



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

**UNAUDITED FINANCIAL STATEMENTS FOR THE SECOND QUARTER AND FIRST HALF YEAR ENDED 30 JUNE 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			6 months ended		
	30-Jun-17	30-Jun-16	%	30-Jun-17	30-Jun-16	%
	\$'000	\$'000		\$'000	\$'000	
Revenue	23,214	23,957	(3.1)	48,532	43,697	11.1
<b><u>Other items of income</u></b>						
Dividend income	632	514	23.0	1,194	852	40.1
Financial income	762	386	97.4	1,580	595	165.5
Other income	1,176	1,268	(7.3)	3,678	15,471	(76.2)
	2,570	2,168	18.5	6,452	16,918	(61.9)
Changes in development properties	(986)	(1,944)	(49.3)	(6,078)	(1,944)	212.7
Employee benefits expense	(8,127)	(6,211)	30.8	(14,801)	(12,120)	22.1
Depreciation expense	(5,644)	(5,156)	9.5	(10,803)	(10,411)	3.8
Other expenses	(8,605)	(8,974)	(4.1)	(16,506)	(17,294)	(4.6)
Finance cost	(1,768)	(3,016)	(41.4)	(3,339)	(6,581)	(49.3)
Fair value changes in financial instruments	3,136	97	3,133.0	6,490	(346)	(1,975.7)
Foreign exchange (loss)/gain	(1,806)	(2,412)	(25.1)	547	(2,851)	(119.2)
<b>Profit/(loss) before tax</b>	1,984	(1,491)	(233.1)	10,494	9,068	15.7
Income tax expense	(536)	(1,621)	(66.9)	(1,947)	(5,529)	(64.8)
<b>Profit/(loss) for the period</b>	1,448	(3,112)	(146.5)	8,547	3,539	141.5
<b>Attributable to :</b>						
Owners of the Company	1,441	(3,097)	(146.5)	8,523	3,536	141.0
Non-controlling interests	7	(15)	(146.7)	24	3	700.0
Total	1,448	(3,112)	(146.5)	8,547	3,539	141.5

**Statement of Comprehensive Income for the Group for the Second Quarter and First Half Year Ended 30 June 2017**

	The Group			
	3 months ended		6 months ended	
	30-Jun-17	30-Jun-16	30-Jun-17	30-Jun-16
	\$'000	\$'000	\$'000	\$'000
<b>Profit/(loss) for the period</b>	1,448	(3,112)	8,547	3,539
<b>Other comprehensive income items that may be reclassified subsequently to profit or loss</b>				
Foreign currency translation	(1,278)	(4,486)	2,069	(3,695)
Fair value loss on net investment hedge	-	-	-	(45)
Other comprehensive (loss)/income for the period, net of tax of nil	(1,278)	(4,486)	2,069	(3,740)
<b>Total comprehensive income/(loss) for the period</b>	<u>170</u>	<u>(7,598)</u>	<u>10,616</u>	<u>(201)</u>
<b>Attributable to :</b>				
Owners of the Company	163	(7,583)	10,592	(204)
Non-controlling interests	7	(15)	24	3
<b>Total comprehensive income/(loss) for the period</b>	<u>170</u>	<u>(7,598)</u>	<u>10,616</u>	<u>(201)</u>

Additional Information

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

	The Group					
	3 months ended			6 months ended		
	30-Jun-17	30-Jun-16	%	30-Jun-17	30-Jun-16	%
	\$'000	\$'000		\$'000	\$'000	
Depreciation of property, plant and equipment	4,722	4,176	13.1	8,951	8,349	7.2
Depreciation of investment properties	922	980	(5.9)	1,852	2,062	(10.2)
Gain on disposal of property, plant and equipment	(17)	(3)	466.7	(73)	(6)	1,116.7
Gain on disposal of investment property held for sale	-	-	NM	-	(13,203) <sup>(1)</sup>	NM
Property, plant and equipment written off	-	12	NM	-	12	NM
Fair value changes in held-for-trading investments	(3,118)	335	(1,030.7)	(6,466)	1,489	(534.3)
Fair value changes in derivative instruments	(18)	(432)	(95.8)	(24)	(1,143)	(97.9)
Impairment of trade receivables	79	547	(85.6)	98	547	(82.1)
Impairment of trade receivables written back	-	-	NM	(448)	-	NM
Bad debts written off - trade	-	11	NM	33	11	200.0
(Gain)/loss on disposal of investments	(101)	6	(1,783.3)	(87)	66	(231.8)
Write back of other provision	-	-	NM	(999) <sup>(2)</sup>	-	NM

