

HIAP HOE LIMITED

(Co. Reg. No.: 199400676Z)

(Incorporated in Singapore)

PROPOSED ACQUISITION OF VACANT LAND AT OXFORD ROAD, SINGAPORE

1. Introduction

The Board of Directors of Hiap Hoe Limited (the "**Company**") wishes to announce that the Company, through its wholly owned subsidiary Oxford Development Pte Ltd (formerly known as CEH Prime Exchange Company Pte Limited) (the "**Purchaser**"), has received an Option to Purchase (the "**Option**") from Malayan Banking Berhad (the "**Vendor**") with an option granted to the Purchaser to acquire vacant land located at Oxford Road, Singapore (the "**Proposed Transaction**").

2. The Property

The Property is vacant land located at Oxford Road, Singapore at Lot 1584T TS 18 Certificate of Title Vol 297 Fol 191 (the "**Property**"). The total purchase consideration for the Property is S\$12.5 million (the "**Consideration**"). 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 conditions attached to the Option.

The Property has been mortgaged to the Vendor and the Vendor is selling the Property as Mortgagee under an Instrument of Mortgage (the "**Mortgage**") whereby all the estate right and interest of the Mortgagor (as defined in the Mortgage) in the Property has been mortgaged to the Vendor and the concurrence of any person or persons interested in the Property shall not be required. The title of the Property shall be properly deduced but the Purchaser shall not require the delivery or production of any deeds not in the Vendor's possession nor shall the Purchaser investigate or make any requisition or objection in respect thereof.

3. Material Terms and Conditions of the Proposed Transaction

The materials conditions of the Proposed Transaction of Property are, *inter alia*, as follows: -

- (i) The Purchaser is not an approved purchaser within the meaning of the Residential Property Act (Cap. 274) and is required to obtain the relevant approval or consent for the Proposed Transaction. In the event that the required approval or consent is not obtained by the Completion Date, the Vendor shall be entitled to rescind the Option and the Deposit and all monies paid shall be forfeited to the Vendor and the Purchaser shall have no claim against the Vendor whatsoever.

The **Completion Date** is defined as twelve (12) weeks from the date of acceptance of the Option or such other date as the parties may agree in writing. The **Deposit** is defined as ten percent (10%) of the Consideration.

- (ii) Notwithstanding other conditions stated in the Option, the following shall apply in the event a petition for judicial management order has been presented or made against the Mortgagor before the completion of the Proposed Transaction: -
- a) The Vendor shall apply for approval of the Court as required by the Companies Act (Cap. 50) or the consent of the relevant judicial manager for the Vendor to proceed with the completion of the Proposed Transaction;
 - b) Completion of the Proposed Transaction shall take place on the Completion Date or such other date as the Vendor shall inform the Purchaser;
 - c) In the event that the Vendor fails to obtain the consent or approval of the judicial manager within 10 weeks from the date of presentation of the petition for judicial management or within such longer period as the parties may agree, the Proposed Transaction shall be null and void and the Deposit paid by the Purchaser shall be refunded without interest to the Purchaser and thereafter, neither party shall have any claim or right against the other.

4. Financial Effects of the Proposed Transaction

The Consideration will be fully funded through internal funds and/or bank borrowings. For illustrative purposes, (a) assuming the Proposed Transaction had been effected at the end of 2004, there would have been no material impact on the net tangible assets per share of the Company for the financial year ended 31 December 2004 (being the latest audited accounts) ("FY2004") and similarly, (b) assuming the Proposed Transaction had been effected at the beginning of 2004, there would have been no material impact on the earnings per share for FY2004. The Proposed Transaction is also not expected to have any material effect on the net tangible assets per share or earnings per share of the Company for the current financial year.

5. Rationale for the Proposed Transaction

The Proposed Transaction is in line with the Company's existing core business of property development. As the Property is located in the city area, the Directors believe the Property would have substantial development potential.

The Consideration of S\$12.5 million constitutes 25.0% of the market capitalization of the Company of S\$50.1 million based on the weighted average price of the Company's shares transacted on 16 February 2006.

Pursuant to Rule 3.2 of Practice Note 10.1 of the Listing Manual, shareholders' approval of the Company is not required as the Proposed Transaction will result in an expansion of the Company's existing core business. The Proposed Transaction is in the Company's ordinary course of business and is not to be regarded as a "major transaction" for the purpose of Chapter 10 of the Listing Manual.

6. 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 Proposed Transaction.

By Order of the Board

Submitted by Sophia Lim Siew Fay, Company Secretary on 17/02/2006 to the SGX