HIAP HOE LIMITED
ANNUAL REPORT 2010

SIGNATURE HOMES
by HiapHoe

FY 2010 Calendar of Events

January to December 2010

20 January	Temporary Occupation Permit obtained for Oxford Suites
28 January	Wyndham Group to Operate Hiap Hoe-SuperBowl Hotels at Zhongshan Park in Balestier
11 February	2009 Full Year Financial Statement and Dividend Announcement
26 February	Temporary Occupation Permit obtained for Cuscaden Royale
3 March	Hiap Hoe Launches Home Resort at Cavenagh
17 March	Change of name of wholly-owned subsidiary, Siong Hoe Development Pte Ltd to Hiap Hoe Investment Pte. Ltd.
24 March	Listing and quotation of 94,911,028 Bonus Shares
20 April	Annual General Meeting / Extraordinary General Meeting
12 May	First Quarter Financial Statement Announcement
13 August	Second Quarter Financial Statement Announcement
9 November	Third Quarter Financial Statement and Dividend Announcement
25 November	Book Closure Date - Interim Dividend of 0.25 cents per ordinary share

Contents

01 Vision, Mission, Value
Corporate Profile
02 Group Structure
03 Financial Highlights
04 Chairman's Message
06 Financial Review
08 Operations Review
14 Board of Directors
16 Key Management
17 Corporate Information
18 Risk Management

For a better understanding of the Annual Report and overall profile of the Company, shareholders are encouraged to download the SGX's Investor's Guide Books via this link, http://www.sgx.com/wps/portal/marketplace/mp-en/investor_centre/investor_guide.

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

Vision, Mission, Values

A RICHER LIFE FOR EACH OF US

Be a competitive market player in residential properties, bringing reward and satisfaction to shareholders, customers, associates and employees

We prize foresight, integrity and commitment among other time-honoured values

Company Profile

The Hiap Hoe Group has more than three decades of experience in construction industry, and has been responsible for a large and varied number of projects in Singapore.

Today, Hiap Hoe Limited is primarily focused on developing luxury and mid-tier residential properties that are distinct in design and preferred for their excellent investment prospects and location. Prominent among these developments are Cuscaden Royale and Oxford Suites which were fully sold soon after their respective launches, as well as Signature at Lewis, The Beverly, Waterscape at Cavenagh and Skyline 360^{O} at St Thomas Walk. Upcoming signature developments include choice residences at Treasure on Balmoral. Marking its first foray into the hospitality business, Hiap Hoe is currently working with SuperBowl Holdings Group on a hotel-cum-commercial development project at Balestier Road/Ah Hood Road.

In addition to its core business of property investment and development, Hiap Hoe is also involved in the construction business. This construction business is mainly engaged in the building of the Group's developments, but also simultaneously continues to pursue opportunities via third-party contracts.

Group Structure

HIAP HOE LIMITED

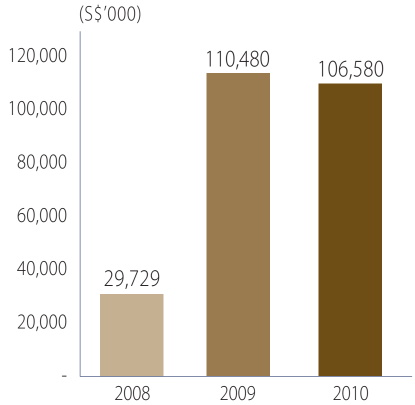
Segment	Holding	Company
Residential Properties	100%	Leng Hoe Development Pte. Ltd.
		Leong Hoe Development Pte. Ltd.
		Oxford Development Pte. Ltd.
		Cavenagh Properties Pte. Ltd.
		Bukit Panjang Plaza Pte Ltd
		Guan Hoe Development Pte Ltd
		Keng Hoe Development Pte Ltd
		Wah Hoe Development Pte. Ltd. — 60% Goodluck View Development
	60%	Hiap Hoe SuperBowl JV Pte. Ltd.
Hotel / Commercial Properties	50%	HH Properties Pte. Ltd.
	40%	Cantonment Development Pte. Ltd.
Construction	100%	WestBuild Construction Pte. Ltd.
Investment / Others	100%	Hiap Hoe Investment Pte. Ltd.

Financial Highlights

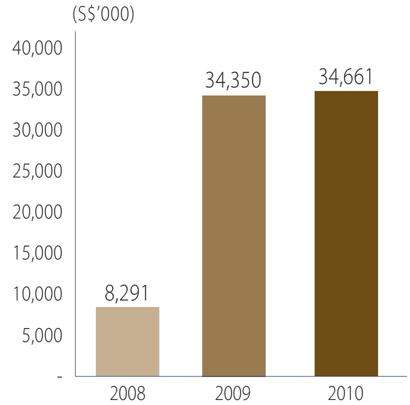
	2010	2009	2008
	$'000	$'000	$'000
Group Income Statements			
Revenue	106,580	110,480	29,729
Profit before Taxation	39,577	41,622	8,252
Net Profit Attributable to Owners of the Parent	34,661	34,350	8,291
Group Balance Sheet			
Property, Plant and Equipment	6,134	6,277	3,741
Investment Properties	3,045	5,410	7,192
Investment in Joint Venture	802	–	–
Current Assets	517,533	590,206	523,399
Current Liabilities	180,424	89,597	20,921
Non-Current Liabilities	140,118	337,343	371,793
Equity Attributable to Owners of the Parent	206,870	174,766	141,360
Per Share Data (Cents)			
Earnings after Tax[1] (Basic)	7.33	7.26	1.92
Net Assets Value[1]	43.81	36.97	29.90
Dividend	0.50	0.25	0.25
Financial Ratios			
Return on Average Shareholders' Funds (%)	18.16	21.73	6.46
Debt Equity Ratio (Times)	1.34	2.28	2.69
Current Ratio (Times)	2.87	6.59	25.02

Note: (1) For comparative purposes, the ratios for FY2009 and FY2008 is adjusted to take effect of the bonus issue in FY2010.

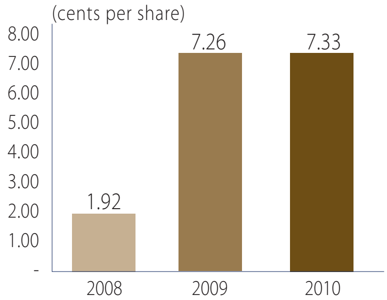
Revenue
(S$'000)



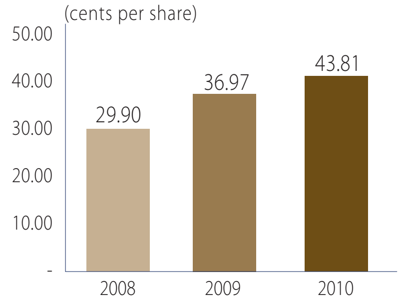
Net Profit Attributable to Owners of the Parent
(S$'000)



Earnings Per Share
(cents per share)



Net Assets Value Per Share
(cents per share)



Chairman's Message

Our robust performance in FY2010 was in accordance with the growth of the Singapore economy, which grew 14.5% in 2010, as announced by the Ministry of Trade and Industry.

Teo Guan Seng, BBM
Chairman

Dear Shareholders,

I am pleased to announce that we have once again achieved record net profit results for the financial year ended 31 December 2010 ("FY2010"), as we turned in a full year net profit of $34.6 million, surpassing net profit of $34.3 million attained in the financial year ended 31 December 2009 ("FY2009").

Although group revenue for FY2010 decreased 3.5% to $106.6 million, cost of sales was lower and thus gross profit improved accordingly by 13.6% to $49.8 million in FY2010, from $43.8 million in FY2009.

Our robust performance in FY2010 was in accordance with the growth of the Singapore economy, which grew 14.5% in 2010, as announced by the Ministry of Trade and Industry. Despite cooling measures implemented by the Singapore government in August 2010, property prices continued to rise, by 2.9% in the third quarter of 2010, and 2.7% in the fourth quarter of 2010.

Against a backdrop of upbeat sentiment in the property market, Waterscape at Cavenagh ("Waterscape") was fully launched to much success in the first quarter of FY2010. To date, the 200-unit development has achieved sales of more than 70%. Our other project, Skyline 360° at St Thomas Walk ("Skyline 360°"), a 36-storey freehold development with 61 exclusive residential units, also had a soft launch by way of invitation in the first half of FY2010, and has since sold more than 50% of total units. With regard to joint-venture residential project, The Beverly, we have since sold more than 75%.

Construction commenced for both projects, Waterscape and Skyline 360° in FY2010, so recognition of revenue from the respective units sold bolstered our revenue for FY2010. Revenue from both development projects will continue to be progressively recognized at various construction milestones through the next few years.

Sales from Waterscape and Skyline 360° provided for more than half of FY2010's revenue. Progressive revenue recognition from previously launched residential projects also contributed to our revenue in FY2010. Previously launched projects include Signature at Lewis, launched in FY2009 and still under construction, as well as Cuscaden Royale and Oxford Suites, both launched in FY2007 and completed in FY2010.

Construction for the integrated hotel/commercial development at Balestier Road/Ah Hood Road continues to be on schedule, with piling work for the site completed in the third quarter of FY2010. The Zhongshan Park located within this development is expected to be completed in the second half of 2011, while the hotels and commercial blocks are expected to be completed in 2014.

On 24 March 2010, 94,911,028 bonus shares were listed and quoted on the Singapore Exchange Securities Trading Limited, and were issued on the basis of one bonus share for every four existing ordinary shares. The bonus shares were issued as we wanted to show our appreciation to all our shareholders for their continuous support through the years, and also because we wanted to share the fruit of our success with them, in view of our strong financial performance in FY2009.

