



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

**Half Year Financial Statement for the Period Ended 30 June 2010**

**1(a) Income Statement, together with Statement of Comprehensive Income for the Group for the Second Quarter and Half Year Ended 30 June 2010**

Unaudited results for the second quarter and half year ended 30 June 2010

(All figures in \$'000)

	The Group			The Group		
	3 months ended		%	6 months ended		%
	30-Jun-10	30-Jun-09		30-Jun-10	30-Jun-09	
<b>Revenue</b>	22,536	31,907	(29.4)	48,490	47,295	2.5
Cost of sales	(13,648)	(19,350)	(29.5)	(27,107)	(25,996)	4.3
<b>Gross profit</b>	<u>8,888</u>	<u>12,557</u>	(29.2)	<u>21,383</u>	<u>21,299</u>	0.4
<b>Other items of income</b>						
Other income	112	247	(54.7)	273	355	(23.1)
Financial income	89	224	(60.3)	225	451	(50.1)
<b>Other items of expenses</b>						
Distribution and selling expenses	(1,920)	(189)	915.9	(8,483)	(210)	3,939.5
Administrative expenses	(554)	(576)	(3.8)	(1,330)	(1,211)	9.8
Other expenses	(23)	(1)	2,200.0	(25)	(1)	2,400.0
Financial expenses	(1)	(169)	(99.4)	(189)	(327)	(42.2)
<b>Profit before taxation</b>	<u>6,591</u>	<u>12,093</u>	(45.5)	<u>11,854</u>	<u>20,356</u>	(41.8)
Tax expenses	(340)	(2,178)	(84.4)	(1,732)	(3,556)	(51.3)
<b>Net profit for the period</b>	<u><u>6,251</u></u>	<u><u>9,915</u></u>	(37.0)	<u><u>10,122</u></u>	<u><u>16,800</u></u>	(39.8)
<b>Attributable to :</b>						
Equity holders of the parent	6,288	9,924	(36.6)	10,184	16,819	(39.4)
Minority interests	(37)	(9)	311.1	(62)	(19)	226.3
<b>Total</b>	<u><u>6,251</u></u>	<u><u>9,915</u></u>		<u><u>10,122</u></u>	<u><u>16,800</u></u>	

Consolidated Statement of Comprehensive Income for the Second Quarter and Half Year ended 30 June 2010

(All figures in \$'000)

	The Group		The Group	
	3 months ended		6 months ended	
	30-Jun-10	30-Jun-09	30-Jun-10	30-Jun-09
<b>Profit net of tax</b>	6,251	9,915	10,122	16,800
Other comprehensive income for the period, net of tax	-	-	-	-
<b>Total comprehensive income for the period</b>	<b>6,251</b>	<b>9,915</b>	<b>10,122</b>	<b>16,800</b>
<b>Total comprehensive income attributable to :</b>				
Equity holders of the parent	6,288	9,924	10,184	16,819
Minority interests	(37)	(9)	(62)	(19)

Additional Information

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

(All figures in S\$'000)

	The Group			The Group		
	3 months ended		%	6 months ended		%
	30-Jun-10	30-Jun-09		30-Jun-10	30-Jun-09	
Depreciation of property, plant and equipment	46	38	21.1	93	78	19.2
Loss on disposal of property, plant and equipment	-	1	(100.0)	-	1	(100.0)
Dividend income, gross	(7)	(4)	75.0	(7)	(4)	75.0
Write back of allowance for doubtful receivables (non-trade)	-	-	-	-	(2)	(100.0)
Fair value loss / (gain) on financial instruments - quoted investments held for trading	23	(101)	(122.8)	25	(97)	(125.8)

## 1(b)(i) Balance Sheet as at 30 June 2010

### The Group

(All figures in \$'000)

