



Hiap Hoe Limited
(Registration No. : 199400676Z)

Full Year Financial Statement for the Year Ended 31 December 2008

1(a) Income Statement for the Group for the Fourth Quarter and Year Ended 31 December 2008

Unaudited results for the year ended 31 December 2008

(All figures in \$'000)

	The Group			The Group		
	3 Months ended			12 Months ended		
	31 Dec 08	31 Dec 07	%	31 Dec 08	31 Dec 07	%
Revenue	10,077	12,597	(20.0)	29,729	92,220	(67.8)
Cost of sales	(7,299)	(6,366)	14.7	(16,538)	(61,900)	(73.3)
Gross profit	2,778	6,231	(55.4)	13,191	30,320	(56.5)
Other items of income						
Other income	139	121	14.9	1,893	650	191.2
Financial income	172	123	39.8	355	410	(13.4)
Other items of expenses						
Distribution and selling expenses	(1,329)	(341)	289.7	(3,560)	(4,807)	(25.9)
Administrative expenses	(850)	(984)	(13.6)	(2,801)	(3,218)	(13.0)
Other expenses	(40)	(74)	(45.9)	(190)	(74)	156.8
Financial expenses	(6)	(41)	(85.4)	(36)	(315)	(88.6)
Share of results of joint venture	239	-	NM	(600)	-	NM
Profit before taxation	1,103	5,035	(78.1)	8,252	22,966	(64.1)
Tax expenses	(581)	(569)	2.1	(74)	(3,544)	(97.9)
Net profit for the period	522	4,466	(88.3)	8,178	19,422	(57.9)
Attributable to :						
Shareholders of the Company	552	4,495	(87.7)	8,291	19,451	(57.4)
Minority interests	(30)	(29)	3.4	(113)	(29)	289.7

Notes:

- 1) NM – Not meaningful

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 08	31 Dec 07		31 Dec 08	Restated 31 Dec 07	
Bad debts written off	-	3	(100.0)	-	3	(100.0)
Depreciation of fixed assets	43	50	(14.0)	193	211	(8.5)
Loss on disposal of fixed assets	-	3	(100.0)	-	69	(100.0)
Fair value gain on investment properties	(10)	-	NM	(1,442)	-	NM
Dividend income, gross	-	(2)	(100.0)	(9)	(47)	(80.9)
Provision for / (Write back of) doubtful receivables (trade)	1	(1)	(200.0)	(127)	(20)	535.0
Fair value (gain) / loss on derivatives	-	-	-	(6)	6	(200.0)
Fair value loss / (gain) on financial instruments - quoted investments held for trading	40	65	(38.5)	196	(83)	(336.1)
Write back of provision for foreseeable losses on development properties	-	-	-	-	(1,195)	(100.0)

1(b)(i) Balance Sheet as at 31 December 2008

The Group

(All figures in \$'000)

ASSETS LESS LIABILITIES

Non-Current Assets

	31 Dec 08	Restated 31 Dec 07	%
Fixed assets	3,741	3,923	(4.6)
Investment properties	7,192	5,750	25.1
Investments in joint venture	-	600	(100.0)
	10,933	10,273	6.4

Current Assets

Cash, bank balances & fixed deposits	9,873	30,235	(67.3)
Other investments	94	289	(67.5)
Trade and other receivables	286	4,608	(93.8)
Other assets	38	29,973	(99.9)
Prepaid operating expenses	61	138	(55.8)
Due from associate company (non-trade)	38,000	-	NM
Due from associate company (trade)	80	-	NM
Due from related company (non-trade)	25	-	NM
Due from joint venture (non-trade)	9,565	5,257	81.9
Development properties	463,097	134,475	244.4
Work-in-progress	2,280	282	708.5
	523,399	205,257	155.0