NM – Not meaningful

Notes:

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

<sup>(2)</sup> 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-Jun-17 \$'000	31-Dec-16 \$'000	30-Jun-17 \$'000	31-Dec-16 \$'000
<b>Non-Current Assets</b>				
Property, plant and equipment	805,805	727,107	293	336
Investment properties	170,786	171,494	-	-
Investment in subsidiaries	-	-	168,417	168,417
Investment in joint venture	-	-	11,130	9,279
Other assets	646	28,605	-	-
Other receivables	43	52	-	-
Due from subsidiary, non-trade	-	-	105,820	103,870
Deferred tax assets	2,707	2,963	-	-
	<u>979,987</u>	<u>930,221</u>	<u>285,660</u>	<u>281,902</u>
<b>Current Assets</b>				
Cash and short-term deposits	14,646	28,939	112	5,511
Other investments <sup>(1)</sup>	107,775	91,017	-	-
Trade and other receivables	8,223	8,533	-	-
Other assets	28,303	683	-	-
Derivatives assets	105	-	-	-
Prepaid operating expenses	677	651	5	7
Due from subsidiaries, trade	-	-	102	4
Due from subsidiaries, non-trade	-	-	292,827	245,902
Due from related companies, trade	1	6	-	-
Development properties	164,359	150,927	-	-
Completed properties for sale	52,681	52,681	-	-
Inventories	2,072	2,044	-	-
	<u>378,842</u>	<u>335,481</u>	<u>293,046</u>	<u>251,424</u>
<b>Current Liabilities</b>				
Trade and other payables	16,091	21,019	26	65
Other liabilities	34,386	10,048	263	528
Dividend payable	32	-	-	-
Derivatives - liabilities	284	203	-	-
Due to subsidiaries, trade	-	-	4	4
Due to subsidiaries, non-trade	-	-	108,098	60,504
Due to related companies, trade	44	54	-	8
Interest-bearing loans and borrowings	492,302	341,327	27	27
Tax payable	3,391	2,072	198	81
	<u>546,530</u>	<u>374,723</u>	<u>108,616</u>	<u>61,217</u>
<b>Net Current (Liabilities)/Assets<sup>(2)</sup></b>	<b>(167,688)</b>	<b>(39,242)</b>	<b>184,430</b>	<b>190,207</b>
<b>Non-Current Liabilities</b>				
Other liabilities	4,046	29,573	-	-
Interest-bearing loans and borrowings	154	58,173	11	24
Deferred tax liabilities	83,407	84,419	-	-
	<u>87,607</u>	<u>172,165</u>	<u>11</u>	<u>24</u>
<b>Net Assets</b>	<b>724,692</b>	<b>718,814</b>	<b>470,079</b>	<b>472,085</b>
<b>Equity attributable to owners of the Company</b>				
Share capital	84,445	84,445	84,445	84,445
Treasury shares	(1,101)	(1,101)	(1,101)	(1,101)
Reserves	637,772	631,886	386,735	388,741
	<u>721,116</u>	<u>715,230</u>	<u>470,079</u>	<u>472,085</u>
Non-controlling interests	3,576	3,584	-	-
<b>Total Equity</b>	<b>724,692</b>	<b>718,814</b>	<b>470,079</b>	<b>472,085</b>

**Notes:**

<sup>(1)</sup> This included short-term commercial papers and trading investments.