#### Non-Current Assets

	30-Jun-10	31-Dec-09	%
Property, plant and equipment	6,203	6,277	-1.2%
Investment properties	5,410	5,410	0.0%
Trade and other receivables	28	30	-6.7%
Deferred tax assets	1,008	-	NM
	<b>12,649</b>	<b>11,717</b>	<b>8.0%</b>

#### Current Assets

Cash, bank balances and fixed deposits	55,028	3,521	1462.9%
Other investments <sup>1</sup>	6,225	234	2560.3%
Trade and other receivables	5,473	855	540.1%
Deposits	81	66	22.7%
Prepaid operating expenses	34	142	-76.1%
Due from ultimate holding company (non-trade)	2	2	0.0%
Due from an associate (non-trade)	2	2	0.0%
Due from related companies (trade)	9	8	12.5%
Due from related companies (non-trade)	24	24	0.0%
Due from joint venture (trade)	19	37	-48.6%
Due from joint ventures (non-trade)	50,933	48,707	4.6%
Development properties	376,052	536,600	-29.9%
Tax recoverable	9	9	0.0%
	<b>493,891</b>	<b>590,207</b>	<b>-16.3%</b>

#### Current Liabilities

Trade and other payables	6,393	3,367	89.9%
Other liabilities	12,867	12,173	5.7%
Derivatives	58	348	-83.3%
Due to related companies (trade)	638	510	25.1%
Due to a related company (non-trade)	15,264	13,664	11.7%
Interest-bearing loans and borrowings <sup>2</sup>	185	58,759	-99.7%
Tax payable	13,201	776	1601.2%
	<b>48,606</b>	<b>89,597</b>	<b>-45.8%</b>

#### Net Current Assets

**445,285**      **500,610**      -11.1%

#### Non-Current Liabilities

Trade and other payables	399	201	98.5%
Other liabilities	62	25	148.0%
Interest-bearing loans and borrowings	272,805	326,512	-16.4%
Deferred taxation	744	10,605	-93.0%

#### Net Assets

**183,924**      **174,984**      5.1%

#### EQUITY

Share capital	84,446	84,446	0.0%
Treasury shares	(159)	(159)	0.0%
Reserves	99,482	90,479	10.0%
	<b>183,769</b>	<b>174,766</b>	<b>5.2%</b>
Minority Interests	155	218	-28.9%
<b>Total Equity</b>	<b>183,924</b>	<b>174,984</b>	<b>5.1%</b>

## The Company

(All figures in \$'000)

### **Non-Current Assets**

Investments in subsidiary companies  
Trade and other receivables

### **Current Assets**

Cash, bank balances and fixed deposits  
Other investments <sup>1</sup>  
Trade and other receivables  
Prepaid operating expenses  
Due from subsidiary companies (non-trade)  
Due from subsidiary companies (trade)  
Due from joint ventures (non-trade)  
Due from joint venture (trade)  
Due from a related company (non-trade)  
Due from an associate (non-trade)

### **Current Liabilities**

Trade and other payables  
Other liabilities  
Derivatives  
Due to subsidiary companies (non-trade)  
Interest-bearing loans and borrowings  
Tax payable

### **Net Current Assets**

### **Non-Current Liability**

Interest-bearing loans and borrowings

### **Net Assets**

### **EQUITY**

Share capital  
Treasury shares  
Reserves  
**Total Equity**

	30-Jun-10	31-Dec-09	%
	48,683	48,683	0.0%
	25	30	-16.7%
	<b>48,708</b>	<b>48,713</b>	<b>0.0%</b>
	28,918	63	45801.6%
	6,015	-	NM
	35	11	218.2%
	5	11	-54.5%
	71,361	75,562	-5.6%
	1,526	1,369	11.5%
	45,288	43,136	5.0%
	16	32	-50.0%
	24	24	0.0%
	2	2	0.0%
	<b>153,190</b>	<b>120,210</b>	<b>27.4%</b>
	11	221	-95.0%
	175	261	-33.0%
	59	295	-80.0%
	101,739	67,051	51.7%
	10	10	0.0%
	45	42	7.1%
	<b>102,039</b>	<b>67,880</b>	<b>50.3%</b>
	<b>51,151</b>	<b>52,330</b>	<b>-2.3%</b>
	4	9	-55.6%
	<b>99,855</b>	<b>101,034</b>	<b>-1.2%</b>
	84,446	84,446	0.0%
	(159)	(159)	0.0%
	15,568	16,747	-7.0%
	<b>99,855</b>	<b>101,034</b>	<b>-1.2%</b>

