Only the best carries our signature

AHEAD AND BEYOND

HIAP HOE LIMITED ANNUAL REPORT 2013

CONTENTS

For a better understanding of the Annual Report and overall profile of the Company, shareholders are encouraged to download the SGX's Investor Guide Book via this link, http://www.sgx.com/wps/wcm/connect/sgx_en/home/individual_investor/investor_guide.

For more information on the Group, please visit **www.hiaphoe.com**.

2013 CALENDAR OF EVENTS

18 February
Full Year Financial Statement and Dividend Announcement

19 April
Annual General Meeting

18 May
Opening of Ramada Singapore At Zhongshan Park

15 May
1st Quarter Financial Statement Announcement

22 May
Establishment of $500m Multicurrency Medium Term Note Programme

23 May
Payment of Final Dividend of 0.5 cents per ordinary shares

19 June
Appointment of Executive Director, Wun May Ling Tracy

1 August
Acquisition of 6 – 22 Pearl River Road, Melbourne, Australia

5 August
2nd Quarter Financial Statement Announcement

31 August
Acquisition of 14.9% of Ley Choon Group Holdings Limited

20 September
Payment of Interim Dividend of 1.2 cents per ordinary shares

3 October
Acquisition of 380 Lonsdale Street, Melbourne, Australia

3 October
Announcement of Memorandum of Understanding with Probuild Constructions (Aust) Pty Ltd

7 October
Announcement of Proposed Acquisition of SuperBowl Holdings Limited by way of a Voluntary Conditional Offer

4 November
3rd Quarter Financial Statement Announcement

18 November
Grand Opening of Zhongshan Park Integrated Development

26 November
Acquisition of 206 Bourke Street, Melbourne, Australia

5 December
Announcement of Early Contractor Involvement Agreement (ECI) with Probuild Constructions (Aust) Pty Ltd

Architect's impression of Treasure on Balmoral

TOWARDS TOMORROW

At Hiap Hoe, we have consistently delivered exceptional returns to our shareholders. With our sterling track record, we have proven to have good foresight, setting industry trends. This year, we made our first foray abroad with our acquisitions in Australia. As a homegrown premium developer, we seek to replicate our success in Australia, where only the best carries our signature.

Ahead and Beyond, Towards Tomorrow.

Architect's impression of HH@Kallang

Architect's impression of 6-22 Pearl River Road

ABOUT HIAP HOE LIMITED

Singapore Mainboard-listed Hiap Hoe Limited is a regional premium real estate group with a diversified portfolio of hospitality, retail, commercial and residential assets. The Group is known for 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° at St Thomas Walk, Waterscape at Cavenagh, The Beverly and Signature At Lewis.

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 2013, Hiap Hoe embarked on its strategic overseas expansion plans, acquiring assets in three prime locations in Melbourne, Australia: 6-22 Pearl River Road, 380 Lonsdale Street and 206 Bourke Street. The properties at 6-22 Pearl River Road and 380 Lonsdale Street were purchased with approved planning permits for residential developments. Hiap Hoe is in the process of seeking approval for a proposed mixed-use residential cum hotel development at 6-22 Pearl River Road. 206 Bourke Street was purchased with the strategy of building recurring income as it expands the Group's portfolio of investment assets. The purchase also came with an approved planning permit for a 142-room hotel above the existing property. Further, Hiap Hoe has entered into an MOU with Probuild, Australia's leading construction company for the latter's expert contributions in Early Contractor Involvement (ECI) and also signed a letter of intent with Starwood Asia Pacific Hotels & Resort Pte. Ltd. for proposed hotels at 6-22 Pearl River Road and 380 Lonsdale Street.

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 www.hiaphoe.com.

VISION

A richer life for each of us

MISSION

To provide sustainable long term returns to our stakeholders as we uphold our leading reputation as a homegrown premium developer of quality developments. Only the best carries our signature.

Ramada Singapore At Zhongshan Park

Days Hotel Singapore At Zhongshan Park

GROUP STRUCTURE

HIAP HOE LIMITED

SINGAPORE

HOTEL / COMMERCIAL PROPERTIES

- HH Properties Pte. Ltd. **50%** *(Zhongshan Park Integrated Development)*
- Cantonment Development Pte. Ltd. **40%**

RESIDENTIAL PROPERTIES

- Bukit Panjang Plaza Pte Ltd **100%** *(Skyline 360° At St Thomas Walk)*
- Cavenagh Properties Pte. Ltd. **100%** *(Waterscape At Cavenagh)*
- Guan Hoe Development Pte Ltd **100%** *(Signature At Lewis)*
- Leong Hoe Development Pte. Ltd. **100%**
- Wah Hoe Development Pte. Ltd. **100%**
  - Goodluck View Development **60%** *(The Beverly)*
- Hiap Hoe SuperBowl JV Pte. Ltd. **60%** *(Treasure on Balmoral)*
- Keng Hoe Development Pte. Ltd. **100%**
- Leng Hoe Development Pte. Ltd. **100%**
- Oxford Development Pte. Ltd. **100%**

INVESTMENT / OTHERS

- Hiap Hoe Investment Pte. Ltd. **100%**
- Hiap Hoe Strategic Pte Ltd **100%**

CONSTRUCTION

- WestBuild Construction Pte. Ltd. **100%**

OVERSEAS (AUSTRALIA)

Meteorite (Australia) Pte Ltd (Singapore) **100%**

LAND OWNING GROUP

- Meteorite Land Pty Ltd **100%**
  - Meteorite Land (Pearl River) Pty Ltd **100%**
  - Meteorite Property (Lonsdale Street) Pty Ltd **100%**
  - Meteorite Property (Bourke Street) Pty Ltd **100%**
  - Meteorite Property (St Kilda Road) Pty Ltd **100%**
  - Meteorite Property (King Street) Pty Ltd **100%**
  - Meteorite Property (Stirling Street) Pty Ltd **100%**

DEVELOPER GROUP

- Meteorite Development Pty Ltd **100%**
  - Meteorite Development (Pearl River) Pty Ltd **100%**
  - Meteorite Development (Lonsdale Street) Pty Ltd **100%**
  - Meteorite Development (Bourke Street) Pty Ltd **100%**
  - Meteorite Development (St Kilda Road) Pty Ltd **100%**

PROPERTY PORTFOLIO

Zhongshan Park Integrated Development

17,661 Approximate Land Area (sq. metres)

39,121 Gross Floor Area (sq. metres)

9,985 Net Commercial Lettable Area (sq. metres)

50% Effective Group Interest (%)

384 Rooms
Ramada Singapore At Zhongshan Park (4 stars)

405 Rooms
Days Hotel Singapore At Zhongshan Park (3 stars)

Signature At Lewis

1 LEWIS ROAD

2,014 Approximate Land Area (sq. metres)

3,222 Gross Floor Area (sq. metres)

100% Effective Group Interest (%)

3 Oct 2011 Completion Date

100% Current Stage of Completion

Skyline 360° At St Thomas Walk

68 ST THOMAS WALK

4,088 Approximate Land Area (sq. metres)

11,446 Gross Floor Area (sq. metres)

100% Effective Group Interest (%)

28 Sep 2012 Completion Date

100% Current Stage of Completion

The Beverly

45/47 TOH TUCK ROAD

11,516 Approximate Land Area (sq. metres)

16,122 Gross Floor Area (sq. metres)

60% Effective Group Interest (%)

11 Oct 2012 Completion Date

100% Current Stage of Completion

Waterscape At Cavenagh

65, 65A TO 65E CAVENAGH ROAD

9,401 Approximate Land Area (sq. metres)

19,743 Gross Floor Area (sq. metres)

100% Effective Group Interest (%)

31 Dec 2014 Expected Completion Date

55% Current Stage of Completion

Treasure on Balmoral

5/5A BALMORAL ROAD

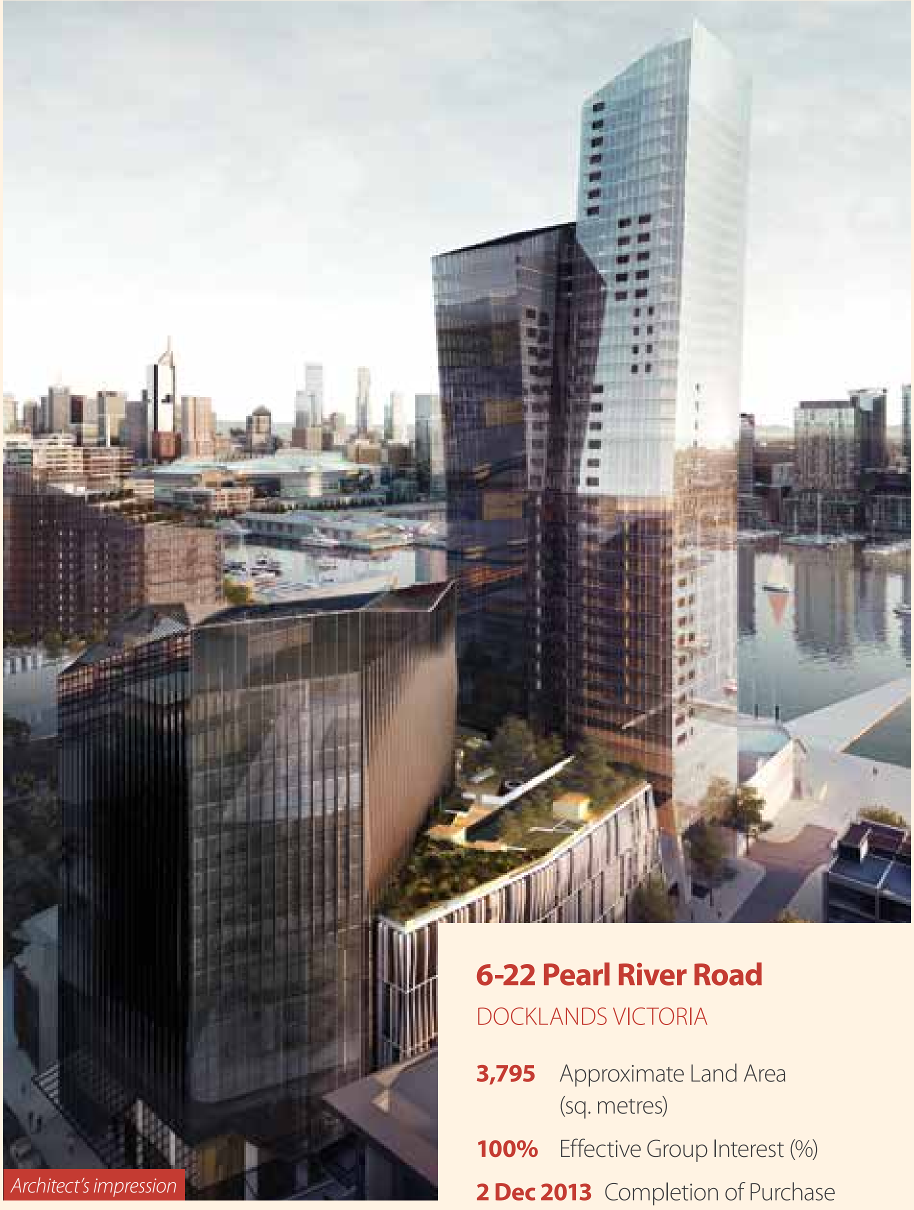
4,308 Approximate Land Area (sq. metres)

7,454 Gross Floor Area (sq. metres)

60% Effective Group Interest (%)

1 Nov 2012 Completion Date

100% Current Stage of Completion



Architect's impression

6-22 Pearl River Road

DOCKLANDS VICTORIA

3,795 Approximate Land Area (sq. metres)

100% Effective Group Interest (%)

2 Dec 2013 Completion of Purchase

Architect's impression

HH@Kallang

56 KALLANG PUDDING ROAD

4,471 Approximate Land Area (sq. metres)

11,172 Gross Floor Area (sq. metres)

100% Effective Group Interest (%)

31 Dec 2016 Completion Date

10% Current Stage of Completion (estimated)

Architect's impression

380 Lonsdale Street

MELBOURNE VICTORIA

3,165 Approximate Land Area (sq. metres)

100% Effective Group Interest (%)

3 Oct 2013 Completion of Purchase

206 Bourke Street

MELBOURNE VICTORIA

3,144 Approximate Land Area (sq. metres)

11,922 Net Lettable Area (sq. metres)

100% Effective Group Interest (%)

25 Nov 2013 Completion of Purchase

LETTER TO SHAREHOLDERS

"2013 was a year of milestone achievements for Hiap Hoe, commemorated by several key events, including the completion and grand opening of our landmark Zhongshan Park Integrated Development, which homes the first and only Zhongshan Park (中山公园) in Singapore. We also launched our strategic thrust into regional markets, with the acquisition of three assets in Australia."

Dear Shareholders,

2013 was a year of milestone achievements for Hiap Hoe, commemorated by several key events, including the completion and grand opening of our landmark Zhongshan Park Integrated Development, which homes the first and only Zhongshan Park (中山公园) in Singapore. We also launched our strategic thrust into regional markets, with the acquisition of three assets in Australia.

From our established position as a leading developer of high end luxury residential developments in Singapore, Hiap Hoe had in the review year elevated our status to become a premium regional real estate group with a diversified portfolio of hospitality, retail, commercial and residential assets.

The Group is also in the midst of completing the acquisition and consolidation of our sister company - SuperBowl Holdings Limited ("SuperBowl"). This strategic move, when completed, is expected to create a significant enlarged corporate entity with a combined net tangible assets of almost S$495.9 million, positioning the Group as a sizeable player in the real estate industry and hence enhancing our profile among global institutional investors.

Performance Review

On the earnings front, strong results from our business segments resulted in a record performance for Hiap Hoe, achieving S$78.6 million in profit. The Group's exemplary financial performance was achieved amidst concerns of weaknesses in the local property market marred by the introduction of property cooling measures. Our success in the year is a strong testament of Hiap Hoe's capabilities and growth strategies.

The strong earnings were underpinned by contributions from our residential property development business, which mainly comprised progressive revenue recognition of Waterscape at Cavenagh and sale of units from Skyline 360° at St Thomas Walk and Signature at Lewis.

In addition, 2013 also saw the first full year of contributions from our Zhongshan Park Integrated Development. We are heartened that under the management of the Wyndham Group, both Days Hotel and Ramada Singapore At Zhongshan Park achieved stable occupancies. Additionally, within the year, the 13-storey office tower – Hiap Hoe Building At Zhongshan Park was fully leased to a diverse mix of corporate tenants while the adjoining retail podium – Zhongshan Mall – is over 90% leased.

As part of the Group's long-term growth strategy and to reduce earnings volatility, the executive committee continually reviews and aligns our business strategies to meet the challenges of an ever-evolving business landscape. In 2013, we formally pushed forward with plans to establish a regional portfolio of assets that generate strong and growing recurring income for the Group.

A New Chapter of Growth

In August 2013, we announced our maiden foray into Australia with the acquisition of a prime waterfront site at 6 – 22 Pearl River Road, in the broader Docklands precinct of Melbourne, Australia. Serving as our maiden overseas flagship development, 6 – 22 Pearl River Road possess a planning permit for the development of two residential towers, of which is set to be an iconic development to add to Dockland's skyline as the tallest tower within the precinct.

We also acquired 380 Lonsdale Street, a significant commercial asset located in the heart of Melbourne's Central Business District, which comes with an approved planning permit for redevelopment into a 48-storey tower on top of a 12 storey podium, which will feature 655 apartments, 1,295 sq m of retail space, and a 740 car parking facility.

In line with our strategy to grow our recurring income stream, we purchased 206 Bourke Street, a trophy-quality mixed use retail and office asset in Melbourne's Central Business District/Chinatown Precinct, which is near fully leased to a diverse mix of international and national tenants. Further, 206 Bourke Street possesses an approved planning permit to build a 142-room hotel above the structure's fourth level and we are reserving this redevelopment option for opportunities to further expand our hospitality business.

For our overseas assets, we believe the Group will be able to leverage on our capabilities and Hiap Hoe's strong branding to replicate our success in Singapore as a high-end property developer and real estate owner. Moving forward, we will continue to seek opportunities across the region; and will also closely monitor market developments in Singapore, with a view towards establishing a sizeable real estate portfolio.

Further, our first industrial property in Singapore – HH@Kallang, is slated for launch and completion in 2014. A premium 9-storey freehold light industrial development located at the city fringe at Kallang Pudding Road, we are confident that the 55 units of highly functional business spaces offered by this project is suited for both business owners and investors.

Strategic Investment and Consolidation For Growth

Through our investment arm, the Group announced and completed the acquisition of 14.9% interest in SGX Mainboard listed Ley Choon Group Holdings Limited ("Ley Choon"). This strategic investment is central to our business strategy of growing Hiap Hoe's investment activities, as we enlarge and diversify our revenue streams over the longer term.

Our takeover and proposed privatisation of SuperBowl, which is tentatively scheduled to complete by the third quarter of 2014, will significantly boost Hiap Hoe's corporate standing, and we stand to benefit from greater operational efficiencies as there is a strategic and operational fit between our property development and investment business and SuperBowl's business in commercial properties investment. The transaction will create value for our shareholders through the emergence of a significantly enlarged corporate entity with a combined diversified portfolio of residential, industrial, commercial and hospitality assets. At the same time, the combined portfolio of investment assets will also provide Hiap Hoe with additional recurring income streams through SuperBowl's leisure and recreation business.

Dividend

To mark our record year and to thank our valued shareholders for the continued support, the Board is pleased to have recommended a final cash dividend of 0.8 cent per share. Combined with the cash dividend of 1.2 cents per share declared in August 2013, this brings the total dividend to 2.0 cents per share for FY2013. At this level, our FY2013 dividend is one of the highest annual distributions in our history.

Ackowledgements

In closing, I would like to thank my fellow board members for their invaluable support and guidance; and on behalf of the Board of Directors, I would like to express my appreciation to our management team and dedicated staff for their commitment and hard work in steering Hiap Hoe towards greater heights. I must also thank our shareholders, customers, bankers and business associates for their commitment and support. Together, let us look forward to yet another year of sustained growth and continual success.

Teo Ho Beng
Executive Chairman /
Chief Executive Officer

BOARD OF DIRECTORS

Teo Ho Beng
Executive Chairman /
Chief Executive Officer

Mr Teo was appointed as Director and Managing Director on 16 January 2003 and has been a Director of Hiap Hoe Group since 1983. He assumed the position of Chief Executive Officer on 16 January 2006.

Subsequent to the retirement of Mr Teo Guan Seng, Mr Teo assumed the position of the Executive Chairman and relinquished the position of Managing Director on 11 May 2012. He has more than 38 years of experience in the construction and property industries, and over 23 years of experience in the leisure industry.

Mr Teo is responsible for the formulation of corporate strategies and policies for Hiap Hoe, and ensures their implementation by senior management at the operations level. He also chairs the senior management meetings to monitor Hiap Hoe's performance, and oversees management, budgeting and forecasting procedures to ensure there is prudent financial management.

Mr Teo is currently also the Executive Chairman and Chief Executive Officer of SuperBowl Holdings Limited.

Teo Ho Kang, Roland
Managing Director

Mr Teo was appointed as Director on 16 January 2003. He assumed the position of Managing Director on 11 May 2012. He has been a Director of Hiap Hoe Group since 1999.

With more than 23 years of experience in the property and leisure industries, Mr Teo is responsible for overseeing the marketing and promotion of Hiap Hoe's properties and their performance. He also takes care of the Group's product development and staff development.

Mr Teo holds a Bachelor in Business Administration from the American Intercontinental University. His last re-election to the Board was on 30 April 2012.

Mr Teo was appointed as an Executive Director and the Deputy Managing Director of SuperBowl on 28 September 1995. He assumed the position of Managing Director of SuperBowl on 1 March 2012.

Wun May Ling Tracy
Executive Director

Appointed as Executive Director on 19 June 2013 and as part of the Executive Committee, Ms Wun is jointly responsible for the formulation and implementation of the Group's corporate strategies and policies. She is instrumental in the development and execution of the Group's strategic and business decisions including the Group's overseas expansion plans and corporate investments. In 2013, Ms Wun led the Group's strategic expansion into Australia and overseas markets, charting the direction of the Group's future engine of growth.

Ms Wun is also responsible for the Group's Finance & Treasury functions, including engaging and negotiating with bankers, lawyers, financial advisors and tax advisors, and formulating strategic investment decisions on corporate finance matters, corporate M&As, etc. She oversees the Sales & Marketing and Leasing functions and formulates the direction for the Group's portfolio of properties and assets, including the hospitality portfolio. Ms Wun takes charge of the Group's investor relations and public relations, corporatising the Group's profile in the investment community.

Ms Wun graduated from National University of Singapore (Business Administration) and possesses over 15 years of banking experience, during her tenure with United Overseas Bank Limited in the Commercial Lending business with industry specialisations in Real Estate & Construction and Logistics, Shipping and Oil & Gas.

Ms Wun is currently also the Executive Director of SuperBowl Holdings Limited.

Chan Wah Tiong
Lead Independent,
Non-Executive Director

Mr Chan was appointed as Director on 14 August 1998, and has been an independent Director of the Company since 1998. He was appointed as Lead Independent Director on 8 June 2012. Currently, he is the Director – Community Care Development Division at Agency for Integrated Care. He was formerly the Chief Executive Officer of All Saints Home, a non-profit organisation that provides residential nursing care for the elderly infirm of all races and religions in the community.

Mr Chan brings extensive financial, accounting and compliance experience, having served as external Auditor, Accountant, Financial Analyst, Financial Director and CFO of several companies (both local and multinational) in semiconductor, manufacturing, trading, construction and non profit organisation. Mr Chan is also an Independent Director of Koda Ltd, a company listed on the Singapore Exchange. He is also the Finance Committee Chairman and Treasurer of Care Corner Singapore – a non-profit voluntary welfare organisation that provides a wide scope of community services.

A Certified Public Accountant with the Institute of Singapore Chartered Accountants, Mr Chan holds a Bachelor of Accountancy and a Graduate Diploma in Social Work from the National University of Singapore. His last re-election to the Board was on 20 April 2010.

Chan Boon Hui
Independent,
Non-Executive Director

Mr Chan was appointed as Director on 4 April 2003. He is presently the Managing Director of Chancery Capital Pte Ltd.

He has more than 15 years of investment banking experience with OCBC Bank, BNP Paribas and the Rothschilds Group in Singapore and New York. Mr Chan graduated from Cambridge University (UK) with a Master of Arts (Hons) (Law) in 1994, and is a Chartered Financial Analyst.

His last re-election to the Board was on 30 April 2012.

Kwok Chui Lian
Independent,
Non-Executive Director

Ms Kwok was appointed as Director on 12 September 2012. She is currently the President and CEO of AFC Merchant Bank. She was appointed to this position in January 2008 after spending almost 20 years in OCBC. Ms Kwok started her banking career with Citibank Singapore as a credit analyst upon graduation in 1981.

She holds a Bachelor of Arts (Hons) degree in Economics from the City of Birmingham Polytechnic, UK. She is also a Fellow of The Institute of Chartered Secretaries and Administrators and has attended executive management programmes at both Wharton-SMU University (General Management Programme in 2004) and The Wharton School at the University of Pennsylvania (The Leadership Journey-Creating and Developing your leadership in 2006).

KEY MANAGEMENT

Benjamin Chan
Group Chief Financial Officer

Mr Chan joined Hiap Hoe in 2014 and is responsible for the financial, accounting and taxation functions as well as the compliance and reporting obligations of the Group. Mr Chan has accumulated more than 20 years of experience in the financial field, holding various accounting and financial positions in listed and non-listed companies. Mr Chan has also spent many years in professional audit firms. Mr Chan is a fellow member of The Chartered Association of Certified Accountants since 1977. He is also a member of the Institute of Singapore Chartered Accountants.

Jenny Aw
Financial Controller

Ms Aw has more than 18 years of combined experience in audit, finance and accounting. She is a Chartered Accountant (Singapore) and a member of The Association of Chartered Certified Accountants. Ms Aw joined the Group in 1997, and her current responsibilities involves overseeing Group's accounting, taxation, corporate secretariat and finance related matters. Prior to joining Hiap Hoe, Ms Aw worked with KPMG Singapore as audit assistant.

Axlle Huang Guofeng
Finance Manager

Mr Huang is responsible for cashflows, treasury, corporate finance, investments for the Group and liaises with bank for financing matters. He graduated from Singapore Management University with a degree in Bachelor of Business Management (Cum Laude) with a double major in Finance and Marketing. With over five years of experience in the finance industry, Mr Huang gained valuable experience in equity advisory, portfolio management and corporate lending during his previous tenures. He is an active volunteer at the grassroots level with the Nanyang Community Club.

Gareth Zhou
Head of Asset Management

Mr Zhou oversees the management of Hiap Hoe's hospitality, commercial, residential and retail asset portfolios. Prior to joining the Group, Mr Zhou worked in the banking industry and has gained over 6 years of corporate lending experience. Mr Zhou has exposure across client segments ranging from retail to corporate banking, with specialisation in the real estate & construction sector. Mr Zhou holds a Bachelor of Engineering (Computer Engineering) degree from Nanyang Technological University.

Marc Teo
Head of Project Management & Contracts

Mr Teo is responsible for managing the Group's project related matters for all developments in Singapore and Australia. Mr Teo previously held the position of Construction Project Manager for two years and Project Management Executive for one year. Prior to joining Hiap Hoe, Mr Teo spent two years with Ernst & Young Singapore. Mr Teo graduated from Nanyang Technological University with a Bachelor of Accountancy (First Class Honours) degree and holds a diploma in Quantity Surveying conferred by Global School of Technology & Management and articulated by Heriot Watt University, UK.

Chew Char Choon
Business Head - Construction

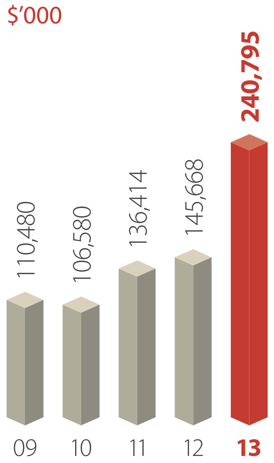
Mr Chew joined the Group in March 2012 and is responsible for managing the Hiap Hoe's construction arm in Singapore and is the management representative for the Group's construction arm ISO 9000, 14000 & OHSMS programmes and certifications. Mr Chew has 26 years of working experience in the construction industry and spent over 20 years with an A1 contractor prior to joining the Group. Mr Chew graduated from South Dakota State University with Bachelor of Science in Civil Engineering.

Agnes Teo
Head of HR & Admin

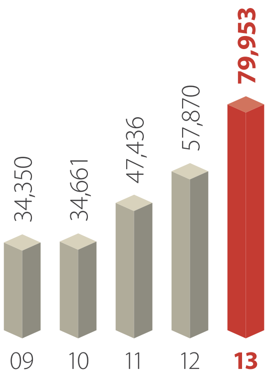
Ms Teo joined the Group in 2003 and is responsible for formulating the human resource and administration policies of the Group. Ms Teo possesses more than 11 years of experience in human resource and administration and oversees the Group payroll, staff welfare and staff development as well as administration. Ms Teo holds a Bachelor of Arts degree from the Pacific Union College (USA).

FINANCIAL HIGHLIGHTS

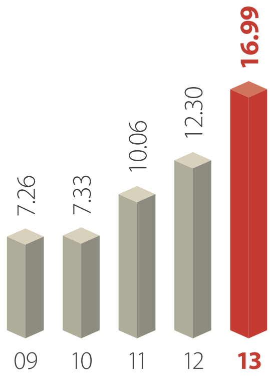
Group Revenue
$'000



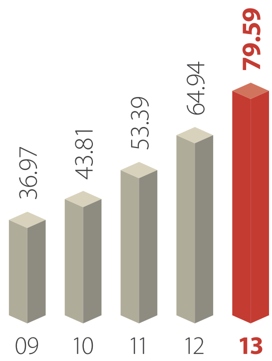
Net Profit Attributable to Owners of the Company
$'000



Earnings Per Share
Cents



Net Assets Value Per Share
Cents



	2013 $'000	2012 $'000	2011 $'000	2010 $'000	2009 $'000
Group Income Statements					
Revenue	**240,795**	145,668	136,414	106,580	110,480
Profit before Taxation	**96,502**	66,855	54,527	39,577	41,622
Net Profit Attributable to Owners of the Company	**79,953**	57,870	47,436	34,661	34,350
Group Balance Sheets					
Non-Current Assets	**174,649**	29,058	16,668	10,001	11,717
Current Assets	**652,305**	557,717	575,509	517,533	590,206
Current Liabilities	**245,853**	200,218	246,534	180,424	89,597
Non-Current Liabilities	**208,231**	84,757	94,200	140,118	337,343
Equity Attributable to Owners of the Company	**374,537**	305,595	251,387	206,870	174,766
Per Share Data (Cents)					
Earnings after Tax[1] (Basic)	**16.99**	12.30	10.06	7.33	7.26
Net Assets Value[1]	**79.59**	64.94	53.39	43.81	36.97
Dividend	**2.00**	1.00	0.50	0.50	0.25
Financial Ratios					
Return on Average Shareholders' Funds (%)	**23.51**	20.78	20.70	18.16	21.73
Debt Equity Ratio (Times)[2]	**1.00**	0.67	1.08	1.34	2.28
Net Debt Equity Ratio (Times)[3]	**0.69**	0.60	1.04	1.16	2.26
Current Ratio (Times)	**2.65**	2.80	2.33	2.87	6.59
Dividend yield (%)	**2.41**	1.59	1.19	1.14	0.49
Dividend payout (%)	**11.8**	8.13	4.97	6.82	3.45

Note: (1) For comparative purposes, the ratios for FY2009 are adjusted to take effect of the bonus issue in FY2010.
(2) Debt includes amount due to related companies (non-trade).
(3) Net debt is debt less cash and short-term deposits.

PERFORMANCE REVIEW

FY2013 was a year of record earnings for Hiap Hoe with the Group recording an increase of S$95.1 million or 65.3% jump in full year revenue to S$240.8 million, compared to S$145.7 million in the previous financial year.

The main driver of growth was revenue generated from Development Property at S$224.7 million, an increase of S$111.1 million. This is due to higher progressive revenue recognition from residential project: Waterscape at Cavenagh, and sale of units from completed projects: Skyline 360° and Signature at Lewis.

With the completion of the Group's Integrated Development Zhongshan Park during the year, revenue generated from construction activities saw a decline to S$14.5 million.

During the year, the Group acquired three assets in Australia. These assets generated incremental Rental Income in the fourth quarter of FY2013 and contributed S$1.4 million to revenue.

With the above, gross profit more than doubled to S$116.2 million, compared to S$57.7 million in FY2012. Gross profit margin in FY2013 was 8.6% higher at 48.2%.

In line with the increase in the Group's corporate activities, Other items of expenses increased to $28.5 million comprising mainly Distribution and Selling expenses Financial expenses and Administrative expenses. During the financial year 2013, Hiap Hoe established a S$500 million Multicurrency Medium Term Note Programme and successfully issued a total of $115 million. This together with an increase in bank borrowings increased Financial expenses to S$3.8 million from S$0.6 million.