<sup>(2)</sup> 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 Jun 17		As at 31 Dec 16	
Secured	Unsecured	Secured	Unsecured
492,302	-	341,327	-

**Amount repayable after one year**

(\$'000)

As at 30 Jun 17		As at 31 Dec 16	
Secured	Unsecured	Secured	Unsecured
154	-	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 sales 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		6 months ended	
	30-Jun-17	30-Jun-16	30-Jun-17	30-Jun-16
	\$'000	\$'000	\$'000	\$'000
<b>Cash flows from operating activities</b>				
Profit/(loss) before taxation	1,984	(1,491)	10,494	9,068
Adjustments for:				
Amortisation of transaction cost	-	33	-	48
Amortisation of deferred income	(22)	-	(22)	-
Depreciation of investment properties	922	980	1,852	2,062
Depreciation of property, plant and equipment	4,722	4,176	8,951	8,349
Dividend income from investments	(632)	(514)	(1,194)	(852)
Fair value changes in held-for-trading investments	(3,118)	335	(6,466)	1,489
Fair value changes in derivative instruments	(18)	(432)	(24)	(1,143)
Gain on disposal of investment properties held for sale	-	-	-	(13,203)
Gain on disposal of property, plant and equipment	(17)	(3)	(73)	(6)
Impairment of trade receivables	79	547	98	547
Impairment of trade receivables written back	-	-	(448)	-
Interest expenses	1,768	3,016	3,339	6,581
Interest income	(762)	(386)	(1,580)	(595)
(Gain)/loss on disposal of investments	(101)	6	(87)	66
Property, plant and equipment written off	-	12	-	12
Write back of other provision	-	-	(999)	-
Exchange difference	(509)	(1,749)	(484)	(926)
<b>Operating cash flows before changes in working capital</b>	<b>4,296</b>	<b>4,530</b>	<b>13,357</b>	<b>11,497</b>
<b>Changes in working capital</b>				
(Increase)/decrease in :				
Completed properties for sale	-	1,944	-	1,944
Development properties	(20,888)	(18,884)	(42,890)	(35,638)
Inventories	(6)	5	(18)	8
Trade and other receivables	(1,269)	(1,700)	848	(288)
Other assets	1,386	(130)	975	(123)
Prepaid operating expenses	61	104	48	331
Due from related company, trade	1	37	5	2
Due from related company, non-trade	-	8	-	6
Increase/(decrease) in :				
Trade and other payables	(2,783)	2,766	(4,212)	2,184
Other liabilities	1,889	3,156	(1,953)	49
Due to related company, trade	6	(63)	(10)	(228)
Due to related company, non-trade	-	(48)	-	(11)
	<b>(17,307)</b>	<b>(8,275)</b>	<b>(33,850)</b>	<b>(20,267)</b>
Income tax paid	(1,175)	(5,227)	(1,315)	(5,609)
<b>Net cash flows used in operating activities carried forward</b>	<b>(18,482)</b>	<b>(13,502)</b>	<b>(35,165)</b>	<b>(25,876)</b>