Current Liabilities

Trade and other payables	2,042	1,240	64.7
Other liabilities	3,511	5,047	(30.4)
Derivatives	554	99	459.6
Due to related companies (trade)	581	226	157.1
Due to related companies (non-trade)	12,047	6,998	72.1
Interest-bearing loans and borrowings	1,064	11,197	(90.5)
Tax payables	1,121	2,569	(56.4)
	20,920	27,376	(23.6)

Net Current Assets

	502,479	177,881	182.5
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Non-Current Liabilities

Trade payables	463	243	90.5
Interest-bearing loans and borrowings	367,645	70,047	424.9
Deferred taxation	3,686	2,222	65.9

Net Assets

	141,618	115,642	22.5
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EQUITY

Share capital	84,287	63,453	32.8
Reserves	57,073	51,818	10.1
	141,360	115,271	22.6

Minority interests	258	371	(30.5)
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Total	141,618	115,642	22.5
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The Company

(All figures in \$'000)

ASSETS LESS LIABILITIES

Non-Current Assets

Fixed assets
Investments in subsidiary companies

Current Assets

Cash, bank balances & fixed deposits
Trade and other receivables
Other assets
Prepaid operating expenses
Due from joint venture (non-trade)
Due from subsidiary companies (non-trade)
Due from subsidiary companies (trade)
Due from associate company (non-trade)
Due from associate company (trade)

Current Liabilities

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

Net Current Assets

Non-Current Liability

Interest-bearing loans and borrowings

Net Assets

EQUITY

Share Capital
Reserves

Total

	31 Dec 08	31 Dec 07	%
	19	67	(71.6)
	48,683	48,683	0.0
	48,702	48,750	(0.1)
	3,466	6,987	(50.4)
	127	2	6250.0
	3	126	(97.6)
	12	13	(7.7)
	4,014	-	NM
	72,257	40,840	76.9
	1,074	978	9.8
	38,000	-	NM
	80		NM
	119,033	48,946	143.2
	214	210	1.9
	253	530	(52.3)
	531	99	436.4
	64,380	16,427	291.9
	-	15	(100.0)
	-	4	(100.0)
	10	10	0.0
	35	11	218.2
	65,423	17,306	278.0
	53,610	31,640	69.4
	19	29	(34.5)
	102,293	80,361	27.3
	84,287	63,453	32.8
	18,006	16,908	6.5
	102,293	80,361	27.3

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 08		As at 31 Dec 07	
Secured	Unsecured	Secured	Unsecured
1,064	-	11,197	-

Amount repayable after one year

(\$'000)

As at 31 Dec 08		As at 31 Dec 07	
Secured	Unsecured	Secured	Unsecured
367,645	-	70,047	-

Details of any collateral

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

- 1) Mortgage on subsidiaries' development properties.
- 2) Mortgage on subsidiaries' investment properties and freehold properties.
- 3) Assignment of interest over property under sale & purchase agreements and tenancy agreements including sales & rental proceeds.
- 4) Assignment of all rights and benefits under
 - (i) Insurance policies taken up;
 - (ii) Performance bonds in relation to the Project.
- 5) Deed of Subordination to subordinate all loans / advances from the company to the facilities. Repayment of expenses / costs incurred on behalf by the company under the project has been allowed.
- 6) Corporate guarantees given by the company.

1(c) Consolidated Cash Flow Statement of the Group

(All figures in \$'000)