At the same time, Administrative expenses rose to S$20.6 million attributed by acquisition cost for Australia assets, comprising mainly stamp duties of S$9.5 million. S$1.5 million was allocated for Depreciation expenses on such building, plant and equipment. A further S$0.8 million spent in professional fees was incurred mainly for the Voluntary Conditional Offer to acquire all the issued and paid-up shares of SuperBowl Holdings Limited.

Tax expense in FY2013 was S$17.9 million, compared to S$9.3 million in FY2012. The increase was mainly due to provision made for deferred taxation in relation to profits recognised progressively for the sold units from Waterscape At Cavenagh, as well as provision for tax for new units sold for completed projects.

As a result of the above, the Group's net profit attributable to shareholders rose 38.2% to S$80.0 million in FY2013, compared to S$57.9 million in FY2012.

Financial Position

As at 31 December 2013, the Group remained in a strong position with shareholders' equity of S$374.5 million, and cash and short-term deposits valued at S$115.9 million.

With the completion of the Group's acquisitions in Australia, Property, plant and equipment and Investment properties increased to S$29.6 million and S$137.9 million respectively as at 31 December 2013.

During the year Hiap Hoe made a strategic acquisition of Ley Choon Group Holdings Limited. This is the main driver for the increase in Other investments as at 31 December 2013 to S$24.6 million. The Group also paid a deposit to acquire 130 Stirling Street, Perth, Australia. This is reflected in Other assets, amounting to S$10.4 million.

As part of Hiap Hoe's risk management policy, the Group hedges its foreign exchange exposure in its investment overseas. The Derivatives asset of S$0.9 million refers to the mark-to-market valuation of a forex forward deal and the Derivative liability of S$0.5 million refers to the mark-to-market valuation of

Treasure on Balmoral

an interest rate swap, both entered into for our purchase of 206 Bourke Street, Melbourne, Australia.

Development properties increased 55.6% to S$255.0 million as at 31 December 2013, from S$163.9 million as at 31 December 2012. The increase was contributed by (1) the construction-in-progress for Waterscape at Cavenagh, (2) work-in-progress for an industrial property in Kallang Pudding Road, and (3) cost of acquisition of 6-22 Pearl River Road, Melbourne, Australia.

Cash Flow

Net cash generated from operating activities in the review year surged to S$121.9 million, compared to S$62.8 million a year ago. Cash from profits contributed S$91.2 million and a decrease in working capital added a further S$39.5 million.

Zhongshan Park

In FY2013, net cash used in investing activities amounted to $184.3 million and is attributed mainly to the acquisition of investment properties in Australia of S$138.0 million and Ley Choon Group Holdings Limited at S$14.5 million.

Net cash generated from financing activities for FY2013 amount to S$157.5 million. Cash inflows from financing activities were from the proceeds from the issuance of fixed rate notes of S$114.7 million and net increase in bank borrowings of about S$46.4 million.

Earnings Per Share

Earnings per share on a fully diluted basis for FY2013 rose to 16.99 Singapore cents, compared to 12.30 Singapore cents a year ago.

Net Asset Value

As at 31 December 2013, the Group remained in a strong position with shareholders' equity of S$374.5 million, and cash and short-term deposits valued at S$115.9 million. Net asset value per share rose to 79.59 Singapore cents in FY2013, from 64.94 Singapore cents in FY2012.

OPERATIONS REVIEW

RESIDENTIAL PROPERTY DEVELOPMENT (SINGAPORE)

Signature At Lewis

An exclusive 12-storey freehold condominium located in the prime District 10 area and one of Singapore's most affluent neighbourhoods, Signature at Lewis sits on a 21,675 sq ft site along Lewis Road. This luxurious development is well-connected to major expressways and in close proximity to a host of prestigious membership clubs, top educational institutions as well as the Singapore Botanic Gardens.

Comprising 30 units of luxury 1, 2 and 4-bedroom apartments ranging from 635 sq ft to 1,841 sq ft, and two penthouses sprawling over 3,000 sq ft each, Signature at Lewis is designed as a sanctuary of relaxation and rejuvenation, with an emphasis on privacy amidst ample living space.

Launched in 2009, this development is 94% sold as at 31 December 2013 and has obtained its temporary occupation permit on 3 October 2011.

The Beverly

A luxurious 5-storey freehold development that sits on a 124,000 sq ft site, amidst the environs of low-lying landed private homes along Toh Tuck Road, just off Upper Bukit Timah Road. The development is conveniently located nearby reputable schools and tertiary institutions and is well-connected to major expressways and transportation nodes.

With the fusion of aesthetics and functionality, The Beverly is well-designed, featuring spacious 2, 3, and 4-bedroom apartments ranging from 1,120 sq ft to 4,187 sq ft. The penthouse units are served by private lifts and outfitted with a private roof garden and pool for the discerning home owner.

The Beverly was launched in 2009 and is fully sold, with temporary occupation permit obtained on 11 October 2012. This development is a 60:40 joint-venture with SuperBowl Holdings Limited ("SuperBowl").

Waterscape At Cavenagh

A freehold residential development conceived as the first home resort in the heart of the city, Waterscape at Cavenagh is a prestigious District 9 development built over a 101,193 sq ft site.

Sheltered by verdant foliage and nestled amidst an enchanting waterscape setting in an exclusive enclave, this 200-unit condominium is a short 5-minute walk to the Orchard shopping belt and several key transportation nodes, offering convenient access to Singapore's entertainment and cultural districts.

Waterscape at Cavenagh comprises four 7-storey blocks and two 6-storey blocks, housing 1 to 4-bedroom apartment units and penthouses ranging from 581 sq ft to 2,992 sq ft. Launched in 2010, Waterscape at Cavenagh is 75% sold as at 31 December 2013 and is expected to obtain its temporary occupation permit by May 2014.

Signature at Lewis

Skyline 360° at St Thomas Walk

The Beverly

Waterscape at Cavenagh

Skyline 360° at St Thomas Walk

An iconic 36-storey freehold residential development offering unparalleled views of Singapore's city skyline, Skyline 360° at St Thomas Walk sits on a 44,003 sq ft site located in District 9, Singapore's most sought after prime district for the well-heeled.

The 61-unit condominium is a short walking distance from Orchard Road – the heart of Singapore's high-street fashion and a shopping paradise and sits within close proximity to the city's cultural and lifestyle neighbourhoods, offering a unique blend of quality urban lifestyle and convenience.

Featuring 3 and 4-bedroom apartments, as well as penthouses and super-penthouse with private pools, Skyline 360° at St Thomas Walk was launched in 2009 and is 92% sold as at 31 December 2013. The development obtained its temporary occupancy permit on 28 September 2012.

RESIDENTIAL PROPERTY DEVELOPMENT (SINGAPORE)


Architect's impression of Treasure on Balmoral

Treasure on Balmoral

A premium 12-storey freehold private residential development that sits in the distinguished locale of Singapore's District 10, Treasure on Balmoral occupies a 46,375 sq ft site along Balmoral Road.

The condominium serves the beauty of spaciousness and tranquillity, offering a restful sanctuary of greenery within the city. Enclosed within the Goodwood Hill neighbourhood, Treasure on Balmoral offers breathtaking treetop and city views with radiant natural lighting.

Comprising two 12-storey blocks housing 44 apartment units and four penthouses with attached private swimming pools ranging from 1,701 sq ft to 3,692 sq ft, Treasure on Balmoral is designed to create a maximum level of convenience through generous space, top-quality fittings and a suite of facilities.

A 60:40 joint-venture with SuperBowl, Treasure on Balmoral obtained its temporary occupation permit on 1 November 2012.

INDUSTRIAL PROPERTY DEVELOPMENT (SINGAPORE)

HH@Kallang

In late 2011, the Group broadened its core property development business into industrial properties with the strategic acquisition of a freehold site at 54 Kallang Pudding Road. Located in a major industrial hub in Singapore, and at the city fringe just 7 km from Singapore's city centre, construction is currently in progress at the 48,121 sq ft site.

Named as "HH@Kallang", the freehold B1 9-storey light industrial development offers 55 quality business spaces of high-end technical specifications, distinct with its contemporary architecture and elegant façade. "HH@Kallang" is slated for launch in second half of 2014 and with temporary occupation permit targeted for 2016. This industrial development is expected to uphold the trademark quality of Hiap Hoe and will appeal to both business owners and astute investors.

Architect's impression of HH @ Kallang

OVERSEAS PROPERTY DEVELOPMENT (AUSTRALIA)

Architect's impression of Pearl River Road (Melbourne)

In 2013, the Group realised its strategy to diversify and grow across geographies with the acquisition of 6 – 22 Pearl River Road as its, maiden investment in Australia. Subsequently, the Group added two other quality acquisitions to its stable of overseas properties, which included 380 Lonsdale Street and 206 Bourke Street in Melbourne.

6 - 22 Pearl River Road (Melbourne)

A 3,795 sq m waterfront site located in Melbourne's Docklands precinct, 6 - 22 Pearl River Road serves as the site of Hiap Hoe's maiden overseas flagship development. Situated in the highly sought after NewQuay precinct, at the edge of Victoria Harbour, 6 - 22 Pearl River Road is planned for development into an iconic landmark in Docklands, towering over all other buildings in the precinct, with commanding views from all angles.

The site possesses approved planning permit for the development of 425 residential units and the Group is targeting to develop it into a mixed-use development, comprising two residential towers, one 43-storey block and one 36-storey block; and a 17-storey hotel tower with more than 300 room keys. The Group has entered into a Letter of Intent ("LOI") with Starwood Asia Pacific Hotels & Resorts Pte. Ltd to supervise, direct and control the operations of the proposed hotel tower under the Four Points® by Sheraton brand.

380 Lonsdale Street (Melbourne)

A freehold commercial building comprising a 445 bay commercial car park, 5,130 sq m of office accommodation and ground level retail tenancies, 380 Lonsdale Street sits strategically on a 3,165 sq m site in the heart of Melbourne's Central Business District.

There is an approved planning permit in place to develop an iconic 46-level mixed-use tower. The Group plans to seek approval from the Planning Department of the City of Melbourne for a change of use into a mixed-use development comprising both residential-cum-hotel facilities. The Group has entered into a Letter of Intent ("LOI") with Starwood Asia Pacific Hotels & Resorts Pte. Ltd to supervise, direct and control the operations of the proposed hotel tower under the Aloft® brand.

206 Bourke Street (Melbourne)

A trophy-quality mixed use retail and office asset centrally located in the Central Business District of Melbourne, Australia, 206 Bourke Street is a freehold site with a net lettable area of 11,922 sq m, comprising 9,582 sq m of retail lettable area and 2,340 sq m of office lettable area.

206 Bourke Street is strategically situated on the edge of Bourke Street Mall, Melbourne's fashion, dining, entertainment and lifestyle destination, enjoying direct access to the northern side of Bourke Street and extends through to the Chinatown restaurant precinct on Little Bourke Street.

The development is fully leased to a diverse mix of international and national tenants which include key retailers such as Quicksilver, G Star Raw, and Smiggle. As at the end of 2013, the development's weighted average lease expiry by lettable area is approximately 4.8 years, offering income security for the Group.

206 Bourke Street also comes with an approved planning permit to build a 142-room hotel above the fourth level of the existing development, an enhancement option that the Group intends to reserve for its longer term strategy to grow its hospitality business.

Architect's impression of Lonsdale Street (Melbourne)

Bourke Street (Melbourne)

HOSPITALITY & COMMERCIAL

Integrated Development At Zhongshan Park

Spanning over 190,000 square feet, Zhongshan Park Integrated Development is an integrated hotel-cum-commercial development built on the grounds of Singapore's only Zhongshan Park. This development comprises two internationally branded hotels managed by international hotel operator, Wyndham Group – Days Hotel Singapore At Zhongshan Park and Ramada Singapore At Zhongshan Park; a 13-storey office block – Hiap Hoe Building At Zhongshan Park; and a 50,000 sq ft retail mall - Zhongshan Mall. The iconic development had rejuvenated the Balestier precinct and is highly accessible from Novena MRT station via a short 5-minute complimentary shuttle bus ride.

Having been fully completed only in 2013, the integrated development has already seen early achievements at the two hotels, retail mall and office tower. The office tower is fully leased, Zhongshan Mall is over 90% leased and seeing a strong flow of shopper traffic, while the two hotels, with over 700 rooms, have continued to record stable occupancies.


Ramada Singapore At Zhongshan Park - Ballroom


Days Hotel Singapore At Zhongshan Park - 21 on Rajah

"Zhongshan Park (中山公园)" is the name given to Chinese parks in honour of Dr Sun Yat-sen, who is considered by many to be the "Father of Modern China". There are presently over 30 Zhongshan Parks around the world and Hiap Hoe is honoured to house Singapore's only Zhongshan Park on the premises of its integrated development. The site holds much historical significance as it is located off Balestier Road, just opposite the historic Sun Yat-Sen Nanyang Memorial Hall, a national monument that pays tribute to the father of the 1911 Chinese Revolution.

Hiap Hoe Building At Zhongshan Park

The only modern commercial building along Balestier Road, the 13-storey Hiap Hoe Building caters to a wide range of tenants from diverse industries and also serves as the local headquarters for Hiap Hoe's global operations.

Days Hotel Singapore At Zhongshan Park

A quality three-star hotel with 405 contemporary guest rooms decorated in a vibrant avant-garde style, Days Hotel Singapore at Zhongshan Park sits within the central district of Novena.

Ramada Singapore At Zhongshan Park

The only four-star international chain hotel in Novena. The hotel offers 384 guest rooms enhanced by distinctive décor and refined touches designed to cater to both business and leisure travellers.

The hotel offers a perfect setting for corporate meetings, wedding banquets and private parties.

Zhongshan Mall

The 50,000 sq ft, two-storey Zhongshan Mall [is a popular retail and F&B destination along Balestier Road. The ground floor level consists of approximately 35 retail shops leased to a diverse portfolio of tenants including Crystal Jade Steamboat, Thai Express, Wine Inn, Starkers, Dr Café, Kotobuki, Subway, Breadtalk, Guardian and Cheers. The second level of the mall is anchored by Fairprice Finest, occupying an area of approximately 26,400 sq ft.

CONSTRUCTION

WestBuild Construction Pte. Ltd. ("WBC") is the Group's wholly-owned in-house construction arm. Capitalising on the Group's market knowledge and experience in residential property construction, WBC has participated in and completed a variety of property development projects, including residential, commercial and industrial developments. WBC is also responsible for the delivery of all in-house property development projects by the Hiap Hoe Group.

Construction at Waterscape At Cavenagh

Construction at HH@Kallang

INVESTMENTS

To enlarge and diversify the Group's revenue streams, Hiap Hoe actively seeks investments with strong fundamentals with a long term view of the investee company.

In July 2013, through our wholly-owned investment arm Hiap Hoe Investment Pte. Ltd., the Group acquired a 14.9% interest in SGX-listed Ley Choon Group Holdings Limited ("Ley Choon"). An established Singapore underground utilities infrastructure service provider with 20-year presence and a dividend payout policy of 30% of net profits, Ley Choon is a strategic fit with the Group's investment mandate.

Construction at Zhongshan Park Integrated Development

RISK MANAGEMENT

The practice of risk management is undertaken by the Company's Executive Directors and senior executives of each business division under the purview of the Board of Directors.

The Group's performance depends largely on its ability to manage a few key areas that have the greatest repercussions on its growth and profitability.

Economic and Regulatory Risk

Changes in the economic conditions will inevitably affect the business environment that the Group operates in. Measures imposed by the government can change consumers' buying behaviour and impact acquisition costs of land banks, thereby affecting the revenue of the Group.

The Group has to keep abreast of the changes in the economic climate and government policy to make informed business decisions and formulate appropriate business strategies.

Interest Rate Exposure

Changes in interest rate are a major influence on the bottom line because the Group relies on bank debt as an alternative source of funding.

The Group reviews the interest rate strategies to minimise interest rate by taking into cash flow forecasts, term of debt obligation and market outlook. The Group explores interest rate hedging instruments from time to time to cope with external shocks in the interest rate environment.

Foreign Exchange Risk

The Group has, in the year expanded overseas, notably into Australia and is exposed to the Australian Dollar. The Group tries to naturally hedge its foreign currency exposure whenever possible, and borrows in Australian Dollar to match revenue streams in the form of rental, which are also in Australian Dollar. The Group monitors its currency positions closely and any foreign currency risk is evaluated and reported regularly.

Responsiveness to Market Sentiments

The single most important income generator for the Group is property sales. The ability to tune its marketing strategy to buyers' sentiments is crucial to achieving high sales volume and healthy profit margins.

The next challenge for the Group will be to seek an opportune time to launch its upcoming projects.

Reliability of Suppliers and Subcontractors

As part of good practice and to ensure transparency, the Group calls for tenders when selecting sub-contractors and suppliers for its projects. This enables it to secure quality products and services at competitive prices. However, where the project size is small, the Group may from time to time, invite business associates who have proven track records. Ptoject delivery is hence assured given the reliability and efficiency of these preferred sub-contractors.

Timeliness in Completion of Projects

The Group has a high degree of control over the timeliness of its projects as their construction is undertaken by its own in-house construction company, WestBuild Construction Pte. Ltd, a wholly-owned subsidiary. Timeliness in completion and delivery ensures compliance with contractual agreements, and prevents financial loss with project delivery in accordance to schedule.

Human Resource Management

Keeping costs low and efficiency at peak, the Group relies on a remarkably small team of dedicated staff for their contribution and continued service. The Group has to ensure that it is able to attract and retain high-calibre and dedicated staff, for the success of its business.

Business Continuity Risk

The Group has to actively seek out opportunity to acquire land for development. In order to sustain the business, the Group has to acquire land at competitive price. Besides embarking on residential developments, the Group has ventured to develop mixed use hotel / commercial properties as well as industrial property to reduce the business continuity risk.

CONTENTS

CORPORATE GOVERNANCE

The Board is committed to uphold effective corporate procedures and policies in compliance with the Code of Corporate Governance 2012 ("Code"). The Board believes that good corporate governance establishes and maintains an ethical environment, which strives to enhance the interests of all shareholders. This report describes the Company's corporate governance processes and activities that were in place throughout the financial year, with specific references made to the principles and guidelines as set out in the Code.

In areas where the Company has not complied with the Code, the Company would assess its needs and implement the same as and when appropriate.

BOARD MATTERS

Principle 1 : The Board's conduct of affairs

The Board meets regularly to review and approve the Company's strategic directions, appointment of directors, business results, major funding and investment proposals. The Board also reviews the financial performance of the Group and supervises the management of the business and affairs of the Group. The Board of Directors would ensure that decisions are made in the interests of the Company.

The Board is free to request for further clarification and information from Management on all matters within their purview. The Board will conduct at least 4 meetings in a year and ad-hoc meetings will be convened, when required. The Company's Articles of Association provides for the Board to convene meetings via telephone conferencing and electronic means.

The attendance of the Directors and the various meetings held during the financial year ended 31 December 2013 are as follows :

	BOARD		AUDIT COMMITTEE		REMUNERATION COMMITTEE		NOMINATING COMMITTEE		EXECUTIVE COMMITTEE	
Name of Director	Number of Meetings	Attendance	Number of Meetings	Attendance	Number of Meetings	Attendance	Number of Meetings	Attendance	Number of Meetings	Attendance
Mr Teo Ho Beng	4	4	N.A.	4*	N.A.	1*	N.A.	1*	8	8
Mr Teo Ho Kang, Roland	4	4	N.A.	-	N.A.	1*	N.A.	1*	8	8
Ms Wun May Ling Tracy	2	2	N.A.	2*	N.A.	-	N.A.	-	6	6
Mr Chan Wah Tiong	4	4	4	4	1	1	1	1	N.A.	-
Mr Chan Boon Hui	4	4	4	4	1	1	1	1	N.A.	-
Ms Kwok Chui Lian	4	4	4	4	N.A.	1*	N.A.	1*	N.A.	-

Note:
1. Ms Wun May Ling Tracy was appointed as an Executive Director on 19 June 2013.

2. Dr Wang Kai Yuen has retired at the last Annual General Meeting held on 19 April 2013.

* By invitation

In order to provide an independent oversight and to discharge its responsibilities more efficiently, the Board has delegated certain functions to various Committees. These Committees are Audit Committee, Remuneration Committee, Nominating Committee and Executive Committee. The Chairman of the respective Committees will report and update the Board on the outcome of the Committee meetings and their recommendations on the specific agendas mandated to the Committee by the Board.

CORPORATE GOVERNANCE (Cont'd)

The Board has adopted internal guidelines setting the following matters which require the Board's approval:

- involving a conflict of interest for substantial shareholder or director;
- material acquisitions and disposals of assets;
- corporate or financial restructuring and share issuances, dividends and other returns to shareholders; and
- matters as specified under the Company's interested person transaction policy.

Newly appointed directors are provided with background information about the Group and are invited to visit the Group's operations and facilities to have an understanding of the Group's business operations. Directors receive updates from time to time, particularly on relevant new laws and regulation, changing commercial risks and business conditions from the Company's relevant advisors and management. Directors are also given appropriate training from time to time and the Company would provide necessary funding. During the year, some Directors participated in external training programmes to enhance their knowledge.

BOARD COMPOSITION AND GUIDANCE

Principle 2 : Strong and independent element on the Board

The Board comprises three Executive Directors and three Non-Executive and Independent Directors. No alternate Director was appointed. There is a strong and independent element on the Board. The members of the Board are as follows:

Executive Directors

Mr Teo Ho Beng	(Executive Chairman / Chief Executive Officer)
Mr Teo Ho Kang, Roland	(Managing Director)
Ms Wun May Ling Tracy	(Executive Director)

Non- Executive Directors

Mr Chan Wah Tiong	(Lead Independent Director)
Mr Chan Boon Hui	(Independent Director)
Ms Kwok Chui Lian	(Independent Director)

Mr Teo Ho Beng holds both the position of the Chairman and the Chief Executive Officer ("CEO"). The Code required that the Independent Directors make up at least half of the Board where the Chairman and the CEO is the same person. This requirement has been complied, with the presence of the three Independent and Non-Executive Directors.

The independence of Non-Executive Directors is reviewed annually by the Nominating Committee ("NC"). The NC has adopted the Code's definition of what constitutes an Independent Director in its review. An "Independent" Director is one who has no relationship with the company, its related corporations, its 10% shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the director's independent business judgment with a view to the best interests of the company. Every year, each Independent Director is required to complete the Director's Independence Form to confirm his/her independence annually based on the guidelines set out in the Code.

Both Mr Chan Wah Tiong and Mr Chan Boon Hui have served on the board for more than 9 years from the date of their first appointment. Taking into account the views of the NC, the Board has also reviewed and considered both Mr Chan Wah Tiong and Mr Chan Boon Hui to be Independent Directors. Both Independent Directors have throughout their appointment, continuously and constructively challenged the Management on business decision and remained objective in the discharge of their duties and responsibilities.

The Board's structure, size and composition are reviewed annually by the NC. The NC is of the view that the Board's size is appropriate and with the right mix of skills and experience given the nature and scope of the Group's operations. The Directors as a group provides a diversity of skills and gender (with 2 female Directors on the Board), extensive experience in business management, strategic planning and knowledge in accounting and finance is crucial to steer the Group in the direction of growth.

CORPORATE GOVERNANCE (Cont'd)

The Non-Executive Directors challenge and help to develop proposals on strategy; and review the performance of the Management in achieving agreed goals and objectives. The Company would arrange to avail the Company's premises for use by the Non-Executive Directors at any time to meet regularly without the presence of the Management.

Details of the Directors' academic and professional qualifications can be found on pages 8 and 9.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER / MANAGING DIRECTOR

Principle 3 : Clear division of Board and Management responsibilities

Mr Teo Ho Beng, is the Executive Chairman ("EC") and Chief Executive Officer ("CEO") of the Company. Mr Teo Ho Kang, Roland, the brother of Executive Chairman, is the Managing Director ("MD") of the Company.

As the EC, Mr Teo Ho Beng performs the following pertaining to the Board proceedings :

(a) schedule meetings that enable the Board to perform its duties responsibly while not interfering with the flow of the Company's operations;
(b) prepare meeting agenda in consultation with the MD;
(c) exercise control over quality, quantity and timeliness of the flow of information between the Management and the Board;
(d) promote a culture of openness and debate at the Board;
(e) facilitate the effective contribution of Non-Executive Directors in particular; and
(f) assist in ensuring compliance with the Company's guidelines on corporate governance.

The EC and CEO is responsible for the day-to-day management of the Group as well as the exercise of control over the quality, quantity and timeliness of information flow between the Board and the Management and in developing the business of the Group.

Major decisions made by the EC and CEO; and MD are reviewed by the Audit Committee and approved by the Board.

Since the EC and CEO is the same person and is part of the management team, Mr Chan Wah Tiong, an Independent Director has been appointed to be the Lead Independent Director. The Lead Independent Director is available to shareholders where they have concerns and for which contact through the normal channels of the EC and CEO; and MD has failed to resolve or is inappropriate.

Led by the Lead Independent Director, the Independent Directors will meet once a year without the presence of the other Executive Directors. After such meeting, the Independent Directors would provide feedback to the EC and CEO.

As such, the Board opined that there are adequate safeguards in place to ensure a balance of power and authority, such that no one individual represents a considerable concentration of power.

BOARD MEMBERSHIP

Principle 4 : Formal and transparent process for appointment and re-appointment of Directors

The NC comprises the following members of whom three are Independent Directors:

1) Ms Kwok Chui Lian (Chairman of NC / Independent Director)
2) Mr Chan Boon Hui (Independent Director)
3) Mr Chan Wah Tiong (Lead Independent Director)

CORPORATE GOVERNANCE (Cont'd)

The principal functions of the NC include:

(a) review and make recommendations to the Board on all candidates nominated for appointment of the Board;
(b) identify and make recommendations to the Board as to the Directors who are to retire by rotation and to be put forward for re-election at each annual general meeting of the Company;
(c) determine annually whether or not a Director is independent;
(d) decide, in relation to a Director who has multiple board representations, whether or not such Director is able to and has been adequately carrying out his duties as a Director of the Company;
(e) identify and nominate candidates for the approval of the Board to fill vacancies in the Board as and when they arise;
(f) review and make recommendations to the Board regarding the Board structure, size, composition and core competencies having regard at all times to the principles of corporate governance and the Code;
(g) evaluate the effectiveness of the Board as a whole and the contribution by each Director to the effectiveness of the Board; and
(h) review of training and professional development programs.

New Directors are appointed by way of a Board Resolution, after the NC has approved their nomination. Such new Directors must submit themselves for re-election at the next Annual General Meeting ("AGM") of the Company in accordance with Article 91 of the Company's Articles of Association. The NC would through various avenues, source for suitable candidates as new director and appraises the candidates to ensure they have the relevant experience and caliber to contribute to the Group. These avenues include Directors' personal contacts, search companies or even assessing any suitable candidates internally within the Group.

The NC makes recommendations to the Board on all Board appointments and re-nominations. The NC has conducted an annual review of Directors' independence based on the Code's definition for independence. The NC, having evaluated the independence of each Director is of the view that Messrs Chan Boon Hui, Chan Wah Tiong and Kwok Chui Lian are independent.

The Company's Articles of Association provides for at least one third of the Directors, other than the MD, to retire from office by rotation at each AGM. The retiring Directors shall be eligible for re-election at the AGM. The Company's Articles of Association also provides that MDs are not subject to retirement by rotation.

The Board has accepted NC's nomination of the retiring Directors, namely, Mr Teo Ho Beng and Mr Chan Boon Hui who are retiring pursuant to Article 106 of the Company's Articles of Association for re-election at the Company's forthcoming AGM. The Board has also accepted NC's nomination of Ms Wun May Ling Tracy who is retiring pursuant to Article 91 of the Company's Articles of Association for re-election at the forthcoming AGM.

All Directors are required to declare their board representations. As a guide, Directors should not have more than six listed companies board representations.

List of Directorships or Chairmanships held presently or in the last 3 years in other listed Companies :

Name of Director	Company	Date of Appointment	Date of Resignation/ Retirement
Teo Ho Beng	SuperBowl Holdings Limited	03 May 1994	-
Teo Ho Kang, Roland	SuperBowl Holdings Limited	28 Sep 1995	-
Wun May Ling Tracy	SuperBowl Holdings Limited	20 May 2013	-
Kwok Chui Lian	-	-	-
Chan Wah Tiong	Koda Ltd	01 Oct 2001	-
Chan Boon Hui	JCY International Berhad	13 Nov 2009	-

CORPORATE GOVERNANCE (Cont'd)

BOARD PERFORMANCE

Principle 5 : Formal assessment of the effectiveness of the Board and contribution of each Director

During the year, all Directors are requested to complete a Board Performance Evaluation Questionnaire to assess the overall effectiveness of the Board. The results of the exercise are reviewed by the NC before submitting to the Board for discussion and determining areas for improvement and enhancement of the Board effectiveness.

For the year under review, the NC has evaluated the Board's performance as a whole, which includes the participation and contribution of individual Directors to the management of the Company at Board and Committee Meetings.

ACCESS TO INFORMATION

Principle 6 : Board members to have complete, adequate and timely information

Board members are provided with detailed management information, as and when requested by the Board. In addition, all relevant information on material events and transactions are circulated to Directors as and when they arise. Draft announcements will be circulated to the Board for review and approval before dissemination to the shareholders via SGXNET.

The Company Secretary would assist the Management to prepare the board papers of the meetings for circulation. The Directors receive the board papers at least 2 days before the meeting so that the Directors have ample time to review the documents. All Board members have separate and independent access to the advice and services of the Company Secretary who is responsible to the Board for ensuring that Board procedures are followed and that applicable rules and regulations are complied with. The Company Secretary and/or her representatives are present at all Board meetings, ensuring that Board procedures are complied with, and provides advice and guidance on corporate governance, and on legal and regulatory compliance. The appointment and removal of the Company Secretary is subjected to the approval of the Board.

Should Directors, whether as a group or individually, need independent advice to fulfill their duties, they may obtain independent professional advice, if necessary, at the Company's expense.

REMUNERATION MATTERS

Principle 7 : Procedures for developing remuneration policies
Principle 8 : Level and mix of remuneration
Principle 9 : Disclosure on remuneration

The Remuneration Committee ("RC") comprises entirely of Non-executive and Independent Directors and they are:

1) Mr Chan Boon Hui (Chairman of RC / Independent Director)
2) Mr Chan Wah Tiong (Lead Independent Director)
3) Ms Kwok Chui Lian (Independent Director)

CORPORATE GOVERNANCE (Cont'd)

The RC has adopted a framework of remuneration for the Board, and determined specific remuneration packages for each Executive Director. The recommendations of RC are submitted to the Board for endorsement.

The RC's objective is to establish and maintain a level of remuneration that would be appropriate to attract, retain and motivate the Directors to run the Company successfully. Each member of the RC refrains from voting on any resolutions in respect of the assessment of his remuneration.

The Executive Directors have service agreements which are renewed annually. The service agreements may be terminated by either the Company or the Executive Directors by giving 6 months' written notice of termination to the other party. The RC reviews the Company's obligations arising in the event of termination of the Executive Directors and key management personnel's contracts of service, to ensure that such contracts of service contain fair and reasonable termination clauses which are not overly generous.

