



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

**Full Year Financial Statement for the Year Ended 31 December 2010**

**1(a) Income Statement, together with Statement of Comprehensive Income for the Group for the Fourth Quarter and Full Year Ended 31 December 2010**

Unaudited results for the fourth quarter and full year ended 31 December 2010

(All figures in \$'000)

	The Group			The Group		
	3 months ended			12 months ended		
	31-Dec-10	31-Dec-09	%	31-Dec-10	31-Dec-09	%
<b>Revenue</b>	27,254	26,446	3.1	106,580	110,480	(3.5)
Cost of sales	(9,575)	(15,427)	(37.9)	(56,828)	(66,682)	(14.8)
<b>Gross profit</b>	<u>17,679</u>	<u>11,019</u>	60.4	<u>49,752</u>	<u>43,798</u>	13.6
<b>Other items of income</b>						
Other income	1,967	997	97.3	2,364	1,527	54.8
Financial income	268	52	415.4	642	279	130.1
<b>Other items of expenses</b>						
Distribution and selling expenses	(364)	(446)	(18.4)	(9,413)	(1,149)	719.2
Administrative expenses	(1,722)	(968)	77.9	(3,747)	(2,774)	35.1
Other expenses	(247)	-	NM	(285)	(1)	NM
Financial expenses	-	-	-	(190)	(58)	227.6
<b>Share of results of joint venture</b>	455	-	NM	455	-	NM
<b>Profit before taxation</b>	<u>18,036</u>	<u>10,654</u>	69.3	<u>39,578</u>	<u>41,622</u>	(4.9)
Tax expenses	(1,538)	(1,605)	(4.2)	(5,011)	(7,312)	(31.5)
<b>Net profit for the period</b>	<u>16,498</u>	<u>9,049</u>	82.3	<u>34,567</u>	<u>34,310</u>	0.7
<b>Attributable to :</b>						
Owners of the parent	16,513	9,059	82.3	34,662	34,350	0.9
Non-controlling interests	(15)	(10)	50.0	(95)	(40)	137.5
Total	<u>16,498</u>	<u>9,049</u>		<u>34,567</u>	<u>34,310</u>	

Consolidated Statement of Comprehensive Income for the Fourth Quarter and Full Year ended 31 December 2010

(All figures in \$'000)

	The Group		The Group	
	3 months ended		12 months ended	
	31-Dec-10	31-Dec-09	31-Dec-10	31-Dec-09
<b>Profit, net of tax</b>	16,498	9,049	34,567	34,310
Other comprehensive income for the period, net of tax	-	-	-	-
<b>Total comprehensive income for the period</b>	<b>16,498</b>	<b>9,049</b>	<b>34,567</b>	<b>34,310</b>
<b>Total comprehensive income attributable to :</b>				
Owners of the parent	16,513	9,059	34,662	34,350
Non-controlling interests	(15)	(10)	(95)	(40)

Additional Information

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

(All figures in S\$'000)

	The Group			The Group		
	3 months ended		%	12 months ended		%
	31-Dec-10	31-Dec-09		31-Dec-10	31-Dec-09	
Depreciation of property, plant and equipment	45	37	21.6	183	153	19.6
Loss on property, plant and equipment written off	-	-	-	38	1	NM
Gain on disposal of investment property	(609)	-	NM	(609)	-	NM
Gain on fair value adjustment on investment properties	(435)	(870)	(50.0)	(435)	(870)	(50.0)
Dividend income, gross	(1)	(1)	-	(8)	(5)	60.0
Write back of impairment in joint venture	(600)	-	NM	(600)	-	NM
Fair value loss on financial instruments - unquoted investments held-for-trading	247	-	NM	247	-	NM
Fair value gain on financial instruments - quoted investments held-for-trading	(10)	(20)	(50.0)	(12)	(139)	(91.4)

Notes:

- 1) NM – Not meaningful

## 1(b)(i) Balance Sheet as at 31 December 2010

### The Group

(All figures in \$'000)

#### **ASSETS LESS LIABILITIES**

##### **Non-Current Assets**

Property, plant and equipment  
Investment properties  
Investment in joint ventures  
Trade and other receivables

	31-Dec-10	31-Dec-09	%
	6,134	6,277	-2.3%
	3,045	5,410	-43.7%
	802	-	NM
	21	30	-30.0%
	10,002	11,717	-14.6%

##### **Current Assets**

Cash, bank balances & fixed deposits  
Other investments <sup>1</sup>  
Trade and other receivables  
Other assets  
Prepaid operating expenses  
Due from ultimate holding company (non-trade)  
Due from an associate (non-trade)  
Due from related companies (trade)  
Due from related companies (non-trade)  
Due from joint venture (trade)  
Due from joint ventures (non-trade)  
Development properties  
Tax recoverable