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-17 \$'000	30-Jun-16 \$'000	30-Jun-17 \$'000	30-Jun-16 \$'000
<b>Net cash flows used in operating activities brought forward</b>	<b>(18,482)</b>	<b>(13,502)</b>	<b>(35,165)</b>	<b>(25,876)</b>
<b>Cash flows from investing activities</b>				
Interest income received	790	286	1,591	634
Dividend income received and return of capital	1,520	514	3,335	852
Purchase of property, plant and equipment	(2,471)	(3,626)	(7,923)	(9,109)
Purchase of held-for-trading investments	(18,068)	(21,094)	(40,062)	(31,451)
Proceeds from disposal of held-for-trading investments	15,105	8,049	27,716	9,542
Proceeds from disposal of property, plant and equipment	79	6	197	138
Proceeds from disposal of investment property - held for sale	-	-	-	118,421
Net cash outflow on acquisition of subsidiary <sup>(1)</sup>	(45,612)	-	(45,612)	-
Changes in funds placed with fund managers	601	(1,073)	447	(787)
<b>Net cash flows (used in)/generated from investing activities</b>	<b>(48,056)</b>	<b>(16,938)</b>	<b>(60,311)</b>	<b>88,240</b>
<b>Cash flow from financing activities</b>				
Acquisition of non-controlling interests	-	-	-	(4)
Interest paid	(2,158)	(1,550)	(3,794)	(7,615)
Withdrawal of fixed deposit - pledged	-	10,000	-	10,000
Repayment of bank borrowings	(7,844)	(25,434)	(66,056)	(163,327)
Repayment of lease obligations	(35)	(7)	(61)	(22)
Proceeds from loans and borrowings	78,385	53,763	156,121	96,651
Dividend paid	(4,706)	(4,706)	(4,706)	(4,706)
<b>Net cash flows generated from/(used in) financing activities</b>	<b>63,642</b>	<b>32,066</b>	<b>81,504</b>	<b>(69,023)</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(2,896)</b>	<b>1,626</b>	<b>(13,972)</b>	<b>(6,659)</b>
Effect of exchange rate changes on cash and cash equivalents	(141)	(135)	125	(125)
<b>Cash and cash equivalents at beginning of period</b>	<b>16,780</b>	<b>18,646</b>	<b>27,590</b>	<b>26,921</b>
<b>Cash and cash equivalents at end of period</b>	<b>13,743</b>	<b>20,137</b>	<b>13,743</b>	<b>20,137</b>
<u>Cash and cash equivalents comprise of:</u>				
Cash and bank balances	8,719	9,098	8,719	9,098
Fixed deposits	5,927	12,550	5,927	12,550
	14,646	21,648	14,646	21,648
Cash held by fund managers	(903)	(1,511)	(903)	(1,511)
Fixed deposits (pledged)	-	-	-	-
<b>Cash and cash equivalents</b>	<b>13,743</b>	<b>20,137</b>	<b>13,743</b>	<b>20,137</b>

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:

<sup>(1)</sup> 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>\$'000</u>
Property, plant and equipment	45,664
Cash and cash equivalents	742
Trade and other receivables	679
Prepaid operating expenses	72
Inventories	10
<b>Total assets</b>	<b><u>47,167</u></b>
Trade and other payables	441
Other liabilities	372
Interest-bearing loans and borrowings	36,000
<b>Total liabilities</b>	<b><u>36,813</u></b>
<b>Net assets acquired</b>	<b>10,354</b>
Assumption of loans and borrowings	36,000
Purchase consideration	46,354
Cash and cash equivalents in subsidiary acquired	(742)
<b>Net cash outflow on acquisition of subsidiary</b>	<b><u><u>45,612</u></u></b>