### Note :

- 1) This included commercial paper which matures in more than 3 months' time.
- 2) This included bank overdraft of approximately \$nil (31 December 2009:\$202,000).

**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 10		As at 31 Dec 09	
Secured	Unsecured	Secured	Unsecured
185	-	58,759	-

**Amount repayable after one year**

(\$'000)

As at 30 Jun 10		As at 31 Dec 09	
Secured	Unsecured	Secured	Unsecured
272,805	-	326,512	-

**Details of any collateral**

The above borrowings are from financial institutions and are secured by the following :

- 1) legal mortgages on the Group's investment properties and freehold properties;
- 2) first legal mortgage over development properties;
- 3) first legal assignment of all rights and benefits under the sales and purchase agreements and / or tenancy agreements;
- 4) assignment of proceeds of the Project Account and the rental account maintained with the bank;
- 5) the building contracts of the certain development properties;
- 6) assignment of all insurance policies for certain development properties;
- 7) deed of subordination to subordinate all loans and advances from the Company to the facilities; and
- 8) corporate guarantees given by the Company and the joint venturers.

### **1(c) Consolidated Cash Flow Statement**

(All figures in \$'000)

	3 months ended		6 months ended	
	30-Jun-10	30-Jun-09	30-Jun-10	30-Jun-09
<b>Cash flows from operating activities :</b>				
Profit before taxation	6,591	12,093	11,854	20,356
Adjustments :				
Depreciation of property, plant and equipment	46	38	93	78
Interest expenses	1	169	189	327
Interest income	(89)	(224)	(225)	(451)
Dividend income	-	(4)	(7)	(4)
Loss on disposal of property, plant and equipment	-	1	-	1
Write back of allowance for doubtful receivables				
- non-trade	-	-	-	(2)
Fair value loss / (gain) on financial instruments - quoted investments held for trading	23	(101)	25	(97)
<b>Operating cash flows before working capital changes</b>	<b>6,572</b>	<b>11,972</b>	<b>11,929</b>	<b>20,208</b>
<b>Changes in working capital</b>				
(Increase)/decrease in :				
Development properties	18,884	(17,516)	164,005	(29,155)
Trade and other receivables	28,777	(558)	(4,616)	(1,010)
Other assets	(34)	(67)	(6)	(58)
Prepaid operating expenses	138	(120)	107	(121)
Due from related companies, trade	(7)	-	(1)	-
Due from a joint venture, trade	25	(32)	18	(64)
Due from joint ventures, non-trade	(73)	-	(66)	(24)
(Decrease) / increase in :				
Trade and other payables	3,329	(212)	3,223	(265)
Other liabilities	(4,583)	2,678	730	2,562
Derivatives	(149)	254	(289)	(29)
Due to related companies, trade	(230)	(103)	128	(45)
Due to related companies, non-trade	-	(43)	-	(13)
<b>Cash flows generated from / (used in) operations</b>	<b>52,649</b>	<b>(3,747)</b>	<b>175,162</b>	<b>(8,014)</b>
Income tax paid	(154)	(364)	(185)	(433)
<b>Net cash generated from / (used in) operating activities</b>	<b>52,495</b>	<b>(4,111)</b>	<b>174,977</b>	<b>(8,447)</b>
<b>Cash flows from investing activities :</b>				
Dividend income	-	4	7	4
Interest income	66	1	62	5
Purchase of property, plant and equipment	(25)	(4)	(32)	(5)
Purchase of unquoted investments (Note 1)	(6,015)	-	(6,015)	-
Purchase of quoted investment	(1)	(1)	(1)	(1)
<b>Net cash generated from investing activities</b>	<b>(5,975)</b>	<b>-</b>	<b>(5,979)</b>	<b>3</b>