	36,449	3,521	935.2%
	27,940	234	NM
	14,198	855	1560.6%
	626	66	848.5%
	41	142	-71.1%
	-	2	-100.0%
	2	2	0.0%
	-	8	-100.0%
	-	24	-100.0%
	3,332	37	8905.4%
	57,262	48,707	17.6%
	377,686	536,600	-29.6%
	1	9	-88.9%
	517,537	590,207	-12.3%

##### **Current Liabilities**

Trade and other payables  
Other liabilities  
Derivatives  
Due to related companies (trade)  
Due to a related company (non-trade)  
Interest-bearing loans and borrowings <sup>2</sup>  
Tax payable

	6,087	3,367	80.8%
	18,437	12,173	51.5%
	-	348	-100.0%
	960	510	88.2%
	17,009	13,664	24.5%
	125,152	58,759	113.0%
	12,782	776	1547.2%
	180,427	89,597	101.4%

##### **Net Current Assets**

**337,110**      **500,610**      -32.7%

##### **Non-Current Liabilities**

Trade and other payables  
Other liabilities  
Interest-bearing loans and borrowings  
Deferred taxation

	1,458	201	625.4%
	73	25	192.0%
	135,088	326,512	-58.6%
	3,499	10,605	-67.0%

##### **Net Assets**

**206,994**      **174,984**      18.3%

##### **EQUITY**

Share capital  
Treasury shares  
Reserves  
Non-controlling interests

	84,446	84,446	0.0%
	(353)	(159)	122.0%
	122,778	90,479	35.7%
	206,871	174,766	18.4%
	123	218	-43.6%
	<b>206,994</b>	<b>174,984</b>	18.3%

##### **Total Equity**

## **The Company**

(All figures in \$'000)

### **ASSETS LESS LIABILITIES**

#### **Non-Current Assets**

Investments in subsidiary companies  
Trade and other receivables

#### **Current Assets**

Cash and short-term deposits  
Other investments  
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  
Provision for taxation

#### **Net Current Assets**

#### **Non-Current Liability**

Interest-bearing loans and borrowings

#### **Net Assets**

#### **EQUITY**

Share capital  
Treasury shares  
Reserves

#### **Total Equity**

	31-Dec-10	31-Dec-09	%
	48,683	48,683	0.0%
	21	30	-30.0%
	<b>48,704</b>	<b>48,713</b>	0.0%
	14,717	63	NM
	27,646	-	NM
	281	11	2454.5%
	11	11	0.0%
	72,971	75,562	-3.4%
	1,901	1,369	38.9%
	51,685	43,136	19.8%
	16	32	-50.0%
	-	24	-100.0%
	2	2	0.0%
	<b>169,230</b>	<b>120,210</b>	40.8%
	25	221	-88.7%
	261	261	0.0%
	-	295	-100.0%
	115,326	67,051	72.0%
	9	10	-10.0%
	103	42	145.2%
	<b>115,724</b>	<b>67,880</b>	70.5%
	<b>53,506</b>	<b>52,330</b>	2.2%
	-	9	-100.0%
	<b>102,210</b>	<b>101,034</b>	1.2%
	84,446	84,446	0.0%
	(353)	(159)	122.0%
	18,117	16,747	8.2%
	<b>102,210</b>	<b>101,034</b>	1.2%

### Note :

- 1) This included short-term commercial papers and quoted investments.
- 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 31 Dec 10		As at 31 Dec 09	
Secured	Unsecured	Secured	Unsecured
125,152	-	58,759	-

**Amount repayable after one year**

(\$'000)