Non-Executive Directors are paid Directors' fees, taking into consideration individual contribution, attendance at various meetings and responsibilities held at the Committee level. The breakdown of the fees are as follow:

Independent / Non-Executive Member	$32,000
Chairman of Audit Committee	$15,000
Chairman of Remuneration Committee	$ 5,000
Chairman of Nominating Committee	$ 5,000

Such fees are subject to the approval of shareholders at the AGM every year.

While none of the members specialize in the field of executive remuneration/compensation, the members of the RC do possess board/general knowledge in this area and have access to external professional advice. In setting remuneration packages, the Company takes into consideration the remuneration and employment conditions within the same industry and in comparable companies, as well as the Group's relative performance and the performance of the individuals.

The Company adopts a remuneration policy for Executives Directors and key management executives which comprise a fixed component and a variable component. The fixed component is in the form of a monthly base salary. The variable component is in the form of a variable bonus that is linked to the performance of the Company and the individual.

For competitive reasons and privacy, the Company is not disclosing the remuneration of each individual Director. However, the Company shall adopt the disclosure in bands of S$100,000, which, in our context, would provide a good overview and is informative of the remuneration of the Directors.

CORPORATE GOVERNANCE (Cont'd)

Details of the remuneration of the Directors (in percentage terms) are as follows:

Directors' Remuneration	Fees[1]	Salary[2]	Bonus[3]	Other Benefits[4]	Total
Below $100,000					
Ms Wun May Ling Tracy[5]	-	62%	31%	7%	100%
Mr Chan Boon Hui	100%	0%	0%	0%	100%
Dr Wang Kai Yuen (retired @ AGM held on 19 April 2013)	100%	0%	0%	0%	100%
Mr Chan Wah Tiong	100%	0%	0%	0%	100%
Ms Kwok Chui Lian	100%	0%	0%	0%	100%
Between $200,000 to $299,999					
-					
Between $300,000 to $399,999					
Mr Teo Ho Kang, Roland	0%	64%	32%	4%	100%
Between $900,000 to $999,999					
Mr Teo Ho Beng	0%	66%	33%	1%	100%

Notes:

(1) Directors' fee proposed for the financial year ended 31 December 2013.
(2) Salary includes gross salary and employer CPF contribution.
(3) Bonus includes salary and employer CPF contribution.
(4) Other benefits include company car, its maintenance costs and club subscription.
(5) Ms Wun May Ling Tracy was appointed as Executive Director on 19 June 2013.

The range of gross remuneration received by the top 5 executives (excluding Executive Directors and CEO) of the Group is as follows:

Top 5 Executives' Remuneration	Salary[1]	Bonus[2]	Other Benefits[3]	Total
Below $250,000				
Ms Aw Hui Mien, Jenny	69%	29%	2%	100%
Mr Chew Char Choon	70%	23%	7%	100%
Mr Chin Teck Hoi	74%	25%	1%	100%
Ms Tan Kay Yong, Charlotte	78%	20%	2%	100%
Ms Teo Poh Sim	60%	30%	10%	100%

Notes:

(1) Salary includes gross salary and employer CPF contribution.
(2) Bonus includes salary and employer CPF contribution.
(3) Other benefits include company cars provided, private usage of operating cost of vehicles and unutilised annual leave.

CORPORATE GOVERNANCE (Cont'd)

The range of gross remuneration of employees who are immediate family members of a Director or the Chairman:

Remuneration Bands	No. of employees
Below $50,000	-
$50,000 to $99,999	-
$100,000 to $149,999	-
$150,000 to $199,999	1
$200,000 & above	-

Ms Teo Poh Sim is the sister of Mr Teo Ho Beng and Mr Teo Ho Kang, Roland whose remuneration exceeds $50,000 but below $200,000 for the financial year ended 31 December 2013.

Hiap Hoe Performance Share Plan

On 20 April 2010, the Company obtained the Shareholders' approval to implement the Hiap Hoe Performance Share Plan (the "Plan"). The Plan is to replace the Employees' Stock Options Scheme which was approved by the Shareholders on 28 April 2004.

The Plan is a share incentive scheme which allows the Company, inter alia, to target specific performance objectives and to provide an incentive for participants to achieve these targets. The Directors believe that the Plan will incentivise participants to excel in their performance and encourage greater dedication and loyalty to the Company and also help to achieve the following positive objectives:

(a) incentivise employees to excel in their performance and encourage greater dedication and loyalty to the Company;

(b) attract and retain employees whose contributions are important to the long-term growth and profitability of the Group;

(c) recognise and reward past contributions and services and motivate employees to continue to strive for the Group's long-term prosperity; and

(d) develop a participatory style of management which instills loyalty and a stronger sense of identification with the long-term goals of the Group.

Through the Plan, the award of fully-paid shares, free of charge to the Plan participants is intended to be more attractive form of bonus from the Company to the Plan participants. In addition, the Company believes that the Plan will be more effective than cash bonuses in motivating employees as it gives them a stake in the ownership of the Company.

Employees who are eligible to participate in the Plan must be:

(a) Group Employees

 (i) confirmed full-time employees of the Company and/or its Subsidiaries who have attained the age of 21 years on or before the date of Award; and
 (ii) Directors of the Company and Subsidiaries who perform an executive function.

(b) Associated Company Employees

 (i) confirmed full-time employees of an Associated Company who have attained the age of 21 years on or before the date of Award; and
 (ii) Directors of an Associated Company who perform an executive function.

CORPORATE GOVERNANCE (Cont'd)

Employees and Executive Directors who are Controlling Shareholders or Associates of Controlling Shareholders who meet the criteria as set out above are eligible to participate in the Plan.

The Plan is being administered by the RC. As at the date of this report, the RC comprises Ms Kwok Chui Lian, Mr Chan Wah Tiong and Mr Chan Boon Hui. In compliance with the requirements of the Listing Manual, a participant who has been granted an Award and is a member of the RC shall not be involved in its deliberations in respect of Awards to be granted to or held by him or his Associates.

The RC may grant Awards to the Plan Participants at any time during the period when the Plan is in force. The Plan shall continue in force at the discretion of the RC, subject to a maximum period of ten years from 20 April 2010.

The number of Shares which are the subject of each Award to be granted to a participant in accordance with the Plan shall be determined at the absolute discretion of the RC, which shall take into account criteria such as, inter alia, his rank, scope of responsibilities, performance, years of service and potential for future development, contribution to the success of the Group and the extent of effort and resourcefulness with which the performance target(s) may be achieved within the performance period. The performance targets will be set by the RC depending on each individual participant's job scope and responsibilities.

The total number of new shares which may be issued pursuant to Awards granted under the Plan, when aggregated with the aggregate number of shares, over which shares are granted under any other share schemes of the Company, shall not exceed fifteen per cent (15%) of the issued shares of the Company (excluding treasury shares) on the day preceding the Award Date.

In accordance with Rule 845 of the Listing Manual, the following limits must not be exceeded:

(a) The aggregate number of shares available under the Plan must not exceed 15% of the total number of issued shares excluding treasury shares from time to time;

(b) The aggregate number of shares available to Controlling Shareholders and their Associates must not exceed 25% of the new shares available under the Plan;

(c) The number of shares available to each Controlling Shareholder or his Associate must not exceed 10% of the new shares available under the Plan; and

(d) The aggregate number of Shares available to Directors and employees of Hiap Hoe's parent company and its subsidiaries must not exceed 20% of the new shares available under the Plan.

As at 31 December 2013, no performance shares were granted for the year.

ACCOUNTABILITY AND AUDIT

Principle 10 : Accountability of the Board and Management

The Board is accountable to shareholders for the management of the Group. The Board will update shareholders on the operations and financial position of the Company through quarterly and full year results announcements as well as timely announcements of other matters as prescribed by the relevant rules and regulations through SGXNET. The Management is accountable to the Board by providing the Board with necessary financial information for the discharge of its duties.

The Executive Committee meets periodically to review the performance of the Group. The Board is provided with periodic financial reports and other relevant disclosure documents, where appropriate, by the Management.

The Board also reviews legislation and regulatory compliance reports from the Management to ensure that the Group complies with relevant regulatory requirements.

CORPORATE GOVERNANCE (Cont'd)

INTERNAL CONTROLS

Principle 11 : Risk Management and Internal Controls

The Company has put in place a risk management and internal control system in areas such as financial, operational, compliance and information technology controls. Risk management and internal controls are detailed in formal instructions, standard operating procedures and financial authority limits policies. The principal aim of the internal control system is the management of business risks with a view to safeguard shareholders' investments and the Group's assets. The Management maintains the risk management and internal controls system and the Board monitors the Group's risks through the Audit Committee and internal auditors. In designing these controls, the Company has considered the risks to which the business is exposed, the likelihood of such risks occurring and the costs of protecting against them.

The Group maintains a system of internal controls for all companies within the Group. The controls are to provide reasonable, but not absolute, assurance to safeguard shareholders' investments and the Group's assets.

The Group has adopted the Enterprise Risk Management ("ERM") framework where it has established Risk Management Policy and Guidelines for adoption. The ERM framework is designed to the framework that enables management to address the operational risks, financial risks and compliance risks of the key operating units. The ERM incorporate the following process: -

- Identify each risk factor to which the Group is exposed;
- Quantify each exposure's size in term of money;
- Map these inputs into a risk estimation calculation;
- Identify overall risk exposures as well as the contribution to overall risk deriving from each risk factor;
- Set up a process to report on these risk periodically to management, who will set a committee of dividsion heads and executives to determine capital allocations, risk limits and risk management policies; and
- Monitor compliance with policies and risk limits.

The ERM allows the Company to be in compliance with the Code, addresses the on-going changes and challenges in the business environment, manages and reduces uncertainties in business environment, facilitates the shareholder value creation process and to assist the Audit Committee and the Board in discharging their responsibilities.

The Audit Committee and the Board of Directors review the effectiveness of the key internal controls, including financial, operational and compliance controls, and risk management on an on-going basis.

The Board has received assurance from the CEO and the Group CFO/Financial Controller for the period under review:

(a) That the financial records have been properly maintained and the financial statements give a true and fair view of the company's operations and finances; and

(b) That the Company's risk management and internal control systems are in place and effective.

Based on the ERM framework and internal controls established and maintained by the Company, work performed by the external auditor and internal auditor and reviews performed by the Management, various Board Committees and the Board, the Board, with the concurrence of the Audit Committee is satisfied that there are adequate internal controls and risk management systems in the Group in addressing financial, operational, compliance risks and information technology controls. The Company has complied with Rule 1207(10) of the SGX-ST Listing Manual.

The Board will continue to look into establishing a separate risk committee in overseeing the Company's risk management framework and execution of policies.

CORPORATE GOVERNANCE (Cont'd)

AUDIT COMMITTEE

Principle 12 : Establishment of Audit Committee with written terms of reference

The Audit Committee ("AC") comprises entirely of Non-Executive and Independent Directors and the AC members are as follows:

1) Mr Chan Wah Tiong (Chairman of AC / Lead Independent Director)
2) Mr Chan Boon Hui (Independent Director)
3) Ms Kwok Chui Lian (Independent Director)

No former partner or director of the Company's existing auditing firm is a member of the AC.

The Board is of the opinion that the members of AC have sufficient expertise and experience to discharge their duties.

The role of AC is to assist the Board of Directors in the execution of its corporate governance responsibilities within its terms of reference and requirements.

The functions of AC include:

a) review the significant financial reporting issues and judgments so as to ensure the integrity of the financial statements of the Company and any announcements relating to the Company's financial performance;
b) review with the external auditors, the audit plan, their evaluation of the adequacy of the Company's system of internal accounting controls, their audit report, the Management letter and the Management's responses;
c) review the quarterly and full year financial statements before submission to the Board for approval;
d) review the scope and results of the internal audit procedures including the effectiveness of the internal audit functions;
e) review the assistance given by the Management to the external auditors;
f) review the scope and results of the external audit and its cost effectiveness and the independence and objectivity of the external auditors annually and the nomination of their re-appointment as auditors of the Company;
g) review all non-audit services provided by the external auditors so as to ensure that any provision of such services would not affect the independence of external auditors;
h) investigate any matters within its terms of reference; and
i) review interested person transactions falling within the scope of the SGX-ST Listing Manual.

The Company has in place a whistle-blowing framework, endorsed by the AC where staff of the Company has direct access to the Chairman of AC to raise concerns about possible corporate improprieties in matters of financial reporting or other matters. The objective of such arrangement is to ensure independent investigation of such matters and for appropriate follow-up action.

There were no whistle-blowing letters received during the year and until the date of this report.

The AC has full access to all personnel, records and other information to enable it to properly discharge its function and has full discretion to invite any Director and/or executive officer to attend its meetings. Each member of the AC shall abstain from voting any resolutions in respect of matters he is interested in. The AC has received full co-operation from Management and external auditors.

CORPORATE GOVERNANCE (Cont'd)

The AC met quarterly during the year and all members were present during these meetings. The AC meets with the external auditors without the presence of the Company's Management at least once a year.

The aggregate amount of fees paid to the external auditors amounted to approximately S$149,190 for audit services and S$26,758 for non-audit services.

In the selection of suitable audit firms, the AC takes into account several considerations such as the adequacy of the resources and experience of the auditing firm and the audit engagement partner assigned to the audit, the firm's other audit engagements, the size and complexity of the Group being audited, and the number and experience of supervisory and professional staff assigned to the audit. The selected auditing firm based in Singapore is engaged as auditors for the Company as well as our Singapore-incorporated subsidiaries. The Group's significant subsidiaries and associated company are audited by the same auditing firm for the Company. Accordingly, the Company is in compliance with Rules 712 and 715 of the SGX-ST Listing Manual.

The AC has undertaken a review of all non-audit services provided by the external auditors for the financial year ended 31 December 2013, and is satisfied with the independence and objectivity of the external auditors. The AC has recommended to the Board that Messrs Ernst & Young LLP be nominated for re-appointment as auditors at the forthcoming AGM.

The external auditors regularly updates the AC on the changes to accounting standards and issues which will have a direct impact on financial statements.

The Company has established a Code of Conduct and Business Ethics which applies to all employees of the Group. The areas covered such as conduct in workplace, business conduct, protection of the Company's assets, confidentiality of information and conflict of interest. Directors, key executives and employees are expected to observe and uphold high standards of integrity which are in compliance with the Company's policies and regulations.

INTERNAL AUDIT

Principle 13 : Internal audit function

The internal audit function is out-sourced to a public accounting firm, One e-Risk Services Pte Ltd. The internal auditors report primarily to the Chairman of the AC. The internal auditors meet the standard set by internationally recognised professional bodies such as the Standards for the Professional Practice of Internal Auditing set by The Institute of Internal Auditors. The AC is satisfied that the internal auditors are staffed by qualified and experienced personnel.

The internal auditors plan its internal audit schedules in consultation with, but independent of the Management. The audit plan is submitted to the AC for approval prior to the commencement of the internal audit. The AC reviews the activities of the internal auditors on a regular basis, including overseeing and monitoring of the implementation of improvements required on internal control weaknesses identified. The AC reviews the adequacy and effectiveness of the internal audit function annually.

CORPORATE GOVERNANCE (Cont'd)

SHAREHOLDER RIGHTS AND RESPONSIBILITIES

Principle 14 : Shareholder Rights

All shareholders are treated fairly and equitably to facilitate their ownership rights. In line with the continuing disclosure obligations of the Company pursuant to the SGX-ST Listing Manual and the Companies Act, Chapter 50 of Singapore, the Board's policy is that all shareholders should be informed in a comprehensive manner and on a timely basis of all material developments that impact the Group.

Shareholders can vote in person or appoint not more than two (2) proxies to attend and vote on their behalf at general meetings of shareholders in the event that the shareholders are unable to attend the meeting in person. There is no provision in the Company's Articles of Association that limits the number of proxies for corporations which provide nominee or custodian services.

According to the Company's Articles of Association, at any general meeting a resolution to put the vote of the meeting shall be decided on a show of hands unless a poll is (before or on the declaration of the result of the show of hands) demanded. The shareholders would be informed of the voting procedures at the commencement of the general meeting.

COMMUNICATION WITH SHAREHOLDERS

Principle 15 : Communication with shareholders

The Company maintains a website (http://www.hiaphoe.com) to bring public awareness of the Group's latest development and businesses. The public can provide feedback to the Company via the electronic mail address or the registered office address. Calls and emails requesting for information are attended to promptly.

The Company delivers the Annual Reports to the shareholders at least 14 days before the holding of the AGM. Notice of the AGM is also published on the national business newspaper, The Business Times.

The Company does not have a fixed dividend policy. The form, frequency and amount of dividends will depend on the Company's earnings, general financial condition results of operations, capital requirement, cash flow, general business condition, development plans and other factors as the Directors may deem appropriate.

Notwithstanding the above, the Company has been declaring dividends on an annual basis. Any pay-outs are clearly communicated to shareholders via the financial results announcement through SGXNET.

The Group strives for timeliness and transparency in its disclosure to the shareholders and the public. In addition to the regular dissemination of information through SGXNET, the Company also responds to enquiries from investors, analysts, fund managers and the press. The Company does not practice selective disclosure as all price-sensitive information is released through SGXNET. News is disseminated promptly to media and analysts after each quarterly results announcement.

The Company has an existing investor relation firm to assist in disseminating news to the media and analysts after each quarterly results announcement and any price sensitive information announced. The Company has also started to release the investor presentation slides via SGXNET.

CORPORATE GOVERNANCE (Cont'd)

CONDUCT OF SHAREHOLDER MEETINGS

Principle 16 : Shareholder participation at AGMs

At AGMs, shareholders are given the opportunities to express their views and to raise their queries to the Board on matters relating to the operations of the Group. The Chairman of the AC, NC and RC together with the external auditors are also present at the meetings to attend to questions raised by shareholders.

As the authentication of shareholder identity information and other related security issues still remain a concern, the Company has decided, for the time being, not to implement voting in absentia by mail, email or fax.

Voting at the AGM has been by show of hands unless a poll is demanded. Voting on show of hands enables the Company and shareholders to deal with the business of the AGM expeditiously as the result of the vote is instantly available.

A poll may be demanded by our Chairman, by at least two members or members representing not less than one-tenth of the total voting rights of all members having the rights to vote at a meeting.

The Company practices having separate resolutions at general meetings on each distinct issue and will make available minutes of general meetings to shareholders upon their request. The minutes of general meetings which include substantial comments or queries from shareholders and responses from the Board and Management are available to shareholders upon their written requests.

Securities Transactions

In line with Rule 1207(19) under Chapter 12 of the SGX-ST Listing Manual on Dealings in Securities, the Company has adopted an internal compliance code to its Directors and Officers in relation to the dealings with the Company's securities.

The Company issues circulars to its Directors, officers and relevant officers who have access to unpublished material price-sensitive information to remind them that they are required to report on their dealings in shares of the Company. They are also reminded of the prohibition in dealings in shares of the Company two weeks before the announcement of the Company's financial results for each of the first three quarters of its financial year and one month before the release of the Company's full year financial results, and ending on the date of the announcement of the relevant results, and when they are in possession of unpublished material price sensitive information. The Directors, officers and employees of the Group are discouraged from dealing in the Company's securities on short-term considerations.

The guidelines on share buyback under the Share Buyback Mandate, to be renewed at the Company's forthcoming AGM also provides that the Company will not effect any purchases of shares on the Singapore Stock Exchange during the period of one month immediately preceding the announcement of the Company's full year results and two weeks immediately before the announcement of the Company's first quarter, second quarter and third quarter results.

Directors are required to report to the Company Secretary whenever they deal in the Company's shares and the Company Secretary will make the necessary announcements in accordance with the requirements of the SGX-ST.

CORPORATE GOVERNANCE (Cont'd)

Interested Person Transactions

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)
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 subsidiaries : - Cavenagh Properties Pte. Ltd. (Value of transactions amounting to $12,000) Provision of Project and Construction Management Service to the Company's 50% share in joint venture: - HH Properties Pte. Ltd. (50% share of value of transactions amounting to $55,000)	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 as at 31 December 2013 amounting to $62,092,000) Interest income amounting to $345,000	Construction of 2 blocks of 12-Storey residential flats for Hiap Hoe SuperBowl JV Pte. Ltd. (Value of transaction amounting to $1,376,000)

CORPORATE GOVERNANCE (Cont'd)

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)
SuperBowl Holdings Limited (A subsidiary of the ultimate holding company, Hiap Hoe Holdings Pte Ltd)		Provision of Interior Fittings for showflats of Hiap Hoe SuperBowl JV Pte Ltd (Value of transactions amounting to $265,600)
SuperBowl Holdings Limited (A subsidiary of the ultimate holding company, Hiap Hoe Holdings Pte Ltd)	Contribution by the Company of its 50% proportion of the loan to : - HH Properties Pte. Ltd. (Value of loan as at 31 December 2013 amounting to $Nil) Interest income amounting to $214,000	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. (Value of transactions amounting to $31,943,000) Provision of Equipments and Fittings for hotel rooms for HH Properties Pte Ltd (Value of transactions amounting to $1,089,000)
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 as at 31 December 2013 amounting to $Nil) Interest income amounting to $5,000	Construction of 2 blocks of 5-storey residential flats for Goodluck View Development (Value of transaction amounting to $13,800,000)

CORPORATE GOVERNANCE (Cont'd)

The AC has reviewed, and is satisfied that the transactions are conducted at arm's length and on terms that are fair and reasonable. The AC and the Board of Directors are satisfied that the terms of the above transactions are not prejudicial to the interests of the Company or its minority shareholders.

Save as disclosed above, no Director, Chief Executive Officer or controlling shareholders, or associate has any interest in any material transaction undertaken by Hiap Hoe Limited and the Group.

Pursuant to Rule 920 of the SGX-ST Listing Manual, there was no transaction with interested persons for the financial year under review that warrants a shareholders mandate.

Material Contracts

There were no material contracts with the Company or its subsidiaries involving the interest of any CEO, Director or controlling shareholder subsisting at the end of the financial year ended 31 December 2013.

Use of Proceeds

Pursuant to the Multicurrency Medium Term Loan Programme, the Company has issued S$40 million on 6 September 2013 and S$75 million on 18 November 2013 at interest rate of 4.75% per annum and maturity date on 5 September 2016. The net proceeds of S$39.6 million and S$74.5 million respectively have been used for the acquisition of land banks, purchase of investment assets, investment activities, and general corporate purposes (including general working capital). The use of proceeds is in accordance with the stated use and the announcements of the Company.

DIRECTORS' REPORT

The Directors are pleased to present their report to the members together with the audited consolidated financial statements of Hiap Hoe Limited (the "Company") and its subsidiaries (collectively, the "Group") and the balance sheet, income statement, statement of comprehensive income and statement of changes in equity of the Company for the financial year ended 31 December 2013.

DIRECTORS

The Directors of the Company in office at the date of this report are:

Teo Ho Beng
Teo Ho Kang, Roland
Wun May Ling Tracy (Appointed on 19 June 2013)
Chan Wah Tiong
Chan Boon Hui
Kwok Chui Lian

In accordance with Articles 91 and 106 of the Company's Articles of Association, Ms Wun May Ling Tracy, Mr Teo Ho Beng and Mr Chan Boon Hui would retire and being eligible, offer themselves for re-election.

ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES AND DEBENTURES

Except as described below, neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose object is to enable the Directors of the Company to acquire benefits by means of the acquisition of shares or debentures of the Company or any other body corporate.

DIRECTORS' INTERESTS IN SHARES AND DEBENTURES

The following Directors, who held office at the end of the financial year, had, according to the register of Directors' shareholdings required to be kept under Section 164 of the Singapore Companies Act, Chapter 50, an interest in the shares of the Company and related corporations (other than wholly-owned subsidiaries), as stated below:

	Direct interest			Deemed interest		
Name of Director	**At the beginning of financial year**	**At the end of financial year**	**At 21 January 2014**	**At the beginning of financial year**	**At the end of financial year**	**At 21 January 2014**
The Company						
Hiap Hoe Limited						
(Ordinary shares)						
Teo Ho Beng	2,030,750	2,130,750	2,130,750	328,693,876	328,693,876	328,693,876
Teo Ho Kang, Roland	1,875,000	1,875,000	1,875,000	328,693,876	328,693,876	328,693,876

DIRECTORS' REPORT (Cont'd)

DIRECTORS' INTERESTS IN SHARES AND DEBENTURES (CONT'D)

	Direct interest			Deemed interest		
Name of Director	At the beginning of financial year	At the end of financial year	At 21 January 2014	At the beginning of financial year	At the end of financial year	At 21 January 2014
The Company (cont'd)						
Hiap Hoe Limited						
(Ordinary shares)						
Chan Wah Tiong	93,750	93,750	93,750	–	–	–
Chan Boon Hui	93,750	93,750	93,750	–	–	–
Hiap Hoe Limited						
($115 million Medium Term Notes)						
Chan Boon Hui	–	$250,000	$250,000	–	–	–
The immediate holding company						
Hiap Hoe Holdings Pte Ltd						
(Ordinary shares)						
Teo Ho Beng	3,222,245	4,816,738	4,816,738	–	–	–
Teo Ho Kang, Roland	2,766,270	4,133,689	4,133,689	–	–	–
Related company						
SuperBowl Holdings Limited						
(Ordinary shares)						
Teo Ho Beng	2,841,000	3,031,000	3,031,000	227,029,000	227,029,000	228,731,000
Teo Ho Kang, Roland #	1,000,000	1,000,000	1,000,000	227,009,000	227,009,000	228,731,000

As at 31 December 2013, Mr Teo Ho Kang, Roland had 300,000 (2012: 300,000) held in the name of nominees.

DIRECTORS' REPORT (Cont'd)

DIRECTORS' INTERESTS IN SHARES AND DEBENTURES (CONT'D)

By virtue of Section 7 of the Singapore Companies Act, Cap. 50, Mr Teo Ho Beng and Mr Teo Ho Kang, Roland are deemed to have interests in shares of all the wholly-owned subsidiaries of Hiap Hoe Limited, Hiap Hoe Holdings Pte Ltd and SuperBowl Holdings Limited.

Except as disclosed in this report, no Director who held office at the end of the financial year had interests in shares, share options, warrants or debentures of the Company, or of related corporations, either at the beginning of the financial year, or date of appointment or end of the financial year.

DIRECTORS' CONTRACTUAL BENEFITS

Except as disclosed in the financial statements, since the end of the previous financial year, no Director of the Company has received or become entitled to receive a benefit by reason of a contract made by the Company or a related corporation with the Director, or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest, except that certain directors received director's fees from its related company.

PERFORMANCE SHARE PLAN

At an Extraordinary General Meeting held on 20 April 2010, the shareholders approved the performance share plan, Hiap Hoe Performance Share Plan ("the Share Plan"). Under the Share Plan, fully-paid ordinary shares in the capital of the Company, their equivalent cash value or combinations thereof will be granted, free from payment, to selected employees of the Company and/or its subsidiaries including Directors of the Company, and other selected participants according to the extent to which they complete time-based service conditions or achieve their performance targets over set performance period. The Share Plan is to replace the share option scheme that was approved by shareholders on 28 April 2004. The Directors believe that the new plan will incentivise participants to excel in their performance and encourage greater dedication and loyalty to the Company.

The Remuneration Committee administering the Share Plan comprises the following Directors:-

Chan Boon Hui (Chairman)
Chan Wah Tiong
Kwok Chui Lian

Under the Share Plan, the Company may award to the employees, controlling shareholders and their associates who meet the criteria as set out below:

(a) Group employees

   (i) confirmed full-time employees of the Company and/or its subsidiaries who have attained the age of 21 years on or before the date of Award; and
   (ii) directors of the Company and its subsidiaries who perform an executive function.

(b) Associate employees

   (i) confirmed full-time employees of an associate who have attained the age of 21 years on or before the date of Award; and
   (ii) directors of an associate who perform an executive function.

The aggregate number of shares which may be delivered and/or issued pursuant to Awards granted under the Share Plan on any date, shall not exceed fifteen per cent of the total issued shares in the capital of the Company (excluding treasury shares) on the day preceding the Award Date.

DIRECTORS' REPORT (Cont'd)

PERFORMANCE SHARE PLAN (CONT'D)

The Share Plan shall continue in force at the discretion of the Remuneration Committee, subject to a maximum period of ten years commencing from the date on which the Share Plan was adopted by the Company.

Details of the performance shares awarded under the Share Plan are as follows:

Date of grant	Aggregate awards granted since commencement of Share Plan to end of financial year	Aggregate awards vested since commencement of Share Plan to end of financial year	Aggregate awards cancelled since commencement of Share Plan to end of financial year	Aggregate awards outstanding as at the end of financial year
6 January 2011	177,400	177,400	–	–

Details of the shares awarded under the Share Plan to directors and employees who received 5% or more of the total performance share pursuant to the plan are as follows:

Name of participants	Awards granted during financial year	Aggregate awards granted since commencement of Share Plan to end of financial year	Aggregate awards released during the financial year	Aggregate awards cancelled during the financial year	Aggregate awards outstanding at the end of financial year
Director					
Lim Kim Soon Lee, Cindy*	–	45,600	–	–	–
Employee					
Aw Hui Mien, Jenny	–	41,800	–	–	–
Ramanathan Ravichandran*	–	29,900	–	–	–
Seoh Choon Hong*	–	29,200	–	–	–
Tan Gek Ching, Bridget*	–	30,900	–	–	–
	–	177,400	–	–	–

* These employees had resigned.

Save as disclosed in the table above, no share award has been granted to any of the Company's controlling shareholders or their associates during the financial year ended 31 December 2013.

DIRECTORS' REPORT (Cont'd)

OTHER INFORMATION REQUIRED BY THE SINGAPORE EXCHANGE SECURITIES TRADING LIMITED

Except as disclosed in Notes 32 of the financial statements, no material contracts of the Company and its subsidiaries, which involve the interests of the chief executive officer, each Director or controlling shareholder, subsisted at the end of the financial year, or have been entered into since the end of the previous financial year.

AUDIT COMMITTEE

The audit committee ("AC") carried out its functions in accordance with Section 201B(5) of the Singapore Companies Act, Cap. 50, including the following:

- Reviews the audit plans of the internal and external auditors of the Company and reviews the internal auditors' evaluation of the adequacy of the Company's system of internal accounting controls and the assistance given by the Company's management to the external and internal auditors;
- Reviews the quarterly and annual financial statements and the auditors' report on the annual financial statements of the Company before their submission to the Board of Directors;
- Reviews the effectiveness of the Company's material internal controls, including financial, operational and compliance controls and risk management via reviews carried out by the internal auditors;
- Meets with the external auditors, other committees, and management in separate executive sessions to discuss any matters that these groups believe should be discussed privately with the AC;
- Reviews legal and regulatory matters that may have a material impact on the financial statements, related compliance policies and programmes and any reports received from regulators;
- Reviews the cost effectiveness and the independence and objectivity of the external auditors;
- Reviews the nature and extent of non-audit services provided by the external auditors;
- Recommends to the Board of Directors the external auditors to be nominated, approves the compensation of the external auditors, and reviews the scope and results of the audit;
- Reports actions and minutes of the AC to the Board of Directors with such recommendations as the AC considers appropriate; and
- Reviews interested person transactions in accordance with the requirements of the Singapore Exchange Securities Trading Limited's Listing Manual.