**1(c) Consolidated Cash Flow Statement (cont'd)**

(All figures in \$'000)

	3 months ended		6 months ended	
	30-Jun-10	30-Jun-09	30-Jun-10	30-Jun-09
<b>Cash flow from financing activities :</b>				
Dividend paid on ordinary shares by the Company	(1,182)	(945)	(1,182)	(944)
Repayment of bank term loans	(42,342)	(600)	(115,830)	(3,600)
Proceeds from loans and borrowings	-	4,154	4,490	6,400
Repayment of hire purchase	(2)	(2)	(5)	(5)
Interest paid	(977)	(2,927)	(4,345)	(4,339)
Loan to joint ventures	(1,105)	1,788	(1,996)	895
Loan from related companies	672	453	1,579	793
<b>Net cash (used in) / generated from financing activities</b>	<b>(44,936)</b>	<b>1,921</b>	<b>(117,289)</b>	<b>(800)</b>
<b>Net increase / (decrease) in cash and cash equivalents</b>	<b>1,584</b>	<b>(2,190)</b>	<b>51,709</b>	<b>(9,244)</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>53,444</b>	<b>2,813</b>	<b>3,319</b>	<b>9,867</b>
<b>Cash and cash equivalents at end of period (Note 2)</b>	<b>55,028</b>	<b>623</b>	<b>55,028</b>	<b>623</b>

Note 1: This included commercial paper which matures in more than 3 months' time.

Note 2:

Cash and bank balances	20,523	1,761	20,523	1,761
Fixed deposits	34,505	-	34,505	-
Less : Bank overdraft	-	(1,138)	-	(1,138)
	<b>55,028</b>	<b>623</b>	<b>55,028</b>	<b>623</b>

### 1(d)(i) Statements of Changes in Equity

(All figures in \$'000)

	The Group		The Company	
	2Q2010	2Q2009	2Q2010	2Q2009
<b>Share capital</b>				
Balance at beginning / end of period	84,446	84,446	84,446	84,446
<b>Treasury shares</b>				
Balance at beginning / end of period	(159)	(159)	(159)	(159)
<b>Capital reserve</b>				
Balance at beginning / end of period	(7,671)	(7,671)	-	-
<b>Dividend reserve</b>				
Balance at beginning of period	1,182	945	1,182	945
Dividend on ordinary shares	(1,182)	(945)	(1,182)	(945)
Balance at end of period	-	-	-	-
<b>Accumulated profits</b>				
Balance at beginning of period	100,865	70,695	15,452	17,062
Total comprehensive income for the period	6,288	9,924	116	(61)
Balance at end of period	107,153	80,619	15,568	17,001
<b>Minority interest</b>				
Balance at beginning of period	192	248	-	-
Total comprehensive income for the period	(37)	(9)	-	-
Balance at end of period	155	239	-	-
<b>Equity at end of period</b>	<b>183,924</b>	<b>157,474</b>	<b>99,855</b>	<b>101,288</b>

1(d)(ii) Details of 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)

	Number of Ordinary Shares	
	3 months ended	
	30-Jun-10	30-Jun-09
Balance at 1 April	472,741,141	378,193,363
Balance at 30 June	472,741,141	378,193,363



## Treasury Shares

	Number of Treasury Shares	
	3 months ended	
	30-Jun-10	30-Jun-09
Balance at 1 April	1,816,250	1,453,000
Balance at 30 June	1,816,250	1,453,000

During the second quarter ended 30 June 2010, there was no change in 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 2010 is 472,741,141 (31 December 2009 : 378,193,363).