	3 months ended		12 months ended	
	31 Dec 08	31 Dec 07	31 Dec 08	Restated 31 Dec 07
Cash flows from operating activities :				
Profit before taxation	1,103	5,035	8,252	22,966
Adjustments :				
Depreciation of fixed assets	43	50	193	211
Interest expenses	6	41	36	316
Interest income	(172)	(123)	(355)	(410)
Dividend income	-	(2)	(9)	(47)
Loss on disposal of fixed assets	-	3	-	69
Fair value loss / (gain) on derivatives	-	6	(6)	6
Fair value gain on investment properties	(10)	-	(1,442)	-
Write back of provision for doubtful receivables (trade)	-	(1)	(127)	(20)
Fair value loss / (gain) on financial instruments - quoted investments held for trading	40	65	196	(83)
Share of results of joint venture	(239)	-	600	-
Write back of provision for foreseeable losses on development properties	-	-	-	(1,195)
Operating profit before working capital changes	771	5,074	7,338	21,813
Changes in working capital				
(Increase)/decrease in :				
Development properties	(4,243)	1,755	(321,076)	(29,670)
Trade and other receivables	(195)	20,366	4,449	12,214
Other assets	125	(15,332)	29,935	(20,845)
Prepaid operating expenses	28	69	77	194
Work-in-progress	211	(2,028)	(1,989)	251
Due from a joint venture, trade	774	-	-	-
Due from a joint venture, non-trade	(2)	(109)	(278)	-
(Decrease) / increase in :				
Trade and other payables	647	(3,405)	1,022	(1,400)
Other liabilities	593	2,913	(1,536)	2,261
Derivatives	364	94	460	128
Due to ultimate holding company	-	-	-	(104)
Due to related company, trade	(163)	(23)	356	-
Due to related company, non-trade	(9)	216	(218)	311
Due to associate companies, trade	(1)	-	(80)	-
Due to associate companies, non-trade	-	-	(4)	-
Cash flows (used in) / generated from operations	(1,100)	9,590	(281,544)	(14,847)
Income tax (paid) / refunded	91	124	(57)	(2,599)
Net cash (used in) / generated from operating activities	(1,009)	9,714	(281,601)	(17,446)

1(c) Consolidated Cash Flow Statement of the Group (cont'd)

(All figures in \$'000)

	3 months ended		12 months ended	
	31 Dec 08	31 Dec 07	31 Dec 08	Restated 31 Dec 07
Cash flows from investing activities :				
Dividend income	-	2	9	47
Interest income	45	89	111	410
Proceeds from disposal of unquoted investments	-	22,500	-	-
Purchase of fixed assets	(5)	(1)	(20)	(138)
Purchase of quoted investment	-	(1)	-	(31)
Investment in joint venture	-	(600)	-	(600)
Investment in associate companies	-	-	-	-
Advances to joint venture	(519)	(5,114)	(3,969)	(5,223)
Advances to associate companies	(26,913)	-	(37,814)	-
Net cash (used in) / generated from investing activities	(27,392)	16,875	(41,683)	(5,535)
Cash flow from financing activities :				
Dividend paid	-	-	(3,036)	(2,752)
Repayment of bank term loans	(500)	(9,290)	(14,979)	(49,680)
Borrowings from banks	34,209	1,121	301,667	71,976
Proceeds from placement of shares	-	-	-	23,617
Right issuance of shares	(10)	-	20,992	-
Proceeds from exercise of share options	-	140	-	308
Proceeds from conversion of warrants to shares	-	-	-	5,776
Purchase of treasury shares	(159)	-	(159)	-
Contribution from minority interest on incorporation of subsidiary company	-	400	-	400
Repayment of hire purchase	(27)	(28)	(110)	(110)
Interest paid	(2,252)	(1,225)	(6,619)	(3,442)
Advances from related companies	169	6,779	5,160	6,779
Net cash generated from / (used in) financing activities	31,430	(2,103)	302,916	52,872
Net increase / (decrease) in cash and cash equivalents	3,029	24,486	(20,368)	29,891
Cash and cash equivalents at beginning of period	6,838	5,749	30,235	344
Cash and cash equivalents at end of period	9,867	30,235	9,867	30,235

Note :

Cash and bank balances
Fixed deposits
Less Bank overdraft

973	12,677	973	12,677
8,900	17,558	8,900	17,558
(6)	-	(6)	-
9,867	30,235	9,867	30,235

1(d)(i) Statement of Changes in Equity

(All figures in \$'000)