As at 31 Dec 10		As at 31 Dec 09	
Secured	Unsecured	Secured	Unsecured
135,088	-	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 sales & 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		12 months ended	
	31-Dec-10	31-Dec-09	31-Dec-10	31-Dec-09
<b>Cash flows from operating activities :</b>				
Profit before taxation	18,036	10,654	39,578	41,622
Adjustments :				
Depreciation of property, plant and equipment	45	37	183	153
Interest expenses	-	(52)	190	58
Interest income	(268)	-	(642)	(279)
Dividend income	(1)	(1)	(8)	(5)
Loss on disposal of property, plant and equipment	-	-	38	1
Write back of impairment on investment in joint venture	(600)	-	(600)	-
Gain on fair value adjustment on investment properties	(435)	(870)	(435)	(870)
Write back of allowance for impairment of receivables				
- trade	-	-	-	(1)
Fair value loss on financial instruments - unquoted investments held-for-trading	247	-	247	-
Fair value gain on financial instruments - quoted investments held-for-trading	(10)	(20)	(12)	(139)
Gain on disposal of investment property	(609)	-	(609)	-
Share of results of joint ventures	(455)	-	(455)	-
<b>Operating cash flows before working capital changes</b>	<b>15,950</b>	<b>9,748</b>	<b>37,475</b>	<b>40,540</b>
<b>Changes in working capital</b>				
(Increase)/decrease in :				
Development properties	(6,809)	(17,484)	164,618	(63,499)
Trade and other receivables	10,110	401	(13,334)	(734)
Other assets	(527)	87	(559)	(28)
Prepaid operating expenses	268	40	101	(81)
Due from ultimate holding company (non-trade)	2	(2)	2	(2)
Due from related companies, trade	2	11	8	(8)
Due from related companies, non-trade	24	-	27	2
Due from a joint venture, trade	(681)	(5)	(3,042)	43
Due from joint ventures, non-trade	3	(631)	7	(659)
(Decrease) / increase in :				
Trade and other payables	2,805	(325)	3,975	1,063
Other liabilities	(2,126)	2,586	6,310	8,688
Derivatives	-	(192)	(348)	(206)
Due to related companies, trade	(31)	84	450	(72)
<b>Cash flows generated from / (used in) operations</b>	<b>18,990</b>	<b>(5,682)</b>	<b>195,690</b>	<b>(14,953)</b>
Income tax refunded / (paid)	254	7	(102)	(612)
Interest income	238	1	423	6
Interest paid	(1,068)	(1,132)	(6,451)	(7,879)
<b>Net cash generated from / (used in) operating activities</b>	<b>18,414</b>	<b>(6,806)</b>	<b>189,560</b>	<b>(23,438)</b>

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

(All figures in \$'000)

	3 months ended		12 months ended	
	31-Dec-10	31-Dec-09	31-Dec-10	31-Dec-09
<b>Cash flows from investing activities :</b>				
Dividend income	1	1	8	4
Proceeds from disposal of unquoted investments	2,935	-	18,000	-
Proceeds from disposal of investment property	3,409	-	3,409	-
Purchase of property, plant and equipment	(65)	(23)	(103)	(46)
Purchase of unquoted investments (Note 1)	(10,827)	-	(45,892)	-
Purchase of quoted investment	(48)	-	(49)	(1)
<b>Net cash used in investing activities</b>	<b>(4,595)</b>	<b>(22)</b>	<b>(24,627)</b>	<b>(43)</b>
<b>Cash flow from financing activities :</b>				
Dividend paid on ordinary shares by the Company	-	-	(2,362)	(944)
Repayment of bank term loans	(7,066)	(2,421)	(128,632)	(7,921)
Proceeds from loans and borrowings	-	9,992	4,490	24,438
Purchase of treasury shares	-	-	(195)	-
Repayment of hire purchase	(2)	(2)	(10)	(10)
Loan to joint ventures	(4,932)	(420)	(8,343)	(212)
Loan from related companies	984	364	3,249	1,582
<b>Net cash (used in) / generated from financing activities</b>	<b>(11,016)</b>	<b>7,513</b>	<b>(131,803)</b>	<b>16,933</b>
<b>Net increase / (decrease) in cash and cash equivalents</b>	<b>2,803</b>	<b>685</b>	<b>33,130</b>	<b>(6,548)</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>33,646</b>	<b>2,634</b>	<b>3,319</b>	<b>9,867</b>
<b>Cash and cash equivalents at end of period (Note 2)</b>	<b>36,449</b>	<b>3,319</b>	<b>36,449</b>	<b>3,319</b>

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

Note 2:

Cash and bank balances  
Fixed deposits  
Less Bank overdraft

	31-Dec-10	31-Dec-09	31-Dec-10	31-Dec-09
Cash and bank balances	23,849	2,486	23,849	2,486
Fixed deposits	12,600	1,035	12,600	1,035
Less Bank overdraft	-	(202)	-	(202)
	36,449	3,319	36,449	3,319

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

(All figures in \$'000)