**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.

**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 paragraph 5 below, 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 2009.

**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.**

The Group and the Company have adopted the new/revised FRSs and interpretation of FRS ("INT FRS") that are effective for annual periods beginning on or after 1 January 2010.

The following are the new or amended FRS which are relevant to the Group and the Company:

- Amendments to FRS 27 Consolidated and Separate Financial Statements
- Revision to FRS 103 Business Combinations
- 2009 Improvements to FRSs

The adoption of the above FRS did not result in any substantial change to the Group's and the Company's accounting policies or any significant impact on the financial performance or position of the Group and the Company.

**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 30-Jun-10	3 months ended 30-Jun-09	6 months ended 30-Jun-10	6 months ended 30-Jun-09
Earning per share (cents)				
Basic and diluted	1.33	2.10	2.15	3.56
Weighted average number of shares				
Basic and diluted	472,741,141	472,741,141	472,741,141	472,741,141

Earning per share is calculated based on the net profit attributable to ordinary shareholders divided by the weighted average number of shares.

The Company had a bonus issue of 94,911,028 (including 363,250 treasury shares) new ordinary shares in the capital of the Company to be allotted and issued on the basis of one Bonus Share for every four existing ordinary shares in the capital of the Company held by shareholders of the Company ("Bonus Issue"). These shares were listed and quoted on the Singapore Exchange Securities Trading Limited on 24 March 2010. In accordance to FRS 33, the comparative figures for the period ended 30 June 2009 were adjusted to take into account of the Bonus Issue. The number of ordinary shares outstanding before the Bonus Issue is adjusted for the proportionate change in the number of ordinary shares outstanding as if the Bonus Issue had occurred at the beginning of the earliest period presented.

**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 financial period reported on; and
- (b) immediately preceding financial year

	30-Jun-10	30-Jun-09
Net assets value per share (cents)		
The Group	38.87	41.58
The Company	21.12	26.78
Based on number of shares		
The Group	472,741,141	378,193,363
The Company	472,741,141	378,193,363

Net assets value per share is calculated based on the equity attributable to the equity holders of the parent excluding the minority interest divided by the number of shares excluding treasury shares.

- 8. Review of the performance of the Group, to the extent necessary for a reasonable understanding of the Group's business. It must include a discussion of the following :-**
- (a) 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; and**
  - (b) any material factors that affected the cash flow, working capital, assets or liabilities of the Group during the current financial period reported on.**

### **Revenue**

Group revenue decreased 29.4% to \$22.5m for the second quarter ended 30 June 2010 ("2Q2010"), compared to \$31.9m achieved for the previous corresponding period ("2Q2009"). The decrease was mainly due to slower year-on-year progressive revenue recognition of the Group's residential development projects.

Group revenue for the six months ended 30 June 2010 ("1H2010") increased marginally by 2.5% to \$48.5m, compared to \$47.3m in the first half 2009 (1H2009) as more revenue was recognized in the first quarter 2010. To date, revenue for both Cuscaden Royale and Oxford Suites have been fully recognized. As for Signature at Lewis, Skyline 360° and Waterscape at Cavenagh, 32.4%, 18.8% and 2% of revenue were recognized respectively.

### **Profit**

In line with the decline in revenue for 2Q2010, gross profit decreased 29.2% from \$12.6m in 2Q2009 to \$8.9m in 2Q2010 while gross profit for 1H2010 remained almost the same as the corresponding period. For the same reason, cost of sales also decreased from \$19.4m in 2Q2009 to \$13.6m in 2Q2010, while for the half year, cost of sales rose from \$26.0m in 1H2009 to \$27.1m.

The decrease in other income for 2Q2010 and 1H2010 was mainly due to a write-back of fair value loss on investment in 1H2009 but none in 1H2010.