The AC, having reviewed all non-audit services provided by the external auditors to the Group, is satisfied that the nature and extent of such services would not affect the independence of the external auditors. The AC has also conducted a review of interested person transactions.

The AC convened four meetings during the year with full attendance from all members. The AC has also met with external auditors, without the presence of the Company's management, at least once a year.

Further details regarding the AC are disclosed in the Report on Corporate Governance.

DIRECTORS' REPORT (Cont'd)

AUDITOR

Ernst & Young LLP have expressed their willingness to accept reappointment as auditor.

On behalf of the Board of Directors,

Teo Ho Beng
Director

Teo Ho Kang, Roland
Director

Singapore
14 March 2014

STATEMENT BY DIRECTORS

We, Teo Ho Beng and Teo Ho Kang, Roland, being two of the Directors of Hiap Hoe Limited, do hereby state that, in the opinion of the Directors,

(i) the accompanying balance sheets, income statements, statements of comprehensive income, statements of changes in equity and consolidated cash flow statement together with notes thereto are drawn up so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2013 and the results of the business and changes in equity of the Group and the Company, and cash flows of the Group for the year ended on that date; and

(ii) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

On behalf of the Board of Directors,

Teo Ho Beng
Director

Teo Ho Kang, Roland
Director

Singapore
14 March 2014

INDEPENDENT AUDITOR'S REPORT

For the financial year ended 31 December 2013

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HIAP HOE LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of Hiap Hoe Limited (the "Company") and its subsidiaries (collectively, the "Group"), set out on pages 48 to 132, which comprise the balance sheets of the Group and Company as at 31 December 2013, income statements, statements of comprehensive income and the statements of changes in equity of the Group and the Company and the consolidated cash flow statement of the Group for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Singapore Companies Act, Chapter 50 (the "Act") and Singapore Financial Reporting Standards, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair profit and loss accounts and balance sheets and to maintain accountability of assets.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

INDEPENDENT AUDITOR'S REPORT (Cont'd)

For the financial year ended 31 December 2013

Opinion

In our opinion, the consolidated financial statements of the Group and the balance sheet, income statement, statement of comprehensive income and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2013 and the results, changes in equity of the Group and the Company and the cash flows of the Group for the year ended on that date.

Report on Other Legal and Regulatory Requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company and by those subsidiaries incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

Ernst & Young LLP
Public Accountants and
Chartered Accountants
Singapore
14 March 2014

INCOME STATEMENTS

For the year ended 31 December 2013

	Note	Group		Company	
		2013	2012	2013	2012
		$	$	$	$
Revenue	4	240,795,172	145,668,239	1,284,165	806,973
Cost of sales		(124,641,530)	(87,997,223)	–	–
Gross profit		116,153,642	57,671,016	1,284,165	806,973
Other items of income					
Other income	5	2,403,990	2,710,985	123,629,755	60,480,817
Financial income	6	581,253	320,911	1,522,961	890,382
Other items of expense					
Distribution and selling expenses		(3,888,552)	(1,534,498)	–	–
Administrative expenses	7	(20,558,652)	(4,347,812)	(2,452,393)	(1,015,020)
Other expenses	5	(201,187)	(35,689)	–	(450,923)
Financial expenses	6	(3,830,000)	(644,533)	(1,971,380)	(494,396)
Share of results of joint ventures		5,841,459	12,714,892	–	–
Profit before tax		96,501,953	66,855,272	122,013,108	60,217,833
Income tax expense	8	(17,940,943)	(9,315,670)	(91,482)	(65,868)
Profit for the year		78,561,010	57,539,602	121,921,626	60,151,965
Attributable to :					
Owners of the Company		79,953,476	57,869,835	121,921,626	60,151,965
Non-controlling interests		(1,392,466)	(330,233)	–	–
Total		78,561,010	57,539,602	121,921,626	60,151,965
Earnings per share attributable to owners of the Company (cents per share)					
Basic	9	16.99	12.30		
Diluted	9	16.99	12.30		

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF COMPREHENSIVE INCOME

For the year ended 31 December 2013

	Note	Group		Company	
		2013	2012	2013	2012
		$	$	$	$
Profit for the year		78,561,010	57,539,602	121,921,626	60,151,965
Other comprehensive income Items that may be reclassified subsequently to profit or loss					
- Fair value gain on net investment hedge		933,848	–	–	–
- Foreign currency translation		(3,955,110)	–	–	–
Other comprehensive income for the year, net of tax		(3,021,262)	–	–	–
Total comprehensive income for the year		75,539,748	57,539,602	121,921,626	60,151,965
Attributable to :					
Owners of the Company		76,932,214	57,869,835	121,921,626	60,151,965
Non-controlling interests		(1,392,466)	(330,233)	–	–
Total comprehensive income for the year		75,539,748	57,539,602	121,921,626	60,151,965

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

BALANCE SHEETS

as at 31 December 2013

	Note	Group		Company	
		2013	2012	2013	2012
		$	$	$	$
Non-current assets					
Property, plant and equipment	10	29,641,799	6,497,215	153,914	201,272
Investment properties	11	137,906,196	–	–	–
Investment in subsidiaries	12	–	–	163,699,667	60,699,663
Investment in associate	13	–	–	–	–
Investment in joint ventures	14	6,728,775	22,553,838	–	–
Other receivable	15	16,600	7,000	–	–
Deferred tax assets	27	356,156	–	–	–
		174,649,526	29,058,053	163,853,581	60,900,935
Current assets					
Cash and short-term deposits	16	115,931,661	20,600,313	33,342,199	1,106,908
Other investments	17	24,640,036	4,619,363	–	–
Trade and other receivables	15	12,201,616	29,535,279	–	–
Other assets	18	10,352,355	186,490	450	3,660
Prepaid operating expenses		613,184	25,474	7,840	5,022
Derivatives assets	19	933,848	–	–	-
Due from subsidiaries (trade)	20(i)	–	–	1,138,983	1,828,987
Due from subsidiaries (non-trade)	21	–	–	267,793,381	130,454,358
Due from related companies (trade)	20(i)	622,001	18,027	–	–
Due from a related company (non-trade)	20(i)	98	2,252	–	–
Due from joint ventures (trade)	20(i)	12,201,670	31,632,338	165,897	89,905
Due from joint ventures (non-trade)	20(ii)	1,950,655	46,740,912	1,915,226	43,619,164
Due from an associate (non-trade)	20(i)	3,462	3,025	3,462	3,025
Development properties	22	254,972,169	163,912,398	–	–
Properties held for sale	22	217,882,196	260,440,948	–	–
Tax recoverable		–	1,122	–	–
		652,304,951	557,717,941	304,367,438	177,111,029
Investment properties – held for sale	11	–	3,520,000	–	–

BALANCE SHEETS (Cont'd)

as at 31 December 2013

	Note	Group		Company	
		2013	2012	2013	2012
		$	$	$	$
Current liabilities					
Trade and other payables	23	16,278,020	12,220,161	100,824	45,262
Other liabilities	24	28,355,288	28,592,426	2,350,882	509,661
Derivatives liabilities	19	514,946	–	–	–
Due to subsidiaries (non-trade)	21	–	–	68,503,513	68,767,134
Due to joint venture (trade)	20(i)	–	5,319,900	–	–
Due to joint venture (non-trade)	20(iii)	129,612	9,553,448	–	–
Due to related companies (trade)	20(i)	345,936	891,250	–	–
Due to a related company (non-trade)	25	42,074,741	32,717,057	625	–
Interest-bearing loans and borrowings	26	147,929,881	101,968,512	–	33,333
Tax payable		10,224,394	8,955,294	144,357	156,191
		245,852,818	200,218,048	71,100,201	69,511,581
Net current assets		406,452,133	357,499,893	233,267,237	107,599,448
Non-current liabilities					
Trade payables	23	1,945,615	3,429,495	–	–
Other liabilities	24	1,643,333	–	–	–
Interest-bearing loans and borrowings	26	70,299,994	69,919,000	–	–
Deferred taxation	27	19,653,098	11,408,389	–	–
Medium Term Notes	26	114,689,450	–	114,689,450	–
		208,231,490	84,756,884	114,689,450	–
Net assets		372,870,169	305,321,062	282,431,368	168,500,383
Equity attributable to owners of the Company					
Share capital	28	84,445,256	84,445,256	84,445,256	84,445,256
Treasury shares	29	(1,101,125)	(1,101,125)	(1,101,125)	(1,101,125)
Reserves	30	291,192,590	222,251,017	199,087,237	85,156,252
		374,536,721	305,595,148	282,431,368	168,500,383
Non-controlling interests		(1,666,552)	(274,086)	–	–
Total equity		372,870,169	305,321,062	282,431,368	168,500,383

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF CHANGES IN EQUITY

For the year ended 31 December 2013

2013 Group	Share capital [1] (Note 28) $	Treasury shares (Note 29) $	Accumulated profits $	Dividend reserve $
At 1 January 2013	84,445,256	(1,101,125)	227,518,058	2,352,788
Profit for the year	–	–	79,953,476	–
Fair Value gain on net investment hedge	–	–	–	–
Foreign currency translation	–	–	–	–
Other Comprehensive Income net of tax	–	–	–	–
Total comprehensive income for the year	–	–	79,953,476	–
Contributions by and distributions to owners				
Purchase of treasury shares	–	–	–	–
Dividends on ordinary shares (Note 36)	–	–	(5,637,853)	(2,352,788)
Transfer from unappropriated profit to dividend reserve	–	–	(3,764,460)	3,764,460
Total contributions by and distributions to owners	–	–	(9,402,313)	1,411,672
At 31 December 2013	84,445,256	(1,101,125)	298,069,221	3,764,460

2012 Group	Share capital [1] (Note 28) $	Treasury shares (Note 29) $	Accumulated profits $	Dividend reserve $
At 1 January 2012	84,445,256	(967,882)	174,352,212	1,177,131
Profit for the year	–	–	57,869,835	–
Other comprehensive income	–	–	–	–
Total comprehensive income for the year	–	–	57,869,835	–
Contributions by and distributions to owners				
Purchase of treasury shares	–	(133,243)	–	–
Dividends on ordinary shares (Note 36)	–	–	767*	(1,177,131)
Transfer from unappropriated profit to dividend reserve	–	–	(4,704,756)	2,352,788
Total contributions by and distributions to owners	–	(133,243)	(4,703,989)	1,175,657
At 31 December 2012	84,445,256	(1,101,125)	227,518,058	2,352,788

* This pertains to write back of prior year unclaimed dividends.

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Attributable to equity holders of the Company							
Capital reserve $	Foreign currency reserve $	Hedging Reserve $	Gain on reissuance of treasury shares $	Total reserves $	Total equity attributable to equity holders of the Company $	Non-controlling interests $	Total equity $
(7,671,719)	–	–	51,890	222,251,017	305,595,148	(274,086)	305,321,062
–	–	–	–	79,953,476	79,953,476	(1,392,466)	78,561,010
–	–	933,848	–	933,848	933,848	–	933,848
–	(3,955,110)	–	–	(3,955,110)	(3,955,110)	–	(3,955,110)
–	(3,955,110)	933,848	–	(3,021,262)	(3,021,262)	–	(3,021,262)
–	(3,955,110)	933,848	–	76,932,214	76,932,214	(1,392,466)	75,539,748
–	–	–	–	–	–	–	–
–	–	–	–	(7,990,641)	(7,990,641)	–	(7,990,641)
–	–	–	–	–	–	–	–
–	–	–	–	(7,990,641)	(7,990,641)	–	(7,990,641)
(7,671,719)	(3,955,110)	933,848	51,890	291,192,590	374,536,721	(1,666,552)	372,870,169

Attributable to equity holders of the Company							
Capital reserve $	Foreign currency reserve $	Hedging Reserve $	Gain on reissuance of treasury shares $	Total reserves $	Total equity attributable to equity holders of the Company $	Non-controlling interests $	Total equity $
(7,671,719)	–	–	51,890	167,909,514	251,386,888	56,147	251,443,035
–	–	–	–	57,869,835	57,869,835	(330,233)	57,539,602
–	–	–	–	–	–	–	–
–	–	–	–	57,869,835	57,869,835	(330,233)	57,539,602
–	–	–	–	–	(133,243)	–	(133,243)
–	–	–	–	(1,176,364)	(1,176,364)	–	(1,176,364)
–	–	–	–	(2,351,968)	(2,351,968)	–	(2,351,968)
–	–	–	–	(3,528,332)	(3,661,575)	–	(3,661,575)
(7,671,719)	–	–	51,890	222,251,017	305,595,148	(274,086)	305,321,062

STATEMENTS OF CHANGES IN EQUITY (Cont'd)

For the year ended 31 December 2013

2013 Company	Share capital [1] (Note 28) $	Treasury shares (Note 29) $
At 1 January 2013	84,445,256	(1,101,125)
Profit for the year	–	–
Other comprehensive income	–	–
Total comprehensive income for the year	–	–
Contributions by and distributions to owners		
Purchase of treasury shares	–	–
Transfer from unappropriated profits to dividend reserve	–	–
Dividends on ordinary shares (Note 36)	–	–
Total contributions by and distribution to owners	–	–
At 31 December 2013	84,445,256	(1,101,125)

2012 Company	Share capital [1] (Note 28) $	Treasury shares (Note 29) $
At 1 January 2012	84,445,256	(967,882)
Profit for the year	–	–
Other comprehensive income	–	–
Total comprehensive income for the year	–	–
Contributions by and distributions to owners		
Purchase of treasury shares	–	(133,243)
Transfer from unappropriated profits to dividend reserve	–	–
Dividends on ordinary shares (Note 36)	–	–
Total contributions by and distribution to owners	–	(133,243)
At 31 December 2012	84,445,256	(1,101,125)

[1] The holders of ordinary shares (except treasury shares) are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions. The ordinary shares have no par value.

* This pertains to write back of prior year unclaimed dividends

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Accumulated profits $	Dividend reserve $	Gain on reissuance of treasury shares $	Total reserves $	Total equity $
82,751,574	2,352,788	51,890	85,156,252	168,500,383
121,921,626	–	–	121,921,626	121,921,626
–	–	–	–	–
121,921,626	–	–	121,921,626	121,921,626
–	–	–	–	–
(3,764,460)	3,764,460	–	–	–
(5,637,853)	(2,352,788)	–	(7,990,641)	(7,990,641)
(9,402,313)	1,411,672	–	(7,990,641)	(7,990,641)
193,388,657	3,764,460	51,890	199,087,237	282,431,368

Accumulated profits $	Dividend reserve $	Gain on reissuance of treasury shares $	Total reserves $	Total equity $
27,303,598	1,177,131	51,890	28,532,619	112,009,993
60,151,965	–	–	60,151,965	60,151,965
–	–	–	–	–
60,151,965	–	–	60,151,965	60,151,965
–	–	–	–	(133,243)
(4,704,756)	2,352,788	–	(2,351,968)	(2,351,968)
767*	(1,177,131)	–	(1,176,364)	(1,176,364)
(4,703,989)	1,175,657	–	(3,528,332)	(3,661,575)
82,751,574	2,352,788	51,890	85,156,252	168,500,383

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 December 2013

	Note	2013 $	2012 $
Cash flows from operating activities			
Profit before tax		96,501,953	66,855,272
Adjustments for:			
Translation difference		(4,013,349)	–
Net fair value change in derivative instruments		537,264	–
Depreciation of property, plant and equipment	7	1,756,881	267,480
Dividend income from quoted investments	5	(72,964)	(74,565)
Loss on disposal of investment		1,500	–
Fair value gain on held-for-trading investments - quoted	5	(1,191,812)	(164,881)
Fair value loss/(gain) on held-for-trading investments - unquoted	5	194,485	(104,075)
Gain on disposal of investment property - held for sale	5	–	(235,000)
Loss/(gain) on disposal of property, plant and equipment	5	5,202	(28,018)
Gain on fair value adjustment of investment property - held for sale	5	–	(920,000)
Interest expenses	6	3,830,000	644,533
Interest income	6	(581,253)	(320,911)
Share of results of joint ventures		(5,841,459)	(12,714,892)
Allowance for doubtful receivables - trade		145,085	–
Operating cash flows before changes in working capital		91,271,533	53,204,943
Changes in working capital			
(Increase)/decrease in:			
Development properties		(84,627,386)	35,909,556
Properties held for sales		42,558,752	10,045,125
Trade and other receivables		17,178,978	(16,058,444)
Other assets		(10,164,743)	(105,091)
Prepaid operating expenses		(587,710)	9,656
Due from a joint venture, trade		14,122,331	(7,057,304)
Due from joint ventures, non-trade		67,631,714	26,102
Due from an associate, non-trade		(437)	(428)
Due from related company, trade		(603,974)	(17,563)
Due from related company, non-trade		2,154	(2,252)
Increase/(decrease) in:			
Trade and other payables		2,573,979	2,386,692
Other liabilities		1,406,196	(15,810,594)
Due to a joint venture, non-trade		(9,493,171)	2,910
Due to related companies, trade		(545,314)	364,987
Due to related company, non-trade		2,157	–
Cash flows generated from operations		130,725,059	62,898,295
Income tax paid		(8,794,131)	(88,903)
Net cash flows generated from operating activities		121,930,928	62,809,392

CONSOLIDATED CASH FLOW STATEMENT (Cont'd)

For the year ended 31 December 2013

	Note	2013 $	2012 $
Cash flows from investing activities			
Dividend income received	5	72,964	46,618
Interest income received		511,755	140,887
Repayment of loan from joint ventures		–	11,874,126
Loan to joint ventures		(1,117,000)	–
Proceeds from disposal of property, plant and equipment		–	30,000
Proceeds from disposal of quoted investments		–	–
Proceeds from disposal of unquoted investments		750,000	3,000,000
Proceeds from disposal of investment property - held for sale		3,520,000	680,000
Purchase of quoted investments		(17,516,202)	–
Purchase of unquoted investments		(2,256,920)	(3,252,500)
Purchase of property, plant and equipment (Note A)		(30,133,883)	(229,971)
Purchase of investment properties		(137,979,670)	–
Net cash flows (used in) / generated from investing activities		(184,148,956)	12,289,160
Cash flows from financing activities			
Repayment of bank term loans		(110,512,000)	(253,822,793)
Proceeds from loans and borrowings		156,959,994	176,081,241
Proceeds from other financial liabilities		114,689,450	–
Dividends paid on ordinary shares by the Company	36	(7,990,641)	(3,528,332)
Repayment of lease obligations		(249,079)	(199,843)
Loans from related companies		9,135,999	10,894,000
Loans from joint venture		–	9,540,000
Interest paid		(4,484,347)	(3,698,874)
Purchase of treasury shares		–	(133,243)
Net cash flows generated from / (used) in financing activities		157,549,376	(64,867,844)
Net increase in cash and cash equivalents		95,331,348	10,230,708
Cash and cash equivalents at beginning of year		20,600,313	10,369,605
Cash and cash equivalents at end of year (Note 16)		115,931,661	20,600,313

A. Purchase of property, plant and equipment

During the year, the Group acquired property, plant and equipment with an aggregate cost of $30,323,303 (2012: $429,971), of which $189,420 (2012: $200,000) was acquired by means of hire purchase arrangements and the balance of $30,133,883 (2012: $229,971) was made in cash.

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2013

1. CORPORATE INFORMATION

Hiap Hoe Limited (the "Company") is a limited liability company incorporated and domiciled in Singapore and is listed on the Singapore Exchange Securities Trading Limited (SGX-ST) Mainboard.

The registered office and principal place of business of the Company is located at 18 Ah Hood Road #13-51, Hiap Hoe Building At Zhongshan Park, Singapore 329983.

The principal activities of the Company are those of investment holding and provision of management services. The principal activities of the subsidiaries are disclosed in Note 12 to the financial statements. There has been no significant change in the nature of these activities during the financial year.

Its immediate and ultimate holding company is Hiap Hoe Holdings Pte Ltd, a company incorporated in Singapore. Related companies refer to members of the immediate and ultimate holding corporation's group of companies.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The consolidated financial statements of the Group and statement of changes in equity of the Company have been prepared in accordance with Singapore Financial Reporting Standards (FRS).

The financial statements have been prepared on the historical cost basis, except as disclosed in the accounting policies below.

The financial statements are presented in Singapore Dollars (SGD or $) unless otherwise stated.

2.2 Changes in accounting policies

The accounting policies adopted are consistent with those of the previous financial year except in the current financial year, the Group has adopted all the new and revised standards that are effective for annual periods beginning on or after 1 January 2013. The adoption of these standards did not have any effect on the financial performance or position of the Group and the Company.

Accordingly to the transition provisions of FRS113 Fair Value Measurement, FRS113 has been applied prospectively by the Group on 1 January 2013.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 December 2013

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.3 Standards issued but not yet effective

The Group has not adopted the following standards that have been issued but not yet effective:

Description	Effective for annual periods beginning on or after
Revised FRS 27 *Separate Financial Statements*	1 January 2014
Revised FRS 28 *Investments in Associates and Joint Ventures*	1 January 2014
FRS 110 *Consolidated Financial Statements*	1 January 2014
FRS 111 *Joint Arrangements*	1 January 2014
FRS 112 *Disclosure of Interests in Other Entities*	1 January 2014
Amendments to FRS 32 *Offsetting Financial Assets and Financial Liabilities*	1 January 2014

Except for FRS 112, the directors expect that the adoption of the other standards above will have no material impact on the financial statements in the period of initial application. The nature of the impending changes in accounting policy on adoption of FRS 112 are described below.

FRS 112 *Disclosure of Interests in Other Entities*

FRS 112 Disclosure of Interests in Other Entities is effective for financial periods beginning on or after 1 January 2014.

FRS 112 is a new and comprehensive standard on disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles. FRS 112 requires an entity to disclose information that helps users of its financial statements to evaluate the nature and risks associated with its interests in other entities and the effects of those interests on its financial statements. As this is a disclosure standard, it will have no impact to the financial position and financial performance of the Group when applied in 2014.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 December 2013

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.4 (A) Basis of consolidation

Basis of consolidation from 1 January 2010

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the end of the reporting period. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances.

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions and dividends are eliminated in full.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Losses within a subsidiary company are attributed to the non-controlling interest even if that results in a deficit balance.

A change in ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- de-recognises the assets (including goodwill) and liabilities of the subsidiary company at their carrying amounts at the date when control is lost;

- de-recognises the carrying amount of any non-controlling interest;

- de-recognises the cumulative translation differences recorded in equity;

- recognises the fair value of the consideration received;

- recognises the fair value of any investment retained;

- recognises any surplus or deficit in profit or loss;

- re-classifies the Group's share of components previously recognised in other comprehensive income to profit or loss or retained earnings, as appropriate.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 December 2013

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.4 (A) Basis of consolidation (cont'd)

Basis of consolidation prior to 1 January 2010

Certain of the above-mentioned requirements were applied on a prospective basis. The following differences, however, are carried forward in certain instances from the previous basis of consolidation:

- Acquisition of non-controlling interests, prior to 1 January 2010, were accounted for using the parent entity extension method, whereby, the difference between the consideration and the book value of the share of the net assets acquired were recognised in goodwill.

- Losses incurred by the Group were attributed to the non-controlling interest until the balance was reduced to nil. Any further losses were attributed to the Group, unless the non-controlling interest had a binding obligation to cover these. Losses prior to 1 January 2010 were not reallocated between non-controlling interest and the owners of the Company.

- Upon loss of control, the Group accounted for the investment retained at its proportionate share of net asset value at the date control was lost. The carrying value of such investments as at 1 January 2010 has not been restated.

2.4 (B) Business combinations

Business combinations from 1 January 2010

Business combinations are accounted for by applying the acquisition method. Identifiable assets acquired and liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the services are received.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability, will be recognised in accordance with FRS 39 either in profit or loss or as a change to other comprehensive income. If the contingent consideration is classified as equity, it is not remeasured until it is finally settled within equity.

In business combinations achieved in stages, previously held equity interests in the acquiree are remeasured to fair value at the acquisition date and any corresponding gain or loss is recognised in profit or loss.

The Group elects for each individual business combination, whether non-controlling interest in the acquiree (if any), that are present ownership interests and entitle their holders to a proportionate share of net assets in the event of liquidation, is recognised on the acquisition date at fair value, or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets. Other components of non-controlling interests are measured at their acquisition date fair value, unless another measurement basis is required by another FRS.

Any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interest in the acquiree (if any), and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities is recorded as goodwill. In instances where the latter amount exceeds the former, the excess is recognised as gain on bargain purchase in profit or loss on the acquisition date.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 December 2013

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.5 *Transactions with non-controlling interests*

Non-controlling interest represents the equity in subsidiaries not attributable, directly or indirectly, to owners of the Company, and are represented separately in the consolidated statement of comprehensive income and within equity in the consolidated balance sheet, separately from equity attributable to owners of the Company.

Changes in the Company's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

2.6 *Foreign currency*

The financial statements are presented in Singapore Dollars, which is also the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

(a) Transactions and balances

Transactions in foreign currencies are recorded on initial recognition in the functional currencies of the Company and its subsidiaries and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the end of the reporting period. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the end of reporting period are recognised in profit or loss except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operations, which are recognised initially in other comprehensive income and accumulated under foreign currency translation reserve in equity. The foreign currency translation reserve is reclassified from equity to profit or loss of the Group on disposal of the foreign operation.

(b) Consolidated financial statements

For consolidation purpose, the assets and liabilities of foreign operations are translated into SGD at the rate of exchange ruling at the end of the reporting period and their profit or loss are translated at the exchange rates prevailing at the date of the transactions. The exchange differences arising on the translation are recognised in other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in profit or loss.

In the case of a partial disposal without loss of control of a subsidiary that includes a foreign operation, the proportionate share of the cumulative amount of the exchange differences are re-attributed to non-controlling interest and are not recognised in profit or loss. For partial disposals of associates or jointly controlled entities that are foreign operations, the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 December 2013

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.7 Property, plant and equipment

All items of property, plant and equipment are initially recorded at cost. Subsequent to recognition, property, plant and equipment and furniture and fixtures are measured at cost less accumulated depreciation and any accumulated impairment losses. The cost includes the cost of replacing part of the property, plant and equipment and borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying property, plant and equipment. The accounting policy for borrowing costs is set out in Note 2.20. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

When significant parts of property, plant and equipment are required to be replaced in intervals, the Group recognises such parts as individual assets with specific useful lives and depreciation, respectively. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

Freehold land has an unlimited useful life and therefore is not depreciated.

Depreciation is computed on a straight-line basis over the estimated useful lives of the asset as follows:

- Freehold properties – 50 years
- Motor vehicles – 5 to 10 years
- Furniture, fittings and office equipment – 1 to 20 years
- Plant and machinery – 5 years

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The residual value, useful life and depreciation method are reviewed at each financial year-end, and adjusted prospectively, if appropriate.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset is included in profit or loss in the year the asset is derecognised.

2.8 Investment properties

Investment properties are properties that are either owned by the Group or leased under a finance lease that are held to earn rentals or for capital appreciation, or both, rather than for use in the production or supply of goods or services, or for administrative purposes, or in the ordinary course of business. Investment properties comprise completed investment properties and properties that are being constructed or developed for future use as investment properties. Properties held under operating leases are classified as investment properties when the definition of an investment property is met.

Investment properties are initially measured at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses, similar to the policy for property, plant and equipment. Depreciation is calculated using a straight-line method to allocate the depreciable amounts over the estimated useful lives of over 50 years for freehold properties, and the remaining period of lease or a maximum of 50 years, whichever is lower for leasehold properties. The residual values, useful lives and depreciation method of investment properties are reviewed, and adjusted as appropriate, at end of each reporting period. The effects of any revision are included in profit or loss when the changes arise.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 December 2013

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.8 Investment properties (cont'd)

Investment properties are derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognised in profit or loss in the year of retirement or disposal.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. For a transfer from owner-occupied property to investment property, the property is accounted for in accordance with the accounting policy for property, plant and equipment set out in Note 2.7 up to the date of change in use.

2.9 Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs of disposal and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows expected to be generated by the asset are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples or other available fair value indicators.

Impairment losses of continuing operations are recognised in profit or loss in those expense categories consistent with the function of the impaired asset, except for assets that are previously revalued where the revaluation was taken to other comprehensive income. In this case, the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. In such indication exists, the Group estimates the asset's or cash-generating unit's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase.

2.10 Subsidiaries

A subsidiary is an entity over which the Group has the power to govern the financial and operating policies so as to obtain benefits from its activities.

In the Company's separate financial statements, investments in subsidiaries are accounted for at cost less any impairment losses.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 December 2013

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.11 Associates

An associate is an entity, not being a subsidiary or a joint venture, in which the Group has significant influence. An associate is equity accounted for from the date the Group obtains significant influence until the date the Group ceases to have significant influence over the associate.

The Group's investments in associates are accounted for using the equity method. Under the equity method, the investment in associate is carried in the balance sheet at cost plus post-acquisition changes in the Group's share of net assets of the associate. Goodwill relating to associates is included in the carrying amount of the investment and is neither amortised nor tested individually for impairment. Any excess of the Group's share of the net fair value of the associate's identifiable assets, liabilities and contingent liabilities over the cost of the investment is included as income in the determination of the Group's share of results of the associate in the period in which the investment is acquired.

The profit or loss reflects the share of the results of operations of the associates. Where there has been a change recognised in other comprehensive income by the associates, the Group recognises its share of such changes in other comprehensive income. Unrealised gains and losses resulting from transactions between the Group and the associate are eliminated to the extent of the interest in the associates.

The Group's share of the profit or loss of its associates is the profit attributable to equity holders of the associate and, therefore is the profit or loss after tax and non-controlling interests in the subsidiaries of the associates.

When the Group's share of losses in an associate equals or exceeds its interest in the associate, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

After application of the equity method, the Group determines whether it is necessary to recognise an additional impairment loss on the Group's investment in its associates. The Group determines at the end of each reporting period whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount in the profit or loss.

The financial statements of the associate are prepared as of the same reporting date as the Company. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

Upon loss of significant influence over the associate, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the aggregate of the retained investment and proceeds from disposal is recognised in profit or loss.

2.12 Joint ventures

A joint venture is a contractual arrangement whereby two or more parties undertake an economic activity that is subject to joint control, where the strategic financial and operating decisions relating to the activity require the unanimous consent of the parties sharing control. The Group recognises its interest in joint venture using the equity method. 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.

The profit or loss reflects the share of the results of operations of the joint ventures. Where there has been a change recognised in other comprehensive income by the joint ventures, the Group recognises its share of such changes in other comprehensive income. Unrealised gains and losses resulting from transactions between the Group and the joint ventures are eliminated to the extent of the interest in the joint ventures.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 December 2013

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.12 Joint ventures (cont'd)

The Group's share of the profit or loss of its joint ventures is the profit attributable to equity holders of the joint venture and, therefore is the profit or loss after tax and non-controlling interests in the subsidiaries of joint ventures.

When the Group's share of losses in a joint venture equals or exceeds its interest in the joint venture, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the joint venture.