Dividend

In view of our profitable results for FY2010, the Board has proposed a final cash dividend of 0.25 cents per ordinary share. Together with the interim cash dividend of 0.25 cents per ordinary share paid out on 8 December 2010, the total dividend for the year will amount to 0.50 cents per ordinary share, or approximately $2.4 million, which is a dividend payout ratio of about 6.8%.

Outlook

Against a backdrop of macroeconomic uncertainties, as well as government policy overhang, we remain cautious about our outlook for 2011. Nonetheless, prices of well-designed residential developments in good locations appear to be holding up, which bodes well for the Group's residential projects.

Looking forward to 2011, we remain prudent in the review of our sales and purchase programs for our various residential developments, and we continue to wait for an opportune time to launch our residential development project, Treasure on Balmoral.

Appreciation

I would like to extend my appreciation to all our bankers and business partners, whose support and trust we could not have done without. And to our Board members, management team and staff, I would also like to congratulate everyone on yet another year of accomplishments. Thank you all for your continuous perseverance and commitment towards attaining new heights for the Group.

Teo Guan Seng, BBM
Chairman

Financial Review

Profitability

The Group posted another year of record profit of $34.6 million in FY2010, on revenue of $106.6 million, versus a net profit of $34.3 million on revenue of $110.5 million in FY2009.

The residential developments that contributed the most to FY2010 revenue are Waterscape at Cavenagh and Skyline 360°, which were both launched in FY2010. The former contributed $26.6 million in sales, while the latter contributed $35.9 million. Both developments will continue to contribute positively to the Group over the next few years, as construction for the two developments is ongoing.

Signature at Lewis, launched in FY2009 and currently undergoing construction, generated $16.2 million in sales. Completed projects, Cuscaden Royale and Oxford Suites obtained their Temporary Occupation Permits ("TOP") and Certificate of Statutory Completion ("CSC") during the year, and the final revenue generated from these two projects was $16.2 million and $3.5 million respectively.

Joint-venture projects, The Beverly, a residential development and the hotel-cum-commercial development at Balestier Road/Ah Hood Road, collectively contributed approximately $8.2 million in revenue via project income from the Group's construction arm, WestBuild Construction Pte Ltd.

Sales proceeds received from the sales of uncompleted projects were used to repay bank borrowings. This, coupled with lower interest rates resulted in a 14.8% decrease in cost of sales to $56.8 million for FY2010. Accordingly, this resulted in an increase in gross profit to $49.8 million for FY2010, from $43.8 million in FY2009.

Other income increased by 15.5% due to a gain on sale of investment property of $0.6 million.

The lion's share of FY2010's expenses came from distribution and selling expenses, which includes advertising, marketing, sales commissions and legal fees. Following an intensive marketing and advertising campaign for the residential projects that were launched in FY2010, Waterscape at Cavenagh incurred $6.7 million in expenses, while Skyline 360° incurred $2.5 million.

Administrative expenses rose to $3.7 million in FY2010 from $2.8 million in FY2009, due to an increase in headcount and higher cost for general overheads. Other expenses of $0.3 million for FY2010 mainly constituted fair value written down for bonds purchased as of 31 December 2010.

Due to progressive revenue recognition from construction projects on the joint-venture residential development, The Beverly, the share of results of joint venture for FY2010 amounted to $1.1 million.

Group taxation fell to $5.0 million in FY2010, partly due to a write back of overprovisions made in the previous year as well as an offset of profits from prior year's unabsorbed losses. In addition, a higher tax allowance cost was imputed, as no deferred tax asset was recognised previously for some of the Group's projects.

Balance Sheet

The sale of a 3-storey shop house at Tyrwhitt Road contributed to the decrease in investment properties in FY2010.

As of 31 December 2010, cash, bank balances and fixed deposits increased to $36.4 million from $3.5 million, along with other investments which also increased to $27.9 million from $0.2 million as of 31 December 2009. The increase was mainly due to an additional 33% of total sales proceeds received, after the respective TOPs and CSCs were obtained during the year for two completed projects, Oxford Suites and Cuscaden Royale. Part of the proceeds were used to pay down the Group's short-term borrowings.

With legal completions already obtained for Oxford Suites and Cuscaden Royale, the remaining sales proceeds of $8.7 million are receivable upon the expiry of the one year defect period. $5.2 million in progress payment from uncompleted projects are also receivable. As such, the Group's trade and other receivables increased to $14.2 million as of end December 2010.

The Group's development properties decreased to $377.7 million as of 31 December 2010, from $536.6 million as of 31 December 2009, primarily due to the increase in progress payments received for uncompleted projects. These contributed to the decrease in current assets to $517.5 million as of end-December 2010, from $590.2 million as of 31 December 2009.

Current liabilities, on the other hand, rose to $180.4 million from $89.6 million, largely due to the reclassification of interest bearing loans of $125.0 million from non-current liabilities to current liabilities, stemming from the impending conclusion of bank borrowings for residential projects, Signature at Lewis and Treasure on Balmoral in 2011.

Other liabilities increased to $18.5 million as of 31 December 2010 from $12.2 million as of 31 December 2009, due to the increase in accruals of the deferred land tax and operating expenses during the year. Provision for taxation increased to $12.8 million as of 31 December 2010, from $0.8 million as of 31 December 2009 due to the realization of tax payable upon the receipt of TOPs for Oxford Suites and Cuscaden Royale in 2010.

Cash Flow

The Group generated a net cash of $195.6 million from operating activities in FY2010. This arose mainly from more progress billings made on the back of an increase in sales of the Group's residential units. For the same reason, development properties decreased by $164.6 million in FY2010.

With the increase in sales of residential units, trade and other receivables for FY2010 increased by $13.3 million. As cost accrued for completed projects were settled, the increment in other liabilities of $6.3 million in FY2010 was lower compared to $8.7 million in FY2009.

Net cash used in investing activities was $32.5 million in FY2010. In FY2010, $45.9 million was used to purchase unquoted investments such as bond and commercial papers. During the year, $3.4 million in sales proceeds was received from the sale of one of the Group's investment properties, a 3-storey shop house at Tyrwhitt Road. As indicated under the item, loan to joint-ventures, $8.3 million worth of funds was used by the Group in FY2010, for the joint-venture projects that are being developed together with SuperBowl Holdings Limited.

Net cash used in financing activities was $129.9 million in FY2010. Despite the inflow of funds, net cash used for financing activities increased significantly, mainly due to the repayment of bank term loans of $128.6 million in FY2010. In addition, $3.2 million worth of funds was injected in FY2010, by a related company, SuperBowl Holdings Limited for the joint-venture residential development project, Treasure on Balmoral.

Earnings per Share

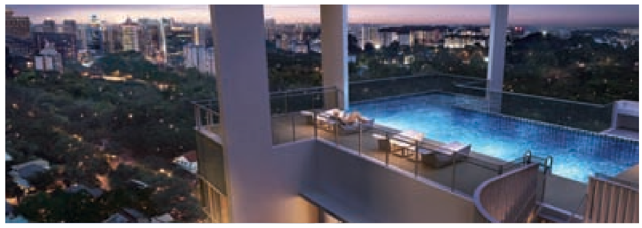
Despite the bonus issue of 94,911,028 new ordinary shares in the capital of the Company, where one bonus share was issued for every four existing ordinary shares on 24 March 2010, earnings per share improved slightly to 7.33 cents in FY2010 from 7.26 cents in FY2009.

Net Asset Value

At the end of the financial year, the Group's total shareholder's equity stood at $207.0 million, an increase of 18.3% over the previous financial year. Following the bonus issue, net asset value per share increased to 43.81 cents in FY2010, from 36.97 cents in FY2009.

Operations Review

RESIDENTIAL PROPERTIES


TREASURE ON BALMORAL

TREASURE ON BALMORAL

The Treasure on Balmoral sits on a 46,371 sq ft site, and is set to be the Group's latest luxurious freehold residential development. Situated along Balmoral Road, the Treasure on Balmoral is just a stone's throw from Orchard Road, Singapore's main shopping hub. The development is also flanked by prestigious membership clubs, reputable educational institutions, and lies in close proximity to the Singapore Botanic Gardens.

The 12-storey block will house 44 apartment units and four penthouses with attached private swimming pools. Sizes of the apartment units will range from 1,701 sq ft to 3,692 sq ft.

Hiap Hoe teamed up with SuperBowl Holdings, in a 60-40 joint venture to develop Treasure on Balmoral. The Group commenced construction for Treasure on Balmoral in 2009. About 24% of construction work has been completed to date. The Group remains prudent in the review of its sales programs, and is seeking an opportune time to launch Treasure on Balmoral.

THE BEVERLY

Arranged in a distinct triangular configuration, The Beverly, a freehold residential development, within a low-density private housing estate sits on a 124,000 sq ft site, and offers good accessibility to the city via the Pan-Island Expressway, the Bukit Timah Expressway, and the upcoming Beauty World MRT.

Located at Toh Tuck Road, just off Upper Bukit Timah Road, The Beverly is conveniently located just minutes away from the shopping and dining hub along Upper Bukit Timah and Holland Village. The development is also close to prestigious schools, as well as to lush greenery of the nearby Bukit Timah Nature Reserve and Bukit Batok Nature Park.

The Beverly's spacious 2, 3, and 4-bedroom apartments range from 1,120 sq ft to 4,187 sq ft, while its double-storey penthouses range from 2,099 sq ft to 3,757 sq ft, and are each outfitted with a private roof garden and pool.