	The Group		The Company	
	4Q2008	4Q2007	4Q2008	4Q2007
Issued capital				
Balance at beginning of period	84,455	130,581	84,455	130,581
Issuance of shares	-	431	-	431
Warrant expenses	(9)	-	(9)	-
Transfer of capital reduction reserve to share capital	-	5,773	-	5,773
Capital reduction	-	(73,332)	-	(73,332)
Balance at end of period	84,446	63,453	84,446	63,453
Treasury shares				
Balance at the beginning of period	-	-	-	-
Buy back of shares	(159)	-	(159)	-
Balance at the end of period	(159)	-	(159)	-
Capital reduction reserve				
Balance at beginning of period	-	5,773	-	5,773
Transfer of capital reduction reserve to share capital	-	(5,773)	-	(5,773)
Balance at end of period	-	-	-	-
Capital reserve				
Balance at beginning of period	(7,671)	(81,003)	-	-
Capital reduction	-	73,332	-	-
Balance at end of period	(7,671)	(7,671)	-	-
Other reserve				
Balance at beginning of period	-	292	-	292
Exercise of share options	-	(290)	-	(290)
Net fair value changes on cash flow hedge	-	(2)	-	(2)
Balance at end of period	-	-	-	-
Dividend reserve				
Balance at beginning of period	-	-	-	-
Transfer from unappropriated profit	945	3,037	945	3,037
Balance at end of period	945	3,037	945	3,037
Accumulated profits / (losses)				
Balance at beginning of period	64,192	54,995	16,165	(73,363)
Profit for the period	552	4,494	1,841	16,939
Capital reduction	-	-	-	73,332
Transfer to dividend reserve	(945)	(3,037)	(945)	(3,037)
Balance at end of period	63,799	56,452	17,061	13,871
Minority interest				
Balance at beginning of period	288	-	-	-
Capital contribution from minority interests	-	400	-	-
Net loss for the period	(30)	(29)	-	-
Balance at end of period	258	371	-	-
Equity at end of period	141,618	115,642	102,293	80,361

	The Group		The Company	
	FY2008	Restated FY2007	FY2008	FY2007
Issued Capital				
Balance at beginning of year	63,453	100,040	63,453	100,040
Issuance of shares	21,002	29,992	21,002	29,992
Warrant exercised	-	979	-	979
Warrant expired	-	1	-	1
Warrant expenses	(9)	-	(9)	-
Transfer of capital reduction reserve to share capital	-	5,773	-	5,773
Capital reduction	-	(73,332)	-	(73,332)
Balance at end of year	84,446	63,453	84,446	63,453
Treasury shares				
Balance at the beginning of period	-	-	-	-
Buy back of share	(159)	-	(159)	-
Balance at the end of period	(159)	-	(159)	-
Capital reduction reserve				
Balance at beginning of year	-	5,773	-	5,773
Transfer of capital reduction reserve to share capital	-	(5,773)	-	(5,773)
Balance at end of year	-	-	-	-
Capital reserve				
Balance at beginning of year	(7,671)	(81,003)	-	-
Capital reduction	-	73,332	-	-
Balance at end of year	(7,671)	(7,671)	-	-
Other reserve				
Balance at beginning of year	-	418	-	418
Exercise of share options	-	(290)	-	(290)
Net fair value changes on cash flow hedge	-	(128)	-	(128)
Balance at end of year	-	-	-	-
Dividend reserve				
Balance at beginning of year	3,037	2,767	3,037	2,767
Dividend on ordinary shares	(3,037)	(2,767)	(3,037)	(2,767)
Transfer from unappropriated profit	945	3,037	945	3,037
Balance at end of year	945	3,037	945	3,037
Accumulated profits / (losses)				
Balance at beginning of year	56,432	40,023	13,871	(72,952)
Effect of change in accounting policy	20	-	-	-
Balance at beginning of year, restated	56,452	40,023	13,871	(72,952)
Profit for the year	8,291	19,451	4,133	16,513
Dividend on ordinary shares	1	15	1	15
Capital reduction	-	-	-	73,332
Transfer to dividend reserve	(945)	(3,037)	(945)	(3,037)
Balance at end of year	63,799	56,452	17,060	13,871
Minority interest				
Balance at beginning of year	371	-	-	-
Capital contribution from minority interests	-	400	-	-
Net loss for the year	(113)	(29)	-	-
Balance at end of year	258	371	-	-
Equity at end of year	141,618	115,642	102,292	80,361

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.