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 2017 to 30 June 2017 and 1 April 2016 to 30 June 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
<b>The Group</b> (All figures in \$'000)											
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
Fair value loss on net investment hedge	-	-	-	-	-	-	-	-	-	-	-
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)
<b>Total comprehensive income/(loss) for the period</b>	-	-	1,441	-	(1,278)	-	-	163	163	7	170
<b>Contributions by and distributions to owners</b>											
Dividends on ordinary shares	-	-	(4,706)	-	-	-	-	(4,706)	(4,706)	-	(4,706)
Dividends payable to non-controlling interests	-	-	-	-	-	-	-	-	-	(32)	(32)
<b>Total contributions by and distributions to owners</b>	-	-	(4,706)	-	-	-	-	(4,706)	(4,706)	(32)	(4,738)
<b>At 30 June 2017</b>	<b>84,445</b>	<b>(1,101)</b>	<b>652,318</b>	<b>(7,672)</b>	<b>(6,926)</b>	<b>-</b>	<b>52</b>	<b>637,772</b>	<b>721,116</b>	<b>3,576</b>	<b>724,692</b>
At 1 April 2016	84,445	(1,101)	614,406	(7,672)	(9,684)	-	52	597,102	680,446	3,679	684,125
Loss for the period	-	-	(3,097)	-	-	-	-	(3,097)	(3,097)	(15)	(3,112)
Fair value loss on net investment hedge	-	-	-	-	-	-	-	-	-	-	-
Foreign currency translation	-	-	-	-	(4,486)	-	-	(4,486)	(4,486)	-	(4,486)
Other comprehensive loss net of tax of nil	-	-	-	-	(4,486)	-	-	(4,486)	(4,486)	-	(4,486)
<b>Total comprehensive loss for the period</b>	-	-	(3,097)	-	(4,486)	-	-	(7,583)	(7,583)	(15)	(7,598)
<b>Contributions by and distributions to owners</b>											
Dividends on ordinary shares	-	-	(4,706)	-	-	-	-	(4,706)	(4,706)	-	(4,706)
Dividends payable to non-controlling interests	-	-	-	-	-	-	-	-	-	(32)	(32)
<b>Total contributions by and distributions to owners</b>	-	-	(4,706)	-	-	-	-	(4,706)	(4,706)	(32)	(4,738)
<b>At 30 June 2016</b>	<b>84,445</b>	<b>(1,101)</b>	<b>606,603</b>	<b>(7,672)</b>	<b>(14,170)</b>	<b>-</b>	<b>52</b>	<b>584,813</b>	<b>668,157</b>	<b>3,632</b>	<b>671,789</b>



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 June 2017 and 1 January 2016 to 30 June 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
<b>The Group</b> (All figures in \$'000)											
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
Fair value loss on net investment hedge	-	-	-	-	-	-	-	-	-	-	-
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
<b>Total comprehensive income for the period</b>	-	-	8,523	-	2,069	-	-	10,592	10,592	24	10,616
<b>Contributions by and distributions to owners</b>											
Dividends on ordinary shares	-	-	(4,706)	-	-	-	-	(4,706)	(4,706)	-	(4,706)
Dividends payable to non-controlling interests	-	-	-	-	-	-	-	-	-	(32)	(32)
<b>Total contributions by and distributions to owners</b>	-	-	(4,706)	-	-	-	-	(4,706)	(4,706)	(32)	(4,738)
<b>At 30 June 2017</b>	<b>84,445</b>	<b>(1,101)</b>	<b>652,318</b>	<b>(7,672)</b>	<b>(6,926)</b>	<b>-</b>	<b>52</b>	<b>637,772</b>	<b>721,116</b>	<b>3,576</b>	<b>724,692</b>
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 for the period	-	-	3,536	-	-	-	-	3,536	3,536	3	3,539
Fair value loss on net investment hedge	-	-	-	-	-	(45)	-	(45)	(45)	-	(45)
Foreign currency translation	-	-	-	-	(3,695)	-	-	(3,695)	(3,695)	-	(3,695)
Other comprehensive loss net of tax of nil	-	-	-	-	(3,695)	(45)	-	(3,740)	(3,740)	-	(3,740)
<b>Total comprehensive income/(loss) for the period</b>	-	-	3,536	-	(3,695)	(45)	-	(204)	(204)	3	(201)
<b>Contributions by and distributions to owners</b>											
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	-	-	-	-	-	-	-	-	-	(4)	(4)
<b>Total contributions by and distributions to owners</b>	-	-	(4,706)	-	-	-	-	(4,706)	(4,706)	(36)	(4,742)
<b>At 30 June 2016</b>	<b>84,445</b>	<b>(1,101)</b>	<b>606,603</b>	<b>(7,672)</b>	<b>(14,170)</b>	<b>-</b>	<b>52</b>	<b>584,813</b>	<b>668,157</b>	<b>3,632</b>	<b>671,789</b>

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 2017 to 30 June 2017 and 1 April 2016 to 30 June 2016**