	The Group		The Company	
	4Q2010	4Q2009	4Q2010	4Q2009
<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	(353)	(159)	(353)	(159)
<b>Capital reserve</b>				
Balance at beginning / end of period	(7,671)	(7,671)	-	-
<b>Dividend reserve</b>				
Balance at beginning of period	-	-	-	-
Transfer from unappropriated profit	1,181	1,182	1,181	1,182
Balance at end of period	1,181	1,182	1,181	1,182
<b>Accumulated profits</b>				
Balance at beginning of period	113,936	89,091	14,406	16,962
Profit for the period	16,513	9,059	3,711	(215)
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	16,513	9,059	3,711	(215)
Tax exempt dividend	(1,181)	(1,182)	(1,181)	(1,182)
Balance at end of period	129,268	96,968	16,936	15,565
<b>Non-controlling interests</b>				
Balance at beginning of period	138	228	-	-
Profit for the period	(15)	(10)	-	-
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	(15)	(10)	-	-
Balance at end of period	123	218	-	-
<b>Equity at end of period</b>	<b>206,994</b>	<b>174,984</b>	<b>102,210</b>	<b>101,034</b>



	The Group		The Company	
	FY2010	FY2009	FY2010	FY2009
<b>Issued capital</b>				
Balance at beginning / end of year	84,446	84,446	84,446	84,446
<b>Treasury shares</b>				
Balance at beginning of year	(159)	(159)	(159)	(159)
Buy back of shares	(194)	-	(194)	-
Balance at end of year	(353)	(159)	(353)	(159)
<b>Capital reserve</b>				
Balance at beginning / end of year	(7,671)	(7,671)	-	-
<b>Dividend reserve</b>				
Balance at beginning of year	1,182	945	1,182	945
Dividend on ordinary shares	(1,182)	(945)	(1,182)	(945)
Transfer from unappropriated profit	1,181	1,182	1,181	1,182
Balance at end of year	1,181	1,182	1,181	1,182
<b>Accumulated profits</b>				
Balance at beginning of year	96,968	63,799	15,565	17,061
Profit for the year	34,662	34,350	3,733	(315)
Other comprehensive income for the year	-	-	-	-
Total comprehensive income for the year	34,662	34,350	3,733	(315)
Dividend on ordinary shares	-	1	-	1
Tax exempt dividend	(2,362)	(1,182)	(2,362)	(1,182)
Balance at end of year	129,268	96,968	16,936	15,565
<b>Non-controlling interests</b>				
Balance at beginning of year	218	258	-	-
Profit for the year	(95)	(40)	-	-
Other comprehensive income for the year	-	-	-	-
Total comprehensive income for the year	(95)	(40)	-	-
Balance at end of year	123	218	-	-
<b>Equity at end of year</b>	206,994	174,984	102,210	101,034

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	
	31-Dec-10	31-Dec-09
Balance at 1 October	472,241,141	378,193,363
Share buy back	-	-
Balance at 31 December	472,241,141	378,193,363

	Number of Ordinary Shares	
	12 months ended	
	31-Dec-10	31-Dec-09
Balance at 1 January	378,193,363	378,193,363
Bonus issue	94,911,028	-
Share buy back	(863,250)	-
Balance at 31 December	472,241,141	378,193,363

**Treasury Shares**

	Number of Treasury Shares	
	3 months ended	
	31-Dec-10	31-Dec-09
Balance at 1 October	2,316,250	1,453,000
Shares buy back	-	-
Balance at 31 December	2,316,250	1,453,000

	Number of Treasury Shares	
	12 months ended	
	31-Dec-10	31-Dec-09
Balance at 1 January	1,453,000	1,453,000
Shares buy back	863,250	-
Balance at 31 December	2,316,250	1,453,000

During the year ended 31 December 2010, 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.

**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 31 December 2010 is 472,241,141 (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**

**Without Bonus issue**

	3 months ended		12 months ended	
	31-Dec-10	31-Dec-09	31-Dec-10	31-Dec-09
Earning per share to owners of the parent (cents per share)				
Basic and diluted	4.37	2.40	9.17	9.08
Earning per share (cents per share)				
Basic and diluted	4.36	2.39	9.14	9.07
Weighted average number of shares <sup>1</sup>	378,024,870	378,193,363	378,024,870	378,193,363

**With Bonus issue**

	3 months ended		12 months ended	
	31-Dec-10	31-Dec-09	31-Dec-10	31-Dec-09
Earning per share to owners of the parent (cents per share)				
Basic and diluted	3.49	1.92	7.33	7.26
Earning per share (cents per share)				
Basic and diluted	3.49	1.91	7.31	7.26
Weighted average number of shares	472,654,255	472,822,748	472,654,255	472,822,748

Note 1: This number does not include bonus issue of 94,911,028 new ordinary shares.