Following an intensive marketing and advertising campaign, the Group launched Waterscape at Cavenagh to much success in the first quarter of 2010. Against this backdrop, the Group's selling and distribution expenses increased significantly from \$189,000 in 2Q2009 to \$1.9m in 2Q2010 and from \$210,000 in 1H2009 to \$8.5m in 1H2010. However, only 2% of revenue for this project has been recognized, as construction of the development only commenced in 2Q2010.

The mismatch in the timing of cost incurred versus revenue recognition was the key reason for the 41.8% decline in profit before tax to \$11.9m in 1H2010, from \$20.3m in 1H2009.

The Group's tax decreased from \$2.2m in 2Q2009 to \$0.3m in 2Q2010, and from \$3.6m in 1H2009 to \$1.7m in 1H2010, mainly due to deferred tax asset of \$1.0m, which was recognized for development cost incurred for development projects sold but yet to incur tax liabilities.

## **Balance Sheet**

Development properties decreased from \$536.6m as at 31 December 2009 to \$376.1m as at 30 June 2010, largely due to an increase in progress billings received for uncompleted projects. The increase in progress billings helped to offset the higher development cost incurred in 1H2010.

Cash and bank balances increased from \$3.5m to \$55.0m, as an additional 25.0% of the total sales proceeds were received, after the temporary occupation permit ("TOP") was obtained for both Oxford Suites and Cuscaden Royale in January and February 2010 respectively. The proceeds were used to pay down the Group's short term and long-term borrowings. This resulted in a substantial decrease in interest-bearing loans and borrowings under current liabilities from \$58.8m as at 31 December 2009 to \$185,000 as at 30 June 2010.

Similarly, sales proceeds received from the sales of uncompleted projects were also used to pay down part of the Group's construction loans and land loans. Therefore, the non-current bank borrowings were brought down from \$326.5m to \$272.8m.

In line with the increase in sales activity and progress billing milestone, trade and other receivables increased from \$0.9m as at 31 December 2009 to \$5.5m as at end-June 2010.

Trade and other payables increased from \$3.4m as at 31 December 2009 to \$6.4m as at 30 June 2010 mainly due to commission payables for residential units sold.

As a result of the higher selling and distribution expenses incurred compared to the revenue recognized, the Group recorded a deferred tax asset of \$1.0m, which will be used to offset against future taxable income.

Deferred taxation decreased substantially mainly due to reversal of deferred tax to tax payable arising from TOP of Oxford Suites and Cuscaden Royale.

## **Cash Flow**

The Group generated a net cash of \$52.5m and \$175.0m from operating activities in 2Q2010 and 1H2010 respectively. This arose mainly from more progress billings made on the back of an increase in the sale of residential units. As such, development properties decreased by \$18.9m and \$164.0m in 2Q2010 and 1H2010 respectively.

Trade and other receivables also decreased as most of the proceeds due were received in 2Q2010. Compared to 31 December 2009, 1H2010 trade and other receivables increased by \$4.6m as higher sales proceeds from sales of units were recorded for the period under review.

Trade and other payables increased by \$3.3m and \$3.2m for 2Q2010 and 1H2010 respectively mainly due to commissions payable for residential units sold. Other liabilities decreased by \$4.6m for 2Q2010 due to the reclassification of commissions to trade and other payables upon receipt of invoices.

Net cash used in financing activities was \$44.9m and \$117.3m for 2Q2010 and 1H2010.

In 2Q2010 and 1H2010, \$0.7m and \$1.6m worth of funds were injected respectively, into the Group by a related company, SuperBowl Holdings Limited for the joint-venture residential development project, Treasure on Balmoral.

Despite the injection of funds, net cash used for financing activities increased significantly in 2Q2010, mainly due to the repayment of bank borrowings of \$42.3m, interest payment on bank borrowings of \$1.0m and \$1.1m used for funding the residential projects and hotel projects along Balestier Road/Ah Hood Road, as indicated under the item, loan to joint ventures. These reasons similarly explained for the variance in 1H2010.