THE BEVERLY

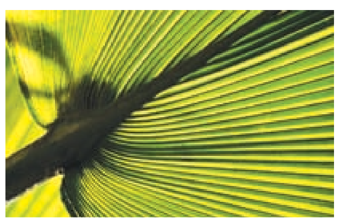
While most units have a view of the pool and the courtyard, The Beverly has been designed to provide maximum privacy for its residents. Each of The Beverly's 118 apartment units is served by private lifts that open right into the lobby of its designer interior.

A 60-40 joint venture with SuperBowl, The Beverly was launched in 2009 and has since sold more than 75% of the units. Construction is underway and the expected Temporary Occupation date is May 2013.

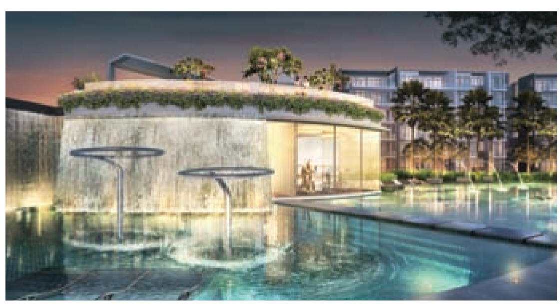
WATERSCAPE AT CAVENAGH

Conceived as the first home resort in the heart of the city, the 101,193 sq ft development, which occupies the former Clemenceau Court and Le Chateau sites, is nestled amidst an enchanting waterscape setting in an exclusive enclave, that is a short walk to Orchard Road and Dhoby Ghaut MRT station. Also in close proximity to Waterscape at Cavenagh, are a host of upmarket retail and dining outlets, as well as renowned schools.

Waterscape at Cavenagh was designed to inspire leisurely and modern living within a tropical and private abode. Comprising four 7-storey blocks and two 6-storey blocks, the development will house 200 one to four-bedroom apartment units and penthouses ranging from 581 sq ft to 2,992 sq ft.



WATERSCAPE AT CAVENAGH



Operations Review (Cont'd)

RESIDENTIAL PROPERTIES

Inhabitants of this city sanctuary will be greeted with views of The Water Court, The Spa Sanctuary or The Nature Trail – three distinct spaces named to reflect the facilities available within each area.

Fully launched in the first quarter of 2010 to much success, the Group has to date sold more than 70% of the units of Waterscape at Cavenagh. Hiap Hoe has completed about 10% of construction work of this development, and expects to receive its Temporary Occupation Permit for Waterscape at Cavenagh by December 2014.

SKYLINE 360° AT ST THOMAS WALK

A few streets away from Orchard Road at St Thomas Walk, the 36-storey skyscraper, Skyline 360° offers stunning views of the popular malls of Singapore's premier shopping district to the glittering nightlife hubs of Clarke Quay and Boat Quay.

Sitting on a 44,003 sq ft site, this 61-unit freehold residential development features 3 and 4-bedroom apartments, as well as penthouses with private pools. With only two apartment units per level serviced by a private lift, homeowners are afforded the utmost privacy and serenity.

Skyline 360° was soft-launched in the first half of 2010, and to date, more than 50% of the units have been sold. Approximately 35% of construction work has been completed, and the development has an expected Temporary Occupation date of June 2013.

SIGNATURE AT LEWIS

Away from the hustle and bustle of the city, luxury residential project - the Signature at Lewis, is situated in prime district 10 and sits on a 21,679 sq ft site at Lewis Road.

Set to inspire leisurely and affluent living within a prestigious, private and spacious abode and standing at 12-storeys tall, the development comprises 30 luxury studio, two and four-bedroom apartments ranging from 635 sq ft to 1,841 sq ft, and two penthouses that are more than 3,000 sq ft each.

Signature at Lewis is but a few minutes drive away from Orchard Road, Singapore Botanic Gardens, Adam Food Centre, Newton MRT Station and the upcoming Stevens and Botanic Garden MRT stations. The development is also located near membership clubs such as Raffles Town Club and The Pines, and established schools.

Signature at Lewis was launched in 2009 and has since sold 87% of its units. Approximately 62% of construction work has been completed thus far. Hiap Hoe is expected to receive Temporary Occupation Permit for this development in December 2011.

SKYLINE 360⁰ AT ST THOMAS WALK

SIGNATURE AT LEWIS

CONSTRUCTION

WestBuild Construction Pte. Ltd. ("WBC") is a wholly owned subsidiary of Hiap Hoe Limited and acts primarily as the construction arm of the Group, handling all its development projects.

Capitalising on the Company's market knowledge and experience in residential property construction, WBC completed residential projects, Cuscaden Royale, Oxford Suites, City Edge and Proximo. Currently, its portfolio of projects include Waterscape at Cavenagh, The Beverly, Signature at Lewis, Skyline 360° at St Thomas Walk, Treasure on Balmoral, as well as the two hotel-cum-commercial developments on Balestier Road/Ah Hood Road.

For the year ended 31 December 2010, the construction segment's revenue increased to $8.2 million, which was about 7.7% of the Group's revenue. This was mainly revenue from the construction of joint ventures projects, The Beverly and the integrated hotel/commercial development on Balestier Road/ Ah Hood Road. Profit from this segment increased to $0.9 million in FY2010, up from $0.2 million a year ago. As at 31 December 2010, the total outstanding order for the construction business including the Group's development projects approximated $340 million.

Operations Review (Cont'd)

HOTEL / COMMERCIAL PROPERTIES

Marking its first foray into the hospitality business, Hiap Hoe, and SuperBowl Holdings, was awarded through their 50-50 joint venture company, HH Properties Pte Ltd, a parcel of land along Balestier Road/Ah Hood Road back in August 2008. The site, designated for hotel and commercial / residential development, and located just opposite the Sun Yat Sen Nanyang Memorial Hall, has a land area of about 190,000 sq ft and a gross permissible floor area of about 421,000 sq ft.

The JV company opted to build two hotel-cum-commercial developments on the site. The two hotels will flank Zhongshan Park, creating a unique integrated hotel-park development with a strong heritage and cultural flavour.

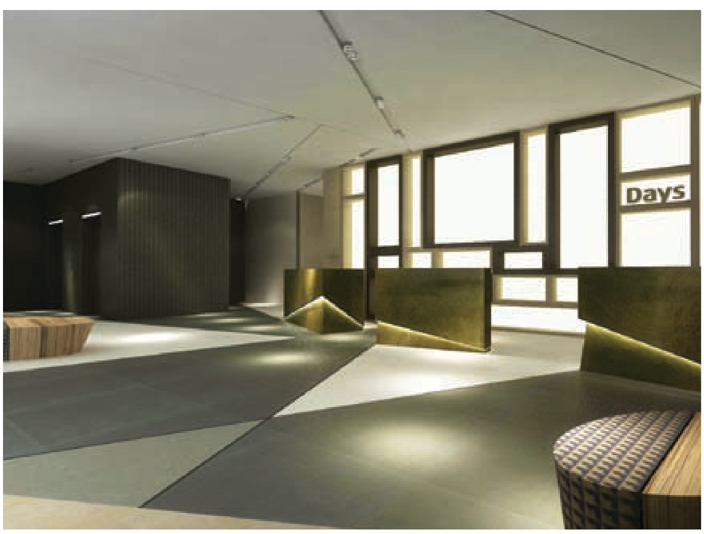
Wyndham Hotel Management, Inc., was subsequently appointed in January 2010 to run the two hotels located on the JV's Balestier site. Wyndham Hotel Management, Inc. is part of the Wyndham Hotel Group, the world's largest hotel company with more than 7,000 hotels and 11 brands.

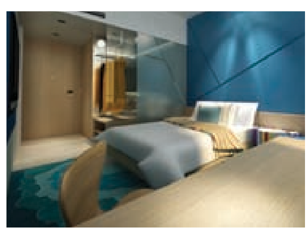
RAMADA HOTEL

The hotels will be operated under the Ramada and Days Hotel brands – both firsts in Singapore. The Ramada Singapore at Zhongshan Park will have approximately 390 rooms, together with a full service restaurant, fitness center, swimming pool, business center and more than 6,400 sq ft of meeting space. It will also be linked to an adjacent office block to be developed concurrently.

The Days Hotel Singapore at Zhongshan Park will house approximately 405 rooms and will have amenities such as a full service restaurant and fitness center. Both hotels are expected to be open for business in 2014.

Piling work on the site has been completed. The park within this joint-venture project is expected to be completed in the second half of 2011, while the hotels and commercial blocks are expected to be completed in 2014.





DAYS HOTEL

Board of Directors

TEO GUAN SENG, BBM
Chairman

Mr Teo was appointed as Director and Chairman of Hiap Hoe Limited (Hiap Hoe) on 16 January 2003, and has been the Managing Director of Hiap Hoe Holdings Pte Ltd and its Group of subsidiaries (Hiap Hoe Group) since 14 March 1983. He is also a member of the Nominating Committee.

As the founder of the Hiap Hoe Group, Mr Teo's expertise and experience in the construction, property and leisure industries have been instrumental to its growth and development. Mr Teo is involved in chairing the Board of Directors' meetings. Mr Teo Guan Seng is currently the Executive Chairman of SuperBowl Holdings Limited (SuperBowl) and is involved in ensuring the implementation of corporate policies and strategies. He is also responsible for the financial and operational performance of SuperBowl. He was awarded the PBM (Pingat Bakti Masyarakat) in 1995, and the BBM (Bintang Bakti Masyarakat) in 2000.

TEO HO BENG
Managing Director/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. He has more than 36 years of experience in the construction and property industries, and over 21 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 the Managing Director of SuperBowl. As a Managing Director, he is not subject to retirement by rotation.