Earning per share to owners of the parent 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 31 December 2010 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**

	With Bonus issue		Without Bonus issue
	31-Dec-10	31-Dec-09	31-Dec-09
Net assets value per share (cents)			
The Group	43.81	37.01	46.21
The Company	21.64	21.39	26.71
Based on number of shares			
The Group	472,241,141	472,241,141	378,193,363
The Company	472,241,141	472,241,141	378,193,363

Net assets value per share is calculated based on the equity attributable to the equity holders of the parent excluding the non-controlling interests 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.**

## **FINANCIAL HIGHLIGHTS**

### **Revenue**

Group revenue increased 3.1% to \$27.3m for the fourth quarter ended 31 December 2010 ("4Q2010"), compared to \$26.4m achieved in the previous corresponding period ("4Q2009").

Revenue from the sale of residential projects contributed to the Group's revenue in 4Q2010, but at a marginally smaller amount of \$25.3m compared to \$26.4m in 4Q2009. Progressive revenue recognition from the construction projects of two joint venture developments, namely *The Beverly*, a residential development, and the integrated hotel/commercial development on Balestier Road/Ah Hood Road, contributed \$2.0m in 4Q2010 revenue.

Revenue for the financial year ended 31 December 2010 ("FY2010") decreased marginally by 3.5% to \$106.6m compared to \$110.5m a year ago ("FY2009"). This was due to smaller progressive revenue recognition on the sale of the Group's residential projects. Revenue contribution from residential projects decreased to \$98.4m in FY2010 from \$110.4m in FY2009. The decline was however slightly mitigated by the increase in revenue of \$8.2m generated from construction projects.

As of 31 December 2010, revenue recognized on the sale of *Signature at Lewis*, *Skyline 360°* and *Waterscape at Cavenagh* was 53.8%, 30.1% and 8.8% respectively.

## Profit

In line with the growth in revenue, gross profit for 4Q2010 increased to \$17.7m from \$11.0m in 4Q2009, while gross profit for FY2010 increased to \$49.8m from \$43.8m in FY2009.

During the year, the Group used the sales proceeds to repay bank borrowings from the uncompleted development projects. This, coupled with lower interest rates, interest cost was revised downward for the development projects resulting in a decrease in cost of sales to \$9.6m in 4Q2010 and \$56.8m in FY2010.

The increase in other income for 4Q2010 and FY2010 was mainly due to a gain on sale of investment property of \$0.6m and write-back of impairment loss on investment in joint venture.

Following an intensive marketing and advertising campaign for residential development, *Waterscape at Cavenagh*, which was launched to much success in the first quarter of 2010, the Group's distribution and selling expenses increased significantly by 8-fold to \$9.4m in FY2010 from \$1.1m in FY2009.

The increase in administrative expenses for both 4Q2010 and FY2010 was mainly due to the increase in staff strength and higher cost for general overheads. Other expenses of \$0.2m for 4Q2010 and \$0.3m for FY2010 mainly constituted fair value written down for bonds purchased as of 31 December 2010.

Due to progressive revenue recognition from construction projects on the joint venture residential development, The Beverly, the share of results of joint venture for 4Q2010 and FY2010 amounted to \$0.5m.

Group taxation fell to \$1.5m in 4Q2010 and \$5.0m in FY2010, partly due to a write back of over-provisions made in the previous year and offset of profits from prior year unabsorbed losses. Also, as no deferred tax asset was recognized previously for some of the Group's projects, a higher tax allowable cost was imputed.

Taking into consideration the above factors, the Group's net profit after tax increased 82.3% to \$16.5m in 4Q2010 from \$9.0m in 4Q2009. Despite a decline in full year revenue, net profit for the full year under review increased marginally to \$34.6m in FY2010 from \$34.3m in FY2009.

## Balance Sheet

The decrease in investment properties was mainly due to the sale of a 3-storey shop house at Tyrwhitt Road in 4Q2010.

As of 31 December 2010, cash, bank balances and fixed deposits increased to \$36.4m from \$3.5m, while other investments increased to \$27.9m from \$0.2m as of 31 December 2009. The increase was mainly due to an additional 33.0% of the total sales proceeds received, after respective temporary occupation permit ("TOP") and certificate of statutory completion ("CSC") were obtained during the year, for two completed projects, *Oxford Suites* and *Cuscaden Royale*. The proceeds were used to pay down the Group's short-term borrowings.

With legal completions already obtained for completed projects, *Oxford Suites* and *Cuscaden Royale*, sales proceeds of \$8.7m are receivable upon the expiry of the one year defect period. In addition,

\$5.2m in progress payment from uncompleted projects are receivable. As such, the Group's trade and other receivables increased to \$14.2m as of end December 2010.

Subsidiary company, WestBuild Construction Pte Ltd ("WBC") was appointed as the main contractor of two joint-venture projects, namely, residential project, *The Beverly* and the hotel/commercial project at Balestier Road/Ah Hood Road. In line with the commencement of construction of these joint-venture projects, WBC raised progress billings, of which \$3.3m remained outstanding as of 31 December 2010.

