



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

## NEWS RELEASE

### HIAP HOE REGISTERS NET PROFIT OF S\$0.6 MILLION FOR 3Q2014

- *Revenue down 28.5% to S\$58 million mainly due to lower revenue recognitions from the Group's development properties in Singapore which was partially mitigated by rental income from the Group's investment properties in Australia, and hotel and leisure operations in Singapore*
- *Sold approximately 80% of residential units at Marina Tower Melbourne to-date, with a cumulative value of S\$222 million*
- *Continues to focus on growing the Group's regional real estate portfolio and expanding recurring income streams*

**SINGAPORE, November 6, 2014** – Singapore Mainboard-listed Hiap Hoe Limited (“Hiap Hoe” or the “Group”), a regional premier real estate group with a diversified portfolio of hospitality, retail, commercial and residential assets, reported a net profit of S\$0.6 million for the three months ended September 30, 2014 (“3Q2014”), compared to S\$32.9 million a year ago. Besides lower revenue, the Group's bottomline performance was impacted by higher administrative costs and other expenses relating to negative fair valuation of its quoted investments.

Group revenue decreased 28.5% to S\$58.0 million for 3Q2014, from S\$81.1 million in the previous corresponding quarter (“3Q2013”). The lower revenue was due mainly to the absence of contributions from two real estate projects in Singapore – *Signature at Lewis* and *Skyline 360°* - and lower contribution from *Waterscape at Cavenagh*. This decrease was partially offset by higher rental income from the Group's investment properties in Australia, as well as contributions from its hospitality and leisure businesses in Singapore.

Commenting on the Group's performance, Mr Teo Ho Beng, Hiap Hoe's Executive Chairman and Chief Executive Officer, said: "While the Singapore property market remains lacklustre resulting in the Group's lower development properties sales, we are deeply heartened that our property investments and consolidation growth strategies are contributing to our performance. The Group continues to see progressive returns from our investment properties in Australia; the hospitality-cum-commercial Zhongshan Park Integrated Development in Singapore; and from SuperBowl's rental and leisure operations."

## **PERFORMANCE REVIEW**

On a segmental basis, the development properties segment remains the largest revenue contributor, accounting for 59.4% of total revenue. Sales income from this segment decreased 57.5% to S\$34.5 million for 3Q2014, compared to S\$81.1 million for 3Q2013, due mainly to the absence of contributions from *Signature at Lewis* and *Skyline 360°*, and lower contribution from *Waterscape at Cavenagh*.

Rental revenue was S\$9.9 million in 3Q2014, accounting for 17.1% of total revenue. This included rental contributions of S\$5.7 million from the Group's investment properties in the Australian cities of Melbourne and Perth, which were acquired in the fourth quarter of 2013 and second quarter of 2014, as well as S\$4.2 million from properties owned by SuperBowl. The Group's hotel operations generated S\$11.4 million, or 19.6% of total revenue, while the leisure business contributed S\$2.3 million, accounting for the remaining 3.9% of total revenue.

Due to lower revenue and an increase in expenses, the Group reported a net profit before tax of S\$4.6m as compared to S\$38.7m for 3Q2013.

Administrative expenses rose to S\$22.9 million in the review quarter, from S\$2.1 million in 3Q2013. This was due mainly to higher administrative expenses of approximately S\$12.5 million arising from the acquisition of SuperBowl, S\$0.8 million mainly for the depreciation of investment properties in Australia, as well as provision for stamp duties of approximately S\$7.5 million in relation to the sale of five units at *Skyline 360°* and two units at *Signature at Lewis* to a wholly-owned subsidiary of the Group for leasing purposes.

The Group's other expenses jumped from S\$0.2 million in 3Q2013 to nearly S\$5.0 million, due to negative fair valuation of the Group's investment in Ley Choon Group Holdings.

The Group's balance sheet remained healthy with shareholders' equity of S\$720.9 million and cash and short-term deposits amounting to S\$76.9 million as at September 30, 2014.

For the nine-months ended September 30, 2014 ("9M2014"), the Group recorded a 386.6% jump in net profit to S\$349.1 million against revenues of S\$117.0 million. The higher net profit was backed by a negative goodwill of S\$147.5 million and S\$200.4 million gain on re-measurement of investment in a joint-venture company to fair value in association with the Group's acquisition of SuperBowl in February 2014.

## **OUTLOOK**

The Group expects the outlook for the overall Singapore property market to remain relatively soft amidst weak consumer demand and pricing. Prices for private residential properties in Singapore fell 0.7% in 3Q2014. This was the fourth straight quarter of price decline. Selling prices for industrial properties also dropped by 0.9% in 3Q2014 compared to the previous quarter.

To address the weakening property market, the Group had entered into an arm's length transaction to sell the unsold residential units at *Skyline 360°* and *Signature at Lewis* developments to its wholly-owned subsidiary, HH Residences ("HHR") at market valuation for leasing purposes. This will generate an additional recurring income stream for the Group. HHR has since successfully leased out three of the five vacant units at *Skyline 360°*.

Ms Tracy Wun, Executive Director of Hiap Hoe, commented, "As an integrated property group, Hiap Hoe is committed to achieving sustainable long-term growth, and we have aligned our growth strategies as such. One such key thrust is the geographical expansion of our property business, which is yielding favourable results. The residential towers of our first residential-cum-hospitality project in Melbourne's Docklands – Marina Tower Melbourne at 6-22 Pearl River Road – are already 80% sold to a balanced mix of Australian and offshore buyers with a good mix of owner occupiers and investors. This is a clear reflection of the market's confidence in Hiap Hoe's high quality and strategically located flagship mixed-development. Marina Tower Melbourne also encompasses a hospitality component, a 7-storey hotel to be operated by Starwood Hotel Group under the "Four Points® by Sheraton" brand, which is expected to bring about recurring revenue post-completion in 2017."

"Notwithstanding the prevailing property market weakness in Singapore, we expect our regional expansion and growing suite of income-generating investments to continue to enhance value for our shareholders in the medium and long-term," Mr. Teo concluded.

## **ABOUT HIAP HOE LIMITED**

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

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

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

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

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

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