TEO HO KANG, ROLAND
Executive Director

Mr Teo was appointed as Director on 16 January 2003. He has been a Director of Hiap Hoe Group since 1999, and was appointed as an Executive Director and the Deputy Managing Director of SuperBowl on 28 September 1995. With more than 21 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 business expansion 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 20 April 2010.

LIM KIM SOON LEE, CINDY
Executive Director

Ms Lim was appointed as Director on 16 January 2003. She is a Certified Public Accountant and has been the Financial Controller of SuperBowl since 1995. With more than 22 years of experience in finance, Ms Lim is responsible for overseeing the financial affairs and business development of Hiap Hoe and SuperBowl. Ms Lim was an auditor at Deloitte & Touche, Singapore before joining the airline industry. She graduated from the National University of Singapore with a Bachelor of Accountancy degree in 1988. Her last re-election to the Board was on 22 April 2009.

CHAN WAH TIONG

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 is the Chief Executive Officer of All Saints Home, a non-profit organization 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 Limited, 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 Certified Public Accountants of Singapore, 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.

DR WANG KAI YUEN

Independent, Non-Executive Director

Dr Wang was appointed as Director on 25 January 2002. He chairs the Remuneration Committee and the Nominating Committee and is a member of Audit Committee.

Dr Wang served as a Member of Parliament for the Bukit Timah Constituency from December 1984 till April 2006. He was the Chairman of Feedback Unit from 2002 till his retirement from politics. He retired from his full time position in Fuji Xerox in 2009.

Dr Wang also holds directorships at ComfortDelgro Group Ltd, Cosco Corp Singapore, CAO (Singapore) Corp, Asian Micro Holdings Ltd, Ezion Holdings Ltd, Xpress Holdings Ltd, Matex International Ltd, and others.

He graduated from the National University of Singapore with a Bachelor of Engineering (First Class Honours in Electrical and Electronics) in 1972. Dr Wang holds a Master of Science in Industrial Engineering, Masters of Science in Electrical Engineering, and a Doctorate in Engineering from Stanford University (USA). His last re-election was on 24 April 2008.

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. Prior to that, he was a Senior Banker (Investment Banking) with OCBC Bank. He has more than 15 years of investment banking experience with 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 22 April 2009.

Key Management

AW HUI MIEN, JENNY

assumed the position of Financial Controller of Hiap Hoe Limited on 1 February 2003. She is a Certified Public Accountant and a member of The Association of Chartered Certified Accountants (ACCA). After completing the ACCA examinations in 1993, Ms Aw worked as a graduate assistant with KPMG for a year. She joined Hiap Hoe in 1995, and her current responsibilities include overseeing the Group's accounts and related matters.

SEOH CHOON HONG

the Senior Accountant, is a graduate of the ACCA and a Certified Public Accountant who has gathered more than 16 years of experience in auditing and accounting. Prior to joining Hiap Hoe Limited in January 2003, Ms Seoh was a Management Accountant with a public listed company. She is involved in the financial, taxation and corporate secretariat matters for the Group.

TEO POH SIM

is the Company's Senior Manager. When she joined the Company on 1 February 2003 as Administration Manager, Ms Teo brought with her more than 11 years of experience in human resource and administration. She is responsible for formulating the human resource and administration policies of the Group, 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).

BRIDGET TAN

joined the Company in October 2006 as the Senior Manager (Property Development). With more than 19 years of experience in real estate development, she oversees the property development arm of the Group.

STELLA GOH

joined the Group in July 2005 as a Leasing Manager. With more than 18 years of involvement in property leasing, she has extensive specialist knowledge of the field. Ms Goh had worked for another well-known property developer before coming on board. Her responsibilities include the leasing of commercial and residential properties within the Group.

CHARLOTTE TAN

joined the Group as a Senior Manager (Project Management and Leasing) in November 2010. She has past work experience with an architectural firm and a renowned retailer in Singapore. Armed with more than 14 years of project management and design experience including 7 years experience in the retail industry both in Singapore and overseas, she oversees the project management and procurement and also the lease management for the Group. Ms Tan holds a Bachelor of Applied Science in Construction Management (Hons) degree.

Corporate Information

Board of Directors

Teo Guan Seng, BBM *(Chairman, Non-Executive)*
Teo Ho Beng *(Managing Director/ Chief Executive Officer)*
Teo Ho Kang, Roland *(Executive)*
Lim Kim Soon Lee, Cindy *(Executive)*
Chan Wah Tiong *(Independent, Non-Executive)*
Dr Wang Kai Yuen *(Independent, Non-Executive)*
Chan Boon Hui *(Independent, Non-Executive)*

Executive Committee

Teo Ho Beng *(Chairman)*
Teo Ho Kang, Roland
Lim Kim Soon Lee, Cindy

Audit Committee

Chan Wah Tiong *(Chairman)*
Dr Wang Kai Yuen
Chan Boon Hui

Nominating Committee

Dr Wang Kai Yuen *(Chairman)*
Chan Boon Hui
Chan Wah Tiong
Teo Guan Seng, BBM

Remuneration Committee

Dr Wang Kai Yuen *(Chairman)*
Chan Boon Hui
Chan Wah Tiong

Group Financial Controller

Aw Hui Mien, Jenny

Company Secretary

Lai Foon Kuen

Registered Office / Business Office

564A Balestier Road
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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
Since Financial Year ended 2009

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 its growth and profitability.

Interest Rate Exposure

Changes in interest rate are a major influence on the bottom line because the Group mainly finances its investments through bank borrowings.

The Group manages interest rate risk by arranging different credit facilities with various banks at competitive rates. It further hedges against fluctuations in the cost of borrowing through interest rate swap.

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 some projects under its portfolio.

Reliability of Suppliers and Subcontractors

As part of good practice, the Group calls for tenders when selecting sub-contractors and suppliers for large-scale 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, re-engage past partners who have proven track records. That is because the reliability of its partners has a knock-on effect on the efficiency and quality of the Group's developments, and ultimately, on its ability to deliver its commitments to homebuyers and other stakeholders.

Timeliness in Completion of Projects

The Group has a high degree of control over the timeliness of its projects as their construction is assigned to its own fully-owned construction company, WestBuild Construction Pte. Ltd.. Timeliness in completion and delivery ensures compliance with contractual agreements, and prevents financial loss and interruptions in cash flow.

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. Skilful human resource management paves the way for the Group to continue on the path of growth.

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Dr Wang Kai Yuen *(Independent, Non-Executive)*
Chan Boon Hui *(Independent, Non-Executive)*

Executive Committee

Teo Ho Beng *(Chairman)*
Teo Ho Kang, Roland
Lim Kim Soon Lee, Cindy

Audit Committee

Chan Wah Tiong *(Chairman)*
Dr Wang Kai Yuen
Chan Boon Hui

Nominating Committee

Dr Wang Kai Yuen *(Chairman)*
Chan Boon Hui
Chan Wah Tiong
Teo Guan Seng, BBM

Remuneration Committee

Dr Wang Kai Yuen *(Chairman)*
Chan Boon Hui
Chan Wah Tiong

Group Financial Controller

Aw Hui Mien, Jenny

Company Secretary

Lai Foon Kuen

Registered Office / Business Office

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Tel : 6250 2200
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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
Since Financial Year ended 2009

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Financial Contents

20 Corporate Governance

31 Directors' Report

36 Statement by Directors

37 Independent Auditors' Report

38 Balance Sheets

40 Income Statements

41 Statements of Comprehensive Income

42 Statements of Changes in Equity

45 Consolidated Cash Flow Statement

48 Notes to the Financial Statements

109 Statistics of Shareholdings

110 Notice of Annual General Meeting

114 Summary Sheet for the Proposed Renewal Shareholders' Mandate for Interested Person Transactions

118 The Appendix

Proxy Form

Corporate Governance

The Board is committed to uphold effective corporate procedures and policies in compliance with the Code of Corporate Governance 2005 ("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.

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 of Directors 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 2010 is as follows:

	Board		Audit Committee		Remuneration Committee		Nominating Committee		Executive Committee	
Name of Directors	Number of Meetings	Attendance	Number of Meetings	Attendance	Number of Meetings	Attendance	Number of Meetings	Attendance	Number of Meetings	Attendance
Mr Teo Guan Seng, BBM	4	4	N.A.	–	N.A.	–	1	–	6	6
Mr Teo Ho Beng	4	4	N.A.	4*	N.A.	1*	N.A.	–	6	6
Mr Teo Ho Kang, Roland	4	4	N.A.	–	N.A.	–	N.A.	–	6	6
Ms Lim Kim Soon Lee, Cindy	4	4	N.A.	4*	N.A.	1*	N.A.	1*	6	6
Mr Chan Wah Tiong	4	4	4	4	1	1	1	1	–	–
Dr Wang Kai Yuen	4	4	4	4	1	1	1	1	–	–
Mr Chan Boon Hui	4	4	4	4	1	1	1	1	–	–

* 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 consists of 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.

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.

Board Composition and Guidance

Principle 2 : Strong and independent element on the Board

The Board comprises three Executive Directors and four Non-Executive Directors. Three of the Non-Executive Directors are independent. This composition complies with the Code's requirement that at least one-third of the Board should be made up of Independent Directors.

Executive Directors

Mr Teo Ho Beng	(Managing Director/Chief Executive Officer)
Mr Roland Teo Ho Kang	
Ms Lim Kim Soon Lee, Cindy	

Non-Executive Directors

Mr Teo Guan Seng, BBM	(Chairman of the Board/Non-Executive Director)
Dr Wang Kai Yuen	(Independent Director)
Mr Chan Boon Hui	(Independent Director)
Mr Chan Wah Tiong	(Independent Director)

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

Details of the Directors' academic and professional qualification can be found on pages 14 and 15.