<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 2017	84,445	(1,101)	390,001	52	390,053	473,397
Profit for the period	-	-	1,388	-	1,388	1,388
<b>Total comprehensive income for the period</b>	-	-	1,388	-	1,388	1,388
<u>Contributions by and distributions to owners</u>						
Dividends on ordinary shares	-	-	(4,706)	-	(4,706)	(4,706)
<b>Total contributions by and distribution to owners</b>	-	-	(4,706)	-	(4,706)	(4,706)
<b>At 30 June 2017</b>	<b>84,445</b>	<b>(1,101)</b>	<b>386,683</b>	<b>52</b>	<b>386,735</b>	<b>470,079</b>
At 1 April 2016	84,445	(1,101)	297,559	52	297,611	380,955
Loss for the period	-	-	(132)	-	(132)	(132)
<b>Total comprehensive loss for the period</b>	-	-	(132)	-	(132)	(132)
<u>Contributions by and distributions to owners</u>						
Dividends on ordinary shares	-	-	(4,706)	-	(4,706)	(4,706)
<b>Total contributions by and distribution to owners</b>	-	-	(4,706)	-	(4,706)	(4,706)
<b>At 30 June 2016</b>	<b>84,445</b>	<b>(1,101)</b>	<b>292,721</b>	<b>52</b>	<b>292,773</b>	<b>376,117</b>

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 June 2017 and 1 January 2016 to 30 June 2016**

<b>The Company</b> (All figures in \$'000)	<b>Share capital</b>	<b>Treasury shares</b>	<b>Accumulated profits</b>	<b>Gain on reissuance of treasury shares</b>	<b>Total reserves</b>	<b>Total equity</b>
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
<b>Total comprehensive income for the period</b>	-	-	2,700	-	2,700	2,700
<u>Contributions by and distributions to owners</u>						
Dividends on ordinary shares	-	-	(4,706)	-	(4,706)	(4,706)
<b>Total contributions by and distribution to owners</b>	-	-	(4,706)	-	(4,706)	(4,706)
<b>At 30 June 2017</b>	<b>84,445</b>	<b>(1,101)</b>	<b>386,683</b>	<b>52</b>	<b>386,735</b>	<b>470,079</b>
At 1 January 2016	84,445	(1,101)	297,194	52	297,246	380,590
Profit for the period	-	-	233	-	233	233
<b>Total comprehensive income for the period</b>	-	-	233	-	233	233
<u>Contributions by and distributions to owners</u>						
Dividends on ordinary shares	-	-	(4,706)	-	(4,706)	(4,706)
<b>Total contributions by and distribution to owners</b>	-	-	(4,706)	-	(4,706)	(4,706)
<b>At 30 June 2016</b>	<b>84,445</b>	<b>(1,101)</b>	<b>292,721</b>	<b>52</b>	<b>292,773</b>	<b>376,117</b>

- 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-17	30-Jun-16
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-17	30-Jun-16
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 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 June 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		6 months ended	
	30-Jun-17	30-Jun-16	30-Jun-17	30-Jun-16
Earning per share (cents)				
Basic	0.31	(0.66)	1.81	0.75
Diluted	0.31	(0.66)	1.81	0.75
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/(loss) 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-17	31-Dec-16	30-Jun-17	31-Dec-16
Net assets value per share (cents)	153.25	152.00	99.90	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 – second quarter ended 30 June 2017 (“2Q2017”) performance**

**Revenue**

	3 months ended 30-Jun-17		3 months ended 30-Jun-16		
	\$'000	%	\$'000	%	
Development properties	1,315	5.7	4,005	16.7	(67.2)
Rental	6,876	29.6	7,262	30.3	(5.3)
Hotel operations	13,251	57.1	10,853	45.3	22.1
Leisure business	1,772	7.6	1,837	7.7	(3.5)
	<u>23,214</u>	100	<u>23,957</u>	100	(3.1)

The Group recorded revenue of \$23.2 million in the 3 months ended 30 June 2017 (“2Q2017”), a decrease of \$0.8 million from \$24.0 million recorded in the previous corresponding period ended 30 June 2016 (“2Q2016”).