Development properties decreased to \$377.7m as of 31 December 2010, from \$536.6m as of 31 December 2009, largely due to an increase in progress payments received for uncompleted projects.

Total borrowings decreased to \$260.2m as of 31 December 2010, from \$385.3m as of 31 December 2009. Sales proceeds received from the sales of uncompleted projects were also used to repay part of the Group's construction loans and land loans.

As bank borrowings for two projects namely *Signature at Lewis* and *Treasure on Balmoral* are expected to end by 2011, the interest bearing loans and borrowings of \$125.0m have been reclassified from non-current liabilities to current liabilities. As such non-current interest bearing loans and borrowings declined 58.6% to \$135.1m, while current interest bearing loans and borrowings increased 113.0% to \$125.2m as of 31 December 2010.

Additional cost and retention monies due to sub-contractors have been accrued, as construction activity picked up for some of the Group's construction sites during the year. This resulted in an increase in both current and non-current trade and other payables as of 31 December 2010.

Other liabilities increased to \$18.4m as of 31 December 2010 from \$12.2m as of 31 December 2009, mainly due to the increase in accruals of the deferred land tax and operating expenses during the year.

Deferred taxation decreased substantially mainly due to the reversal of deferred tax to tax payable that arose when *Oxford Suites* and *Cuscaden Royale* received their TOPs during the year.

## **Cash Flow**

The Group generated a net cash of \$18.4m and \$189.6m from operating activities in 4Q2010 and FY2010 respectively. This arose mainly from more progress billings made on the back of an increase in sales of the Group's residential units. For the same reason, development properties decreased by \$6.8m in 4Q2010 and \$164.6m in FY2010.

In 4Q2010, construction work for various sites commenced, which increased cost incurred for development properties. This increase was however offset by progress billings generated from the sales of residential units.

In 4Q2010, sales proceeds were received from completed projects after CSC was obtained. Hence, trade and other receivables for the period under review decreased. With the increase in sales of residential units, trade and other receivables for FY2010 increased by \$13.3m.

Other liabilities decreased by \$2.1m for 4Q2010 as cost accrued for completed projects were settled. This explained the lower increment of \$6.3m in FY2010 compared to \$8.7m in FY2009.

Net cash used in investing activities was \$4.6m and \$24.6m in 4Q2010 and FY2010 respectively. The purchase of unquoted investments mainly refers to bond and commercial papers. In 4Q2010, \$3.4m in sales proceeds was received from the sale of one of the Group's investment properties, a 3-storey shop house at Tyrwhitt Road.

Net cash used in financing activities was \$11.0m and \$131.8m in 4Q2010 and FY2010 respectively. Despite the inflow of funds, net cash used for financing activities increased significantly, mainly due to the repayment of bank term loans of \$7.1m in 4Q2010 and \$128.6m in FY2010.

As indicated under the item, loan to joint ventures, \$4.9m and \$8.3m worth of funds were used by the Group in 4Q2010 and FY2010 respectively, for the joint-venture projects that are being jointly developed with SuperBowl Holdings Limited.

In addition, \$1.0m and \$3.2m worth of funds were injected in 4Q2010 and FY2010 respectively, by a related company, SuperBowl Holdings Limited for the joint-venture residential development project, Treasure on Balmoral.

**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 9 November 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.**

Following the latest round of cooling measures implemented by the government, private home sales have seen a decline of 11% in January 2011, over December 2010. Against a positive outlook for the Singapore economy in the year ahead, these cooling measures should continue to weigh on market sentiment particularly for the mass and mid-tier segment, and weed out speculators from genuine home-buyers. However, prices of well-designed residential developments in good locations are still holding up.

To date, Waterscape at Cavenagh, a 200-unit development, has achieved sales of more than 70%. Skyline 360°, a 36-storey freehold development with 61 exclusive residential units, which had a soft launch by way of invitation in FY2010, has sold more than 50% of the total units.

Piling work for the integrated hotel/commercial development at Balestier Road/Ah Hood Road has been completed. The park within this joint-venture project is expected to be completed in second half of 2011, while the hotels and commercial blocks are expected to be completed in 2014.

Against a backdrop of macro-economic uncertainties as well as government policy overhang, the Group is cautious about its outlook for its 2011 financial year. In this regard, it will remain prudent in the review of both its sales and purchase programs.



## 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 a proposed dividend, subject to shareholders' approval for the financial year ended 31 December 2010 as follows :

Name of dividend	:	Final
Type of dividend	:	Cash
Dividend	:	0.25 cents per ordinary share
Tax rate	:	One tier

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

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

### (c) Date payable

11 May 2011, subject to approval of the shareholders at the Company's Annual General Meeting to be held on 19 April 2011.

