101)	620,339	(7,672)	(8,707)	-	52	604,012	687,356	3,570	690,926

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 2017 to 30 September 2017 and 1 July 2016 to 30 September 2016

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 2017	84,445	(1,101)	386,683	52	386,735	470,079
Profit for the period	-	-	1,822	-	1,822	1,822
Total comprehensive income for the period	-	-	1,822	-	1,822	1,822
<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 2017	84,445	(1,101)	386,152	52	386,204	469,548
At 1 July 2016	84,445	(1,101)	292,721	52	292,773	376,117
Profit for the period	-	-	50,981	-	50,981	50,981
Total comprehensive income for the period	-	-	50,981	-	50,981	50,981
<u>Contributions by and distributions to owners</u>						
Dividends on ordinary shares	-	-	-	-	-	-
Total contributions by and distribution to owners	-	-	-	-	-	-
At 30 September 2016	84,445	(1,101)	343,702	52	343,754	427,098

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 2017 to 30 September 2017 and 1 January 2016 to 30 September 2016

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 2017	84,445	(1,101)	388,689	52	388,741	472,085
Profit for the period	-	-	4,522	-	4,522	4,522
Total comprehensive income for the period	-	-	4,522	-	4,522	4,522
<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 2017	84,445	(1,101)	386,152	52	386,204	469,548
At 1 January 2016	84,445	(1,101)	297,194	52	297,246	380,590
Profit for the period	-	-	51,214	-	51,214	51,214
Total comprehensive income for the period	-	-	51,214	-	51,214	51,214
<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 September 2016	84,445	(1,101)	343,702	52	343,754	427,098

- 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-17	30-Sep-16
Balance as at 1 July and 30 September	470,557,541	470,557,541
Balance as at 1 January and 30 September	470,557,541	470,557,541

Treasury Shares

	<u>Number of Treasury Shares</u>	
	30-Sep-17	30-Sep-16
Balance as at 1 July and 30 September	3,999,850	3,999,850
Balance as at 1 January and 30 September	3,999,850	3,999,850

During the period ended 30 September 2017, 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 2017 is 470,557,541 (31 December 2016: 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.

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 2016.

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 Financial Reporting Standards ("FRS") and Amendments to FRS that are effective for annual periods beginning on or after 1 January 2017.

The adoption of the new FRSs and Amendments to FRSs 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		9 months ended	
	30-Sep-17	30-Sep-16	30-Sep-17	30-Sep-16
Earning per share (cents)				
Basic	0.84	2.92	2.66	3.67
Diluted	0.84	2.92	2.66	3.67
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-17	31-Dec-16	30-Sep-17	31-Dec-16
Net assets value per share (cents)	153.71	152.00	99.79	100.32
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 2017 (“3Q2017”) performance

Revenue

	3 months ended 30-Sep-17		3 months ended 30-Sep-16		
	\$'000	%	\$'000	%	
Development properties	-	-	-	-	-
Rental	7,086	27.4	6,793	34.2	4.3
Hotel operations	16,888	65.3	11,287	56.8	49.6
Leisure business	1,869	7.3	1,785	9.0	4.7
	<u>25,843</u>	100	<u>19,865</u>	100	30.1

The Group recorded revenue of \$25.8 million in the 3 months ended 30 September 2017 (“3Q2017”), an increase of \$5.9 million from \$19.9 million recorded in the previous corresponding period ended 30 September 2016 (“3Q2016”).

Rental revenue backed by higher occupancies in our Singapore properties resulted in an increase from \$6.8 million in 3Q2016 to \$7.1 million in 3Q2017.

Revenue from hotel operations increased by \$5.6 million from \$11.3 million in 3Q2016 to \$16.9 million in 3Q2017. This increase in revenue was attributed to the hotel operations at Four Points by Sheraton, Melbourne and the Holiday Inn Express Trafford City, Manchester, which commenced operations this year.

Profit before tax

The Group registered a profit before tax of \$5.3 million and \$17.8 million in 3Q2017 and 3Q2016 respectively. Included in 3Q2016 was a gain on disposal of 380 Lonsdale Street, Melbourne of \$20.0 million.