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

There was no financial forecast made in the Group's announcement dated 12 May 2010.

**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 Singapore economy continued to perform well with strong GDP growth in 1H2010. Government data released on August 10 showed that the economy grew 18.8% in the second quarter from a year earlier. On this account, forecast for full year GDP growth by the Ministry of Trade and Industry for 2010 has been revised upwards to 13% -15%, from the earlier forecast of 7% - 9%.

Buying interest in the local private residential property market continued to grow, with property prices rising some 5.0% in 2Q2010. About 8,400 new private homes have been sold in 1H2010, surpassing the 7,250 units sold in the same period last year.

Riding on such firm property demand, Waterscape at Cavenagh was launched in the first half of 2010, and has to date achieved sales of more than 70% of the 200-unit development.

In addition, Skyline 360°, a 36-storey skyscraper with 61 freehold residences, which had a soft launch by way of invitation in 1H2010 has sold more than 40% of total units.

The Group expects to launch its other residential development, Treasure on Balmoral in the second half of 2010.

With regard to the integrated hotel/commercial development to be built on Balestier Road/Ah Hood Road, piling work on the site is in the works. This project, jointly developed with SuperBowl Holdings Limited, is slated for completion by 2014.

Despite the positive local property landscape, the Group is cautious about its outlook, given various macro uncertainties that lie ahead. In this regard, the Group remains prudent in the review of its sales programs for its various residential developments.

**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

**(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. INTERESTED PERSONS TRANSACTIONS FOR THE SECOND QUARTER ENDED 30 JUNE 2010**

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 2010	6 months ended 30 June 2010	3 months ended 30 June 2010	6 months ended 30 June 2010
Hiap Hoe & Co. Pte Ltd (A subsidiary of the ultimate holding company, Hiap Hoe Holdings Pte Ltd)	Provision of Project and Construction Management Service to the Company's wholly-owned subsidiaries : - Cavenagh Properties Pte. Ltd. (Value of transactions amounting to \$nil) - Oxford Development Pte. Ltd. (Value of transactions amounting to \$nil) - Bukit Panjang Plaza Pte Ltd (Value of transactions amounting to \$35,000) - Guan Hoe Development Pte. Ltd. (Value of transactions amounting to \$4,000) - Leong Hoe Development Pte. Ltd. (Value of transactions amounting to \$nil)	Provision of Project and Construction Management Service to the Company's wholly-owned subsidiaries : - Cavenagh Properties Pte. Ltd. (Value of transactions amounting to \$460,000) - Oxford Development Pte. Ltd. (Value of transactions amounting to \$14,000) - Bukit Panjang Plaza Pte Ltd (Value of transactions amounting to \$53,000) - Guan Hoe Development Pte. Ltd. (Value of transactions amounting to \$13,000) - Leong Hoe Development Pte. Ltd. (Value of transactions amounting to \$10,000)	NA	NA

