



Hiap Hoe Limited
(Registration No. : 199400676Z)

NEWS RELEASE

HIAP HOE 2Q2013 NET PROFIT SOARS 74.1% TO S\$29.0 MILLION

- **Revenue up 87.0% to S\$80.3 million driven by higher progressive revenue recognition from project sales;**
- **Gross profit margin improves 9.5 percentage points to 47.7%;**
- **Proposes record high interim cash dividend of 1.2 Singapore cents per share, equivalent to 14.3% of 1H2013 net profit[#].**

<i>S\$' million</i>	<i>2Q2013</i>	<i>2Q2012</i>	<i>% Change</i>
Revenue	80.3	43.0	87.0
Gross Profit	38.3	16.4	133.2
Gross Profit Margin (%)	47.7	38.2	9.5 ppt*
Net Profit [#]	29.3	16.7	75.9
Earnings per Share (cents)	6.24	3.54	76.3

Note: [#]attributable to shareholders

*percentage points

SINGAPORE, 5 August, 2013 – Singapore Mainboard-listed premium property developer, Hiap Hoe Limited (“Hiap Hoe” or the “Group”) today announced a 75.9% jump in net profit attributable to shareholders to S\$29.3 million for the three months ended 30 June 2013 (“2Q2013”).

In view of the Group’s sterling performance and to reward shareholders for their loyal support, the Board is pleased to declare a record high interim cash dividend payout of 1.2 Singapore cents per share, equivalent to 14.3% of the Group’s net profit attributable to shareholders for 1H2013.

Commenting on the Group's strong performance, Mr Teo Ho Beng (张和明), Hiap Hoe's Executive Chairman and Chief Executive Officer said, "I am delighted that the Group has performed exceptionally well at a time when the industry is facing challenges arising from slower economic growth and ongoing efforts by the authorities to stabilise Singapore's property market. Our strong performance is underpinned by Hiap Hoe's reputation as a premium property developer and our continual success in bringing to the market distinctive projects that are located in excellent locations."

Performance Review

The Group's 2Q2013 revenue grew 87.0% to S\$80.3 million, from S\$43.0 million in the previous corresponding financial period ("2Q2012") primarily due to higher progressive revenue recognition from Waterscape at Cavenagh and sales of units from Signature at Lewis and Skyline 360° amounting to S\$73.2 million (2Q2012: S\$30.8 million).

Backed by the higher revenue and higher margin contribution from the Group's ongoing projects, gross profit more than doubled to S\$38.3 million for 2Q2013, compared to S\$16.4 million for 2Q2012. Correspondingly, gross profit margin improved 9.5 percentage points to 47.7% for 2Q2013, from 38.2% for 2Q2012.

Earnings per share rose to 6.24 Singapore cents for 2Q2013, from 3.54 Singapore cents for the corresponding period, while net asset value per share as at 30 June 2013 rose to 72.84 Singapore cents, from 64.94 Singapore cents as at 31 December 2012.

For the half year ended 30 June, 2013 ("1H2013"), the Group achieved a net profit after tax of S\$38.8 million, on a 37.6% improvement in revenue to S\$110.6 million, from S\$80.4 million for the corresponding financial period ("1H2012"). The Group ended the period in a stronger position with shareholders' equity of S\$341.8 million as at 30 June 2013 from S\$305.3 million as at 31 December 2012.

The Group remains well-positioned with S\$21.3 million in cash and short-term deposits and a healthy gearing ratio of 0.4 times as at 30 June 2013.

Outlook & Recent Developments

The latest statistics from the Urban Redevelopment Authority (“URA”) released on 26 July 2013¹ indicated that prices of private residential properties rose by 1.0% in the second quarter of 2013, an improvement from 0.6% in the first quarter. However, sales of new private homes in the second quarter were lower at 4,538 units, compared to 5,412 units in the first quarter. The adjustment to the Additional Buyer’s Stamp Duty (“ABSD”) rates in January; and the Total Debt Servicing Ratio Framework announced by the Monetary Authority of Singapore in June will also continue to affect near-term buyer sentiments.

Nevertheless, the Group, taking into consideration current market sentiments, will step up its marketing efforts to sell the remaining units of its existing residential projects. As at 30 June 2013, both The Beverly and Signature at Lewis are 93% and 91% sold, respectively; while Skyline 360° and Waterscape at Cavenagh are 79% and 75% sold, respectively.

“On 31 July 2013, we announced the subscription of up to 88,268,000 new ordinary shares in the capital of Ley Choon Group Holdings Pte Ltd, providing us with a 14.9% interest in the established Underground Utilities Infrastructure service provider. This investment is central to the Group’s strategy of growing our investment activities to enlarge and diversify its revenue streams. Further, contributions from our integrated development at Zhongshan Park, which consists of two hotels, a retail mall and an office tower, will be a new source of recurrent income to the Group,” Mr. Teo added.

“In addition, we had recently announced the Group’s maiden foray into Australia’s property development market with a S\$33.6 million purchase of a 3,795 square metre freehold land site at 6 – 22 Pearl River Road, in the broader Docklands precinct of Melbourne, Australia. This marks the first step of our strategy to expand

¹ Release of 2nd Quarter 2013 real estate statistics, URA, <http://www.ura.gov.sg/pr/text/2013/pr13-47.html>

geographically and to broaden our revenue streams going forward,” Mr. Teo concluded.

In its 1 August 2013 announcement, the Group informed of its intention to review the approved plans and planning permits for the proposed iconic 425 unit residential development at 6 – 22 Pearl River Road. The Group is reviewing the plans to maximise the development potential with the introduction of a serviced apartment/hotel component. This will allow the Group to expand its hospitality business and pursue its strategy of growing its recurring income stream, following the success of its two hotel developments in Singapore.

About Hiap Hoe Limited

Hiap Hoe Limited is a premium integrated property developer, engaged in the development of luxury and mid-tier residential and hotel-cum-commercial properties that are distinct in design and preferred for their excellent location and investment prospects. The Group’s residential portfolio includes distinctive projects such as Treasure on Balmoral, Skyline 360°, Waterscape at Cavenagh, The Beverly, Signature At Lewis, Oxford Suites and Cuscaden Royale.

Hiap Hoe also owns an integrated hotel-cum-commercial development along Balestier Road that sits just opposite the historic Sun Yat-Sen Nanyang Memorial Hall, a national monument that pays tribute to the father of the 1911 Chinese Revolution. Comprising Days Hotel Singapore at Zhongshan Park (新加坡中山公园戴斯酒店), and Ramada Singapore at Zhongshan Park (新加坡中山公园华美达酒店), Zhongshan Mall (中山广场) and an office tower, the two hotels flank Zhongshan Park (中山公园), creating a unique integrated development with a strong heritage connection and old world charm.

In addition to the Group’s core business of property investment and property development, Hiap Hoe is also engaged in the construction business. More information on Hiap Hoe can be found at <http://www.hiaphoe.com>

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