Revenue from development properties of \$1.3 million in 2Q2017 related to the sale of 2 units Marina Tower, Melbourne while in 2Q2016 the revenue from development properties of \$4.0 million related to the sale of 1 unit Waterscape At Cavenagh.

Rental revenue decreased by \$0.4 million from \$7.3 million in 2Q2016 to \$6.9 million in 2Q2017 mainly due to the absence of rental revenue resulting from the sale of our Australia properties.

Revenue from hotel operations increased by \$2.4 million from \$10.9 million in 2Q2016 to \$13.3 million in 2Q2017. This increase was mainly attributed to the hotel operations at the Four Points by Sheraton, Melbourne which opened on 28 March 2017. Also included in 2Q2017 is the hotel revenue from 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.

**Profit before tax**

The Group registered a profit before tax of \$2.0 million in 2Q2017 as compared to a loss before tax of \$1.5 million in 2Q2016.

Finance income increased by \$0.4 million in 2Q2017 as compared to 2Q2016 due to higher interest income from commercial papers.

Changes in development properties in 2Q2017 related to the sale of 2 units Marina Tower, Melbourne while in 2Q2016 it related to the sale of 1 unit Waterscape At Cavenagh.

Employee benefits expense increased by \$1.9 million from \$6.2 million in 2Q2016 to \$8.1 million in 2Q2017 mainly due to the new hotel operations in Melbourne.

Depreciation expense increased by \$0.5 million in 2Q2017 as compared to 2Q2016 due to additional depreciation expense from the new hotels in the Group.

Other expenses decreased by \$0.4 million from \$9.0 million in 2Q2016 to \$8.6 million in 2Q2017. Included in 2Q2016 expenses was an impairment of trade receivables of \$0.5 million which related to the outstanding service charges for tenancies in Australia.

The Group recorded lower finance cost by \$1.2 million in 2Q2017 as compared to 2Q2016 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 \$0.5 million in 2Q2017 as compared to a higher tax expense of \$1.6 million in 2Q2016. Tax expense included in 2Q2016 was mainly due to the gains on disposal of our Australia properties.

### **Net Profit**

The Group registered a net profit after tax of \$1.4 million in 2Q2017 as compared to a net loss after tax of \$3.1 million in 2Q2016.

### **Consolidated Income Statement – first half ended 30 June 2017 (“1H2017”) performance**

#### **Revenue**

	6 months ended 30-Jun-17		6 months ended 30-Jun-16		
	\$'000	%	\$'000	%	
Development properties	8,011	16.5	4,005	9.2	100
Rental	13,484	27.8	14,864	34.0	(9.3)
Hotel operations	23,662	48.8	21,247	48.6	11.4
Leisure business	3,375	6.9	3,581	8.2	(5.8)
	<u>48,532</u>	<u>100</u>	<u>43,697</u>	<u>100</u>	<u>11.1</u>

The Group recorded revenue of \$48.5 million for the first half year ended 30 June 2017 (“1H2017”), an increase of \$4.8 million from \$43.7 million recorded in the previous corresponding period ended 30 June 2016 (“1H2016”).

Revenue from development properties of \$8.0 million in 1H2017 related to the sale completion of 16 units Marina Tower, Melbourne while in 1H2016 the revenue from development properties of \$4.0 million related to the sale of 1 unit Waterscape At Cavenagh.

Rental revenue decreased by \$1.4 million from \$14.9 million in 1H2016 to \$13.5 million in 1H2017 mainly due to the absence of rental revenue resulting from the sale of our Australia properties.

Revenue from hotel operations increased by \$2.5 million from \$21.2 million in 1H2016 to \$23.7 million in 1H2017. This increase was mainly attributed to the new hotel operations at Melbourne and Manchester.

#### **Profit before tax**

The Group registered a profit before tax of \$10.5 million and \$9.1 million in 1H2017 and 1H2016 respectively.