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 2010	6 months ended 30 June 2010	3 months ended 30 June 2010	6 months ended 30 June 2010
Hiap Hoe & Co. Pte Ltd (A subsidiary of the ultimate holding company, Hiap Hoe Holdings Pte Ltd)	Provision of Project and Construction Management Service to the Company's 60% owned subsidiary : - Hiap Hoe SuperBowl JV Pte. Ltd. (Value of transactions amounting to \$nil)	Provision of Project and Construction Management Service to the Company's 60% owned subsidiary : - Hiap Hoe SuperBowl JV Pte. Ltd. (Value of transactions amounting to \$198,000)		
SuperBowl Holdings Limited (A subsidiary of the ultimate holding company, Hiap Hoe Holdings Pte Ltd)	Contribution by the Company of its 60% proportion of the loan extended to : - Hiap Hoe SuperBowl JV Pte. Ltd. (Value of loan amounted to \$1,008,000)  Interest income amounting to \$10,000  Contribution by the Company of its 50% proportion of the loan to : - HH Properties Pte. Ltd. (Value of loan amounted to \$505,000)  Interest income amounting to \$19,000	Contribution by the Company of its 60% proportion of the loan extended to : - Hiap Hoe SuperBowl JV Pte. Ltd. (Value of loan as at 30 June 2010 amounting to \$22,656,000)  Interest income amounting to \$27,000  Contribution by the Company of its 50% proportion of the loan to : - HH Properties Pte. Ltd. (Value of loan as at 30 June 2010 amounting to \$39,784,000)  Interest income amounting to \$153,000	Construction of 2 blocks of 12-Storey residential flats for Hiap Hoe SuperBowl JV Pte. Ltd., Contract value of \$29,448,000 (inclusive of GST) (Value of transaction amounted to \$338,000)  Supply and installation of temporary earth retaining structure, grout mix piles and excavation works for HH Properties Pte. Ltd., Contract value of \$7,900,000 (Value of transaction amounted to \$nil)	Construction of 2 blocks of 12-Storey residential flats for Hiap Hoe SuperBowl JV Pte. Ltd., Contract value of \$29,448,000 (inclusive of GST) (Value of transaction amounted to \$338,000)  Supply and installation of temporary earth retaining structure, grout mix piles and excavation works for HH Properties Pte. Ltd., Contract value of \$7,900,000 (Value of transaction amounted to \$nil)
SuperBowl Management Pte Ltd (A subsidiary of SuperBowl Holdings Limited)	Contribution by the Group of its 60% proportion of the loan : - Goodluck View Development (Value of loan amounted to \$600,000)  Interest income amounting to \$4,200	Contribution by the Group of its 60% proportion of the loan : - Goodluck View Development (Value of loan as at 30 June 2010 amounting to \$9,320,000)  Interest income amounting to \$10,900	Construction of 2 blocks of 5-storey residential flats for Goodluck View Development (Value of transaction amounting to \$777,000)	Construction of 2 blocks of 5-storey residential flats for Goodluck View Development (Value of transaction amounting to \$777,000)

Hiap Hoe SuperBowl JV Pte. Ltd. (“HHSB”) is a subsidiary company which is 60% owned by Hiap Hoe Limited (the “Company”) and 40% by SuperBowl Holdings Limited (“SBH”). Similarly, Goodluck View Development (“GLV”) is a joint venture business formed under Wah Hoe Development Pte Ltd (“Wah Hoe”), a subsidiary of the Company. This joint venture is 60% owned by Wah Hoe and 40% by SuperBowl Management Pte Ltd.

HH Properties Pte. Ltd. (“HHP”) is a joint venture company which is 50% owned by the Company and 50% owned by SBH.

The Audit Committee of the Company is satisfied that the Investments in HHSB, GLV and HHP are on commercial terms which are fair and reasonable and are not prejudicial to the interest of the minority shareholders of the Company. The Audit Committee is of the view that the risk and rewards are in proportion to the equity of each of the joint venture partner in HHSB and GLV.

The Investment in the joint ventures and the related loans extended to HHSB and GLV fall within the exception of Rule 916(2) and 916(3) of the Listing Manual of the Singapore Exchange Securities Trading Limited. Shareholders' approval is, therefore, not required for the Company to enter into the investment.

**BY ORDER OF THE BOARD**

Lai Foon Kuen  
Company Secretary  
13 August 2010



**Confirmation pursuant to Rule 705(5) of the SGX Listing Manual**

The Board has confirmed that to the best of its knowledge, nothing has come to its attention which may render the unaudited financial statements of the Company or the unaudited consolidated financial statements of the Group for the second quarter and half year ended 30 June 2010 to be false or misleading in any material aspect.

On behalf of the Board of Directors

Teo Ho Beng  
Director

Teo Ho Kang, Roland  
Director