Employees' Stock Options

	Number of Employees' Stock Options (Unexercised)		Exercise Price (\$)	
	4Q2008	4Q2007	4Q2008	4Q2007
Balance at 1 October	-	500,000		
Exercised during the period	-	(500,000)	-	0.280
Balance at 31 December	-	-		

	Number of Employees' Stock Options (Unexercised)		Exercise Price (\$)	
	FY2008	FY2007	FY2008	FY2007
Balance at 1 January	-	5,500,000		
Exercised during the period	-	(100,000)	-	0.056
Balance before Share Consolidation	-	5,400,000		
Effect of Share Consolidation	-	(4,320,000)		
Balance after Share Consolidation	-	1,080,000		
Exercised during the period	-	(1,080,000)	-	0.280
Balance at 31 December	-	-		

Ordinary Shares

	Number of Ordinary Shares	
	4Q2008	4Q2007
Balance at 1 October	379,646,363	303,217,091
Conversion from employees' stock options	-	500,000
Balance at 31 December	379,646,363	303,717,091

	Number of Ordinary Shares	
	FY2008	FY2007
Balance at 1 January	303,717,091	1,152,033,508
Conversion from warrants	-	34,126,895
Conversion from employees' stock options	-	100,000
Balance before Share Consolidation	303,717,091	1,186,260,403
Effect of Share Consolidation	-	(949,008,322)
Consolidation adjustment	-	(27)
Balance after Share Consolidation	303,717,091	237,252,054
Issuance / Placement of Shares	75,929,272	26,000,000
Conversion from warrants	-	39,385,037
Conversion from employees' stock options	-	1,080,000
Balance at 31 December	379,646,363	303,717,091

Treasury Shares

	Number of Treasury Shares	
	4Q2008	4Q2007
Balance at 1 October	-	-
Shares buy back	1,453,000	-
Balance at 31 December	1,453,000	-

	Number of Treasury Shares	
	FY2008	FY2007
Balance at 1 January	-	-
Shares buy back	1,453,000	-
Balance at 31 December	1,453,000	-

During the fourth quarter ended 31 December 2008, the Company bought back 1,453,000 ordinary shares from the market.

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 2008 is 378,193,363 (31 December 2007 : 303,717,091).

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 Section 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 2007.

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.

With effect from 1 January 2008, the Group has changed to adopt the equity method for recognizing its interest in joint venture instead of proportionate consolidation. The financial statements for the year ended 31 December 2007, has been restated to reflect the change. Due to the change of accounting methods, the opening balance of retained earning as at 1 January 2008 increased by \$20k.

Under the equity method, the investment in joint venture is measured in the balance sheet at cost plus post-acquisition changes in the Group's share of net assets of the joint venture. When the Group's share of losses in a joint venture equals or exceeds its interest in joint venture, the Group does not recognize further losses, unless it has incurred obligations or made payments on behalf of the joint venture.

