



Hiap Hoe Limited
(Registration No. : 199400676Z)

ACQUISITION OF 54 KALLANG PUDDING ROAD SINGAPORE 349325, SINGAPORE

1. Introduction

The Board of Directors of Hiap Hoe Limited (the "**Company**") wishes to announce that the Company's wholly owned subsidiary WestBuild Construction Pte. Ltd. (the "**Purchaser**"), has accepted an option to purchase ("**Option**") on 4 October 2011 to acquire the whole of Lot Nos. 3163W and 3165P all of Mukim 24 comprising the premises known as 54 Kallang Pudding Road Singapore 349325 (the "**Property**") from Boey Enterprises Private Limited (the "**Vendor**").

2. Purchase Consideration And Funding

The total purchase consideration for the Property is S\$33.5 million (the "**Consideration**") (excluding Goods and Services Tax). The Consideration was arrived at on a willing buyer willing seller basis after taking into account various commercial factors including the development potential, location of the Property, the recent transacted prices for properties in the vicinity and the terms and conditions of sale set out in the Option. No valuation report on the Property has been commissioned by the Company for the purposes of the sale and purchase of the Property.

The Consideration is to be paid in the following manner:

- a. 5% of the Consideration (including the option money being 1% of the Consideration) is to be paid upon acceptance of Option.
- b. the balance of the Consideration shall be paid on completion of the sale and purchase of the Development.

The Consideration will be fully funded through internal funds and/or bank borrowings.

3. Relative Figures

We set out below the relative figures for the proposed acquisition, computed in accordance with Rule 1006 of the Main Board Listing Manual of the Singapore Exchange Securities Trading Limited ("**Listing Manual**").

Rule 1006(a)

The basis of comparison set out in Rule 1006(a) of the Listing Manual is not applicable as Rule 1006(a) only applies to disposal of assets.

Rule 1006(b)

Net profit before tax attributable to the Property for the 6 : \$17,000
month period ended 30 June 2011

Consolidated net profit before tax of the Company based : S\$21,432,000
on the unaudited financial statements for the 6 month
period ended 30 June 2011 as announced by the
Company on 10 August 2011

Relative figure : Not meaningful

Rule 1006(c)

Aggregate value of the Consideration : S\$33,500,000

Market capitalization of the Company as at 3 October : S\$181,846,000⁽¹⁾
2011, being the market day immediately preceding the
date of acceptance of the Option

Relative figure : 18.4%

Note:

(1) The market capitalization of the Company is derived by multiplying the number of ordinary shares, excluding treasury shares, in the share capital of the Company in issue of 471,102,541 by the weighted average price of the shares of S\$0.386 transacted on 3 October 2011.

Rule 1006(d)

The basis of comparison set out in Rule 1006(d) of the Listing Manual is not applicable as Rule 1006(d) only applies to an issue of equity securities as consideration.

The abovesaid acquisition constitutes a discloseable transaction under the provisions of Rule 1010 of the Listing Manual.

4. Material Terms and Conditions of the Transaction

- (i) The sale and purchase of the Property shall be completed on :
 - (a) 27 December 2011 and
 - (b) is subject to existing tenancies.

- (ii) The sale and purchase is subject to the Singapore Law Society's Conditions of Sale 1999 (the "Conditions") in so far as the Conditions and the terms and conditions under the contract herein are not contrary to or in conflict with the following:-
- (a) Conveyancing & Law of Property (Conveyancing) Rules 2011 as promulgated under the Conveyancing & Law of Property Act; and
 - (b) Singapore Academy of Law (Conveyancing Money) Rules 2011 as promulgated under the Singapore Academy of Law Act (Cap 294A) (if applicable).
- (iii) Except for the lines of road reserve which has been made known to the Purchaser, the Property is sold subject to the use of the Property as currently approved by the relevant competent authorities and to the Purchaser's solicitors' receipt of satisfactory replies to their requisitions to the Mass Rapid Transit and other relevant local authorities and satisfactory information (other than the additions and alterations referred to under Condition 10 of the Option and the said lines of road reserves) shown on the Road and Drainage Interpretation Plans and if any such replies and or information shall be found to be unsatisfactory, the Purchaser shall be at liberty to rescind the contract for sale herein by giving to the Vendor's solicitors written notice to that effect within fourteen (14) days of the date of receipt of any such replies and information and upon such notice being given, the sale herein shall be treated as at an end in which event the deposit paid herein, (inclusive of the option money) shall be refunded to the Purchaser without interest and neither party shall have any claim whatsoever against the other for costs, damages, compensation or otherwise.

Provided Always that:-

- No reply from the Property Tax, Environment Health and Sewerage Departments; Land Transport and Building and Construction Authorities shall be deemed unsatisfactory if they do not disclose any notices affecting the property (other than the additions and alterations referred to under Condition 10 of the Option) have not been complied with or which the Vendor is unable to comply with;
- Any Plans that indicate that the Property is or will be affected by any drainage or backlane proposal or scheme or buffer requirement other than the said lines of road reserves which does not or will not substantially affect the Property or will come into operation only on development or redevelopment of the Property shall be deemed to be satisfactory;
- Any reply not received within four (4) weeks from the date of exercise of this Option shall be deemed to be satisfactory; and

- If the Purchaser shall fail to exercise its right of rescission within the aforesaid stipulated period of fourteen (14) days, then the Purchaser shall be deemed to have waived such right.

5. Financial Effects of the Transaction

For illustrative purposes, (a) assuming the Transaction had been effected at the end of 2010, there would have been no material impact on the consolidated net tangible assets per share of the Company for the financial year ended 31 December 2010 (being the latest audited accounts) ("**FY2010**") and similarly, (b) assuming the Transaction had been effected at the beginning of 2010, there would have been no material impact on the earnings per share for FY2010. The Transaction is also not expected to have any material effect on the net tangible assets per share or consolidated earnings per share of the Company for the current financial year.

6. Rationale for the Transaction

The Transaction is in line with the Company's existing core business of property development.

The Property is located along Kallang Pudding Road, off Aljunied/MacPherson Road and some 7.0 km from the City Centre and it can be combined with the Purchaser's existing plots of land, Lot Nos. 8056W, 8057V, 8058P and 8059T all of Mukim 24, for redevelopment. The Directors believe the Property would have substantial development potential.

7. Directors' and Controlling Shareholders' Interests

To the best of the Company's knowledge, none of the directors or the controlling shareholders of the Company has any interest, direct or indirect in the Transaction.

By Order of the Board

Submitted by [Lai Foon Kuen](#), Company Secretary on 4 October 2011 to the [SGX](#)