After application of the equity method, the Group determines whether it is necessary to recognise an additional impairment loss on the Group's investment in its joint ventures. The Group determines at each balance sheet date whether there is any objective evidence that the investment in the joint venture is impaired. If it is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the joint venture and its carrying value and recognises the amount in the profit or loss.

The financial statements of the joint venture are prepared as of the same reporting date as the Company. Where necessary, adjustments are made to bring the accounting policies into line with those of the Group.

Upon loss of joint control, the Group measures any retained investment at its fair value. Any difference between the carrying amount of the former joint venture entity upon loss of joint venture control and the aggregate of the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

2.13 Financial instruments

(a) Financial assets

Initial recognition and measurement

Financial assets are recognised when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. The Group determines the classification of its financial assets at initial recognition.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

(i) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. This category includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by FRS 39. Derivatives, including separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

The Group has not designated any financial assets upon initial recognition at fair value through profit or loss.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 December 2013

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.13 Financial instruments (cont'd)

(a) Financial assets (cont'd)

Subsequent measurement (cont'd)

(i) Financial assets at fair value through profit or loss (cont'd)

Subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in fair value of the financial assets are recognised in profit or loss. Net gains or net losses on financial assets at fair value through profit or loss include exchange differences, interest and dividend income.

Derivatives embedded in host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not measured at fair value with changes in fair value recognised in profit or loss. These embedded derivatives are measured at fair value with changes in fair value recognised in profit or loss. Reassessment only occurs if there is a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required.

(ii) Loans and receivables

Non-derivative financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

De-recognition

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired. On de-recognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

Regular way purchase or sale of a financial asset

All regular way purchases and sales of financial assets are recognised or derecognised on the trade date i.e., the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace concerned.

(b) Financial liabilities

Initial recognition and measurement

Financial liabilities are recognised when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. The Group determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value plus in the case of financial liabilities not at fair value through profit or loss, directly attributable transaction costs.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 December 2013

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.13 Financial instruments (cont'd)

(b) Financial liabilities (cont'd)

Subsequent measurement

(i) Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading. Financial liabilities are classified as held for trading if they are acquired for the purpose of selling in the near term. This category includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Subsequent to initial recognition, financial liabilities at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in fair value of the financial liabilities are recognised in profit or loss.

(ii) Financial liabilities at amortised cost

After initial recognition, financial liabilities are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

De-recognition

A financial liability is de-recognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

(c) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is presented in the balance sheets, when and only when, there is a currently enforceable legal right to set off the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

2.14 Impairment of financial assets

The Group assesses at each reporting date whether there is any objective evidence that a financial asset is impaired.

Financial assets carried at amortised cost

For financial assets carried at amortised cost, the Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be recognised are not included in a collective assessment of impairment.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 December 2013

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.14 Impairment of financial assets (cont'd)

Financial assets carried at amortised cost (cont'd)

If there is objective evidence that an impairment loss on financial assets carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account. The impairment loss is recognised in profit or loss.

When the asset becomes uncollectible, the carrying amount of impaired financial assets is reduced directly or if an amount was charged to the allowance account, the amounts charged to the allowance account are written off against the carrying value of the financial asset.

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit or loss.

The Group does not have any financial assets carried at cost and available-for-sale financial assets.

2.15 Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits, and short-term, highly liquid investments that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value. These also include bank overdrafts that form an integral part of the Group's cash management.

2.16 Construction contracts

Contract revenue and contract costs are recognised as revenue and expenses respectively by reference to the stage of completion of the contract activity at the end of the reporting period (the percentage of completion method), when the outcome of a construction contract can be estimated reliably.

The outcome of a construction contract can be estimated reliably when: (i) total contract revenue can be measured reliably; (ii) it is probable that the economic benefits associated with the contract will flow to the entity; (iii) the costs to complete the contract and the stage of completion can be measured reliably; and (iv) the contract costs attributable to the contract can be clearly identified and measured reliably so that actual contract costs incurred can be compared with prior estimates.

When the outcome of a construction contract cannot be estimated reliably (principally during the early stages of a contract), contract revenue is recognised only to the extent of contract costs incurred that are likely to be recoverable and contract costs are recognised as expense in the period in which they are incurred.

An expected loss on the construction contract is recognised as an expense immediately when it is probable that total contract costs will exceed total contract revenue.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 December 2013

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.16 Construction contracts (cont'd)

In applying the percentage of completion method, revenue recognised corresponds to the total contract revenue (as defined below) multiplied by the actual completion rate based on the proportion of total contract cost (as defined below) incurred to date and the estimated costs to complete.

Contract revenue – Contract revenue corresponds to the initial amount of revenue agreed in the contract and any variations in contract work, claims and incentive payments to the extent that it is probable that they will result in revenue and they are capable of being reliably measured.

Contract costs – Contract costs include costs that relate directly to the specific contract and costs that are attributable to contract activity in general and can be allocated to the contract. Costs that relate directly to a specific contract comprise: site labour costs (including site supervision); costs of materials used in construction; depreciation of equipment used on the contract; costs of design, and technical assistance that is directly related to the contract.

The Group's contracts are typically negotiated for the construction of a single asset or a group of assets which are closely interrelated or interdependent in terms of their design, technology and function. In certain circumstances, the percentage of completion method is applied to the separately identifiable components of a single contract or group of contracts together in order to reflect the substance of a contract or a group of contracts.

Assets covered by a single contract are treated separately when:

- Separate proposals have been submitted for each asset

- Each asset has been subject to separate negotiation and the contractor and customer have been able to accept or reject that part of the contract relating to each asset

- The costs and revenues of each asset can be identified

A group of contracts are treated as a single construction contract when:

- The group of contracts are negotiated as a single package; the contracts are so closely interrelated that they are, in effect, part of a single project with an overall profit margin

- The contracts are performed concurrently or in a continuous sequence

The stage of completion is determined by reference to professional surveys of work performed.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 December 2013

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.17 Development properties/properties held for sale

Development properties/properties held for sale are properties acquired or being constructed for sale in the ordinary course of business, rather than to be held for the Group's own use, rental or capital appreciation.

Development properties/properties held for sale are held as inventories and are measured at the lower of cost and net realisable value.

The costs of development properties/properties held for sale include:

- Freehold rights for land;
- Amounts paid to contractors for construction; and
- Borrowing costs, planning and design costs, costs of site preparation, professional fees for legal services, property transfer taxes, construction overheads and other related costs.

Non-refundable commissions paid to sales or marketing agents on the sale of real estate units are expensed when incurred.

Net realisable value of development properties/properties held for sale is the estimated selling price in the ordinary course of the business, based on market prices at the end of the reporting period and discounted for the time value of money if material, less the estimated costs of completion and the estimated costs necessary to make the sale.

The costs of development properties/properties held for sale recognised in profit or loss on disposal are determined with reference to the specific costs incurred on the property sold and an allocation of any non-specific costs based on the relative size of the property sold.

2.18 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre tax rate that reflects where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 December 2013

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.19 Financial guarantee

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument.

Financial guarantees are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequent to initial recognition, financial guarantees are recognised as income in profit or loss over the period of the guarantee. If it is probable that the liability will be higher than the amount initially recognised less amortisation, the liability is recorded at the higher amount with the difference charged to profit or loss.

No financial guarantee is recognised on the balance sheet of the Group.

2.20 Borrowing costs

Borrowing costs are capitalised as part of the cost of development properties if they are directly attributable to the acquisition and construction of development properties. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are being incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Capitalisation of borrowing costs is suspended during the extended periods in which active development is interrupted. Capitalisation of borrowing costs ceases on issue of the Temporary Occupation Permit. The capitalisation rate is determined by reference to the actual rate payable on borrowings for development property, weighted as applicable.

2.21 Employee benefits

(a) Defined contribution plans

The Singapore companies make contributions to the Central Provident Fund scheme in Singapore, a defined contribution pension scheme. Contributions to the defined contribution pension scheme are recognised as an expense in the period in which the related service is performed.

(b) Employee leave entitlement

Employee entitlements to annual leave are recognised as a liability when they accrue to employees. The estimated liability for leave is recognised for services rendered by employees up to the end of the reporting period.

(c) Performance share plan

The Group operates share-based compensation plan. The fair value of the employee services received in exchange for the grant of performance shares is recognised as an expense in the profit and loss account with a corresponding increase in the share plan reserve over the vesting period. The total amount to be recognised over the vesting period is determined by reference to the fair values of the performance shares granted at the respective dates of the grant which taken into account market conditions and non-vesting conditions.

At each reporting date, the Group revises its estimates of the number of share plan awards that are expected to vest on the vesting dates, and recognises the impact of the revision of the estimates in the profit and loss account, with a corresponding adjustment to the employee share reserve over the remaining vesting plan.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 December 2013

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.22 Leases

The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement at inception date: whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset, even if that right is not explicitly specified in an arrangement.

For arrangements entered into prior to 1 January 2005, the date of inception is deemed to be 1 January 2005 in accordance with the transitional requirements of INT FRS 104.

(a) As lessee

Finance leases which transfer to the Group substantially all the risks and rewards incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Any initial direct costs are also added to the amount capitalised. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to profit or loss. Contingent rents, if any, are charged as expenses in the periods in which they are incurred.

Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset and the lease term, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term.

Operating lease payments are recognised as an expense in profit or loss on a straight-line basis over the lease term. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

(b) As lessor

Leases where the Group retains substantially all the risks and rewards of ownership of the assets are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the leased term on the same bases as rental income. The accounting policy for rental income is set out in Note 2.24(e). Contingent rents are recognised as revenue in the period in which they are earned.

2.23 Investment property held for sale

Investment property is transferred to non-current assets held for sale when it is expected that the carrying amount will be recovered principally through sale rather than from continuing use. For this to be the case, the property must be available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such property and its sale must be highly probable.

For the sale to be highly probable, the following criteria must be met:-

- The Board must be committed to a plan to sell the property and an active programme to locate a buyer and complete the plan must have been initiated.
- The property must be actively marketed for sale at a price that is reasonable in relation to its current fair value
- The sale should be expected to qualify for recognition as a completed sale within one year from the date of classification

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 December 2013

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.24 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured regardless of when the payment is made. Revenue is measured at the fair value of consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty. The Group assesses its revenue arrangements to determine if it is acting as principal or agent. The Group has concluded that it is acting as a principal in all of its revenue arrangements. The following specific recognition criteria must also be met before revenue is recognised:

(a) Project revenue arising from construction contracts

Revenue from contracts is recognised on the percentage of completion method based on the progress of the contract work, as determined based on surveys/certifications of work done. Accounting policy for recognising construction contracts is stated in Note 2.16.

(b) Sales of completed development properties

A development property is regarded as sold when the significant risks and returns have been transferred to the buyer, which is normally unconditional exchange of contracts.

(c) Sales of development properties under construction

Where development property is under construction and agreement has been reached to sell such property when construction is completed, the Directors consider when the contract comprises:

- A contract to construct a property; or
- A contract for the sale of completed property

(I) Where a contract is judged to be for the construction of a property, revenue is recognised using the percentage of completion method as construction progresses.

(II) Where a contract is judged to be for sale of a completed property, revenue is recognised when the significant risks and rewards of ownership of the real estate have been transferred to the buyer (i.e revenue is recognised using the completed contract method).

(i) If, however, the legal terms of the contract are such that the construction represents the continuous transfer of work in progress to the purchaser, the percentage of completion method of revenue recognition is applied and revenue is recognised as work progresses.

(ii) In Singapore context, INT FRS 115 includes an accompanying note on application of INT FRS 115 in Singapore which requires the percentage of completion method of revenue recognition to be applied for the sale of private residential properties in Singapore prior to completion of properties that are regulated under Singapore Housing Developers (Control and Licensing) Act (Chapter 130) and uses the standard form of sale and purchase agreements (SPAs) prescribed in the Housing Developers Rules. The accompanying note to INT FRS 115 does not address the accounting treatment for other SPAs, including SPAs with a Deferred Payment Scheme feature in Singapore.

In the above situations (i) and (ii), the percentage of work completed is measured based on the costs incurred up until the end of the reporting periods as a proportion of total costs expected to be incurred. The costs incurred will be based on surveys/certifications of work done as construction progress.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 December 2013

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.24 Revenue (cont'd)

(d) Dividend income

Dividend income is recognised when the Group's right to receive payment is established.

(e) Rental income

Rental income arising from operating leases on investment properties is accounted for on a straight-line basis over the lease terms.

(f) Interest income

Interest income is recognised using the effective interest method.

2.25 Taxes

(a) Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the end of the reporting period in Singapore where the Group operates and generates taxable income.

Current income tax are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

(b) Deferred tax

Deferred tax is provided using the liability method on temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- Where the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint venture, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 December 2013

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.24 Taxes (cont'd)

(b) Deferred tax (cont'd)

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax credits and unused tax losses can be utilised except:

- Where the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the end of each reporting period.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current income tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

(c) Sales tax

Revenues, expenses and assets are recognised net of the amount of sales tax except:

- Where the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and

- Receivables and payables that are stated with the amount of sales tax included.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 December 2013

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.26 Segment reporting

For management purposes, the Group is organised into operating segments based on their products and services which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge. The segment managers report directly to the management of the Company who regularly review the segment results in order to allocate resources to the segments and to assess the segment performance. Additional disclosures on each of these segments are shown in Note 40, including the factors used to identify the reportable segments and the measurement basis of segment information.

2.27 Share capital and share issue expenses

Proceeds from issuance of ordinary shares are recognised as share capital in equity. Incremental costs directly attributable to the issuance of ordinary shares are deducted against share capital.

2.28 Treasury shares

The Group's own equity instruments, which are reacquired (treasury shares) are recognised at cost and deducted from equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments. Any difference between the carrying amount of treasury shares and the consideration received, if reissued, is recognised directly in equity. Voting rights related to treasury shares are nullified for the Group and no dividends are allocated to them respectively.

2.29 Contingencies

A contingent liability is:

(a) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group; or

(b) a present obligation that arises from past events but is not recognised because:

   (i) It is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or

   (ii) The amount of the obligation cannot be measured with sufficient reliability.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group.

Contingent liabilities and assets are not recognised on the balance sheet of the Group, except for contingent liabilities assumed in a business combination that are present obligations and which the fair values can be reliably determined.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 December 2013

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.30 Related parties

A related party is defined as follows:

(a) A person or a close member of that person's family is related to the Group and Company if that person:

(i) has control, or joint control over the Company;

(ii) has significant influence over the Company; or

(iii) is a member of the key management personnel of the Group or Company or of a parent of the Company.

(b) An entity is related to the Group and the Company if any of the following conditions applies:

(i) the entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(ii) one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(iii) both entities are joint ventures of the same third party.

(iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(v) the entity is a post-employment benefit plan for the benefit of the employees of either the Company or an entity related to the Company. If the Company is itself such a plan, the sponsoring employers are also related to the Company;

(vi) the entity is controlled or jointly controlled by a person identified in (a);

(vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

2.31 Other investments

Quoted investments and unquoted investments are classified as financial assets at fair value through profit or loss.

The accounting policies for the aforementioned categories of financial assets are stated in Note 2.13.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 December 2013

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.32 Hedge accounting

The Group applies hedge accounting for certain hedging relationships which qualify for hedge accounting.

For the purpose of hedge accounting, hedges are classified as:

- fair value hedges when hedging the exposure to changes in the fair value of a recognised asset or liability or an unrecognised firm commitment
- cash flow hedges when hedging exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognised firm commitment; or
- hedges of a net investment in a foreign operation.

At the inception of a hedging relationship, the Group formally designates and documents the hedging relationship to which the Group wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how the entity will assess the effectiveness of changes in the hedging instrument's fair value in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

Hedges which meet the strict criteria for hedge accounting are accounted for as follows:

Hedges of a net investment

Hedges of a net investment in a foreign operation, including a hedge of a monetary item that is accounted for as part of the net investment, are accounted for in a way similar to cash flow hedges. Gains or losses on the hedging instrument relating to the effective portion of the hedge are recognised as other comprehensive income while any gains or losses relating to the ineffective portion are recognised in profit or loss. On disposal of the foreign operation, the cumulative value of any such gains or losses recorded in equity is transferred to profit or loss.

The Group uses a forward currency contract as a hedge of its exposure to foreign exchange risk on its investments in foreign subsidiaries. Refer to Note 19 for more details.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 December 2013

3. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

The preparation of the Group's consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the end of each reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in the future periods.

3.1 Judgments made in applying accounting policies

In the process of applying the Group's accounting policies, management has made the following judgments, apart from those involving estimations, which have the most significant effect on the amounts recognised in the consolidated financial statements:

(i) Revenue recognition

The Group estimated the percentage of completion of its development properties by reference to professional surveys of work performed. When the final cost incurred by the Group is different from the amounts that were initially budgeted, such differences will impact the revenue recognised in the period in which such determination is made. The Group's revenue recognised of development properties for the year ended 31 December 2013 was $224,726,751 (2012: $113,735,148).

(ii) Income taxes

The Company has adopted group relief since Year of Assessment 2003. Significant judgement is involved in determining the Group provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made. The carrying amount of the Company's tax payables and deferred tax liabilities at 31 December 2013 was $144,357 (2012: $156,191) and $nil (2012: $nil) respectively. Whereas, the carrying amount of the Group's tax payables, deferred tax assets and deferred tax liabilities at 31 December 2013 was $10,224,394 (2012: $8,955,294), $356,156 (2012: Nil) and $19,653,098 (2012: $11,408,389) respectively.

3.2 Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of each reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below. The Group based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

(i) Impairment of loans and receivables

The Group assesses at the end of each reporting period whether there is any objective evidence that a financial asset is impaired. To determine whether there is objective evidence of impairment, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on the historical loss experience for assets with similar credit risk characteristics. The carrying amount of the Group's loans and receivable at the reporting period is disclosed in Note 15 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 December 2013

3. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES (CONT'D)

3.2 Key sources of estimation uncertainty (cont'd)

(ii) Estimation of net realisable value of properties held for sale and development properties

Properties held for sale and development properties are stated at the lower of cost and net realisable value. Net realisable value of properties held for sale and development properties is the estimated selling price in the ordinary course of the business, based on market prices at the end of reporting period and discounted for the time value of money if material, less the estimated costs of completion and the estimated cost necessary to make the sale.

The carrying amounts of the Group's development properties and properties held for sale as at 31 December 2013 were \$252,739,390 (2012: \$163,912,398) and \$217,882,196 (2012: \$260,440,948) respectively.

4. REVENUE

	Group		Company	
	2013	2012	2013	2012
Revenue is analysed as follows:	\$	\$	\$	\$
Revenue from sales of development properties	224,726,751	113,735,148	–	–
Project revenue arising from construction contracts	14,547,445	31,885,393	–	–
Rental revenue from investment and development properties	1,364,534	–	–	–
Management fee charged to				
– joint ventures	156,442	47,698	242,755	119,246
– subsidiaries	–	–	1,041,410	687,727
	240,795,172	145,668,239	1,284,165	806,973

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 December 2013

5. OTHER INCOME/(OTHER EXPENSE)

	Group		Company	
	2013	2012	2013	2012
	$	$	$	$
Other income:				
Dividend income from quoted investments	72,964	74,565	–	–
Dividend income from subsidiaries	–	–	120,000,000	56,300,000
Gain on fair value adjustment of investment property - held for sale (Note 11)	–	920,000	–	–
Miscellaneous income	844,871	106,374	–	–
Waiver of Inter-Company loans	–	–	3,629,755	–
Management fees	126,634	156,518	–	–
Write back of impairment on investment in subsidiary	–	–	–	4,101,617
Rental income				
- investment properties (Note 11)	134,109	885,865	–	–
- Others	33,600	–	–	–
Fair value gain on financial instruments				
- investments held for trading - quoted	1,191,812	198,588	–	–
- investments held for trading - unquoted	–	104,075	–	49,200
Gain on disposal of property, plant and equipment	–	30,000	–	30,000
Gain on disposal of investment property - held for sale	–	235,000	–	–
	2,403,990	2,710,985	123,629,755	60,480,817
Other income:				
Loss on disposal of property, plant and equipment	(5,202)	(1,982)	–	–
Loss on disposal of investments - unquoted	(1,500)	–	–	–
Fair value loss on investments held for trading – unquoted	(194,485)	–	–	(396,445)
Fair value loss on investments held for trading – quoted	–	(33,707)	–	(54,478)
	(201,187)	(35,689)	–	(450,923)

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 December 2013

6. FINANCIAL INCOME/(EXPENSES)

	Group		Company	
	2013	2012	2013	2012
	$	$	$	$
Interest expense				
- bank term loans	(1,951,474)	(604,597)	–	–
- obligations under finance leases	(5,223)	(4,026)	(627)	(1,253)
- loans from subsidiaries	–	–	(927,055)	(493,143)
- loans from related companies	(219,527)	(25,345)	–	–
- loans from joint venture	(72,609)	(10,539)	–	–
- bank overdrafts	(205)	(26)	–	–
- medium term notes	(1,043,698)	–	(1,043,698)	–
- interest rate swap	(537,264)	–	–	–
Financial expenses	(3,830,000)	(644,533)	(1,971,380)	(494,396)
Interest income from loans and receivables				
- fixed deposits	86,209	12,055	12,110	813
- unquoted investments	189,080	93,021	–	10,913
- loans to subsidiaries	–	–	1,269,841	670,318
- loan to joint ventures	216,053	203,831	214,097	207,729
- others	89,911	12,004	26,913	609
Financial income	581,253	320,911	1,522,961	890,382

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 December 2013

7. ADMINISTRATIVE EXPENSES

Administrative expenses include:

	Group		Company	
	2013	2012	2013	2012
	$	$	$	$
Audit fees paid to the auditors of the Company	155,649	149,190	69,550	74,900
Non-audit fees paid to the				
- auditors of the Company	5,111	26,758	3,499	4,708
- other auditors	–	2,782	–	–
Depreciation of property, plant and equipment	1,756,881	267,480	47,358	35,519
Directors' fees	121,000	136,000	121,000	136,000
Employee' benefits expense (Note 31)	3,585,930	3,012,006	1,131,956	1,006,961
Operating lease expense (Note 33(c))	790,811	130,000	–	–
Stamp duty fees relating for the purchase of two properties in Australia	9,493,512	–	–	–
Professional fees	944,262	–	–	–

8. INCOME TAX EXPENSE

Major components of income tax expense

The major components of income tax expense for the years ended 31 December 2013 and 2012 are:

	Group		Company	
	2013	2012	2013	2012
	$	$	$	$
Current income tax				
Current income taxation	10,044,436	8,928,490	91,482	69,193
(Over)/under provision in respect of prior years	18,795	(56,923)	–	(3,325)
	10,063,231	8,871,567	91,482	65,868
Deferred income tax				
Origination and reversal of temporary differences	7,877,712	444,103	–	–
Income tax expense recognised in profit or loss	17,940,943	9,315,670	91,482	65,858

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 December 2013

8. INCOME TAX EXPENSE (CONT'D)

Relationship between tax expense and accounting profit

A reconciliation between tax expense and the product of accounting profit multiplied by the applicable corporate tax rate for the years ended 31 December 2013 and 2012 is as follows:

	Group		Company	
	2013	2012	2013	2012
	$	$	$	$
Profit before tax	96,501,953	66,855,272	122,013,108	60,217,833
Tax at the domestic rate applicable to profits in the countries where the Group operates	14,410,239	11,365,396	20,742,228	10,237,032
Adjustments:				
Income not subject to taxation	(12,403)	(16,401)	(20,400,000)	(10,281,739)
Non-deductible expenses	4,633,645	188,266	347,872	143,351
Deferred tax assets not recognised	358,708	509,009	–	–
Under/(over) provision in respect of prior years	18,795	(56,923)	–	(3,325)
Utilisation of deferred tax assets not recognised in prior years	(444,807)	(546,004)	–	–
Effect of partial tax exemption and tax relief	(121,907)	(108,970)	(62,213)	(29,963)
Share of results of joint ventures	(958,396)	(2,161,532)	–	–
Others	57,069	142,829	(536,405)	512
Income tax expense recognised in profit or loss	17,940,943	9,315,670	91,482	65,858

The above reconciliation is prepared by aggregating seperate reconciliation for each national jurisdiction.

Group relief

A loss-transfer system of group relief (group relief system) for companies was introduced in Singapore with effect from year of assessment 2003. Under the group relief system, a company belonging to a group may transfer its current year unabsorbed capital allowances, current year unabsorbed trade losses and current year unabsorbed donations (loss items) to another company belonging to the same group, to be deducted against the assessable income of the latter company.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 December 2013

8. INCOME TAX EXPENSE (CONT'D)

The effects of income not subject to taxation for tax purposes

The nature of income that are not subject to taxation are as follows:

	Group		Company	
	2013	2012	2013	2012
	$	$	$	$
Dividend income	(12,403)	–	(20,400,000)	(9,571,000)
Write back of impairment loss on investment in subsidiary	–	–	–	(697,274)
Others	–	(16,401)	–	(13,465)
	(12,403)	(16,401)	(20,400,000)	(10,281,739)

Unutilised tax losses and capital allowances

The subsidiaries of the Company have unutilised tax losses of $64,101,636 (2012: $62,572,217) available for offset against future taxable income subject to the agreement of the Inland Revenue Authority of Singapore and compliance with certain provisions of the Singapore Income Tax Act. The deferred tax asset arising from these unutilised tax losses has not been recognised in the financial statements in accordance with the accounting policy in Note 2.25(b) to the financial statements.

Tax consequences of proposed dividends

There are no income tax consequences attached to the dividends to the shareholders proposed by the Company but not recognised as a liability in the financial statements (Note 36) for the years ended 31 December 2013 and 2012.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 December 2013

9. EARNINGS PER SHARE

(a) Continuing operations

Basic earnings per share from continuing operations are calculated by dividing profit from continuing operations, net of tax, attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the financial year.

Diluted earnings per share amounts are calculated by dividing the profit from continuing operations, net of tax, attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the financial year plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

The following tables reflect the profit and share data used in the computations of basic and diluted earnings per share for the years ended 31 December:

	Group	
	2013	**2012**
	$	**$**
Profit for the year attributable to owners of the Company used in the computation of basic and diluted earnings per ordinary share	79,953,476	57,869,835
Weighted average number of ordinary shares for basic and dilutive earnings per share computation	470,557,541	470,599,590

(b) Earnings per share computation

The basic and diluted earnings per share are calculated by dividing the profit for the year attributable to owners of the Company by the weighted average number of ordinary shares for basic earnings per share computation and weighted average number of ordinary shares for diluted earnings per share computation respectively. These profit and share data are presented in the tables in Note 9(a) above.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 December 2013

10. PROPERTY, PLANT AND EQUIPMENT

Group	Freehold land $	Freehold properties $	Motor vehicles $	Furniture, fittings and office equipment $	Plant and machinery $	Total $
Cost						
At 1 January 2012	2,492,875	4,960,024	816,140	270,229	89,710	8,628,978
Additions	–	–	395,629	15,842	18,500	429,971
Disposals	–	–	(97,888)	(6,253)	–	(104,141)
At 31 December 2012 and 1 January 2013	2,492,875	4,960,024	1,113,881	279,818	108,210	8,954,808
Additions	–	–	311,420	537,041	29,474,841	30,323,303
Transfer to development properties	(2,492,875)	(4,960,024)	–	–	–	(7,452,899)
Disposals/write off	–	–	–	(64,121)	–	(64,121)
At 31 December 2013	–	–	1,425,301	752,738	29,583,051	31,761,090
Accumulated depreciation						
At 1 January 2012	–	1,766,512	273,763	193,291	16,204	2,249,770
Depreciation charge for the year	–	135,920	113,962	39,541	20,559	1,668,355
Disposals	–	–	(97,888)	(4,271)	–	(102,159)
At 31 December 2012 and 1 January 2013	–	1,902,432	289,837	228,561	36,763	2,457,593
Depreciation charge for the year	–	45,306	158,423	44,270	1,420,356	1,668,355
Transfer to development properties	–	(1,947,738)	–	–	–	(1,947,738)
Disposals/write off	–	–	–	(58,919)	–	(58,919)
At 31 December 2013	–	–	448,260	213,912	1,457,119	2,119,291
Net carrying amount						
At 31 December 2013	–	–	977,041	538,826	28,125,932	29,641,799
At 31 December 2012	2,492,875	3,057,592	824,044	51,257	71,447	6,497,215

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 December 2013

10. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

The Group charged the depreciation expense of $1,638,370 (2012: $267,480) to the Income Statement while the remaining amount of $29,985 (2012: $42,502) was reflected in the Balance Sheet as development properties.

Company	Motor vehicles $	Furniture, fittings and office equipment $	Total $
Cost			
At 1 January 2012	97,888	18,959	116,847
Additions	236,790	–	236,790
Disposals	(97,888)	(2,153)	(100,041)
At 31 December 2012 and 1 January 2013	236,790	16,806	253,596
Additions	–	–	–
Disposals	–	–	–
At 31 December 2013	236,790	16,806	253,596
Accumulated depreciation			
At 1 January 2012	97,888	18,959	116,847
Depreciation charge during the year	35,518	–	35,518
Disposals	(97,888)	(2,153)	(100,041)
At 31 December 2012 and 1 January 2013	35,518	16,806	52,324
Depreciation charge during the year	47,358	–	47,358
Disposals	–	–	–
At 31 December 2013	82,876	16,806	99,682
Net carrying amount			
At 31 December 2013	153,914	–	153,914
At 31 December 2012	201,272	–	201,272

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 December 2013

10. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Assets held under finance leases

Included in the property, plant and equipment of the Group are the following:

	Group	
	2013	2012
	$	$
Net book value of assets acquired under finance leases - motor vehicles and lorry crane	714,616	634,794

Assets pledged as security

In addition to assets held under finance leases, the Group's freehold land and properties with a net carrying amount of $Nil (2012: $5,550,467) have been mortgaged to secure bank overdraft and loan facilities granted to a subsidiary (Note 26).

11. INVESTMENT PROPERTIES / INVESTMENT PROPERTIES - HELD FOR SALE

	Investment Property
	$
Investment properties	
Cost	
At 1 January 2012, 31 December 2012 and 1 January 2013	–
Additions	137,979,671
At 31 December 2013	137,979,671
Accumulated depreciation	
At 1 January 2012, 31 December 2012 and 1 January 2013	–
Depreciation charge for the year	73,475
At 31 December 2013	73,475
Net carrying amount	
At 31 December 2013	137,906,196
At 31 December 2012	–

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 December 2013

11. INVESTMENT PROPERTIES/INVESTMENT PROPERTIES - HELD FOR SALE (CONT'D)

		Group	
	Note	2013	2012
		$	$
Investment properties – held for sale			
At 1 January		3,520,000	3,045,000
Disposal of investment property		(3,520,000)	(445,000)
Gain on fair value adjustment recognised in profit or loss	5	–	920,000
Balance at 31 December		–	3,520,000
Income statement:			
Rental income from investment properties:			
- Minimum lease payments	5	134,109	885,865
Direct operating expenses (including repairs and maintenance) arising from:			
- Rental generating properties		(23,784)	(93,822)

The Group has no restrictions on the realisability of its investment properties and no contractual obligations to purchase, construct or develop investment property or for repairs, maintenance or enhancements.