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		Financial year ended	
	31 Dec 08	31 Dec 07	31 Dec 08	Restated 31 Dec 07
Earning per share (cents)				
Basic	0.16	1.61	2.46	6.95
Diluted	0.16	1.53	2.46	6.63
Weighted average number of shares				
Basic	336,520,253	279,747,316	336,520,253	279,747,316
Diluted	336,520,253	293,525,945	336,520,253	293,525,945

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

7. Net asset value (for the issuer and group) per ordinary share based on issued share capital of the issuer at the end of the :-

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

	31 Dec 08	31 Dec 07
Net assets value per share (cents)		
The Group	37.38	37.95
The Company	27.05	26.46
Based on number of shares excluding treasury shares		
The Group	378,193,363	303,717,091
The Company	378,193,363	303,717,091

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.**

FINANCIAL HIGHLIGHTS

Revenue

Group revenue registered a decline of 20.0% to \$10.1m for the fourth quarter ended 31 December 2008 ("4Q08"), compared with \$12.6m achieved in the previous corresponding period ("4Q07"). Revenue for the quarter was mainly derived from sales proceeds received for City Edge, and the progressive recognition of residential development projects, Cuscaden Royale and Oxford Suites.

Revenue for the full year ended 31 December 2008 ("FY08") decreased 67.8% to \$29.7m from \$92.2m recorded in the previous corresponding period ("FY07").

Profit / Loss

Net profit for 4Q08 fell 88.3% to \$0.6m from \$4.5m, while full year net profit registered a decline of 57.9% to \$8.2m from \$19.4m in FY07.

In line with the drop in revenue, the Group's gross profit fell 55.4% from \$6.2m to \$2.8m in 4Q08. Gross profit for the full financial year also declined 56.5% from \$30.3m in FY07 to \$13.2m in FY08. However, gross profit margin for FY08 improved from 32.9% in FY07 to 44.4%, largely due to higher profit margin recorded from the sale of Cuscaden Royale apartment units.

4Q08 distribution and selling expenses of \$1.3m was incurred mostly in relation to the construction of two show suites – Waterscape at Cavenagh, and Signature at Lewis, as well as related marketing fees. In line with the lower number of sales transactions in FY08 versus FY07, distribution and selling expenses for FY08 fell 25.9% to \$3.6m.

The Group administrative expenses for 4Q08 and FY08 fell 13.6% and 13% respectively against the previous corresponding periods as a result of cost savings initiatives implemented.

Downward movements in the equity markets resulted in a fair value loss on quoted investments in 2008. As such, other expenses for 4Q08 and FY08, which comprised mainly of fair value loss on quoted investments was \$40,000 and \$196,000 respectively, while other expenses for 4Q07 and FY07 was \$74,000, due to a loss on disposal of fixed assets.

The Group saw a decline in financial expenses from \$41,000 to \$6,000 as most of the interest cost incurred in 4Q08 was in relation to projects under construction and was capitalized. In contrast, the bulk of interest cost incurred in 4Q07 was in relation to completed projects and was thus expensed off. Similarly, financial expenses for FY08 was also substantially lower at \$36,000, compared to \$315,000 recorded for FY07.

Marketing expenses, including cost of building the show suite of the The Beverly - a joint-venture residential development project with Superbowl Holdings Limited, was incurred and expensed off in FY08. This expense resulted in a loss in share of joint venture results of \$0.6m in FY08. In 4Q08, there was a reversal of over recognition of share of loss in joint venture of \$0.2m.

The Group recorded a lower tax expense of \$74,000 for FY08, as compared to \$3.5m in FY07. The lower tax was due to a tax discharge of \$1.9m and excess tax provisions of \$0.3m for subsidiary companies in prior years, which partially off set the deferred tax and current tax of \$2.3m. The deferred tax liability was incurred as profit was recognized on a few projects prior to their being granted the TOP (temporary occupancy permit).

Balance Sheet

Cash, bank balances and fixed deposits declined from \$30.2m to about \$9.9m, as a result of cash drawn down, to partially finance the acquisitions of four plots of land at Toh Tuck Road, Balmoral Road, St Thomas Walk and Balestier Road / Ah Hood Road.

Other assets reduced from \$30.0m to \$38,000 mainly due to the reclassification of deposits placed for land acquisitions to development properties.

The value of development properties increased from \$134.5m to \$463.1m mainly due to the four new plots of land acquired for development and the construction cost incurred for uncompleted projects. Correspondingly, this resulted in an increase in non-current borrowings from \$70.0m to \$367.6m.