Finance income increased by \$1.0 million in 1H2017 as compared to 1H2016 due to higher interest income from commercial papers.

Other income in 1H2017 includes the write back of \$1.0 million provision for tenancy and contract matters relating to the disposal of our Australia properties in 2016. Other income in 1H2016 includes a \$13.2 million gain on the disposal of 206 Bourke Street, Melbourne.

Changes in development properties in 1H2017 related to the sale of 16 units Marina Tower, Melbourne while in 1H2016 it related to the sale of 1 unit Waterscape At Cavenagh.

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)**

Employee benefits expense increased by \$2.7 million from \$12.1 million in 1H2016 to \$14.8 million in 1H2017 mainly due to the new hotel operations in Melbourne.

Other expenses decreased by \$0.8 million from \$17.3 million in 1H2016 to \$16.5 million in 1H2017 generally due to the absence of property taxes resulting from the disposal of Australia properties. Included in 1H2016 is an impairment of trade receivables of \$0.5 million which related to the outstanding service charges for tenancies at Australia.

The Group recorded lower finance cost by \$3.2 million in 1H2017 as compared to 1H2016 due to lower interest rates.

### **Tax Expense**

The Group recorded a lower tax expense of \$1.9 million in 1H2017 as compared to a higher tax expense of \$5.5 million in 1H2016. Tax expense included in 1H2016 was mainly due to the gains on disposal of our Australia properties.

### **Net Profit**

The Group registered a net profit after tax of \$8.5 million and \$3.5 million in 1H2017 and 1H2016 respectively.

## **Consolidation Statement of Financial Position as at 30 June 2017**

### Non-current assets

Non-current assets increased by \$49.8 million as compared to 31 December 2016 mainly due to the increase in development cost for the hotel under the Four Points by Sheraton in Melbourne. Also included in this period is the hotel cost for 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. 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 \$378.8 million as at 30 June 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 \$171.8 million from \$374.7 million as at 31 December 2016 to \$546.5 million as at 30 June 2017 was mainly due to maturity of the long-term borrowings within the next 12 months. Included as at 30 June 2017 is the deposits received from purchasers of Marina Tower and which was reclassified from non-current liabilities.

### Non-current liabilities

The decreases in non-current liabilities of \$84.6 million from \$172.2 million as at 31 December 2016 to \$87.6 million as at 30 June 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 June 2017**

The Group recorded net cash used in operating activities of \$18.5 million and \$35.2 million for 2Q2017 and 1H2017 respectively, mainly due to cash outflow for the development properties at Marina Tower in Melbourne.

Net cash used in investing activities amounted to \$48.1 million and \$60.3 million in 2Q2017 and 1H2017 respectively, mainly due to the acquisition of subsidiary. In 1H2016 the net cash generated included \$118.4 million from the disposal of 206 Bourke Street, Melbourne.

Net cash generated in 1H2017 from financing activities amounted to \$81.5 million mainly due to increase in bank borrowings. In 1H2016, the Group recorded net cash used of \$69.0 million mainly due to repayment of 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 will evaluate property development and investment opportunities locally and overseas.

The Group expects the hotel sector to remain competitive with increased supply of hotel rooms in Singapore as well as overseas. Nevertheless, the Group remains optimistic that the hotel in Manchester will benefit from the increase in travellers due to the weak pound effect.

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?**

Yes

The Directors are pleased to announce an interim dividend for the financial period ended 30 June 2017 as follows:

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

**11. Dividend (Cont'd)**

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

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

None

**(c) Date payable**

15 September 2017.

**(d) Book 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 2017**, 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 2017.

Duly completed registrable transfers in respect of shares in the Company received by the close of business at 5 p.m. on 31 August 2017 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 5.00 p.m. on 31 August 2017 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 2017	6 months ended 30 June 2017	3 months ended 30 June 2017	6 months ended 30 June 2017
Nil	Nil	Nil	Nil	Nil

**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 August 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 second quarter and first half year ended 30 June 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