### (d) Book closure date

**NOTICE IS HEREBY GIVEN** that the Share Transfer Books and Register of Members of Hiap Hoe Limited (the "Company") will be closed on 26 April 2011 at 5.00 p.m. for the preparation of dividend warrants.

Duly completed registrable transfers received by the Company's Share Registrar, Boardroom Corporate & Advisory Services Pte Ltd, 50 Raffles Place, Singapore Land Tower #32-01, Singapore 048623 up to 5.00 p.m. on 26 April 2011 will be registered to determine shareholders' entitlements to the said dividend. Members whose Securities Accounts with The Central Depository (Pte) Limited are credited with shares at 5.00 p.m. on 26 April 2011 will be entitled to the proposed dividend.

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

Not applicable.

**13. Segmental revenue and results for business or geographical segments (of the Group) in the form presented in the issuer's most recently audited financial statements, with comparative information for the immediately preceding year.**

**1 January 10 to 31 December 10**

(All figures in \$'000)

**Segmental Revenue**

- External sales
- Inter-segment sales

Total revenue

**Segmental results**

- Other income
- Financial income
- Financial expenses
- Depreciation
- Gain on disposal of investment properties
- Fair value gain on investment properties
- Fair value gain on financial instruments - quoted investment held for trading
- Fair value loss on financial instruments - unquoted investment held for trading
- Write back of impairment loss on investment in joint venture
- Share of results of joint venture
- Other expenses
- Segment profit

	Construction	Development Properties	Others	Elimination	Total
- External sales	8,216	98,323	41	-	106,580
- Inter-segment sales	35,311	-	920	(36,231)	-
Total revenue	43,527	98,323	961	(36,231)	106,580
Other income	480	37	192	(1)	708
Financial income	2	69	571	-	642
Financial expenses	(2)	(186)	(2)	-	(190)
Depreciation	(182)	(1)	-	-	(183)
Gain on disposal of investment properties	-	-	609	-	609
Fair value gain on investment properties	-	-	435	-	435
Fair value gain on financial instruments - quoted investment held for trading	-	-	12	-	12
Fair value loss on financial instruments - unquoted investment held for trading	-	-	(247)	-	(247)
Write back of impairment loss on investment in joint venture	-	600	-	-	600
Share of results of joint venture	-	202	-	253	455
Other expenses	(38)	-	-	-	(38)
Segment profit	947	34,411	912	3,308	39,578

**1 January 09 to 31 December 09**

(All figures in \$'000)

**Segmental Revenue**

- External sales
- Inter-segment sales

Total revenue

**Segmental results**

- Other income
- Financial income
- Financial expenses
- Depreciation
- Fair value gain on investment properties
- Fair value loss on financial instruments - quoted investment held for trading
- Other expenses
- Segment profit / (loss)

	Construction	Development Properties	Others	Elimination	Total
- External sales	6	110,350	124	-	110,480
- Inter-segment sales	29,017	-	727	(29,744)	-
Total revenue	29,023	110,350	851	(29,744)	110,480
Other income	473	44	-	-	517
Financial income	1	19	888	(629)	279
Financial expenses	(7)	(678)	(2)	629	(58)
Depreciation	(131)	(3)	(19)	-	(153)
Fair value gain on investment properties	-	-	870	-	870
Fair value loss on financial instruments - quoted investment held for trading	-	-	139	-	139
Other expenses	-	(1)	-	-	(1)
Segment profit / (loss)	236	42,952	1,338	(2,904)	41,622

There is no breakdown by geographical markets as the Group's operations and customers are mainly in Singapore.

**14. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments.**

Not applicable.

**15. A breakdown of sales as follows:**

\$'000

Sale reported for first half year  
Operating profit after tax before deducting minority interests reported in first half year  
Sale reported for second half year  
Operating profit after tax before deducting minority interests reported in second half year

<b>31-Dec-10</b>	<b>31-Dec-09</b>	<b>% change</b>
48,490	47,295	2.5%
10,122	16,800	-39.8%
58,090	63,185	-8.1%
24,445	17,510	39.6%