Short-term bank borrowings declined by \$10.0m due to the repayment of bank loans by a subsidiary company, and a reclassification of a short-term loan as long-term loan.

Amount due to related companies increased from \$7.0m to \$12.0m, due to fund injection into one of the Group's subsidiary companies for a joint venture. The amount injected was in proportion to the percentage of equity owned in the joint venture.

Cash Flow

The Group recorded net cash used in operating activities of approximately \$281.6m, mainly for the completion of acquisition of land and the construction of the Group's residential property development projects.

Net cash used in investing activities was \$41.7m, mainly due to advance payment of \$37.8m made to associate company, HH Properties Pte Ltd, for land acquisitions of a 99-year leasehold land parcel at Balestier Road / Ah Hood Road, and which is slated for hotel/commercial development. HH Properties completed the land acquisition on 4 November 2008.

Financing activities registered a net cash inflow of \$302.9m, due mainly to proceeds generated from the Rights Issue of shares worth \$21.0m and bank borrowings of \$301.7m. These were partially used to repay short-term bank borrowings of \$15.0m and bank interest of \$6.6m and for dividend payment amounting to \$3.0m.

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 7 November 2008.

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.

In view of deteriorating economic conditions, demand for residential properties in 2008 had been weak, as evidenced by a significant decline in property transactions in FY08 as compared to FY07. Real estate statistics for 4Q08 by the Urban Redevelopment Authority of Singapore revealed that the prices of private residential properties fell 6.1%, as compared to 3Q08, which was 2.4% lower than prices in 2Q08.

This downward trend in property transaction volume and prices is expected to continue well into 2009. Nonetheless, the Group is hopeful that the Government stimulus package for businesses will provide a positive impetus in the later half of the year. In the meantime, the management will continue to be vigilant in containing costs, while keeping a close watch on developments in the property market, to seek an opportune time to launch some of its projects.

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 FY2008 as follows :

Name of dividend	:	First and Final
Type of dividend	:	Cash
Dividend amount	:	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

3 June 2009, subject to the approval of the shareholders at the Company's Annual General Meeting to be held on 22 April 2009.

(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 14 May 2009 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, 3 Church Street #08-01 Samsung Hub, Singapore 049483 up to 5.00 p.m. on 14 May 2009 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 14 May 2009 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.

01.01.08 to 31.12.08

(All figures in \$'000)

	Construction	Development Properties	Others ¹	Elimination	Total
Segmental Revenue					
- External sales	1,283	28,366	80	-	29,729
- Inter-segment sales	6,936	-	912	(7,848)	-
Segmental results-Profit	(239)	9,491	3,600	(5,761)	7,091
Other income					1,442
Financial income - net					319
Share of results of joint venture		(600)			(600)
Taxation					(74)
Net profit for the year					8,178

01.01.07 to 31.12.07 (Restated)

(All figures in \$'000)

	Construction	Development Properties	Others ¹	Elimination	Total
Segmental Revenue					
- External sales	97	92,123	-	-	92,220
- Inter-segment sales	12,851	-	845	(13,696)	-
Segmental results-Profit	207	25,162	17,570	(20,068)	22,871
Financial income - net					95
Share of results of joint venture					-
Taxation					(3,544)
Net profit for the year					19,422

Notes :

1) Segmental results for the segment Others comprised of dividend income declared by subsidiary companies for the year ended 31 December 2008 of \$4.4m (2007 : \$18.4m), net of expenses.

2) Other income relates to fair value gain on investment properties.