Chairman and Managing Director/Chief Executive Officer

Principle 3 : Clear division of Board and Management responsibilities

Mr Teo Guan Seng is the Chairman of the Board. Mr Teo Ho Beng, son of Chairman, is the Managing Director ("MD") and Chief Executive Officer ("CEO") of the Company.

The Chairman 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 CEO;
(c) exercise control over quality, quantity and timeliness of the flow of information between the Management and the Board; and
(d) assist in ensuring compliance with the Company's guidelines on corporate governance.

The MD/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 Management and in developing the business of the Group.

Major decisions made by the Chairman and MD/CEO are reviewed by the Audit Committee. Given the separate roles and responsibilities held by the Chairman and MD/CEO, the Board is of the opinion that their relationship does not affect the independence and effective running of the Board.

As such, the Board believes 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.

Corporate Governance (Cont'd)

Board Membership

Principle 4 : Formal and transparent process for appointment of Directors

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

1) Dr Wang Kai Yuen (Chairman of NC/Independent Director)
2) Mr Chan Boon Hui (Independent Director)
3) Mr Chan Wah Tiong (Independent Director)
4) Mr Teo Guan Seng, BBM (Chairman of the Board/Non-Executive Director)

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 criteria for independence. The NC, having evaluated the independence of each Director is of the view that Messrs Chan Boon Hui, Chan Wah Tiong and Wang Kai Yuen are independent.

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

Pursuant to Section 153(6) of the Companies Act, Cap. 50, Mr Teo Guan Seng, BBM who is over 70 years of age, is subject to re-appointment as Director of the Company to hold office until the next Annual General Meeting.

The Board has accepted NC's nomination of the retiring Directors, namely, Ms Lim Kim Soon Lee, Cindy and Dr Wang Kai Yuen at this forthcoming Annual General Meeting.

New Directors are appointed by way of board resolutions, after the NC has reviewed the qualifications and experience of the nominated directors.

Board Performance

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

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 to prepare the Board Papers of the meetings for circulation. The Directors receive the Board paper at least 2 days before the meeting so that the Directors have ample time to review. 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.

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) Dr Wang Kai Yuen (Chairman of RC/Independent Director)
2) Mr Chan Wah Tiong (Independent Director)
3) Mr Chan Boon Hui (Independent Director)

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.

Non-Executive Directors are paid directors' fees, taking into consideration individual contribution, attendance at various meetings and responsibilities held at the Committee level.

Such fees are subject to the approval of shareholders at the Annual General Meeting every year.

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

Directors' Remuneration	Fees[1]	Salary[2]	Bonus[3]	Other Benefits[4]	Total
$100,000 and below					
Mr Teo Guan Seng, BBM	100%	0%	0%	0%	100%
Mr Chan Wah Tiong	100%	0%	0%	0%	100%
Dr Wang Kai Yuen	100%	0%	0%	0%	100%
Mr Chan Boon Hui	100%	0%	0%	0%	100%
Between $100,000 to $199,999					
Ms Lim Kim Soon Lee, Cindy	0%	78%	20%	2%	100%
Between $200,000 to $299,999					
Mr Teo Ho Kang, Roland	0%	70%	29%	1%	100%
Between $600,000 to $699,999					
Mr Teo Ho Beng	0%	67%	28%	5%	100%

Notes:

(1) Directors' fee proposed for the financial year ended 31 December 2010.

(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.

Corporate Governance (Cont'd)

Remuneration Matters (Cont'd)

The range of gross remuneration received by the top 6 executives (excluding executive Directors) of the Group is as follows:

Remuneration Bands	No. of executives
$200,000 and above	–
$100,000 to $199,999	4
Below $100,000	2
Total	6

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

Remuneration Bands	No. of employees
$150,000 and above	–
Below $150,000	1

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 new 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 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 participant 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.

Hiap Hoe Performance Share Plan (Cont'd)

Employees and Executive Directors who are Controlling Shareholders or Associates of Controlling Shareholders are not excluded from participating in the Plan.

The Plan shall be administered by the Remuneration Committee. As at the date of this report, the Remuneration Committee comprises of Dr Wang Kai Yuen, 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 Remuneration Committee shall not be involved in its deliberations in respect of Awards to be granted to or held by him or his Associates.

The Remuneration Committee may grant Awards to the Participants at any time during the period when the Plan is in force. The Plan shall continue in force at the discretion of the Remuneration Committee, subject to a maximum period of ten years commencing on the date on which the Plan is adopted by the Company in a general meeting.

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 Remuneration Committee, which shall take 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 Remuneration Committee 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 options are granted under any other share option schemes of the Company, shall not exceed fifteen per cent. (15%) of the issued Shares of the Company (excluding any Shares held in treasury) 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.

Since the commencement of the Plan till the year ended 31 December 2010, no performance share has been awarded.

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 Management.

Audit Committee

Principle 11 : 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 the AC/Independent Director)
2)	Dr Wang Kai Yuen	(Independent Director)
3)	Mr Chan Boon Hui	(Independent Director)

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) reviewing 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 Management's responses;
(b) reviewing the quarterly and full year financial statements before submission to the Board for approval;
(c) reviewing the scope and results of the internal audit procedures including the effectiveness of the internal audit functions;
(d) reviewing the assistance given by Management to the external auditors;
(e) reviewing the scope and results of the 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;
(f) reviewing 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;
(g) investigating any matters within its terms of reference; and
(h) reviewing interested person transactions falling within the scope of the Singapore Exchange Securities Trading Limited ("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. The AC met quarterly during the year and all members were present during these meetings. For the financial year ended 31 December 2010, the members met once with the external auditors without the presence of Management.

The AC has undertaken a review of all non-audit services provided by the external auditors for financial year ended 31 December 2010, and is satisfied with the independence and objectivity of the external auditors. The AC has recommended to the Board of Directors that Messrs Ernst & Young LLP be nominated for re-appointment as auditors at the forthcoming Annual General Meeting.

Internal Controls

Principle 12 : Sound system of internal controls

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

The Board is satisfied that there are adequate internal controls in the Group.

Internal Audit

Principle 13 : Internal audit

The internal audit function is out-sourced to a public accounting firm. 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 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.

Communication with shareholders

Principle 14 : Regular, effective and fair communication with shareholders
Principle 15 : Shareholder participation at AGMs

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. However, the Company does not practice selective disclosure as all price-sensitive information is released through SGXNET.

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 address.

The Company delivers the Annual Reports to the Shareholders at least 14 days before the holding of the Annual General Meeting. Notice of the Annual General Meeting is also published on the national business newspaper, The Business Times. The shareholders can appoint up to two proxies to attend and vote at all general meetings on their behalf in the event that they are unable to attend the Meeting.

At Annual General Meetings, 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 Audit, Nominating and Remuneration Committees together with the external auditors are also present at the meetings to attend to questions raised by Shareholders.

Corporate Governance (Cont'd)

Securities Transactions

In line with Rule 1207(18) 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, principal 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, principal 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 SGX-ST 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.

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
Teo Guan Seng, BBM	SuperBowl Holdings Limited	03 May 1994	–
Teo Ho Beng	SuperBowl Holdings Limited	03 May 1994	–
Teo Ho Kang, Roland	SuperBowl Holdings Limited	28 Sep 1995	–
Dr Wang Kai Yuen	A-Sonic Aerospace Ltd	1 Mar 2008	–
	Asian Micro Holdings Limited	20 Aug 1999	–
	Carats Limited (Delisted on 9 March 2009)	25 Oct 2007	–
	China Aviation Oil (Singapore) Corporation Ltd	28 Apr 2008	–
	China Lifestyle Food & Beverages Group Ltd (Delisted on 6 May 2010)	28 Mar 2005	–
	Comfort DelGro Corporation Limited	18 Feb 2003	–
	COSCO Corporation (Singapore) Limited	2 May 2001	–
	HLH Group Ltd	1 May 2006	–
	EOC Ltd	11 Jul 2007	–
	Koon Holdings Limited	11 Apr 2003	20 Nov 2008
	Matex International Ltd	11 Jul 2003	–
	Ezion Holdings Ltd	20 Jul 2000	–
	SuperBowl Holdings Limited	1 Aug 1994	–
	Xpress Holdings Ltd	08 Jun 1999	–
Chan Wah Tiong	Koda Ltd	1 Oct 2001	–
Chan Boon Hui	Transmarco Ltd	29 Mar 2006	31 Aug 2008
	Vantage Corporation Limited	18 May 2004	8 Apr 2008
	JCY International Berhad	13 Nov 2009	–

Interested Person Transactions

Name of interested person	Aggregate value of all interested person transactions during the financial year 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 $686,000) – Bukit Panjang Plaza Pte Ltd (Value of transactions amounting to $115,000) – Guan Hoe Development Pte. Ltd. (Value of transactions amounting to $27,000) Provision of Project and Construction Management Service to the Company's 60% owned subsidiary: – Hiap Hoe SuperBowl JV Pte. Ltd. (Value of transactions amounting to $352,000) 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 $256,000) Provision of Project and Construction Management Service to the Company's wholly-owned subsidiary's 60% share in joint venture: – Goodluck View Development (60% share of value of transactions amounting to $56,000)	–

Corporate Governance (Cont'd)

Interested Person Transactions (Cont'd)

Name of interested person	Aggregate value of all interested person transactions during the financial year 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)	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 2010 amounting to $25,161,000) Interest income amounting to $53,000 Contribution by the Company of its 50% proportion of the loan to: – HH Properties Pte. Ltd. (Value of loan as at 31 December 2010 amounting to $44,919,000) Interest income amounting to $197,000	Construction of 2 blocks of 12-Storey residential flats for Hiap Hoe SuperBowl JV Pte. Ltd., Contract value of $29,448,000 (inclusive of GST) (Value of transactions amounted to $4,170,000) Supply and installation of temporary earth retaining structure, grout mix piles and excavation works for HH Properties Pte. Ltd., Contract value of $7,900,000 (Value of transactions amounted to $4,696,000) 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., Contract value of $168,426,000 (Value of transactions amounting to $3,655,000)
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 2010 amounting to $10,527,000) Interest income amounting to $21,600	Construction of 2 blocks of 5-storey residential flats for Goodluck View Development (Value of transactions amounting to $4,886,000)

The Audit Committee has reviewed, and is satisfied that the transactions are conducted at arm's length and on terms that are fair and reasonable. The Audit Committee 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 the Hiap Hoe Limited & 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 2010.