**16. A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year.**

\$'000

Ordinary

<b>31-Dec-10</b>	<b>31-Dec-09</b>	<b>% change</b>
2,361	1,182	100%

**17. INTERESTED PERSONS TRANSACTIONS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 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 31 December 2010	12 months ended 31 December 2010	3 months ended 31 December 2010	12 months ended 31 December 2010
Hiap Hoe & Co. Pte Ltd (A subsidiary of the ultimate holding company, Hiap Hoe Holdings Pte Ltd)	<p>Provision of Project and Construction Management Service to the Company's wholly-owned subsidiaries :</p> <ul style="list-style-type: none"> <li>- Cavenagh Properties Pte. Ltd. (Value of transactions amounting to \$74,000)</li> <li>- Bukit Panjang Plaza Pte Ltd (Value of transactions amounting to \$44,000)</li> <li>- Guan Hoe Development Pte. Ltd. (Value of transactions amounting to \$10,000)</li> </ul> <p>Provision of Project and Construction Management Service to the Company's 60% owned subsidiary :</p> <ul style="list-style-type: none"> <li>- Hiap Hoe SuperBowl JV Pte. Ltd. (Value of transactions amounting to \$136,000)</li> </ul> <p>Provision of Project and Construction Management Service to the Company's 50% share in joint venture :</p> <ul style="list-style-type: none"> <li>- HH Properties Pte. Ltd. (50% share of value of transactions amounting to \$128,000)</li> </ul>	<p>Provision of Project and Construction Management Service to the Company's wholly-owned subsidiaries :</p> <ul style="list-style-type: none"> <li>- Cavenagh Properties Pte. Ltd. (Value of transactions amounting to \$686,000)</li> <li>- Bukit Panjang Plaza Pte Ltd (Value of transactions amounting to \$115,000)</li> <li>- Guan Hoe Development Pte. Ltd. (Value of transactions amounting to \$27,000)</li> </ul> <p>Provision of Project and Construction Management Service to the Company's 60% owned subsidiary :</p> <ul style="list-style-type: none"> <li>- Hiap Hoe SuperBowl JV Pte. Ltd. (Value of transactions amounting to \$352,000)</li> </ul> <p>Provision of Project and Construction Management Service to the Company's 50% share in joint venture :</p> <ul style="list-style-type: none"> <li>- HH Properties Pte. Ltd. (50% share of value of transactions amounting to \$256,000)</li> </ul>	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 31 December 2010	12 months ended 31 December 2010	3 months ended 31 December 2010	12 months ended 31 December 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 subsidiary's 60% share in joint venture : - Goodluck View Development (60% share of value of transactions amounting to \$56,000)	Provision of Project and Construction Management Service to the Company's wholly-owned subsidiary's 60% share in joint venture : - Goodluck View Development (60% share of value of transactions amounting to \$56,000)	NA	NA
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 \$1,476,000)  Interest income amounting to \$15,000  Contribution by the Company of its 50% proportion of the loan to : - HH Properties Pte. Ltd. (Value of loan amounted to \$4,350,000)  Interest income amounting to \$25,000	Contribution by the Company of its 60% proportion of the loan extended to : - Hiap Hoe SuperBowl JV Pte. Ltd. (Value of loan as at 31 December 2010 amounting to \$25,161,000)  Interest income amounting to \$53,000  Contribution by the Company of its 50% proportion of the loan to : - HH Properties Pte. Ltd. (Value of loan as at 31 December 10 amounting to \$44,919,000)  Interest income amounting to \$197,000	Construction of 2 blocks of 12-Storey residential flats for Hiap Hoe SuperBowl JV Pte. Ltd. (Value of transaction amounted to \$1,579,000)  Supply and installation of temporary earth retaining structure, grout mix piles and excavation works for HH Properties Pte. Ltd. (Value of transaction amounted to \$3,219,000)	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 \$4,170,000)  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 \$4,696,000)

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 31 December 2010	12 months ended 31 December 2010	3 months ended 31 December 2010	12 months ended 31 December 2010
SuperBowl Holdings Limited (A subsidiary of the ultimate holding company, Hiap Hoe Holdings Pte Ltd)			Construction of 1 block of 14-Storey hotel, 1 block of 17-Storey hotel and 1 block of 13-Storey office building for HH Properties Pte. Ltd. (Value of transaction amounting to \$3,655,000)	Construction of 1 block of 14-Storey hotel, 1 block of 17-Storey hotel and 1 block of 13-Storey office building for HH Properties Pte. Ltd., Contract value of \$168,426,000 (Value of transaction amounting to \$3,655,000)
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 \$577,000)  Interest income amounting to \$6,100	Contribution by the Group of its 60% proportion of the loan :  - Goodluck View Development (Value of loan as at 31 December 10 amounting to \$10,527,000)  Interest income amounting to \$21,600	Construction of 2 blocks of 5-storey residential flats for Goodluck View Development (Value of transaction amounting to \$2,420,000)	Construction of 2 blocks of 5-storey residential flats for Goodluck View Development (Value of transaction amounting to \$4,886,000)

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  
21 February 2011