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

\$'000	31.12.08	31.12.07	% change
Sale reported for first half year	15,490	55,582	-72.1%
Operating profit after tax before deducting minority interests reported	7,246	8,043	-9.9%
Sale reported for second half year	14,239	36,638	-61.1%
Operating profit after tax before deducting minority interests reported in second half year	932	11,379	-91.8%

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

\$'000	31.12.08	31.12.07	% change
Ordinary	945	3,022	-68.7%

17. INTERESTED PERSONS TRANSACTIONS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008

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 2008	12 Months ended 31 December 2008	3 months ended 31 December 2008	12 months ended 31 December 2008
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"> - Bukit Panjang Plaza Pte Ltd (Value of transaction amounting to \$55,000) <p>Provision of Project and Construction Management Service to the Company's wholly owned subsidiary's 60%- share in joint venture :</p> <ul style="list-style-type: none"> - Goodluck View Development (Value of transaction amounting to \$278,200) 	<p>Provision of Project and Construction Management Service to the Company's wholly-owned subsidiaries :</p> <ul style="list-style-type: none"> - Bukit Panjang Plaza Pte Ltd, Contract Value of \$1,027,000 (Value of transactions amounting to \$535,000) - Cavenagh Properties Pte. Ltd., Contract Value of \$956,000 (Value of transactions amounting to \$358,000) <p>Provision of Project and Construction Management Service to the Company's 60%-owned subsidiary :</p> <ul style="list-style-type: none"> - Hiap Hoe SuperBowl JV Pte. Ltd., Contract Value \$671,200 (Value of transactions amounting to \$144,000) <p>Provision of Project and Construction Management Service to the Company's wholly owned subsidiary's 60%- share in joint venture :</p> <ul style="list-style-type: none"> - Goodluck View Development, Contract Value of \$1,040,000 (Value of transaction amounting to \$334,000) 	—	—

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 2008	12 months ended 31 December 2008	3 months ended 31 December 2008	12 months ended 31 December 2008
SuperBowl Holdings Limited (a subsidiary of the ultimate holding company, Hiap Hoe Holdings Pte Ltd)	<p>Contribution by the Company of its 60% proportion of the loan extended to :</p> <ul style="list-style-type: none"> - Hiap Hoe SuperBowl JV Pte. Ltd. (Value of loan as at 31 Dec 08 amounting to \$17,962,000) <p>Interest income amounting to \$(76,000)</p> <p>Contribution by the Company to an associate company, HH Properties Pte. Ltd. of its 50% proportion of the loan:</p> <ul style="list-style-type: none"> - Value to loan as at 31 Dec 08 amounting to \$37,814,000 <p>Interest income amounting to \$173,000</p>	<p>Contribution by the Company of its 60% proportion of the loan extended to :</p> <ul style="list-style-type: none"> - Hiap Hoe SuperBowl JV Pte. Ltd. (Value of loan as at 31 Dec 08 amounting to \$17,962,000) <p>Interest income amounting to \$124,000</p> <p>Contribution by the Company to an associate company, HH Properties Pte. Ltd. of its 50% proportion of the loan:</p> <ul style="list-style-type: none"> - Value of loan as at 31 Dec 08 amounting to \$37,814,000 <p>Interest income amounting to \$182,000</p>	—	—
SuperBowl Management Pte Ltd (a subsidiary of SuperBowl Holdings Limited)	<p>Construction of showflat for Goodluck View Development, Contact Value of \$1,065,000 (Value of transaction amounting to \$nil)</p> <p>Contribution by the Group of its 60% proportion of the loan :</p> <ul style="list-style-type: none"> - Goodluck View Development (Value of loan as at 31 Dec 08 amounting to \$9,083,000) <p>Interest income amounting to \$(46,000)</p>	<p>Construction of showflat for Goodluck View Development, Contact Value of \$1,065,000 (Value of transaction amounting to \$1,065,000)</p> <p>Contribution by the Company of its 60% proportion of the loan :</p> <ul style="list-style-type: none"> - Goodluck View Development (Value of loan as at 31 Dec 08 amounting to \$9,083,000) <p>Interest income amounting to \$61,000</p>	—	—

Hiap Hoe SuperBowl JV Pte. Ltd. (“HHSB”) is a joint venture 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 an associate 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
26 February 09