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 subsidiary companies (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 2010.

Directors

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

Teo Guan Seng, BBM
Teo Ho Beng
Teo Ho Kang, Roland
Lim Kim Soon Lee, Cindy
Chan Wah Tiong
Dr Wang Kai Yuen
Chan Boon Hui

In accordance with Article 106 of the Company's Articles of Association, Lim Kim Soon Lee, Cindy and Dr Wang Kai Yuen 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, Cap. 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 2011**	**At the beginning of financial year**	**At the end of financial year**	**At 21 January 2011**
The Company						
Hiap Hoe Limited (Ordinary shares)						
Teo Guan Seng, BBM	–	–	–	262,955,101	328,693,876	328,693,876
Teo Ho Beng	1,595,000	2,030,750	2,030,750	262,955,101	328,693,876	328,693,876
Teo Ho Kang, Roland	1,500,000	1,875,000	1,875,000	262,955,101	328,693,876	328,693,876
Lim Kim Soon Lee, Cindy	350,000	437,500	*483,100	–	–	–
Chan Wah Tiong	75,000	93,750	93,750	–	–	–
Chan Boon Hui	75,000	93,750	93,750	–	–	–
Dr Wang Kai Yuen	60,000	75,000	75,000	–	–	–

* Ms Lim Kim Soon Lee, Cindy was awarded 45,600 shares on 6 January 2011 under the Performance Share Plan.

Directors' Report (Cont'd)

Directors' interests in shares, warrants and debentures (Cont'd)

Name of Director	Direct interest: At the beginning of financial year	At the end of financial year	At 21 January 2011	Deemed interest: At the beginning of financial year	At the end of financial year	At 21 January 2011
<u>The immediate holding company</u>						
Hiap Hoe Holdings Pte Ltd						
(Ordinary shares)						
Teo Guan Seng, BBM	3,772,534	3,772,534	3,772,534	–	–	–
Teo Ho Beng	3,222,245	3,222,245	3,222,245	–	–	–
Teo Ho Kang, Roland	2,766,270	2,766,270	2,766,270	–	–	–
<u>Related company</u>						
SuperBowl Holdings Limited						
(Ordinary shares)						
Teo Guan Seng, BBM	–	–	–	227,009,000	227,009,000	227,009,000
Teo Ho Beng	2,787,000	2,841,000	2,841,000	227,029,000	227,029,000	227,029,000
Teo Ho Kang, Roland	#1,000,000	1,000,000	1,000,000	227,009,000	227,009,000	227,009,000
Lim Kim Soon Lee, Cindy	#250,000	260,000	260,000	–	–	–
Dr Wang Kai Yuen	170,000	170,000	170,000	–	–	–

\# As at 31 December 2010, Mr Teo Ho Kang, Roland and Ms Lim Kim Soon Lee, Cindy had 300,000 (2009: 300,000) and 135,000 (2009: 125,000) shares respectively held in the name of nominees.

By virtue of Section 7 of the Singapore Companies Act, Cap. 50, Mr Teo Guan Seng, Mr Teo Ho Beng and Mr Teo Ho Kang, Roland are deemed to have interests in shares of all the wholly-owned subsidiary companies 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 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

The Plan is a share incentive scheme which will allow the Company to target specific performance objectives and to provide an incentive for participants to achieve these targets. The Directors believe that the new plan will incentivise participants to excel in their performance and encourage greater dedication and loyalty to the Company. At an Extraordinary General Meeting held on 20 April 2010, the shareholders approved the Hiap Hoe Performance Share Plan for the granting of fully paid shares, free of charge to the plan participants. This plan is to replace the share option scheme that was approved by shareholders on 28 April 2004.

The Remuneration Committee will be designated as the committee responsible for the administration of the Plan. It comprises of three directors, Dr Wang Kai Yuen, Mr Chan Wah Tiong and Mr Chan Boon Hui.

Under the 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 subsidiary companies who have attained the age of 21 years on or before the date of Award; and

  (ii) directors of the Company and its subsidiary companies 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.

The aggregate number of shares which may be delivered and/or issued pursuant to Awards granted under the 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.

The 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 Plan is adopted by the Company.

During the year, no award has been issued.

Other Information Required by the Singapore Exchange Securities Trading Limited

Except as disclosed in Notes 12 and 29a of the financial statements, no material contracts of the Company and its subsidiary companies, 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.

Directors' Report (Cont'd)

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 external auditors of the Company and ensures the adequacy of the Company's system of internal accounting controls and the assistance given by the Company's management to the external auditors;
- Reviews the audit plans of the internal 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 Group's management to the 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 (SGX-ST)'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. 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.

Auditors

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

On behalf of the Board of Directors,

Teo Ho Beng
Director

Teo Ho Kang, Roland
Director

Singapore

15 March 2011

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 2010 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

15 March 2011

Independent Auditors' Report

To the members of Hiap Hoe Limited

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of Hiap Hoe Limited (the "Company") and its subsidiary companies (collectively, the "Group"), set out on pages 38 to 108, which comprise the balance sheets of the Group and Company as at 31 December 2010, and the income statements, statements of comprehensive income and the statements of changes in equity of the Group and Company, and the 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 the consolidated financial statements that give a true and fair view in accordance with the provisions of the Singapore Companies Act (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 income statement and balance sheets and to maintain accountability of assets.

Auditors' 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated financial statements.

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

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 2010 and the results, changes in equity of the Group and the Company and 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 subsidiary companies 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
Certified Public Accountants
Singapore
15 March 2011

Balance Sheets
As at 31 December 2010

	Note	Group 2010 $	Group 2009 $	Company 2010 $	Company 2009 $
Non-Current Assets					
Property, plant and equipment	3	6,133,545	6,276,651	–	–
Investment properties	4	3,045,000	5,410,000	–	–
Investments in subsidiary companies	5	–	–	48,682,553	48,682,553
Investment in associates	6	–	5	–	–
Investment in joint ventures	7	801,865	–	–	–
Other receivable	9	21,000	30,000	21,000	30,000
		10,001,410	11,716,656	48,703,553	48,712,553
Current Assets					
Cash and short-term deposits		36,449,239	3,520,606	14,716,773	63,236
Other investments	8	27,940,271	233,685	27,645,650	–
Trade and other receivables	9	14,198,260	855,104	281,311	11,246
Other assets		625,288	65,932	450	450
Prepaid operating expenses		40,664	141,489	10,555	11,182
Due from ultimate holding company (non-trade)		–	1,871	–	–
Due from subsidiary companies (trade)	11(i)	–	–	1,900,535	1,368,762
Due from subsidiary companies (non-trade)	10	–	–	72,971,404	75,562,554
Due from related companies (trade)	11(i)	–	8,133	–	–
Due from related companies (non-trade)	11(i)	–	23,825	–	23,755
Due from joint ventures (trade)	11(ii)	3,332,161	37,013	15,849	31,578
Due from joint ventures (non-trade)	11(iii)	57,258,664	48,707,237	51,684,692	43,135,558
Due from an associate (non-trade)	11(iv)	2,062	1,733	2,062	1,733
Development properties	12	377,685,618	536,600,622	–	–
Tax recoverable		1,122	9,122	–	–
		517,533,349	590,206,372	169,229,281	120,210,054

	Note	Group		Company	
		2010	2009	2010	2009
		$	$	$	$
Current Liabilities					
Trade and other payables	13	6,086,519	3,367,355	25,222	221,236
Other liabilities	14	18,436,785	12,173,541	260,772	261,139
Derivatives	15	–	347,595	–	294,506
Due to subsidiary companies (non-trade)	10	–	–	115,325,520	67,050,617
Due to related companies (trade)	11(i)	959,737	510,001	–	–
Due to related companies (non-trade)	16	17,006,350	13,664,013	115	–
Due to an associate (non-trade)		–	5	–	–
Interest-bearing loans and borrowings	17	125,152,238	58,758,758	9,191	9,996
Tax payable		12,782,420	775,749	102,639	42,426
		180,424,049	89,597,017	115,723,459	67,879,920
Net Current Assets		337,109,300	500,609,355	53,505,822	52,330,134
Non-Current Liabilities					
Trade payables	13	1,457,882	200,840	–	–
Other liabilities	14	72,747	25,185	–	–
Interest-bearing loans and borrowings	17	135,088,000	326,511,594	–	9,191
Deferred taxation	19	3,498,923	10,605,052	–	–
		140,117,552	337,342,671	–	9,191
Net Assets		206,993,158	174,983,340	102,209,375	101,033,496
EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT					
Share capital	20(a)	84,445,256	84,445,256	84,445,256	84,445,256
Treasury shares	20(b)	(353,279)	(158,557)	(353,279)	(158,557)
Reserves	21	122,777,683	90,479,053	18,117,398	16,746,797
		206,869,660	174,765,752	102,209,375	101,033,496
Non-controlling interests		123,498	217,588	–	–
Total Equity		206,993,158	174,983,340	102,209,375	101,033,496