During the financial year, the Group recognised fair value gain of $Nil (2012: $920,000) on investment property held for sale in the income statement. The investment property held for sale at 34 Happy Ave East is sold at $3,520,000 as indicated in the Option of Sales and Purchase Agreement entered on 27 December 2012 and completed on 6 March 2013.

Properties pledged as security

Investment properties with carrying amount of $95,060,374 (2012: $Nil) mortgaged to banks to secure bank facilities (Note 26).

12. INVESTMENT IN SUBSIDIARIES

	Company	
	2013	2012
	$	$
Unquoted equity shares, at cost	222,599,667	119,599,663
Impairment losses	(58,900,000)	(58,900,000)
	163,699,667	60,699,663

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 December 2013

12. INVESTMENT IN SUBSIDIARIES (CONT'D)

During the year ended 31 December 2013, the Company wrote back the impairment loss of $Nil (2012: $4,101,617) to its recoverable amount as the subsidiary is generating profit from its business activities, which is primarily to serve the Group's development companies. The recoverable amount of the investment has been determined based on the subsidiary's net assets position as at 31 December 2013.

Details of the subsidiaries are as follows:

Name	Principal activities (Country of incorporation and place of business)	Proportion of ownership interest		Cost of investment	
		2013 %	2012 %	2013 $	2012 $
Held by the Company					
Bukit Panjang Plaza Pte Ltd (1)	Property developer and owner (Singapore)	100	100	33,334,548	33,334,548
Guan Hoe Development Pte Ltd (1)	Property developer and owner (Singapore)	100	100	1	1
Keng Hoe Development Pte Ltd (2)	Property developer and owner (Singapore)	100	100	1	1
Hiap Hoe Investment Pte Ltd (1)	Investment holding (Singapore)	100	100	1	1
Wah Hoe Development Pte Ltd (1)	Property developer and owner (Singapore)	100	100	1,000,000	1,000,000
Leong Hoe Development Pte Ltd (1)	Property developer and owner (Singapore)	100	100	1,000,000	1,000,000
Cavenagh Properties Pte Ltd (1)	Property developer and owner (Singapore)	100	100	1,000,000	1,000,000
WestBuild Construction Pte Ltd (1)	Civil engineering, general road construction and sub-contractor works (Singapore)	100	100	80,917,110	80,917,110

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 December 2013

12. INVESTMENT IN SUBSIDIARIES (CONT'D)

Name	Principal activities (Country of incorporation and place of business)	Proportion of ownership interest 2013 %	Proportion of ownership interest 2012 %	Cost of investment 2013 $	Cost of investment 2012 $
Held by the Company					
Oxford Development Pte. Ltd. (2)	Property developer and owner (Singapore)	100	100	998,001	998,001
Leng Hoe Development Pte Ltd (2)	Property developer and owner (Singapore)	100	100	750,001	750,001
Hiap Hoe SuperBowl JV Pte Ltd (1)	Property developer and owner (Singapore)	60	60	600,000	600,000
Hiap Hoe Strategic Pte Ltd (1)	Investment holding (Singapore)	100	–	2	–
Meteorite Land Pte Ltd (3)	Property developer and owner (Singapore)	100	–	2	2
Meteorite (Australia) Pte. Ltd. (1)	Investment holding and Property Developer & Owner	100	–	103,000,000	–
Held by Meteorite (Australia) Pte Ltd					
Meteorite Land Pty Ltd	Property developer and owner (Australia)	100	–	102,195,354	–
Meteorite Development Pty Ltd	Property developer and owner (Australia)	100	–	2	–

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 December 2013

12. INVESTMENT IN SUBSIDIARIES (CONT'D)

Name	Principal activities (Country of incorporation and place of business)	Proportion of ownership interest		Cost of investment	
		2013 %	2012 %	2013 $	2012 $
Held by Meteorite Land Pty Ltd					
Meteorite Property (Lonsdale Street) Pty Ltd [(4)]	Property Developer & Owner	100	–	2	–
Meteorite Property (Bourke Street) Pty Ltd [(4)]	Property Developer & Owner	100	–	2	–
Meteorite Land (Pearl River) Pty Ltd [(4)]	Property Developer & Owner	100	–	2	–
Meteorite Property (Stirling Street) Pty Ltd	Property Developer & Owner	100	–	2	–
Meteorite Land (King Street) Pty Ltd [(3)]	Property Developer & Owner	100	–	2	–
Meteorite Land (St Kilda) Pty Ltd [(3)]	Property Developer & Owner	100	–	2	–
Held By Meteorite Development Pty Ltd					
Meteorite Development (Lonsdale Street) Pty Ltd [(3)]	Property Development	100	–	2	–
Meteorite Development (Pearl River) Pty Ltd [(3)]	Property Development	100	–	2	–
Meteorite Development (St Kilda) Pty Ltd [(3)]	Property Development	100	–	2	–

(1) Audited by Ernst & Young LLP, Singapore.
(2) These companies are in the process of being struck off from the registrar.
(3) Unaudited as there is no statutory requirement for dormant companies to be audited.
(4) Unit Trust was incorporated to hold the properties purchased.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 December 2013

13. INVESTMENT IN ASSOCIATE

	Group		Company	
	2013 $	2012 $	2013 $	2012 $
Shares, at cost	4	4	4	4
Share of post-acquisition reserves	(4)	(4)	(4)	(4)
	–	–	–	–

Name	Principal activities (Country of incorporation and place of business)	Proportion of ownership interest		Cost of investment	
		2013 %	2012 %	2013 $	2012 $
Held by the Company					
Cantonment Development Pte. Ltd. [(1)]	Property investment and development (Singapore)	40	40	4	4

(1) No audit has been performed for this company as it is exempted from audit because it has been dormant from the time of incorporation.

The Group has not recognised losses relating to Cantonment Development Pte. Ltd. where its share of losses exceeds the Group's interest in this associate. The Group's cumulative share of unrecognised losses at the balance sheet date was $8,570 (2012: $8,130), of which $444 (2012: $444) was the share of the current year's losses.

The summarised financial information of the associates, not adjusted for the proportion of ownership interest held by the Group, is as follows:

	Group	
	2013 $	2012 $
Assets and liabilities:		
Total assets	75	91
Total liabilities	(21,510)	(20,416)
Results:		
Revenue	–	–
Loss for the year	(1,109)	(1,109)

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 December 2013

14. INVESTMENT IN JOINT VENTURES

	Group	
	2013	2012
	$	$
Shares, at cost	600,005	600,005
Share of post-acquisition reserves	6,128,770	21,953,833
	6,728,775	22,553,838

On 22 May 2008, the Company incorporated a wholly-owned subsidiary, HH Properties Pte. Ltd. ("HHP"), by subscribing for 10 ordinary shares at $10. On 13 June 2008, the Company disposed its 50% stake in HHP to SuperBowl Holdings Limited for a consideration of $5 to form a joint venture. The Company's remaining 50% equity interest in HHP has been accounted for as an investment in a joint venture. HHP is in the business of property investment and development, and related activities.

The Group has not recognised losses relating to HH Properties Pte. Ltd. where its share of losses exceeds the Group's interest in the joint venture. The Group's cumulative share of unrecognised losses at the balance sheet date was $3,935,657 (2012: $2,930,961), of which $987,502 (2012: $2,013,195) was the remaining share of the current year's losses.

The Group also has a 60% (2012: 60%) equity interest in a jointly-controlled entity, Goodluck View Development ("GLV"), that is held through a subsidiary. This joint venture is unincorporated and is in the business of property developer and owner. The Group's joint venture partner in GLV is SuperBowl Management Pte Ltd, a related party.

The Group's capital commitments in respect of its investment in joint venture are disclosed in Note 33(a).

The aggregate amounts of each current assets, non-current assets, current liabilities, non-current liabilities, income and expenses related to the Group's interests in the jointly-controlled entities are as follow:

	Group	
	2013	2012
	$	$
Assets and liabilities:		
Current assets	14,183,357	42,290,179
Non-current assets	109,130,961	96,583,791
Total assets	123,314,318	138,873,970
Current liabilities	(24,303,086)	(43,225,655)
Non-current liabilities	(95,798,374)	(76,025,433)
Total liabilities	(120,101,460)	(119,251,088)

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 December 2013

14. INVESTMENT IN JOINT VENTURES (CONT'D)

	Group	
	2013	2012
	$	$
Income and expenses:		
Income	31,149,972	42,867,462
Expenses	(26,080,109)	(32,603,836)
Profit for the year	5,069,863	10,263,626

15. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2013	2012	2013	2012
	$	$	$	$
Current				
Trade receivables	12,045,857	29,402,216	–	–
Other receivables	367,380	201,800	–	–
Staff loan	14,200	12,000	–	–
Less: allowance for doubtful receivables - trade	(225,821)	(80,737)	–	–
	12,201,616	29,535,279	–	–
Non-current				
Other receivable- Staff loan	16,600	7,000	–	–
Total trade and other receivables	12,218,216	29,542,279	–	–
Add:				
Due from subsidiaries (trade) (Note 20(i))	–	–	1,138,983	1,828,987
Due from subsidiaries (non-trade) (Note 21)	–	–	267,717,132	130,454,358
Due from a related company (trade) (Note 20(i))	622,001	18,027	–	–
Due from a related company (non-trade) (Note 20(i))	98	2,252	–	–
Due from joint ventures (non-trade) (Note 20(ii))	1,950,655	46,740,912	1,915,226	43,619,164
Due from joint ventures (trade) (Note 20(i))	12,201,670	31,632,338	165,897	89,905
Due from an associate (non-trade) (Note 20(i))	3,462	3,025	3,462	3,025
Other assets (Note 18)	10,352,355	186,490	450	3,660
Cash and short-term deposits (Note 16)	115,931,661	20,600,313	33,342,199	1,106,908
Total loans and receivables	153,280,118	128,725,636	304,283,349	177,106,007

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 December 2013

15. TRADE AND OTHER RECEIVABLES (CONT'D)

Trade receivables

Trade receivables are non-interest bearing and are generally on 30 days' terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

Trade and other receivables

Trade and other receivables of the Group denominated in foreign currencies at 31 December are as follows:

	2013 $	2012 $
Australian Dollar	393,376	–

Staff loans

Staff loans are unsecured and non-interest bearing. Non-current amounts have an average maturity of 3.4 years (2012: 1.6 years). The loans are recognised initially at fair value. The carrying amount of non-current staff loans approximates the fair value of the loan as at 31 December 2013.

Trade receivables that are past due but not impaired

The Group has trade receivables amounting to $11,820,036 (2012: $29,321,479) that are past due at the balance sheet date but not impaired. These receivables are unsecured and the analysis of their aging at the end of the reporting period is as follows:

	Group	
	2013 $	2012 $
Trade receivables past due but not impaired:		
Less than 30 days	11,820,036	29,321,479

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 December 2013

15. TRADE AND OTHER RECEIVABLES (CONT'D)

Receivables that are impaired

The Group's trade receivables that are impaired at the balance sheet date and the movement of the allowance accounts used to record the impairment are as follows:

	Group	
	2013	2012
	$	$
Trade receivables–nominal amounts	225,821	80,737
Less: Allowance for impairment	(225,821)	(80,737)
	–	–
Movement in allowance accounts		
At 1 January	80,737	80,737
Charge for the year	145,084	–
At 31 December	225,821	80,737

Trade receivables that are individually determined to be impaired at the end of the reporting period relate to debtors that are in significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancements.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 December 2013

16. CASH AND SHORT-TERM DEPOSITS

	Group		Company	
	2013	2012	2013	2012
	$	$	$	$
Cash and bank balances	103,372,903	10,600,313	33,342,199	1,106,908
Fixed deposits	12,558,758	10,000,000	–	–
	115,931,661	20,600,313	33,342,199	1,106,908

Cash and cash equivalents of the Group denominated in foreign currencies at 31 December are as follows:

	2013	2012
	$	$
US dollar	5,717	113,915
Australian dollar	3,831,761	–
Bangladesh taka	72,230	54,508

Cash and short-term deposits of the Company denominated in Singapore Dollars at 31 December are as follows:

	2013	2012
	$	$
Cash and bank balances	33,342,199	1,106,908

Cash and bank balances earn interest at floating rates based on daily bank deposit rates ranging from 0.11% to 0.26% (2012: 0.018% to 0.15%) per annum.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 December 2013

17. OTHER INVESTMENTS

	Group		Company	
	2013	2012	2013	2012
	$	$	$	$
Held for trading investments				
- Quoted investments	20,020,002	1,311,988	–	–
- Unquoted investments	4,620,034	3,307,375	–	–
	24,640,036	4,619,363	–	–
Add: Derivatives (Note 19)	933,484	–	–	–
Total financial assets through profit or loss classified as held for trading	25,573,520	4,619,363	–	–

Other investments denominated in foreign currencies at 31 December are as follows:

	Group		Company	
	2013	2012	2013	2012
	$	$	$	$
United States Dollars	251,920	–	–	–

During the financial year, the Group recognised fair value gain of $1,191,812 (2012: loss of $164,881) on held-for-trading investments-quoted and fair value loss of $194,485 (2012: loss of $104,075) on held-for-trading investments-unquoted in the income statement.

18. OTHER ASSETS

	2013	2012
	$	$
Other assets	10,352,355	186,490

Other assets comprised deposit paid of $10,127,250 for 130 Stirling Street, Perth.

Other assets denominated in foreign currencies at 31 December are as follows:

	2013	2012
	$	$
Australian Dollar	10,127,250	–

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 December 2013

19. DERIVATIVES

Group 2013	Contract/ Notional amount $	Assets $	Liabilities $
Forward currency contracts	48,620,250	933,848	–
Interest rate swap	35,149,997	–	(514,946)
		933,848	(514,946)
Group 2012			
Forward currency contracts	–	–	–
Interest rate swap	–	–	–
		–	–

Forward currency contracts

Forward currency contracts are used to hedge foreign currency risk arising from the cash flow of the Group's foreign investments in subsidiaries denominated in Australian Dollar.

The Group designates these financial contracts as net investment hedges which were assessed to be highly effective. A net unrealised gain of $933,949 was included in hedging reserve in statement of equity in respect of these contracts.

Interest rate swaps

The interest rate swap receives floating interest equal to BBSY rate per annum, pays a fixed rate of interest at 3.99% per annum and matures in 25 November 2016.

20. DUE FROM/(TO) SUBSIDIARIES/RELATED COMPANIES/JOINT VENTURES/ASSOCIATE

(i) Due from subsidiaries (trade), due from a related company (trade) (non-trade), due from/(to) joint ventures (trade), due from an associate (non-trade), due to related companies (trade)

These balances are unsecured, interest-free and repayable on demand and in cash.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 December 2013

20. DUE FROM/(TO) SUBSIDIARIES/RELATED COMPANIES/JOINT VENTURES/ASSOCIATE (CONT'D)

(ii) Due from joint ventures (non-trade)

The amounts due from joint ventures are as follows:

	Group		Company	
	2013	2012	2013	2012
	$	$	$	$
Loans	–	44,571,935	–	41,923,463
Interest receivable	1,891,417	1,781,598	1,855,987	1,641,890
Others	59,238	387,379	59,239	53,811
	1,950,655	46,740,912	1,915,226	43,619,164

The amounts due from joint ventures are unsecured, repayable on demand and in cash. The loans bear weighted average effective interest ranging from 0.25% to 0.65% (2012: 0.65%) per annum.

(iii) Due to joint venture (non-trade)

The amounts due to joint venture are as follows:

	Group		Company	
	2013	2012	2013	2012
	$	$	$	$
Loans	–	(9,540,000)	–	–
Interest payable	(83,239)	(10,538)	–	–
Others	(46,373)	(2,910)	–	–
	(129,612)	(9,553,448)	–	–

The amounts due to joint ventures are unsecured, repayable on demand and in cash. The loans bear weighted average effective interest at 0.86% (2012: 1.13%) per annum.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 December 2013

21. DUE FROM / (TO) SUBSIDIARIES (NON-TRADE)

The amounts due from subsidiaries are as follows:

	Company	
	2013	2012
	$	$
Loans	143,825,659	129,337,171
Interest receivable	1,232,597	751,422
Others	122,735,125	365,765
	267,793,381	130,454,358

The amounts due from subsidiaries are unsecured, repayable on demand and in cash. The loans bear weighted average effective interest ranging from 0.25% to 4.75% (2012: 0.65%) per annum.

The amounts due to subsidiaries are as follows:

	Company	
	2013	2012
	$	$
Loans	(67,430,984)	(63,996,602)
Interest payable	(1,069,190)	(1,493,274)
Others	(3,339)	(3,277,258)
	(68,503,513)	(68,767,134)

The amounts due to subsidiaries are unsecured, repayable on demand and in cash, and bear weighted average effective interest at 0.94% (2012: 0.94%) per annum.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 December 2013

22. DEVELOPMENT PROPERTIES/PROPERTIES HELD FOR SALE

	Group	
	2013	2012
	$	$
Freehold land and related costs	209,415,835	169,707,729
Development costs	63,282,795	37,704,495
Property tax and interest	16,197,433	14,675,267
Attributable profit	134,543,172	55,401,384
	423,439,235	277,488,875
Less : Progress billings	(168,467,066)	(113,576,477)
	254,972,169	163,912,398
Revenue from sale of development properties (recognised on completed contract basis)	84,065,037	154,438,476
Development properties recognised as an expenses in cost of sales	116,154,003	58,193,353

There is no advance received from customers as at 31 December 2013 and 2012.

(i) Interest costs capitalised during the year at an average rate of 1.40% (2012: 1.41%) per annum based on actual borrowing costs were paid to :

	Group	
	2013	2012
	$	$
- financial institutions	547,249	3,026,724
- related companies	–	84,948
	547,249	3,111,672

(ii) The development properties and properties held for sale are pledged for bank borrowings (Note 26).

(iii) Included in development costs are project and construction management services of $12,161 (2012: $237,018) charged by a related company, at contractual terms agreed between the parties.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 December 2013

22. DEVELOPMENT PROPERTIES/PROPERTIES HELD FOR SALE (CONT'D)

(iv) For the year ended 31 December 2013, nil (2012: two) of the Development Projects obtained its Temporary Occupancy Permit. Hence, the Group transferred an amount of nil (2012: $259,633,816) pertaining to the unsold units to properties held for sale. During the year, the Group has sold $42,558,752 (2012: nil) of unsold units.

	Group	
	2013	2012
	$	$
At 1 January	260,440,948	10,852,257
Transferred from development properties	–	259,633,816
Disposal during the year	–	(10,045,125)
Sale during the year	(42,558,752)	–
At 31 December	217,882,196	260,440,948

23. TRADE AND OTHER PAYABLES

	Group		Company	
	2013	2012	2013	2012
	$	$	$	$
Current				
Trade payables	15,722,097	12,073,670	–	–
Sundry payables	555,923	146,491	100,824	45,262
	16,278,020	12,220,161	100,824	45,262
Due to subsidiaries (non-trade) (Note 21)	–	–	68,427,264	68,767,134
Due to joint venture (trade) (Note 20(i))	–	5,319,900	–	–
Due to joint venture (non-trade) (Note 20(iii))	129,612	9,553,448	–	–
Due to related companies (trade) (Note 20(i))	345,936	891,250	–	–
Due to a related company (non-trade) (Note 25)	42,074,741	32,717,057	625	–
	58,828,309	60,701,816	68,528,713	68,812,396
Non-current				
Trade payables	1,945,615	3,429,495	–	–
Total trade and other payables	60,773,924	64,131,311	68,528,713	68,812,396
Add:				
Accrued operating expenses (Note 24)	28,345,288	28,050,383	2,350,882	509,661
Deposits received (Note 24)	10,000	542,043	–	–
Accrued development costs (Note 24)	1,643,333	–	–	–
Interest-bearing loans and borrowings (Note 26)	218,229,875	171,887,512	–	33,333
Total financial liabilities carried at amortised cost	309,002,420	264,611,249	70,879,595	69,355,390

Trade and other payables are non-interest bearing and have an average term of 1 to 3 months.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 December 2013

23. TRADE AND OTHER PAYABLES (CONT'D)

Trade and other payables denominated in foreign currencies as at 31 December 2013 are as follows:

	Group		Company	
	2013	2012	2013	2012
	$	$	$	$
Australian Dollars	1,406,151	–	–	–

24. OTHER LIABILITIES

	Group		Company	
	2013	2012	2013	2012
	$	$	$	$
Current				
Accrued operating expenses	28,345,288	28,050,383	2,350,882	509,661
Deposits received	10,000	542,043	–	–
	28,355,288	28,592,426	2,350,882	509,661
Non-current				
Accrued development costs	1,643,333	–	–	–
Total other liabilities	29,998,621	28,592,426	2,350,882	509,661

Other liabilities denominated in foreign currencies as at 31 December are as follows:

	Group		Company	
	2013	2012	2013	2012
	$	$	$	$
Australian Dollars	1,643,333	–	–	–

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 December 2013

25. DUE TO RELATED COMPANIES (NON-TRADE)

The amounts due to related companies comprised:

	Group		Company	
	2013 $	2012 $	2013 $	2012 $
Loans	41,394,490	32,258,490	–	–
Interest payable	672,567	453,041	–	–
Others	7,684	5,526	625	–
Total other liabilities	42,074,741	32,717,057	625	–

The amounts due to related companies are unsecured, repayable on demand and in cash. The loans bear weighted average effective interest ranging from 0.25% to 0.30% (2012: 0.59%) per annum.

26. INTEREST-BEARING LOANS AND BORROWINGS

	Effective interest rate (% per annum)	Maturity	Group 2013 $	Group 2012 $	Company 2013 $	Company 2012 $
Current liabilities						
Bank term loans (Note 26.1)	1.39 [1]	2014	147,820,793	101,753,793	–	–
Interest payable	–	2014	68,590	114,563	–	–
Lease obligations (Note 34)	2.88 [1]	2014	40,498	100,156	–	33,333
			147,929,881	101,968,512	–	33,333
Non-current liabilities						
Bank term loans (Note 26.1)	2.61 [1]	2016	70,299,994	69,919,000	–	–
Medium Term Notes (Note 26.3)	4.86 [1]	2016	114,689,450	–	114,689,450	–
			184,989,444	69,919,000	114,689,450	–
Total			332,919,325	171,887,512	114,689,450	33,333

[1] Based on weighted average effective interest rates.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 December 2013

26. INTEREST-BEARING LOANS AND BORROWINGS (CONT'D)

26.1 The bank term loans bear weighted average effective interest ranging from 1.38% to 2.65% (2012: 1.48% to 1.60%) per annum during the year. Interest rates of these loans are repriced at an interval of 1 to 3 months.

(a) A loan of $70,567,000 (2012: $69,919,000) carried interest at weighted average effective interest rate of 1.39% (2012: 1.48%) per annum. The loan is repayable by 31 May 2014 or 6 months after the issuance of Temporary Occupation Permit, whichever is earlier; and

(b) The term loans of $77,253,793 (2012: $97,253,793) bear interest at weighted average effective interest rate of 1.5% (2012: 1.60%) per annum.

(c) A loan of $70,299,994 (2012: Nil) carried interest at weighted average effective rate of 2.61% (2012: Nil) per annum. The loan is repayable by 25 November 2016 and is denominated in Australian dollar.

26.2 The bank term loans, construction loans and land loans are secured by the following:

(a) legal mortgages on the Group's investment properties held for sale and freehold properties;

(b) first legal mortgage over development properties and properties held for sale;

(c) first legal assignment of all rights and benefits under the sales and purchase agreements and/or tenancy agreements;

(d) assignment of proceeds of the Project Account and the rental account maintained with the bank;

(e) the building contracts of the certain development properties;

(f) assignment of all insurance policies for certain development properties;

(g) deed of subordination to subordinate all loans and advances from the holding company to the facilities; and

(h) corporate guarantees given by the Company and the joint venturers.

The bank facility agreements include covenants that require the maintenance of certain financial ratios. Non-compliance with certain material covenants may result in these loans being repayable immediately.

26.3 In May 2013, the Company established a $500million Multicurrency Medium Term Note ("MTN") Programme. Notes may be issued in series having one or more issue dates and the same maturity date, and in identical terms except for the issue dates, issue prices and/or the dates of the first payment of interest, or for the issue prices and rates of interest.

Each series may be issued in one or more tranches on the same or different issue dates. The Notes will be issued in bearer form and may be listed on the stock exchange.

During the financial year, the Company set up a Multicurrency Medium Term Note Programme and has issued two tranches of the notes on 5 September 2013 and 18 November 2013 amounting to $40million and $75million respectively, both bearing fixed interest rate at 4.75% per annum with three years maturity period. These notes are unsecured.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 December 2013

27. DEFERRED TAXATION

Deferred taxation as at 31 December relates to the following:

	Group			
	Consolidated balance sheet		Consolidated income statement	
	2013	2012	2013	2012
	$	$	$	$
Deferred tax assets:				
Unutilised tax losses	356,156	–	356,156	–
Deferred tax liabilities:				
Differences in recognition of profits on development properties	19,653,098	11,408,389	(7,833,767)	(444,103)

28. SHARE CAPITAL

	Group and Company			
	2013	2012	2013	2012
	Number of ordinary shares	Number of ordinary shares	$	$
Issued and fully paid ordinary shares:				
At 1 January / 31 December	474,557,391	474,557,391	84,445,256	84,445,256

The holders of ordinary shares (except treasury shares) are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions. The ordinary shares have no par value.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 December 2013

29. TREASURY SHARES

	Group and Company			
	2013 Number of shares	2012 Number of shares	2013 $	2012 $
At 1 January	(3,999,850)	(3,704,850)	(1,101,125)	(967,882)
Acquired during the year	–	(295,000)	–	(133,243)
At 31 December	(3,999,850)	(3,999,850)	(1,101,125)	(1,101,125)

Treasury shares relate to ordinary shares of the Company that are held by the Company.

The Company acquired Nil (2012: 295,000) shares in the Company through purchases on the Singapore Exchange during the financial year. The total amount paid to acquire the shares was $Nil (2012: $133,243) and this was presented as a component within shareholders' equity.

30. RESERVES

	Group		Company	
	2013 $	2012 $	2013 $	2012 $
Accumulated profits	298,069,221	227,518,058	195,270,887	82,751,574
Dividend reserve (Note a)	3,764,460	2,352,788	3,764,460	2,352,788
Capital reserve (Note b)	(7,671,719)	(7,671,719)	–	–
Foreign currency reserve (Note c)	(3,955,110)	–	–	–
Hedging reserve (Note d)	933,848	–	–	–
Gain on reissuance of treasury shares (Note e)	51,890	51,890	51,890	51,890
	289,310,360	222,251,017	197,205,007	85,156,252

(a) *Dividend reserve*

For the financial year ended 31 December 2013, the Directors of the Company have recommended that a final dividend be paid at 0.80 cents (2012: 0.50 cents) per ordinary share. An amount of $3,764,460 (2012: $2,352,788) has been appropriated from current year's profits to dividend reserve.

(b) *Capital reserve*

The capital reserve arises from the application of reverse acquisition accounting.

(c) *Foreign currency translation reserve*

The foreign currency translation reserve represents exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 December 2013

30. RESERVES (CONT'D)

(d) Hedging reserve

The hedging reserve contains the effective portion of the net investment hedge relationships incurred as at the reporting date. $933,848 (2012: Nil) is made up of the net movements in the net investment hedge and the effective portion of the forward contract, net of tax.

(e) Gain on reissuance of treasury shares

This represents the gain arising from purchase, sale, issue or cancellation of treasury shares. No dividend may be paid, and no other distribution (whether in cash or otherwise) of the Company's assets (including any distribution of assets to members on a winding up) may be made in respect of this reserve.

31. EMPLOYEES' BENEFITS

	Group		Company	
	2013	2012	2013	2012
	$	$	$	$
Wages, salaries and bonuses	3,108,778	2,744,802	1,089,490	970,992
Central Provident Fund contributions	213,930	195,258	39,903	35,525
Employees' shares based payments	–	–	–	–
Other staff costs	123,437	50,238	2,563	444
Casual labour	139,785	21,708	–	–
	3,585,930	3,012,006	1,131,956	1,006,961

Employees' benefits include Directors' remuneration as disclosed in Note 7.

Performance share plan

The Company has a new share incentive scheme to replace the share option scheme that was approved by shareholders on 28 April 2004. The new plan termed as Hiap Hoe Performance Share Plan ("PSP") will allow the Company to target specific performance objectives and to provide an incentive for participants to achieve these targets. At the Extraordinary General Meeting held on 20 April 2010, the shareholders approved the plan for the granting of fully paid shares, free of charge to the plan participants.

Full time employees of the Group, controlling shareholders and their associates who have attained the age of 21 years on or before the date of award, and the directors may be awarded under PSP. The performance share is determined by Management and approved by the Remuneration Committee having regard to the performance of individuals.

For the financial year ended 31 December 2011, 177,400 shares were granted and awarded under PSP. The fair value of the share granted was based on market price upon which the share was granted. The fair value of share granted for the financial year ended 31 December 2011 was S$0.445.

There has been no cancellation or modification to the PSP in 2013 and 2012.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 December 2013

32. RELATED PARTY TRANSACTIONS

(a) Sale and purchase of goods and services

In addition to the related party information disclosed elsewhere in the financial statements, the following significant transactions between the Group, the Company and related parties took place at terms agreed between the parties during the financial year:

	Group		Company	
	2013	2012	2013	2012
	$	$	$	$
Income				
Sale of investment property - held for sale to a related company	–	680,000	–	–
Supply of labour to related companies	212,009	39,505	–	–
Supply of labour to Directors	814	401	–	–
Supply of labour to associate of Directors	1,327	53	–	–
Supply of labour to a company in which a Director has controlling interest	379	264	–	–
Rental of office to joint venture	–	13,548	–	–
Construction income charged to joint ventures	12,013,448	31,259,749	–	–
Expenses				
Rental expense paid to a related company	127,998	30,000	–	–
Site expenses paid to related company	862,747	2,141,619	–	–
Supply of labour paid to related companies	1,705,029	2,207,621	–	–

(b) Compensation of key management personnel

	Group		Company	
	2013	2012	2013	2012
	$	$	$	$
Short-term employee benefits	2,643,130	2,407,066	1,210,490	1,106,992
Central Provident Fund contributions	139,119	127,953	39,903	35,525
	2,782,249	2,535,019	1,250,393	1,142,517
Comprise amounts paid to:				
Directors of the Company	1,737,620	1,566,774	1,250,393	1,142,517
Other key management personnel	1,044,629	968,245	–	–
	2,782,249	2,535,019	1,250,393	1,142,517

Directors' remuneration and fees totalled $1,616,620 (2012: $1,430,774) and $121,000 (2012: $136,000) respectively.

The remuneration of certain key management personnel is determined by the remuneration committee having regard to the performance of individuals and market trends.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 December 2013

33. COMMITMENTS AND CONTINGENCIES

(a) Capital commitments

Capital expenditure in respect of development properties contracted for as at the end of the reporting period but not recognised in the financial statements are as follows:

	Group	
	2013	2012
	$	$
- Subcontractors' costs	12,299,367	39,336,454
- Project and construction management fees	51,146	63,307
- Share of joint venture's capital commitments in relation to property, plant and equipment	–	40,405,764

(b) Operating lease commitments – as lessor

The Group has entered into commercial property leases on its investment properties. These non-cancellable leases have remaining lease terms of between 2 to 8 years. All leases include a clause to enable upward revision of the rental charge on an annual basis on prevailing market conditions.