Finance income increased by \$0.2 million in 3Q2017 as compared to 3Q2016 due to higher interest income from commercial papers.

Employee benefits expense increased by \$1.3 million from \$5.4 million in 3Q2016 to \$6.7 million in 3Q2017 mainly due to the new hotel operations in Melbourne.

Depreciation expense increased by \$0.7 million in 3Q2017 as compared to 3Q2016 due to additional depreciation expense from the new hotels in the Group.

Other expenses decreased by \$2.9 million from \$14.1 million in 3Q2016 to \$11.3 million in 3Q2017. Included in 3Q2016 expenses was an impairment loss of \$5.0 million on the investment property at Stirling Street, Perth.

The Group recorded lower finance cost by \$0.6 million in 3Q2017 as compared to 3Q2016 due to lower interest rates.

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)**

Tax Expense

The Group recorded a lower tax expense of \$1.3 million in 3Q2017 as compared to a higher tax expense of \$4.1 million in 3Q2016. Tax expense incurred in 3Q2016 was mainly due to the gain on disposal of our Australia subsidiary.

Net Profit

The Group registered a net profit after tax of \$4.0 million and \$13.7 million in 3Q2017 and 3Q2016 respectively.

Consolidated Income Statement – nine months ended 30 September 2017 (“9M2017”) performance

Revenue

	9 months ended 30-Sep-17		9 months ended 30-Sep-16		
	\$'000	%	\$'000	%	
Development properties	8,011	10.8	4,005	6.3	100
Rental	20,570	27.7	21,657	34.1	(5.0)
Hotel operations	40,550	54.5	32,534	51.2	24.6
Leisure business	5,244	7.0	5,366	8.4	(2.3)
	<u>74,375</u>	<u>100</u>	<u>63,562</u>	<u>100</u>	<u>17.0</u>

The Group recorded revenue of \$74.4 million for the nine months ended 30 September 2017 (“9M2017”), an increase of \$10.8 million from \$63.6 million recorded in the previous corresponding period ended 30 September 2016 (“9M2016”).

Revenue from development properties of \$8.0 million in 9M2017 related to the sale completion of 16 units in Marina Tower, Melbourne while in 9M2016 the revenue from development properties of \$4.0 million related to the sale of 1 unit in Waterscape At Cavenagh.

Rental revenue decreased by \$1.1 million from \$21.7 million in 9M2016 to \$20.6 million in 9M2017 mainly due to the absence of rental revenue resulting from the sale of our Australia properties.

Revenue from hotel operations increased by \$8.1 million from \$32.5 million in 9M2016 to \$40.6 million in 9M2017. This increase was mainly attributed to the new hotel operations at Melbourne and Manchester.

Profit before tax

The Group registered a lower profit before tax of \$15.8 million in 9M2017 as compared to a profit before tax of \$26.9 million in 9M2016 mainly due to the absence of gains on disposal of our Australia properties.

Finance income increased by \$1.2 million in 9M2017 as compared to 9M2016 due to higher interest income from commercial papers.

Other income in 9M2017 includes the write back of \$1.0 million provision for tenancy and contract matters relating to the disposal of our Australia properties. Other income in 9M2016 includes the gains on disposal of both 206 Bourke Street, Melbourne of \$11.2 million and 380 Lonsdale Street, Melbourne of \$20.0 million.

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 9M2017 related to the sale of 16 units in Marina Tower, Melbourne while in 9M2016 it related to the sale of 1 unit in Waterscape At Cavenagh.

Employee benefits expense increased by \$3.4 million from \$16.0 million in 9M2016 to \$19.4 million in 9M2017 mainly due to the new hotel operations in Melbourne.

Other expenses decreased by \$3.1 million from \$33.0 million in 9M2016 to \$29.9 million in 9M2017 generally due to the absence of an impairment loss of \$5.0 million recorded in 9M2016 on the investment property at Stirling Street, Perth.

The Group recorded lower finance cost by \$3.8 million in 9M2017 as compared to 9M2016 due to lower interest rates.