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

Income Statements

For the year ended 31 December 2010

	Note	Group		Company	
		2010	2009	2010	2009
		$	$	$	$
Revenue	22	106,579,637	110,480,112	960,663	851,189
Cost of sales		(56,828,450)	(66,682,302)	–	–
Gross profit		49,751,187	43,797,810	960,663	851,189
Other items of income					
Other income	25	1,764,180	1,526,783	4,192,207	–
Financial income	26	641,667	279,077	763,162	1,075,736
Other items of expense					
Distribution and selling expenses		(9,413,007)	(1,148,661)	–	–
Administrative expenses	23	(3,747,037)	(2,773,984)	(1,609,229)	(1,396,518)
Other expenses	25	(285,126)	(926)	(246,650)	–
Financial expenses	26	(189,663)	(57,702)	(310,117)	(806,479)
Share of results of joint ventures		1,055,024	–	–	–
Profit before taxation		39,577,225	41,622,397	3,750,036	(276,072)
Tax expense	27	(5,010,642)	(7,312,996)	(17,392)	(38,714)
Net profit for the year		34,566,583	34,309,401	3,732,644	(314,786)
Attributable to:					
Owners of the parent		34,660,673	34,349,846	3,732,644	(314,786)
Non-controlling interests		(94,090)	(40,445)	–	–
Total		34,566,583	34,309,401	3,732,644	(314,786)
Earnings per share attributable to owners of the parent (cents per share)					
Basic	28	7.33	7.26		
Diluted	28	7.33	7.26		

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 2010

	Note	Group		Company	
		2010	2009	2010	2009
		$	$	$	$
Profit for the year		34,566,583	34,309,401	3,732,644	(314,786)
Other comprehensive income		–	–	–	–
Other comprehensive income for the year, net of tax		34,566,583	34,309,401	3,732,644	(314,786)
Total comprehensive income for the year		34,566,583	34,309,401	3,732,644	(314,786)
Attributable to:					
Owners of the parent		34,660,673	34,349,846	3,732,644	(314,786)
Non-controlling interests		(94,090)	(40,445)	–	–
Total comprehensive income for the year		34,566,583	34,309,401	3,732,644	(314,786)

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 2010

	Attributable to equity holders of the parent			
2009 **Group**	**Share capital[1] (Note 20a) $**	**Treasury shares (Note 20b) $**	**Accumulated profits $**	**Dividend reserve $**
At 1 January 2009	84,445,256	(158,557)	63,799,530	945,483
Profit for the year	–	–	34,349,846	–
Other comprehensive income	–	–	–	–
Total comprehensive income for the year	–	–	34,349,846	–
Contributions by and distributions to owners				
Dividends on ordinary shares (Note 32)	–	–	1,396*	(945,483)
Transfer from unappropriated profit to dividend reserve	–	–	(1,181,854)	1,181,854
Total contributions by and distributions to owners	–	–	(1,180,458)	236,371
At 31 December 2009	**84,445,256**	**(158,557)**	**96,968,918**	**1,181,854**
2010 **Group**				
At 1 January 2010	84,445,256	(158,557)	96,968,918	1,181,854
Profit for the year	–	–	34,660,673	–
Other comprehensive income	–	–	–	–
Total comprehensive income for the year	–	–	34,660,673	–
Contributions by and distributions to owners				
Purchase of treasury shares	–	(194,722)	–	–
Dividends on ordinary shares (Note 32)	–	–	414*	(1,181,854)
Transfer from unappropriated profit to dividend reserve	–	–	(2,361,649)	1,181,046
Total contributions by and distributions to owners	–	(194,722)	(2,361,235)	(808)
At 31 December 2010	**84,445,256**	**(353,279)**	**129,268,356**	**1,181,046**

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

	Capital reserve $	Total reserves $	Total equity attributable to equity holders of the parent $	Non-controlling interests $	Total equity $
	(7,671,719)	57,073,294	141,359,993	258,033	141,618,026
	–	34,349,846	34,349,846	(40,445)	34,309,401
	–	–	–	–	–
	–	34,349,846	34,349,846	(40,445)	34,309,401
	–	(944,087)	(944,087)	–	(944,087)
	–	–	–	–	–
	–	(944,087)	(944,087)	–	(944,087)
	(7,671,719)	**90,479,053**	**174,765,752**	**217,588**	**174,983,340**
	(7,671,719)	90,479,053	174,765,752	217,588	174,983,340
	–	34,660,673	34,660,673	(94,090)	34,566,583
	–	–	–	–	–
	–	34,660,673	34,660,673	(94,090)	34,566,583
	–	–	(194,722)	–	(194,722)
	–	(1,181,440)	(1,181,440)	–	(1,181,440)
	–	(1,180,603)	(1,180,603)	–	(1,180,603)
	–	(2,362,043)	(2,556,765)	–	(2,556,765)
	(7,671,719)	**122,777,683**	**206,869,660**	**123,498**	**206,993,158**

Statements of Changes in Equity (Cont'd)

For the year ended 31 December 2010

2009 Company	Share capital[1] (Note 20a) $	Treasury shares (Note 20b) $	Accumulated profits $	Dividend reserve $	Total reserves $	Total equity $
At 1 January 2009	84,445,256	(158,557)	17,060,187	945,483	18,005,670	102,292,369
Profit for the year	–	–	(314,786)	–	(314,786)	(314,786)
Other comprehensive income	–	–	–	–	–	–
Total comprehensive income for the year	–	–	(314,786)	–	(314,786)	(314,786)
Contributions by and distributions to owners						
Transfer from unappropriated profits to dividend reserve	–	–	(1,181,854)	1,181,854	–	–
Dividends on ordinary shares (Note 32)	–	–	1,396*	(945,483)	(944,087)	(944,087)
Total contributions by and distribution to owners	–	–	(1,180,458)	236,371	(944,087)	(944,087)
At 31 December 2009	**84,445,256**	**(158,557)**	**15,564,943**	**1,181,854**	**16,746,797**	**101,033,496**
2010 Company						
At 1 January 2010	84,445,256	(158,557)	15,564,943	1,181,854	16,746,797	101,033,496
Profit for the year	–	–	3,732,644	–	3,732,644	3,732,644
Other comprehensive income	–	–	–	–	–	–
Total comprehensive income for the year	–	–	3,732,644	–	3,732,644	3,732,644
Contributions by and distributions to owners						
Purchase of treasury shares	–	(194,722)	–	–	–	(194,722)
Transfer from unappropriated profits to dividend reserve	–	–	(2,361,649)	1,181,046	(1,180,603)	(1,180,603)
Dividends on ordinary shares (Note 32)	–	–	414*	(1,181,854)	(1,181,440)	(1,181,440)
Total contributions by and distribution to owners	–	(194,722)	(2,361,235)	(808)	(2,362,043)	(2,556,765)
At 31 December 2010	84,445,256	(353,279)	16,936,352	1,181,046	18,117,398	102,209,375

(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.

Consolidated Cash Flow Statement

For the year ended 31 December 2010

	Note	2010 $	2009 $
Cash flows from operating activities			
Profit before taxation		39,577,225	41,622,397
Adjustments:			
Depreciation of property, plant and equipment	3	183,204	152,702
Write-back of allowance for doubtful receivables – trade		–	(1,000)
Gain on disposal of investment property	25	(608,888)	–
Loss on disposal of property, plant and equipment	25	–	186
Loss on property, plant and equipment written off		38,476	740
Fair value gain on held-for-trading investments – quoted	25	(12,338)	(139,300)
Interest expenses	26	189,663	57,702
Dividend income from quoted investments	25	(7,885)	(4,490)
Interest income	26	(641,667)	(279,077)
Gain on fair value adjustment of investment properties	25	(435,000)	(870,000)
Fair value loss on held-for-trading investments – unquoted	25	246,650	–
Share of results of joint ventures		(1,055,024)	–
Operating cash flows before working capital changes		37,474,416	40,539,860
Changes in working capital			
(Increase)/decrease in:			
Development properties		164,618,102	(63,499,178)
Trade and other receivables		(13,334,156)	(733,714)
Other assets		(559,356)	(27,531)
Prepaid operating expenses		100,825	(80,541)
Due from ultimate holding company, non-trade		1,871	(1,871)
Due from a joint venture, trade		(3,041,989)	42,987
Due from joint ventures, non-trade		9,792	(659,258)
Due from an associate , non-trade		(329)	(248)
Due from related company, trade		8,133	(8,133)
Due from related company, non-trade		23,825	1,558
Increase/(decrease) in:			
Trade and other payables		3,974,922	1,062,929
Other liabilities		6,311,220	8,687,734
Derivatives		(347,595)	(206,325)
Due to related companies, trade		449,736	(71,463)
Due to related company, non-trade		292	–
Cash flows generated from/(used in) operations		195,689,709	(14,953,194)
Income tax paid		(102,100)	(612,468)
Net cash flows generated from/(used in) operating activities		195,587,609	(15,565,662)

Consolidated Cash Flow Statement (Cont'd)