Future minimum lease receivable under non-cancellable operating leases at the end of the reporting period are as follows:

	Group	
	2013	2012
	$	$
Not later than one year	11,643,012	137,108
Later than one year but not later than five years	41,176,568	–
Later than five years	1,714,198	–
	54,533,778	137,108

(c) Operating lease commitments – as lessee

The Group has entered into leases for rental of buildings from an external third party and a related party as disclosed in Note 32. These non-cancellable leases have remaining non-cancellable lease term between 0.2 year and 2.9 years, with no renewal option or escalation clauses included in the lease contract. There are no restrictions placed upon the Group and Company by entering into this contract. Operating lease payments recognised in the consolidated income statement during the year amounted to $790,811 (2012: $130,000).

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 December 2013

33. COMMITMENTS AND CONTINGENCIES

(c) Operating lease commitments – as lessee (cont'd)

Future minimum lease payments payable under non-cancellable operating leases at the end of the reporting period are as follows:

	Group	
	2013	2012
	$	$
Not later than one year	686,611	615,000
Later than one year but not later than five years	542,785	500,000
	1,229,396	1,115,000

34. LEASE OBLIGATIONS

The Group has entered into finance leases on its motor vehicles. Lease term is 1 year. Lease terms do not contain restrictions on the Group activities concerning dividends, additional debts or further leasing.

Future minimum lease payments under finance lease liabilities together with the present value of the net minimum lease payments are as follows:

Group	Minimum lease payments	Present value of payments	Minimum lease payments	Present value of payments
	2013	2013	2012	2012
	$	$	$	$
Within 1 year	41,665	40,499	101,880	100,156
Total minimum lease payments	41,665	40,499	101,880	100,156
Less: amounts representing finance charges	(1,166)	–	(1,724)	–
Less: amounts representing finance charges	40,499	40,499	100,156	100,156

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 December 2013

34. LEASE OBLIGATIONS (CONT'D)

Company	Minimum lease payments	Present value of payments	Minimum lease payments	Present value of payments
	2013	2013	2012	2012
	$	$	$	$
Within 1 year	–	–	33,960	33,333
Total minimum lease payments	–	–	33,960	33,333
Less: amounts representing finance charges	–	–	(627)	–
Present value of minimum lease payments	–	–	33,333	33,333

35. CORPORATE GUARANTEES, UNSECURED

The Company has given corporate guarantees to financial institutions in connection with credit facilities of approximately $385,791,215 (2012: $398,450,000) and $175,000,000 (2012: $101,650,000) granted to its subsidiaries and joint ventures respectively. The liabilities of the Company are limited to the outstanding principal amounts due to financial institutions of its subsidiaries and joint ventures, which are $218,120,787 (2012: $171,672,793) and $200,000,000 (2012: $71,252,575) respectively.

36. DIVIDENDS

	Group and Company	
	2013	2012
	$	$
Declared and paid during the financial year:		
Dividends on ordinary shares :		
- Interim exempt (one-tier) dividend for 2013: 1.20[1] cents (2012: 0.50[3] cents) per share	5,646,690	2,351,968
- Final exempt (one-tier) dividend for 2012: 0.50[2] cents (2012: 0.25[4] cents – final dividend for 2011) per share	2,343,951	1,176,364
	7,990,641	3,528,332

Notes:

1. Dividends of 1.20 cents per share were paid based on 470,557,541 shares.
2. Dividends of 0.50 cents per share were paid based on 470,557,541 shares.
3. Dividends of 0.50 cents per share were paid based on 470,393,557 shares.
4. Dividends of 0.25 cents per share were paid based on 470,545,849 shares.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 December 2013

36. DIVIDENDS (CONT'D)

Proposed but not recognised as a liability as at 31 December:

Dividends on ordinary shares, subject to shareholders' approval at the Annual General Meeting:

	Group and Company	
	2013	2012
	$	$
Dividends on ordinary shares, subject to shareholders' approval at the AGM :		
- Final exempt (one-tier) dividend for 2013 : 0.8 cents (2012: 0.50 cents) per share	3,764,460	2,352,788

37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group and the Company are exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks include interest rate risk, liquidity risk, credit risk and market price risk. The Board of Directors reviews and agrees policies and procedures for the management of these risks, which are executed by the Executive Director and Financial Controller. The Audit Committee provides independent oversight to the effectiveness of the risk management process. It is, and has been throughout the current and previous financial years, the Group's policy that no trading in derivatives for speculative purposes shall be undertaken.

The following sections provide details regarding the Group's and the Company's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

There has been no change to the Group's exposure to these financial risks or the manner in which it manages and measures the risks, excepts as disclosed in Interest rate risk section below.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's and the Company's financial instruments will fluctuate because of changes in the market interest rates. The Group's and the Company's exposure to interest rate risk arises primarily from their bank loans and borrowings, and interest-bearing loans from related companies and subsidiaries. All of the Group's and the Company's financial assets and liabilities at floating rates are contractually repriced at intervals of less than 6 months (2012: less than 6 months) from the end of the reporting period.

The Group's exposure to the risks of changes in market interest rates relates primarily to the Group's long term debt obligation with floating interest rates. The management reviews the interest rate strategies to minimise interest rate risk by taking into account the cash flow forecasts, term of debt obligation and market outlook. During the financial year, the Group enters into interest rate swaps, in which the Group agrees to exchange, at specified intervals, the difference between fixed and variable rate interest amounts calculated by reference to an agreed-upon notional principal amount. These swaps are designated to hedge underlying debt obligations.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 December 2013

37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

Interest rate risk (cont'd)

<u>Sensitivity analysis for interest rate risk</u>

At 31 December 2013, if SGD interest rates had been 100 (2012: 100) basis points higher with all other variables held constant, the Company's profit net of tax would have been $1,475,538 (2012: $207,090) higher, arising mainly as a result of higher interest expense on floating rate loans and borrowings. The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment, showing a significantly higher volatility as in prior years.

Information relating to the Group's interest rate exposure is disclosed in the notes on the Group's borrowings, including leasing obligations.

Liquidity risk

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group's and the Company's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities.

The Group's and the Company's liquidity risk management policy is to arrange specific credit facilities for each individual projects with different banks. With the good reputation and the long term relationship maintained with the banks, the Group is able to obtain high financing quantum of 55% to 80% on the development cost at favourable interest rates.

In addition, the Group has maintained standby credit facilities such as term loans and bank overdraft to meet any immediate obligations. For projects that have been fully sold, the management has also managed to obtain money market loan for working capital requirement, out of proceeds receivables from the sales of units.

The Group assessed the concentration of risk with respect to refinancing its debt and concluded it to be low. Access to sources of funding is sufficiently available and debt maturing within 12 months can be rolled over with existing lenders.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 December 2013

37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

Liquidity risk (cont'd)

Analysis of financial instruments by remaining contractual maturities

The table below summarises the maturity profile of the Group's and the Company's financial assets and liabilities at the end of the reporting period based on contractual undiscounted repayments obligations.

Group	1 year or less $'000	1 to 5 years $'000	Total $'000
2013			
Financial assets:			
Cash and bank balances and fixed deposits	115,932	–	115,932
Other investments	24,640	–	24,640
Trade and other receivables	12,202	17	12,219
Other assets	10,352	–	10,352
Due from related companies (trade)	622	–	622
Due from a related company (non-trade)	–	–	–
Due from joint ventures (trade)	12,202	–	12,202
Due from joint ventures (non-trade)	1,951	–	1,951
Due from an associate (non-trade)	3	–	3
Total undiscounted financial assets	177,904	17	177,921
Financial liabilities:			
Trade and other payables	16,278	1,946	18,224
Due to related companies (trade)	346	–	346
Due to a related company (non-trade)	42,075	–	42,075
Due to joint venture (trade)	–	–	–
Due to joint venture (non-trade)	130	–	130
Other liabilities	28,355	1,643	29,998
Medium term notes	5,574	124,373	129,947
Interest bearing loans and borrowings	150,193	73,914	224,107
Total undiscounted financial liabilities	242,951	201,876	444,827
Total net undiscounted financial liabilities	(65,047)	(201,859)	(266,906)

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 December 2013

37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

Liquidity risk (cont'd)

Analysis of financial instruments by remaining contractual maturities (cont'd)

Group	1 year or less $'000	1 to 5 years $'000	Total $'000
2012			
Financial assets:			
Cash and bank balances and fixed deposits	20,600	–	20,600
Other investments	4,619	–	4,619
Trade and other receivables	29,535	7	29,542
Other assets	187	–	187
Due from related companies (trade)	18	–	18
Due from a related company (non-trade)	2	–	2
Due from joint ventures (trade)	31,632	–	31,632
Due from joint ventures (non-trade)	46,741	–	46,741
Due from an associate (non-trade)	3	–	3
Total undiscounted financial assets	133,337	7	133,344
Financial liabilities:			
Trade and other payables	12,220	3,429	15,649
Due to related companies (trade)	891	–	891
Due to a related company (non-trade)	32,717	–	32,717
Due to joint venture (trade)	5,320	–	5,320
Due to joint venture (non-trade)	9,553	–	9,553
Other liabilities	28,592	–	28,592
Interest bearing loans and borrowings	103,084	70,350	173,434
Total undiscounted financial liabilities	192,377	73,779	266,156
Total net undiscounted financial liabilities	(59,040)	(73,772)	(132,812)

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 December 2013

37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

Liquidity risk (cont'd)

Company	1 year or less $'000	1 to 5 years $'000	Total $'000
2013			
Financial assets			
Cash and short-term deposits	33,342	–	33,342
Other assets	–	–	–
Due from subsidiaries (trade)	1,139	–	1,139
Due from subsidiaries (non-trade)	267,793	–	267,793
Due from joint ventures (trade)	166	–	166
Due from joint ventures (non-trade)	1,915	–	1,915
Due from an associate (non-trade)	3	–	3
Total undiscounted financial assets	304,358	–	304,358
Financial liabilities:			
Trade and other payables	101	–	101
Due to subsidiaries (non-trade)	68,504	–	68,504
Due to a related company (non-trade)	1	–	1
Other liabilities	2,351	–	2,351
Loans and borrowings	–	–	–
Medium term notes	5,574	124,373	129,947
Total undiscounted financial liabilities	76,531	124,373	200,904
Total net undiscounted financial assets / liabilities	227,827	(124,373)	103,454

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 December 2013

37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

Liquidity risk (cont'd)

Company	1 year or less $'000	1 to 5 years $'000	Total $'000
2012			
Financial assets			
Cash and short-term deposits	1,107	–	1,107
Other assets	4	–	4
Due from subsidiaries (trade)	1,829	–	1,829
Due from subsidiaries (non-trade)	130,454	–	130,454
Due from joint ventures (trade)	90	–	90
Due from joint ventures (non-trade)	43,619	–	43,619
Due from an associate (non-trade)	3	–	3
Total undiscounted financial assets	177,106	–	177,106
Financial liabilities:			
Trade and other payables	45	–	45
Due to subsidiaries (non-trade)	68,767	–	68,767
Other liabilities	510	–	510
Loans and borrowings	33	–	33
Total undiscounted financial liabilities	69,355	–	69,355
Total net undiscounted financial assets	107,751	–	107,751

Short-term funding is obtained from term loans.

The Group is significantly reliant on bank financing. Management believes that the Group is able to raise cash by selling development properties and properties held for sale.

The table below shows the contractual expiry by maturity of the Group and Company's contingent liabilities and commitments. The maximum amount of financial guarantee contracts are allocated to the earliest period in which the guarantee could be called.

Group and Company	1 year or less $'000	1 to 5 years $'000	Total $'000
2013			
Financial guarantees	140,472	245,319	385,791
Group and Company			
2012			
Financial guarantees	257,978	140,472	398,450

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 December 2013

37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's and the Company's exposure to credit risk arises primarily from trade and other receivables. For the other financial assets (including investment securities, cash and short-term deposits), the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties.

The Group's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

Excessive risk concentration

Concentration arise when a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Group's performance to developments affecting a particular industry.

In order to avoid excessive concentrations of risk, the Group's policies and procedures include specific guidelines to focus on maintaining a diversified portfolio. Identified concentrations of credit risks are controlled and managed accordingly. Selective hedging is used within the Group to manage risk concentrations at both the relationship and industry levels.

Exposure to credit risk

At the end of the reporting period, the Group's and the Company's maximum exposure to credit risk is represented by:

- The carrying amount of each class of financial assets recognised in the balance sheets
- A nominal amount of $175,000,000 (2012:$101,650,000) relating to a corporate guarantee provided by the Group to the banks on joint ventures' loans
- A nominal amount of $385,791,215 (2012:$ 398,450,000) relating to a corporate guarantee provided by the Company to banks on subsidiaries' bank loans

Information regarding credit exposure for trade and other receivables is disclosed in Note 15.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 December 2013

37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

Credit risk (cont'd)

Credit risk concentration profile

The Group determines concentrations of credit risk by monitoring the country and industry sector profile of its trade receivables on an on-going basis. The credit risk concentration profile of the Group's trade receivables at the end of the reporting period is as follows:

	Group			
	2013		2012	
	$	% of total	$	% of total
By country:				
Australia	191,045	1	–	–
Singapore	24,452,662	99	60,971,844	100
	24,643,707	100	60,971,844	100
By industry sectors:				
Property	9,090,126	37	23,497,521	39
Construction	14,574,638	59	37,456,296	61
Other	978,943	4	18,027	–
	24,643,707	100	60,971,844	100

At the end of the reporting period, approximately 37% (2012: 39%) of the Group's trade receivables were due from sale of development properties and approximately 59% (2012: 61%) of the Group's trade receivables were contractor fees due from its joint ventures.

Financial assets that are neither past due nor impaired

Trade and other receivables that are neither past due nor impaired are with creditworthy debtors with good payment record with the Group. Cash and short-term deposits and other investments that are neither past due nor impaired are placed with or entered into with reputable financial institutions or companies with high credit ratings and no history of default.

Financial assets that are either past due or impaired

Information regarding financial assets that are either past due or impaired is disclosed in Note 15 (Trade and other receivables).

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 December 2013

37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

Market price risk

Market price risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in market prices (other than interest or exchange rates). The Group is exposed to equity price risk arising from its investment in quoted equity instruments. These instruments are quoted on the SGX-ST in Singapore and are classified as held for trading financial assets. The Group does not have exposure to commodity price risk.

Sensitivity analysis for equity price risk

At the end of the reporting period, if the STI had been 2% (2012: 2%) higher/lower with all other variables held constant, the Group's profit net of tax would have been $378,044 (2012: $26,240) higher/lower, arising as a result of higher/lower fair value gains on held for trading investments in equity instruments, and the Group's equity would have been $378,044 (2012: $26,240) higher/lower, arising as a result of an increase/decrease in the fair value of equity instruments classified as held for trading.

38. FAIR VALUE OF ASSETS AND LIABILITIES

(a) Fair value hierarchy

The Group categories fair value measurements using a fair value hierarchy that is dependent on the valuation inputs used as follows:

- Level 1 – Quoted prices (unadjusted) in active market for identical assets or liabilities that the Group can access at the measurement date,
- Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, and
- Level 3 – Unobservable inputs for the asset or liability.

Fair value measurements that use inputs of different hierarchy levels are categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 December 2013

38. FAIR VALUE OF ASSETS AND LIABILITIES (CONT'D)

(b) Assets and liabilities measured at fair value

The following table shows an analysis of each class of assets and liabilities measured at fair value at the end of the reporting period:

	Group 2013 Fair value measurements at the end of the reporting period using			
	Quoted prices in active markets for identical instruments (Level 1) $'000	Significant observable inputs other than quoted prices (Level 2) $'000	Significant unobservable inputs (Level 3) $'000	Total $'000
Recurring fair value measurements				
Assets				
Financial assets:				
Held for trading financial assets (Note 17)				
Quoted equity securities	20,020	–	–	20,020
Unquoted equity securities	–	4,620	–	4,620
Total held for trading financial assets	20,020	4,620	–	24,640
Derivatives (Note 19)				
Forward currency contracts	–	934	–	934
Total derivatives	–	934	–	934
Financial assets as at 31 December 2013	20,020	5,554	–	25,574
Liabilities				
Financial liabilities:				
Derivatives (Note 19)				
Interest rate swaps	–	(515)	–	(515)
Total derivatives	–	(515)	–	(515)
Financial liabilities as at 31 December 2013	–	(515)	–	(515)

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 December 2013

39. CAPITAL MANAGEMENT

Capital includes debt and equity items as disclosed in the table below.

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the years ended 31 December 2013 and 31 December 2012.

The Group monitors capital using a debt equity ratio, which is total interest bearing loans and borrowings divided by equity attributable to the owners of the Company.

	Group	
	2013 $	2012 $
Interest bearing loans and borrowings (Note 26)	332,919,325	171,887,512
Equity attributable to the owners of the Company	374,536,721	305,595,148
Debt equity ratio	88.8%	56.2%

40. SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their products and services, and has three reportable operating segments as follows:

I. The development properties segment is in the business of acquiring land/property and developing them into residential and commercial properties for sales.

II. The construction segment is in the business of contractors for civil and general road construction works, general contractors, trading of construction materials.

III. The rental segment is in the business of renting of space under the investment properties.

IV. The others segment is involved in Group-level corporate services, treasury functions and investments in marketable securities.

Except as indicated above, no operating segments have been aggregated to form the above reportable operating segments.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which in certain respects, as explained in the table below, is measured differently from operating profit or loss in the consolidated financial statements. Group financing (including finance costs) and income taxes are managed on a group basis and are not allocated to operating segments.

Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 December 2013

40. SEGMENT INFORMATION (CONT'D)

2013	Development properties $	Construction $	Rental $	Others $	Elimination $	Consolidation $
Revenue:						
Segmental revenue						
- External sales	224,726,751	14,547,445	1,364,534	156,442	–	240,795,172
- Inter-segment sales (Note A)	–	45,508,969	–	1,127,723	(46,636,692)	–
	224,726,751	60,056,414	1,364,534	1,284,165	(46,636,692)	240,795,172
Results:						
Other income	311,621	650,053	198,175	3,682,085	(3,629,755)	1,212,178
Financial income	72,176	992	26,498	481,587	–	581,253
Financial expenses	(1,990,818)	(27,398)	(723,894)	(1,076,536)	(11,354)	(3,830,000)
Fair value (loss) / gain on held for trading investment - quoted	–	(168,491)	–	1,360,303	–	1,191,812
Fair value losses on held for trading investment - unquoted	–	(194,485)	–	–	–	(194,485)
Depreciation	–	(192,296)	(1,517,227)	(47,358)	–	(1,756,881)
Other expenses (Note B)	–	(5,202)	–	(1,500)	–	(6,702)
Share of results of joint ventures	5,637,623	–	–	–	203,836	5,841,459
Segment profit/(loss) (Note C)	103,443,770	2,939,983	(12,811,713)	2,518,226	453,514	96,543,780
Assets:						
Investment in joint venture	6,728,775	–	–	–	–	6,728,775
Additions to non-current assets (Note D)	–	848,461	167,454,512	–	–	168,302,973
Segment assets (Note E)	420,694,608	67,579,006	218,899,994	290,302,600	(170,521,761)	826,954,447
Segment liabilities (Note F)	225,671,082	38,304,235	74,275,366	117,335,965	(1,502,340)	454,084,308

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 December 2013

40. SEGMENT INFORMATION (CONT'D)

2012	Development properties $	Construction $	Rental $	Others $	Elimination $	Consolidation $
Revenue:						
Segmental revenue						
- External sales	113,735,147	31,885,394	–	47,698	–	145,668,239
- Inter-segment sales (Note A)	–	62,727,822	–	759,275	(63,487,097)	–
	113,735,147	94,613,216	–	806,973	(63,487,097)	145,668,239
Results:						
Other income	800	1,192,355	–	60,166	–	1,253,321
Financial income	29,832	1,722	–	302,172	(12,815)	320,911
Financial expenses	(371,943)	(57,086)	–	(1,253)	(214,251)	(644,533)
Fair value gain on investment property - held for sale	–	–	–	920,000	–	920,000
Fair value gain on held for trading investment - quoted	–	–	–	198,588	–	198,588
Fair value gain on held for trading investment - unquoted	–	–	–	104,075	–	104,075
Fair value losses on held for trading investment - quoted	–	–	–	(33,707)	–	(33,707)
Gain on disposal of investment property - held for sale	–	–	–	235,000	–	235,000
Depreciation	–	(231,961)	–	(35,519)	–	(267,480)
Other expenses (Note B)	–	(1,982)	–	–	–	(1,982)
Share of results of joint ventures	12,276,824	–	–	–	438,068	12,714,892
Segment profit/(loss) (Note C)	65,238,560	3,177,927	–	1,120,121	(2,681,336)	66,855,272
Assets:						
Investment in joint venture	22,553,838	–	–	–	–	22,553,838
Additions to non-current assets (Note D)	–	193,180	–	236,791	–	429,971
Segment assets (Note E)	455,846,253	92,061,049	–	109,779,777	(67,391,085)	590,295,994
Segment liabilities (Note F)	240,263,754	44,502,006	–	756,803	(547,631)	284,974,932

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 December 2013

40. SEGMENT INFORMATION (CONT'D)

Notes

A Inter-segment revenues are eliminated on consolidation.

B Other expenses consist of loss on disposal of property, plant and equipment, loss on property, plant and equipment written off.

C The following items are (added to)/deducted from segment profit to arrive at "Profit before tax" presented in the consolidated income statement:

	2013 $	2012 $
(Loss)/ Profit from inter-segment sales	(453,514)	2,681,336

D Additions to non-current assets consist of additions to property, plant and equipment and investment properties.

E The following items are deducted from segment assets to arrive at total assets reported in the consolidated balance sheet:

	2013 $	2012 $
Investment in subsidiaries	163,699,667	60,699,663
Deferred Tax Assets	356,156	–
Inter-segment assets	6,822,064	6,691,422
	170,877,887	67,391,085

F The following items are deducted from segment liabilities to arrive at total liabilities reported in the consolidated balance sheet:

	2013 $	2012 $
Other liabilities	1,439,514	484,805
Provision for taxation	62,826	62,826
	1,502,340	547,631

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 December 2013

40. SEGMENT INFORMATION (CONT'D)

Geographical information

Revenue and non-current assets information based on the geographical location of customers and assets respectively are as follows:

	Revenues		Non-current assets	
	2013	2012	2013	2012
	$	$	$	$
Australia	1,364,534	–	166,338,479	–
Singapore	239,430,638	145,668,239	8,311,047	29,058,053

There had been no transaction with a single external customer that amounts to 10% of the Group revenue.

41. DIRECTORS' REMUNERATION

The number of Directors of the Company whose emoluments fall within the following bands are:

	Company	
	2013	2012
$500,000 to $999,999	1	1
$250,000 to $499,999	1	2
Below $250,000	4	4
	6	7

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 December 2013

42. MAJOR PROPERTIES OWNED BY THE GROUP

Address	Held by	Tenure	Land area (sq. metres)	Description
Development property				
56 Kallang Pudding Road Singapore 349328	WestBuild Construction Pte Ltd	Freehold	4,470.6	Proposed 9-storey multiple user light industrial development of 55 units
6-22 Pearl River Road, Melbourne, Victoria, Australia	Meteorite Land (Pearl River) Pty Ltd	Freehold	3,795	Proposed development of i) Two residential towers – a 43 storey and a 36 storey tower ii) 17 storey hotel tower with more than 250 rooms
Investment property				
380 Lonsdale Street, Melbourne, Victoria, Australia	Meteorite Property (Lonsdale Street) Pty Ltd	Freehold	3,165	Mixed use commercial building comprising a commercial carpark with 445 car bays, together with offices and retail units at ground floor
206 Bourke Street, Melbourne, Victoria, Australia	Meteorite Property (Bourke Street) Pty Ltd	Freehold	3,144	Multi level retail and commercial property with restaurant and entertainment tenancies located on level 1 and 2. Levels 3 and 4 comprises office tenancies.

43. SUBSEQUENT EVENT

On 14 February 2014, one of the subsidiaries of the Group had entered into a contract of sale to acquire a property located at 130 Stirling Street, Perth, Western Australia for a purchase consideration of A$90,000,000. The acquisition is scheduled to be completed within 90 days from the contract date and upon Foreign Investment Review Board's approval.

As at 4 March 2014, Hiap Hoe Strategic Pte Ltd ("HHS"), a wholly-owned subsidiary of the Company, has acquired a total of 96.94% of the issued and paid up ordinary shares of SuperBowl Holdings Limited ("SuperBowl"). On 19 March 2014, HHS issued letters to shareholders of SuperBowl who have not accepted the Offer (the "Non-Assenting SuperBowl Shareholders"), to inform the Non-Assenting SuperBowl Shareholders of their right, under and subject to Section 215 (3) of the Companies Act , to require HHS to acquire their SuperBowl Shares at the same terms as those applicable under the Offer, including but not limited to the Offer Price , by serving notice requiring HHS to do so. The Non-Assenting SuperBowl Shareholders may exercise this right from 19 March 2014 to 19 June 2014.

44. AUTHORISATION OF FINANCIAL STATEMENTS FOR ISSUE

The financial statements for the year ended 31 December 2013 were authorised for issue in accordance with a resolution of the Directors on 14 March 2014.

STATISTICS OF SHAREHOLDINGS

as at 12 March 2014

DISTRIBUTION OF SHAREHOLDINGS

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 - 999	1,110	37.51	375,665	0.08
1,000 - 10,000	1,021	34.51	4,587,472	0.98
10,001 - 1,000,000	804	27.17	49,901,942	10.60
1,000,001 AND ABOVE	24	0.81	415,692,462	88.34
TOTAL	2,959	100.00	470,557,541	100.00

TWENTY LARGEST SHAREHOLDERS

NO.	NAME	NO. OF SHARES	%
1	HIAP HOE HOLDINGS PTE LTD	328,693,876	69.85
2	CIMB SECURITIES (SINGAPORE) PTE. LTD.	17,922,298	3.81
3	DBS NOMINEES (PRIVATE) LIMITED	10,381,103	2.21
4	SOON LI HENG CIVIL ENGINEERING PTE LTD	9,125,000	1.94
5	HSBC (SINGAPORE) NOMINEES PTE LTD	5,611,250	1.19
6	TAN WAN CHER GERALDINE	5,000,000	1.06
7	MORPH INVESTMENTS LTD	4,055,000	0.86
8	CITIBANK NOMINEES SINGAPORE PTE LTD	3,320,818	0.71
9	DB NOMINEES (SINGAPORE) PTE LTD	3,050,000	0.65
10	DBS VICKERS SECURITIES (SINGAPORE) PTE LTD	2,555,762	0.54
11	UOB KAY HIAN PRIVATE LIMITED	2,555,118	0.54
12	PANG HENG KWEE	2,525,000	0.54
13	HENG SIEW ENG	2,287,000	0.49
14	TAN SIA KENG	2,286,000	0.49
15	SOON LEE HENG TRADING & TRANSPORTATION PTE LTD	2,243,750	0.48
16	TEO HO BENG	2,130,750	0.45
17	SIAH YANG WEN OLIVER	2,061,000	0.44
18	ROLAND TEO HO KANG	1,875,000	0.40
19	UNITED OVERSEAS BANK NOMINEES (PRIVATE) LIMITED	1,779,674	0.38
20	OCBC SECURITIES PRIVATE LIMITED	1,737,761	0.37
TOTAL		411,196,160	87.40

The percentage of the issued shares is calculated based on the number of issued shares as at 12 March 2014, excluding any treasury shares held at that date.

29.22% of the Company's shares (excluding treasury shares) are held in the hands of public. Accordingly, the Company has complied with Rule 723 of the Listing Manual of SGX-ST.

Substantial Shareholders as at 12 March 2014

NO.	NAME	DIRECT INTEREST	DEEMED INTEREST
1	Hiap Hoe Holdings Pte Ltd	328,693,876	-
2	Teo Ho Beng	2,130,750	328,693,876
3	Teo Ho Kang, Roland	1,875,000	328,693,876

Note:
Messrs Teo Ho Beng and Teo Ho Kang, Roland's deemed interests are derived from their shareholdings in Hiap Hoe Holdings Pte Ltd.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of Hiap Hoe Limited ("the Company") will be held at Ramada Singapore, Level 2, Zhongshan Meeting Room, 16 Ah Hood Road, Singapore 329982 on Thursday, 17 April 2014 at 11.00 a.m. for the following purposes:

AS ORDINARY BUSINESS

1. To receive and adopt the Directors' Report and the Audited Accounts of the Company for the year ended 31 December 2013 together with the Auditors' Report thereon. **(Resolution 1)**

2. To declare a final dividend of 0.80 cents per ordinary share (tax exempt one-tier) for the year ended 31 December 2013 (previous year: 0.50 cents per ordinary share). **(Resolution 2)**

3. To re-elect the following Directors of the Company retiring pursuant to Article 106 of the Articles of Association of the Company:

   Mr Teo Ho Beng **(Resolution 3)**
   Mr Chan Boon Hui **(Resolution 4)**

   Mr Chan Boon Hui will, upon re-election as a Director of the Company, remains as Chairman of the Remuneration Committee and member of the Audit Committee and Nominating Committee respectively and will be considered independent.

4. To re-elect Ms Wun May Ling Tracy retiring pursuant to Article 91 of the Articles of Association of the Company. **(Resolution 5)**

5. To approve the payment of Directors' fees of S$121,000.00 for the financial year ended 31 December 2013 (previous year: S$136,000.00). **(Resolution 6)**

6. To re-appoint Messrs Ernst & Young LLP as the Auditors of the Company and to authorise the Directors of the Company to fix their remuneration. **(Resolution 7)**

7. To transact any other ordinary business which may properly be transacted at an Annual General Meeting.

AS SPECIAL BUSINESS

To consider and if thought fit, to pass the following resolutions as Ordinary Resolutions, with or without any modifications:

8. **Authority to issue shares**

   That pursuant to Section 161 of the Companies Act, Cap. 50 and Rule 806 of the Listing Manual of the Singapore Exchange Securities Trading Limited ("SGX-ST"), the Directors of the Company be authorised and empowered to:

   (a) (i) issue shares in the Company ("shares") whether by way of rights, bonus or otherwise; and/or

   (ii) make or grant offers, agreements or options (collectively, "Instruments") that might or would require shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) options, warrants, debentures or other instruments convertible into shares,

   at any time and upon such terms and conditions and for such purposes and to such persons as the Directors of the Company may in their absolute discretion deem fit; and

NOTICE OF ANNUAL GENERAL MEETING (Cont'd)

(b) (notwithstanding the authority conferred by this Resolution may have ceased to be in force) issue shares in pursuance of any Instruments made or granted by the Directors of the Company while this Resolution was in force,

provided that:

(1) the aggregate number of shares (including shares to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution) to be issued pursuant to this Resolution shall not exceed fifty per centum (50%) of the total number of issued shares (excluding treasury shares) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of shares to be issued other than on a pro-rata basis to shareholders of the Company shall not exceed twenty per centum (20%) of the total number of issued shares (excluding treasury shares) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below);

(2) (subject to such calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of shares that may be issued under sub-paragraph (1) above, the total number of issued shares (excluding treasury shares) shall be based on the total number of issued shares (excluding treasury shares) in the capital of the Company at the time of the passing of this Resolution, after adjusting for:

(a) new shares arising from the conversion or exercise of any convertible securities;

(b) new shares arising from exercising share options or vesting of share awards which are outstanding or subsisting at the time of the passing of this Resolution; and

(c) any subsequent bonus issue, consolidation or subdivision of shares;

(3) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Listing Manual of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the Articles of Association of the Company; and

(4) unless revoked or varied by the Company in a general meeting, such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier.