Tax Expense

The Group recorded a lower tax expense of \$3.3 million in 9M2017 as compared to a higher tax expense of \$9.6 million in 9M2016. Tax expense incurred in 9M2016 was mainly due to the gains on disposal of our Australia properties.

Net Profit

The Group registered a net profit after tax of \$12.5 million and \$17.2 million in 9M2017 and 9M2016 respectively.

Consolidation Statement of Financial Position as at 30 September 2017

Non-current assets

Non-current assets increased by \$49.1 million as compared to 31 December 2016 mainly due to the new hotel at Holiday Inn Express Trafford City, Manchester following the completion of the acquisition of the entire issued share capital in Trafford City Hotel Limited on 16 June 2017. Also included in this period is the increase in development cost for the hotel under the Four Points by Sheraton in Melbourne. These increases were offset by the reclassification of deposits held in trust by our lawyers for the sale of Marina Tower to current assets, of which sale completion is estimated to be within the next 12 months.

Current assets

The increases in current assets from \$335.5 million as at 31 December 2016 to \$401.9 million as at 30 September 2017 were mainly due to the reclassification of deposits from non-current assets as mentioned above and the increase of development cost incurred in relation to Marina Tower in Melbourne.

Current liabilities

The increase in current liabilities of \$192.6 million from \$374.7 million as at 31 December 2016 to \$567.3 million as at 30 September 2017 was mainly due to maturity of the long-term borrowings within the next 12 months. Included as at 30 September 2017 were the deposits received from purchasers of Marina Tower and which were reclassified from non-current liabilities.

Non-current liabilities

The decrease in non-current liabilities of \$85.1 million from \$172.2 million as at 31 December 2016 to \$87.1 million as at 30 September 2017 were due to the reclassification of both interest-bearing loans and borrowings as well as deposits received from purchasers of Marina Tower to current liabilities.

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 2017

The Group recorded net cash used in operating activities of \$10.4 million and \$45.5 million for 3Q2017 and 9M2017 respectively, mainly due to cash outflow for the development properties at Marina Tower in Melbourne.

Net cash used in 9M2017 for investing activities amounted to \$63.0 million mainly due to the acquisition of a subsidiary. In 9M2016, the net cash generated included \$118.4 million from the disposal of 206 Bourke Street and \$62.8 million from the disposal of 380 Lonsdale Street in Melbourne.

Net cash generated in 9M2017 from financing activities amounted to \$97.4 million mainly due to an increase in bank borrowings. In 9M2016, the net cash used of \$69.6 million was mainly due to full repayment of Medium Term Notes of \$115.0 million from 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 grow our recurring income base and seize opportunities to expand our portfolio of properties locally and overseas.

The Group expects the hotel sector to remain competitive with the increased supply of hotel rooms particularly in Singapore.

The construction of Marina Tower in Melbourne is well in progress and is targeted to be completed by the first quarter of 2018.

11. **Dividend**

- (a) **Current Financial Period Reported On**

Any dividend declared for the current financial period reported on?

None

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

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

None

11. Dividend (Cont'd)

(c) Date payable

Not applicable.

(d) Book closure date

Not applicable.

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

No dividend has been declared / recommended during the financial period.

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 2017	9 months ended 30 September 2017	3 months ended 30 September 2017	9 months ended 30 September 2017
Hiap Hoe & Co. Pte. Ltd. (A subsidiary of the ultimate holding company, Hiap Hoe Holdings Pte Ltd)	Provision of Project Management Service to the Company's indirect subsidiary: - SuperBowl Development Pte Ltd (value of transactions amounting to \$51,000)	Provision of Project Management Service to the Company's indirect subsidiary: - SuperBowl Development Pte Ltd (value of transactions amounting to \$128,000) ⁽¹⁾	Nil	Nil

Note:

⁽¹⁾ The value of IPT transaction with SuperBowl Development Pte Ltd was \$77,000 for the first half year ended 30 June 2017. 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
10 November 2017

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 third quarter and nine months ended 30 September 2017 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