[See Explanatory Note (i)] **(Resolution 8)**

9. **Authority to issue shares under the Hiap Hoe Performance Share Plan**

That pursuant to Section 161 of the Companies Act, Cap. 50, the Directors of the Company be authorised and empowered to grant awards in accordance with the provisions of the Hiap Hoe Performance Share Plan ("the Plan") and to allot and issue from time to time such number of fully paid up shares in the capital of the Company as may be required to be allotted and/or issued pursuant to the vesting of the awards provided that the aggregate number of shares available under the Plan and any other share based schemes which the Company may implement from time to time, and the Plan, shall not exceed fifteen per centum (15%) of the total number of issued shares (excluding treasury shares) in the capital of the Company from time to time and that such authority shall, unless revoked or varied by the Company in a general meeting, continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier.

[See Explanatory Note (ii)] **(Resolution 9)**

NOTICE OF ANNUAL GENERAL MEETING (Cont'd)

10. **Renewal of Shareholders' Mandate for Interested Person Transactions**

That for the purposes of Chapter 9 of the Listing Manual of the SGX-ST:

(a) approval be given for WestBuild Construction Pte. Ltd., a wholly owned subsidiary of the Company, which is an entity at risk (as defined in Chapter 9 of the Listing Manual), to enter into any of the transactions falling within the categories of interested person transactions described in paragraph 3 as set out in the Appendix to the Summary Sheet for the Proposed Renewal Shareholders' Mandate for Interested Person Transactions attached to this Annual Report 2013 (the "Appendix") with specified classes of interested persons described in paragraph 2 of the Appendix, provided that such transactions are carried out on normal commercial terms and in accordance with the review procedures of the Company for such interested person transactions;

(b) the Shareholders' Mandate shall, unless revoked or varied by the Company in a general meeting, continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier; and

(c) authority be given to the Directors of the Company to complete and do all such acts and things (including executing all such documents as may be required) as they may consider necessary, desirable or expedient to give effect to the Shareholders' Mandate as they may think fit.

[See Explanatory Note (iii)] **(Resolution 10)**

11. **Renewal of Share Buyback Mandate**

That for the purposes of Sections 76C and 76E of the Companies Act, Cap. 50, the Directors of the Company be and are hereby authorised to make purchases or otherwise acquire issued shares in the capital of the Company from time to time (whether by way of market purchases or off-market purchases on an equal access scheme) of up to ten per centum (10%) of the total number of issued shares (excluding treasury shares) in the capital of the Company (as ascertained as at the date of Annual General Meeting of the Company) at the price of up to but not exceeding the Maximum Price as defined in paragraph 2 of the Company's Circular to shareholders dated 9 April 2008 (the "Circular"), in accordance with the said Circular on "Share Purchase Mandate", and this mandate shall, unless revoked or varied by the Company in general meeting, continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier.

[See Explanatory Note (iv)] **(Resolution 11)**

By Order of the Board

Lai Foon Kuen
Company Secretary
Singapore, 2 April 2014

NOTICE OF ANNUAL GENERAL MEETING (Cont'd)

Explanatory Notes:

(i) The Ordinary Resolution 8, if passed, will empower the Directors of the Company, effective until the conclusion of the next Annual General Meeting of the Company, or the date by which the next Annual General Meeting of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to issue shares, make or grant Instruments convertible into shares and to issue shares pursuant to such Instruments, up to a number not exceeding, in total, 50% of the total number of issued shares (excluding treasury shares) in the capital of the Company, of which up to 20% may be issued other than on a pro-rata basis to shareholders.

For determining the aggregate number of shares that may be issued, the total number of issued shares (excluding treasury shares) will be calculated based on the total number of issued shares (excluding treasury shares) in the capital of the Company at the time this Ordinary Resolution is passed after adjusting for new shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which are outstanding or subsisting at the time when this Ordinary Resolution is passed and any subsequent bonus issue, consolidation or subdivision of shares.

(ii) The Ordinary Resolution 9, if passed, will empower the Directors of the Company, effective until the conclusion of the next Annual General Meeting of the Company, or the date by which the next Annual General Meeting of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to grant awards in accordance with the provisions of the Hiap Hoe Performance Share Plan ("the Plan") and to allot and issue from time to time such number of fully paid up shares in the capital of the Company as may be required to be issued pursuant to the vesting of the awards provided that the aggregate number of shares available under the Plan and any other share based schemes which the Company may implement from time to time, and the Plan, not exceeding, in total, 15% of the total number of issued shares (excluding treasury shares) in the capital of the Company.

(iii) The Ordinary Resolution 10, if passed, will authorise the Interested Person Transactions as described in the Appendix and recurring in the year and will empower the Directors of the Company to do all acts necessary to give effect to the Shareholders' Mandate. This authority will, unless previously revoked or varied by the Company in a general meeting, expire at the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier.

(iv) The Ordinary Resolution 11, if passed, will empower the Directors of the Company effective until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier, to repurchase ordinary shares of the Company by way of market purchases or off-market purchases of up to ten per centum (10%) of the total number of issued shares (excluding treasury shares) in the capital of the Company at the Maximum Price as defined in the Circular dated 9 April 2008. The rationale for, the authority and limitation on, the sources of funds to be used for the purchase or acquisition including the amount of financing and the financial effects of the purchase or acquisition of ordinary shares by the Company pursuant to the Share Buyback Mandate on the audited consolidated financial accounts of the Group for the financial year ended 31 December 2013 are set out in greater detail in the Letter to Shareholders enclosed together with the Annual Report.

Notes:

1. A Member entitled to attend and vote at the Annual General Meeting (the "Meeting") is entitled to appoint not more than two proxies to attend and vote in his/her stead. A proxy need not be a Member of the Company.

2. The instrument appointing a proxy must be deposited at the Registered Office of the Company at 18 Ah Hood Road, #13-51 Hiap Hoe Building At Zhongshan Park, Singapore 329983 not less than forty-eight (48) hours before the time appointed for holding the Meeting.

SUMMARY SHEET FOR THE PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR INTERESTED PERSON TRANSACTIONS

THE PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR INTERESTED PERSON TRANSACTIONS

1. INTRODUCTION

We refer to the Notice of Annual General Meeting ("AGM") of Hiap Hoe Limited (the "Company") dated 2 April 2014 (the "Notice"), accompanying the Annual Report of the Company for the financial year ended 31 December 2013 (the "2013 AR"), convening the AGM of the Company which is scheduled to be held on 17 April 2014 and the Ordinary Resolution 10 in relation to the renewal of shareholders' mandate for interested person transactions under the heading "Special Business" set out in the Notice.

The purpose of this summary sheet is to provide relevant information relating to the renewal of the interested person transactions mandate to the shareholders in accordance with Chapter 9 of the Listing Manual of the Singapore Exchange Securities Trading Limited ("SGX-ST").

2. RENEWAL OF THE INTERESTED PERSON TRANSACTIONS MANDATE

2.1 Existing Interested Person Transactions Mandate

At an Extraordinary General Meeting ("EGM") of the Company held on 18 January 2007, the Company had obtained shareholders' approval for the shareholders' mandate for interested person transactions to be carried out by the Company and its subsidiaries ("Group") with SuperBowl Holdings Limited and its subsidiaries ("SuperBowl Group") and/or Hiap Hoe Holdings Pte Ltd and its subsidiaries ("Hiap Hoe Holdings Group"). The authority and limitations of the shareholders' mandate for interested person transactions were set out in the Company's circular to shareholders dated 22 December 2006. The interested person transactions mandate was renewed at the AGM of the Company held on 19 April 2013 ("2013 AGM") and will expire on the date of the forthcoming AGM to be held on 17 April 2014. Accordingly, the Company is seeking shareholders' approval for the renewal of the interested person transactions mandate at the AGM, to take effect until the conclusion of the next AGM of the Company.

2.2 Details of the Interested Persons Transactions Mandate

Details of the shareholders' mandate, including the rationale for, and the benefits to the Company, the review procedures for determining transaction prices with interested persons and other general information relating to Chapter 9 of the Listing Manual are set out in the Appendix to this summary sheet.

3. DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' INTERESTS

Based on the register of directors and the register of substantial shareholders, as at the Latest Practicable Date, 12 March 2014, the shareholdings of the directors and substantial shareholders in the Company are as follows:

SUMMARY SHEET FOR THE PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR INTERESTED PERSON TRANSACTIONS (Cont'd)

3.1 Directors' Interest in Shares

The interests of the directors in shares as at the Latest Practicable Date are set out below:

	Direct Interest		Deemed Interest	
Directors	**Number of Shares**	**%**	**Number of Shares**	**%**
Mr Teo Ho Beng	2,130,750	0.453	328,693,876	69.852
Mr Teo Ho Kang, Roland	1,875,000	0.398	328,693,876	69.852
Mr Chan Wah Tiong	93,750	0.020	-	-
Mr Chan Boon Hui	93,750	0.020	-	-

Note:

(1) Mr Teo Ho Beng and Mr Teo Ho Kang, Roland are directors of the Company. They are deemed to have shareholding interests in the Company by virtue of their 39.83% and 34.18% shareholding interests respectively in Hiap Hoe Holdings, which has a 69.852% direct shareholding interest in the Company as at the Latest Practicable Date.

(2) The shareholdings are computed based on total number of shares of 470,557,541 excluding treasury shares of 3,999,850.

3.2 Substantial Shareholder's Interest in Shares

The interests of the substantial shareholder of the Company, Hiap Hoe Holdings Pte Ltd ("Hiap Hoe Holdings") as at the Latest Practicable Date are set out below:

	Direct Interest		Deemed Interest	
Substantial Shareholder	**Number of Shares**	**%**	**Number of Shares**	**%**
Hiap Hoe Holdings Pte. Ltd.	328,693,876	69.852	-	-

Note:

The shareholding is computed based on total number of shares of 470,557,541 excluding treasury shares of 3,999,850.

4. APPROVAL REQUIRED

The proposed renewal of the interested person transactions mandate is subject to shareholders' approval.

5. ABSTENTIONS

Hiap Hoe Holdings, which has a direct interest in 69.852% of the issued shares excluding treasury shares, will abstain and has undertaken to ensure that its associates will abstain, from voting on Ordinary Resolution 9. Messrs Teo Ho Beng and Teo Ho Kang, Roland, being directors of Hiap Hoe Holdings and SuperBowl Holdings Limited ("SuperBowl") will also abstain from making recommendations and voting on Ordinary Resolution 10. They have also undertaken to ensure that their associates will abstain from voting on Ordinary Resolution 10.

SUMMARY SHEET FOR THE PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR INTERESTED PERSON TRANSACTIONS (Cont'd)

6. STATEMENT OF THE AUDIT COMMITTEE

6.1 Interests of the Audit Committee

The Audit Committee consists of Mr Chan Wah Tiong, Dr Wang Kai Yuen, Mr Chan Boon Hui and Ms Kwok Chui Lian, all of whom are independent directors of the Company.

6.2 Opinion of the Audit Committee

Having considered inter alia the terms, the rationale for and the benefit of the proposed shareholders' mandate, the Audit Committee confirms that:

(a) the review procedures for determining the transaction prices have not changed since the last shareholder approval at the 2013 AGM; and

(b) the review procedures set out in paragraph 5.2 of the Appendix to this summary sheet are sufficient to ensure that the interested person transactions will be carried out on normal commercial terms and will not be prejudicial to the interests of the Company and its minority shareholders.

7. DIRECTORS' RECOMMENDATION

In relation to the proposed renewal of interested person transactions mandate, having considered inter alia the terms, the rationale and the benefits of the mandate, the independent directors are of the view that the proposed renewal of the interested person transactions mandate is in the best interest of the Company and accordingly recommend that shareholders vote in favour of Ordinary Resolution 10 to approve the proposed renewal of the interested person transactions mandate at the AGM (as set out in the Notice of AGM).

8. DIRECTORS' RESPONSIBILITY STATEMENT

The directors collectively and individually accept full responsibility for the accuracy of the information given in this summary sheet and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, this circular constitutes full and true disclosure of all material facts about the Proposed Renewal of the Shareholders' Mandate for Interested Person Transactions, the Company and its subsidiaries, and the directors are not aware of any facts the omission of which would make any statement in this summary sheet misleading.

Where information in the summary sheet has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in the circular in its proper form and context.

9. ADVICE TO SHAREHOLDERS

Shareholders who are in any doubt as to the action they should take should consult their stockbroker, bank manager, solicitor, accountant or other professional adviser immediately.

10. THE SINGAPORE EXCHANGE SECURITIES TRADING LIMITED DISCLAIMER

The SGX-ST takes no responsibility for the accuracy of any statements or opinions made in this summary sheet.

THE APPENDIX

THE PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR INTERESTED PERSON TRANSACTIONS

1. CHAPTER 9 OF THE LISTING MANUAL

1.1 Chapter 9 of the Listing Manual governs transactions by a listed company, as well as transactions by its subsidiaries and associated companies that are considered to be at-risk with the listed company's interested persons. When Chapter 9 of the Listing Manual applies to a transaction and the value of the transaction alone or on aggregation with other transactions conducted with the interested person during the financial year reaches, or exceeds, certain materiality thresholds, the listed company is required to make an immediate announcement, or to make an immediate announcement and seek its shareholders' approval for that transaction.

1.2 Except for certain transactions which, by reason of the nature of such transactions, are not considered to put the listed company at risk to its interested person and hence are excluded from the ambit of Chapter 9 of the Listing Manual, immediate announcement and shareholders' approval would be required in respect of transactions with interested persons if certain financial thresholds (which are based on the value of the transaction as compared with the listed company's latest audited consolidated net tangible assets ("NTA")) are reached or exceeded. In particular, shareholders' approval is required for an interested person transaction of a value equal to, or which exceeds:

(a) 5% of the latest audited consolidated NTA of the listed company and its subsidiaries; or

(b) 5% of the latest audited consolidated NTA of the listed company and its subsidiaries, when aggregated with other transactions entered into with the same interested person (as such term is construed under Chapter 9 of the Listing Manual) during the same financial year. Based on the latest audited consolidated accounts of the Group for FY2013, the consolidated NTA of the Group was S$374,536,721. In relation to the Company, for the purposes of Chapter 9 of the Listing Manual, in the current financial year, 5% of the latest audited consolidated NTA of the Group would be S$18,726,836.

1.3 Chapter 9 of the Listing Manual permits a listed company, however, to seek a mandate from its shareholders for recurrent transactions of a revenue or trading nature or those necessary for its day-to-day operations such as the purchase and sale of supplies and materials (but not in respect of the purchase or sale of assets, undertakings or businesses) that may be carried out with the listed company's interested persons.

1.4 Under the Listing Manual:

(a) an "**approved exchange**" means a stock exchange that has rules which safeguard the interests of shareholders against interested person transactions according to similar principles to Chapter 9 of the Listing Manual;

(b) an "**associate**" in the case of a company,

(i) in relation to any director, chief executive officer, substantial shareholder or controlling shareholder (being an individual) means:

- his immediate family member (that is, the person's spouse, child, adopted child, step-child, sibling and parent);
- the trustees of any trust of which he or his immediate family is a beneficiary or, in the case of a discretionary trust, is a discretionary object; and
- any company in which he and his immediate family together (directly or indirectly) have an interest of 30% or more;

THE APPENDIX (Cont'd)

(ii) in relation to a substantial shareholder or a controlling shareholder (being a company) means any other company which is its subsidiary or holding company or is a subsidiary of such holding company or one in the equity of which it and/or such other company or companies taken together (directly or indirectly) have an interest of 30% or more;

(c) an "**entity at risk**" means:

(i) the listed company;

(ii) a subsidiary of the listed company that is not listed on the SGX-ST or an approved exchange; or

(iii) an associated company of the listed company that is not listed on the SGX-ST or an approved exchange, provided that the listed company and its group companies (the "listed group"), or the listed group and its interested person(s), has control over the associated company;

(d) an "**interested person**" in a case of company means a director, chief executive officer or controlling shareholder of the listed company, or an associate of any such director, chief executive officer or controlling shareholder; and

(e) an "**interested person transaction**" means a transaction between an entity at risk and an interested person.

2. CLASSES OF INTERESTED PERSONS

Hiap Hoe Holdings is the controlling shareholder of both the Company and SuperBowl Holdings Limited ("SuperBowl"). Accordingly, transactions carried out by the Group with SuperBowl Group and/or Hiap Hoe Holdings Group are considered to be interested person transactions within the meaning of Chapter 9 of the Listing Manual.

The shareholders' mandate applies to the interested person transactions which are and/or will be carried out by WestBuild Construction Pte. Ltd. ("WestBuild") with SuperBowl Group and/or Hiap Hoe Holdings Group. Transactions with interested persons which do not fall within the ambit of the shareholders' mandate shall be subject to the relevant provisions of Chapter 9 of the Listing Manual.

3. NATURE OF INTERESTED PERSON TRANSACTIONS

The interested person transactions which will be covered by the shareholders' mandate are in relation to the provision of services to SuperBowl Group and/or Hiap Hoe Holdings Group in the normal course of business of WestBuild.

These interested person transactions are recurrent transactions of revenue or trading nature in the normal course of business of WestBuild, but not in respect of the purchase or sale of assets, undertakings or businesses. For the purposes of the shareholders' mandate, the proposed interested person transactions will include:

(a) the procurement of equipment for SuperBowl Group and/or Hiap Hoe Holdings Group including but not limited to construction and building equipment;

(b) the procurement of materials for SuperBowl Group and/or Hiap Hoe Holdings Group including but not limited to building materials;

THE APPENDIX (Cont'd)

(c) the provision to SuperBowl Group and/or Hiap Hoe Holdings Group of building and construction services under construction contracts; and

(d) the provision to SuperBowl Group and/or Hiap Hoe Holdings Group of general building, construction, engineering, maintenance and technical services.

4. RATIONALE FOR AND BENEFIT OF THE SHAREHOLDERS' MANDATE

4.1 Rationale

It is envisaged that in the ordinary course of business of WestBuild, transactions between WestBuild and the interested persons of the Group are likely to occur from time to time. In view of the time-sensitive nature of commercial transactions, the shareholders' mandate will enable the Group, or any of the companies of the Group, in the ordinary course of their businesses, to enter into the categories of interested person transactions set out in paragraph 3 above with the specified classes of the Group's interested persons set out in paragraph 2 above, provided such interested person transactions are made on normal commercial terms.

In relation to the proposed interested person transactions referred to in paragraph 3 above, the consideration for the equipment, materials and/or services supplied or procured by WestBuild to the interested persons is determined based on (i) the actual costs of supply of equipment, materials and/or services by WestBuild to the interested persons, plus (ii) a fixed agreed margin of 5% for each contract. In the event that the costs of supply of equipment, materials and/or services by WestBuild to the interested persons shall increase or reduce as compared to the initial quoted costs for any reason (other than as a result of the default or breaches of WestBuild for which costs WestBuild will be responsible to bear), the consideration payable by the relevant interested persons to WestBuild shall be based on such increased or reduced actual costs, as the case may be (the "Pricing Formula").

The fixed agreed margin of 5% was adopted by WestBuild after taking into consideration various factors including the following:

(a) the range of margins typically achieved by WestBuild varies from approximately 2% to 10%, depending on the factors such as the type and size of the amount of the transaction;

(b) based on the Pricing Formula, WestBuild will be assured of a fixed margin over its actual costs of supply of equipment, materials and/or services to the interested persons; and

(c) SuperBowl Group, one of the interested persons, is listed on the SGX-ST. Accordingly, as both the Group as well as SuperBowl Group are listed on the SGX-ST, the proposed margin should be within market range and not prejudicial to either group.

The procurement of substantial or material equipment, materials and/or services by WestBuild from its suppliers and/or sub-contractors would generally be conducted through a competitive tender exercise.

4.2 Benefit

The renewal of the shareholders' mandate (and its subsequent renewal thereafter on an annual basis) will enhance the ability of WestBuild to pursue business opportunities in its ordinary course of business, and will eliminate the need for the Company to announce, or to announce and convene separate general meetings on each occasion to seek shareholders' prior approval for the entry by WestBuild into such transactions. This will substantially reduce administrative time, inconvenience and expenses associated with the convening of the general meetings on an ad hoc basis, without compromising the corporate objectives of the Group and/or adversely affecting the business opportunities available to the Group. This will also improve administrative efficiency considerably, and allow major manpower resources and time to be channeled towards attaining other corporate objectives.

THE APPENDIX (Cont'd)

5. METHODS AND PROCEDURES FOR REVIEW

5.1 Review Threshold Limits

The Company shall ensure that transactions are undertaken with interested persons on an arm's length basis and on normal commercial terms as follows:

(a) a Category 1 transaction is one with an interested person where the transaction value is below or equal to S$100,000;

(b) a Category 2 transaction is one with an interested person where the transaction value is in excess of S$100,000 up to S$1,000,000; and

(c) a Category 3 transaction is one with an interested person where the transaction value is in excess of S$1,000,000.

Category 1 transactions do not require the prior approval of the Audit Committee but shall be reviewed at its periodic meetings. Category 2 transactions do not require the prior approval of the Audit Committee but shall be notified to the Audit Committee for review within one month of the month-end of the preceding month in which transactions are entered into. The board of directors would need to seek the Audit Committee's approval first for Category 3 transactions.

In addition, any variation order in excess of 15% of the value of the original contract of value in excess of S$1,000,000 must also be reviewed and approved by the Audit Committee.

5.2 Review Procedures

(a) Audit Committee

In reviewing the interested person transactions, the Audit Committee shall ensure that the transactions with interested persons shall be based on the consideration structure described in paragraph 5.1 above, and are undertaken on an arm's length basis and on normal commercial terms, and are generally not prejudicial to the Company and its minority shareholders.

(b) Internal Review

All billings for interested person transactions and reconciliation of differences will be prepared by the accounts department of the Group. These billings and reconciliation works will have to be checked by the Group's accountant and reviewed by the financial controller of the Group. After which, a non-interested executive Director of the Company will approve all billings raised by WestBuild to SuperBowl Group and/or Hiap Hoe Holdings Group, as the case may be.

(c) Independent Internal Audit

An internal audit will be conducted by third party independent auditors engaged by the Group on the interested person transactions. The independent internal audit plan will address the review of the interested person transactions entered into pursuant to the shareholders' mandate and ensure that the review procedures for these transactions are complied and adhered with.

THE APPENDIX (Cont'd)

5.3 Other Procedures

In addition to the review procedures set out above, the following will also be implemented:

(a) the Company will maintain a register of transactions carried out with interested persons pursuant to the shareholders' mandate (recording the basis, including the quotations obtained to support such basis, on which they were entered into);

(b) reconciliation of differences between actual invoices and progress claims and any settlement thereof will be compiled on a quarterly basis and submitted to the Audit Committee for review at its periodic meetings to ascertain that the established review procedures to monitor interested person transactions have been complied with;

(c) if during these periodic reviews by the Audit Committee, the Audit Committee is of the view that the review procedures as stated above have become inappropriate or insufficient in view of changes to the nature of, or the manner in which, the business activities of the Group are conducted, the Company will revert to shareholders for a fresh mandate based on new guidelines and review procedures to ensure that the interested person transactions will be on an arm's length basis and on normal commercial terms; and

(d) if a member of the Audit Committee has an interest in an interested person transaction under his review, he (and his Associates, if applicable) will abstain from any decision making in respect of that transaction and the review and approval (if any) of such transaction shall be undertaken by the remaining members of the Audit Committee.

5.4 Disclosure

Disclosure will be made in the Company's annual report of the aggregate value of the transactions conducted with interested persons pursuant to the shareholders' mandate during the course of the financial year, and in the annual reports for the subsequent financial years that the shareholders' mandate continues in force, in accordance with the requirements of Chapter 9 of the Listing Manual.

6. VALIDITY PERIOD OF SHAREHOLDERS' MANDATE

The renewed shareholders' mandate will take effect from the passing of the resolution relating thereto, and will (unless revoked or varied by the Company in general meeting) continue in force until the next AGM of the Company. Approval from shareholders will be sought for the renewal of the shareholders' mandate at the next AGM and at each subsequent AGM of the Company, subject to satisfactory review by the Audit Committee of its continued application to the transactions with the interested persons.

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HIAP HOE LIMITED

Company Registration No. 199400676Z
(Incorporated In The Republic of Singapore)

IMPORTANT:
1. For investors who have used their CPF monies to buy Hiap Hoe Limited's shares, this Report is forwarded to them at the request of the CPF Approved Nominees and is sent solely FOR INFORMATION ONLY.
2. This Proxy Form is not valid for use by CPF investors and shall be ineffective for all intents and purposes if used or purported to be used by them.
3. CPF investors who wish to attend the Meeting as an observer must submit their requests through their CPF Approved Nominees within the time frame specified. If they also wish to vote, they must submit their voting instructions to the CPF Approved Nominees within the time frame specified to enable them to vote on their behalf.

PROXY FORM

(Please see notes overleaf before completing this Form)

I/We, ____ (Name)

of ____ (Address)

being a member/members of Hiap Hoe Limited (the "Company"), hereby appoint:

Name	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

and/or (delete as appropriate)

Name	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

or failing the person, or either or both of the persons, referred to above, the Chairman of the Meeting as my/our proxy/proxies to vote for me/us on my/our behalf at the Annual General Meeting (the "Meeting") of the Company to be held at Ramada Singapore, Level 2, Zhongshan Meeting Room, 16 Ah Hood Road, Singapore 329982 on Thursday, 17 April 2014 at 11.00 a.m. and at any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against the Resolutions proposed at the Meeting as indicated hereunder. If no specific direction as to voting is given or in the event of any other matter arising at the Meeting and at any adjournment thereof, the proxy/proxies will vote or abstain from voting at his/her discretion. The authority herein includes the right to demand or to join in demanding a poll and to vote on a poll.

(Please indicate your vote "For" or "Against" with a tick [√] within the box provided.)

No.	Resolutions relating to:	For	Against
1	Directors' Report and Audited Accounts for the year ended 31 December 2013		
2	Payment of proposed final dividend		
3	Re-election of Mr Teo Ho Beng as a Director		
4	Re-election of Mr Chan Boon Hui as a Director		
5	Re-election of Ms Wun May Ling Tracy as a Director		
6	Approval of Directors' fees amounting to S$121,000.00		
7	Re-appointment of Ernst & Young LLP as Auditors		
8	Authority to issue new shares		
9	Authority to issue shares under the Hiap Hoe Performance Share Plan		
10	Renewal of Shareholders' Mandate for Interested Person Transactions		
11	Renewal of Share Buyback Mandate		

Dated this ____________________ day of ____________________ 2014

Total number of Shares in:	No. of Shares
(a) CDP Register	
(b) Register of Members	

____
Signature of Shareholder(s)
or, Common Seal of Corporate Shareholder

Please cut along dotted line

Notes:

1. Please insert the total number of Shares held by you. If you have Shares entered against your name in the Depository Register (as defined in Section 130A of the Companies Act, Chapter 50 of Singapore), you should insert that number of Shares. If you have Shares registered in your name in the Register of Members, you should insert that number of Shares. If you have Shares entered against your name in the Depository Register and Shares registered in your name in the Register of Members, you should insert the aggregate number of Shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the Shares held by you.

2. A member of the Company entitled to attend and vote at a meeting of the Company is entitled to appoint one or two proxies to attend and vote in his/her stead. A proxy need not be a member of the Company.

3. Where a member appoints two proxies, the appointments shall be in the alternate unless he/she specifies the proportion of his/her shareholding (expressed as a percentage of the whole) to be represented by each proxy.

4. Completion and return of this instrument appointing a proxy shall not preclude a member from attending and voting at the Meeting. Any appointment of a proxy or proxies shall be deemed to be revoked if a member attends the meeting in person, and in such event, the Company reserves the right to refuse to admit any person or persons appointed under the instrument of proxy to the Meeting.

5. The instrument appointing a proxy or proxies must be deposited at the registered office of the Company at 18 Ah Hood Road, #13-51 Hiap Hoe Building At Zhongshan Park, Singapore 329983 not less than 48 hours before the time appointed for the Meeting.

6. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorised. Where the instrument appointing a proxy or proxies is executed by an attorney on behalf of the appointor, the letter or power of attorney or a notarially certified copy thereof must be lodged with the instrument.

7. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Meeting, in accordance with Section 179 of the Companies Act, Chapter 50 of Singapore.

General:

The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible, or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of Shares entered in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if the member, being the appointor, is not shown to have Shares entered against his name in the Depository Register as at 48 hours before the time appointed for holding the Meeting, as certified by The Central Depository (Pte) Limited to the Company.

CORPORATE INFORMATION

Board of Directors

Teo Ho Beng (Executive Chairman / Chief Executive Officer)
Teo Ho Kang, Roland (Managing Director)
Wun May Ling Tracy (Executive Director)
Chan Wah Tiong (Lead Independent, Non-Executive Director)
Chan Boon Hui (Independent, Non-Executive Director)
Kwok Chui Lian (Independent, Non-Executive Director)

Executive Committee

Teo Ho Beng (Chairman)
Teo Ho Kang, Roland
Wun May Ling Tracy

Audit Committee

Chan Wah Tiong (Chairman)
Chan Boon Hui
Kwok Chui Lian

Nominating Committee

Kwok Chui Lian (Chairman)
Chan Boon Hui
Chan Wah Tiong

Remuneration Committee

Chan Boon Hui (Chairman)
Chan Wah Tiong
Kwok Chui Lian

Group Chief Financial Officer

Benjamin Chan

Company Secretary

Lai Foon Kuen

Registered Office / Business Office

18 Ah Hood Road #13-51
Hiap Hoe Building At Zhongshan Park
Singapore 329983
Tel : +65 6250 2200
Fax : +65 6808 8803
Email : hiaphoe@hiaphoe.com
www.hiaphoe.com

Share Registrar and Share Transfer Office

Boardroom Corporate & Advisory Services Pte Ltd
50 Raffles Place
#32-01 Singapore Land Tower
Singapore 048623

Auditors

Ernst & Young LLP
Public Accountants and Certified Public
Accountants Singapore
One Raffles Quay
North Tower Level 18
Singapore 048583

Audit Partner-In-Charge

Nelson Chen Wee Teck
Since the Financial Year ended 2009

Only the best carries our signature

HIAP HOE LIMITED
Company Registration No. 199400676Z

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Hiap Hoe Building At Zhongshan Park
Singapore 329983
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