For the year ended 31 December 2010

	Note	2010 $	2009 $
Cash flows from investing activities			
Proceeds from disposal of investment property		3,408,888	–
Proceeds from disposal of unquoted investments		18,000,000	–
Purchase of a quoted investment		(48,598)	(990)
Purchase of unquoted investments		(45,892,300)	–
Interest income received		423,448	6,409
Purchase of property, plant and equipment (Note B)		(102,384)	(45,647)
Dividend income received	25	7,885	4,490
Loan to joint ventures		(8,343,000)	(211,585)
Net cash flows used in investing activities		(32,546,061)	(247,323)
Cash flows from financing activities			
Repayment of bank term loans		(128,632,450)	(7,921,291)
Proceeds from loans and borrowings		4,490,084	24,437,572
Dividends paid on ordinary shares by the Company	32	(2,362,457)	(944,087)
Repayment of lease obligations		(9,996)	(9,996)
Loans from related companies		3,249,200	1,582,000
Interest paid		(6,451,060)	(7,878,916)
Purchase of treasury shares		(194,722)	–
Net cash flows (used in)/generated from financing activities		(129,911,401)	9,265,282
Net increase/(decrease) in cash and cash equivalents		33,130,147	(6,547,703)
Cash and cash equivalents at beginning of year		3,319,092	9,866,795
Cash and cash equivalents at end of year (Note A)		36,449,239	3,319,092

A. Cash and cash equivalents

Cash and cash equivalents included in the consolidated cash flow statement comprise the following:

	2010 $	2009 $
Cash and bank balances	23,849,239	2,486,204
Fixed deposits	12,600,000	1,034,402
Less: Bank overdrafts (Note 17)	–	(201,514)
	36,449,239	3,319,092

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

	2010 $	2009 $
US dollar	152,113	181,684

Cash and cash equivalents of the Company denominated in Singapore dollars at 31 December are as follows:

	2010 $	2009 $
Cash and bank balances	14,716,773	63,236

Cash and bank balances earn interest at floating rates based on daily bank deposit rates ranging from 0.11% to 0.32% (2009: nil%) per annum.

Bank overdrafts are included in the determination of cash and cash equivalents because they form an integral part of the Group's cash management. Bank overdrafts are secured by legal mortgages on the Group's investment properties and freehold properties (Note 17). They are repayable on demand and have a weighted average effective interest rate of 4.86% (2009: 4.86%) per annum. Interest rates of bank overdrafts reprice at an interval of 1 month.

B. Purchase of property, plant and equipment

During the year, the Group acquired property, plant and equipment with an aggregate cost of $102,384 (2009: $45,647) in cash.

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

Notes to the Financial Statements

31 December 2010

1. Corporate information

Hiap Hoe Limited (the "Company") is a limited liability company and is listed on the Singapore Exchange Securities Trading Limited (SGX-ST) Mainboard. Its immediate and ultimate holding company is Hiap Hoe Holdings Pte Ltd. Both companies are domiciled and incorporated in Singapore.

The registered office and principal place of business of the Company is located at 564A Balestier Road, Singapore 329880.

The principal activities of the Company are those of investment holding and provision of management services. The principal activities of the subsidiary companies are disclosed in Note 5 to the financial statements.

There has been no significant change in the nature of these activities during the financial year.

Related companies in these financial statements refer to the group of companies under Hiap Hoe Holdings Pte Ltd.

2. Summary of significant accounting policies

2.1 Basis of preparation

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 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 and future changes in accounting policies

(a) 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 and Interpretations of FRS (INT FRS) that are effective for annual periods beginning on or after 1 January 2010. The adoption of these standards and interpretations did not have any effect on the financial performance or position of the Group and the Company except as disclosed below:

<u>FRS 103 *Business Combinations* (revised) and FRS 27 *Consolidated and Separate Financial Statements* (revised)</u>

The revised FRS 103 *Business Combinations* and FRS 27 *Consolidated and Separate Financial Statements* are applicable for annual periods beginning on or after 1 July 2009. As of 1 January 2010, the Group adopted both revised standards at the same time in accordance with their transitional provisions.

2. Summary of significant accounting policies (Cont'd)

2.2 Changes and future changes in accounting policies (Cont'd)

(a) Changes in accounting policies (Cont'd)

FRS 103 *Business Combinations* (revised)

The revised FRS 103 introduces a number of changes in the accounting for business combinations that will impact the amount of goodwill recognised, the reported results in the period that an acquisition occurs, and future reported results. Changes in significant accounting policies resulting from the adoption of the revised FRS 103 include:

- Transaction costs would no longer be capitalised as part of the cost of acquisition but will be expensed immediately;
- Consideration contingent on future events are recognised at fair value on the acquisition date and any changes in the amount of consideration to be paid will no longer be adjusted against goodwill but recognised in profit or loss;
- The Group elects for each acquisition of a business, to measure non-controlling interest at fair value, or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets, and this impacts the amount of goodwill recognised; and
- When a business is acquired in stages, the previously held equity interests in the acquiree is remeasured to fair value at the acquisition date with any corresponding gain or loss recognised in profit or loss, and this impacts the amount of goodwill recognised.

According to its transitional provisions, the revised FRS 103 has been applied prospectively. Assets and liabilities that arose from business combinations whose acquisition dates are before 1 January 2010 are not adjusted.

FRS 27 *Consolidated and Separate Financial Statements* (revised)

Changes in significant accounting policies resulting from the adoption of the revised FRS 27 include:

- A change in the ownership interest of a subsidiary that does not result in a loss of control is accounted for as an equity transaction. Therefore, such a change will have no impact on goodwill, nor will it give rise to a gain or loss recognised in profit or loss;
- Losses incurred by a subsidiary is lost, any interest retained is measured at fair value with the corresponding gain or loss recognised in profit or loss.
- When control over a subsidiary is lost, any interest retained is measured at fair value with the corresponding gain or loss recognised in profit or loss.

According to its transitional provisions, the revised FRS 27 has been applied prospectively, and does not impact the Group's consolidated financial statements in respect of transactions with non-controlling interests, attribution of losses to non-controlling interests and disposal of subsidiaries before 1 January 2010. The changes will affect future transactions with non-controlling interests.

2. Summary of significant accounting policies (Cont'd)

2.2 Changes and future changes in accounting policies (Cont'd)

(b) Standards issued but not yet effective

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

Description	**Effective for annual periods beginning on or after**
Amendment to FRS 32 *Financial Instruments: Presentation – Classification of Right Issues*	1 February 2010
INT FRS 119 *Extinguishing Financial Liabilities with Equity Instruments*	1 July 2010
Revised FRS 24 *Related Party Disclosures*	1 January 2011
Amendments to INT FRS 114 *Prepayments of a Minimum Funding Requirement*	1 January 2011
INT FRS 115 *Agreements for the Construction of Real Estate*	1 January 2011

Except for the revised FRS 24, the directors expect that the adoption of the other standards and interpretations 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 the revised FRS 24 is described below.

Revised FRS 24 *Related Party Disclosures*

The revised FRS 24 clarifies the definition of a related party to simplify the identification of such relationships and to eliminate inconsistencies in its application. The revised FRS 24 expands the definition of a related party and would treat two entities as related to each other whenever a person (or a close member of that person's family) or a third party has control or joint control over the entity, or has significant influence over the entity. The revised standard also introduces a partial exemption of disclosure requirements for government-related entities. The Group is currently determining the impact of the changes to the definition of a related party has on the disclosure of related party transaction. As this is a disclosure standard, it will have no impact on the financial position or financial performance of the Group when implemented in 2011.

2.3 Significant accounting estimates and judgements

The preparation of the Group's consolidated financial statements requires management to make judgements, 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 could require a material adjustment to the carrying amount of the asset or liability affected in the future periods.

2. Summary of significant accounting policies (Cont'd)

2.3 Significant accounting estimates and judgements (Cont'd)

(a) 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.

(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 9 to the financial statements.

(ii) Impairment of investment properties and development properties

The Group determines whether there are any indicators of impairment for investment properties and development properties at each reporting date. The impairment is based on valuation prepared by independent professional valuer. The carrying amount of the Group's investment properties and development properties at 31 December 2010 is disclosed in Note 4 and 12 to the financial statements.

(b) Critical judgements made in applying accounting policies

In the process of applying the Group's accounting policies, management has made the following judgements, 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 2010 was $98,322,867 (2009: $110,350,174).

2. Summary of significant accounting policies (Cont'd)

2.3 Significant accounting estimates and judgements (Cont'd)

(b) Critical judgements made in applying accounting policies (Cont'd)

(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 Group's tax payables and deferred tax liabilities at 31 December 2010 was $12,782,420 (2009: $775,749) and $3,498,923 (2009: $10,605,052) respectively.

2.4 Foreign currency

The Group's consolidated financial statements are presented in Singapore Dollars, which is also the parent 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.

Transactions and balances

Transactions in foreign currencies 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 the profit or loss.

2.5 Basis of consolidation and subsidiary companies

(a) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiary companies as at the end of the reporting period. The financial statements of the subsidiary companies 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 are eliminated in full.

Subsidiary companies 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.

2. Summary of significant accounting policies (Cont'd)

2.5 Basis of consolidation and subsidiary companies (Cont'd)

(b) Subsidiary companies

A subsidiary company 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 subsidiary companies are accounted for at cost less any impairment losses.

2.6 Transactions with non-controlling interests

Non-controlling interests 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 owners' 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 parent.

2.7 Associates

An associate is an entity, not being a subsidiary or a joint venture, in which the Group has significant influence. The 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.

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 shown on the face of 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.

2. Summary of significant accounting policies (Cont'd)

2.7 Associates (Cont'd)

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 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.

2.8 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.

The Group's share of the profit or loss of its joint ventures is shown on the face of 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.

2.9 Property, plant and equipment

All items of property, plant and equipment are initially recorded at cost. Such cost including 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 2.18. 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.

2. Summary of significant accounting policies (Cont'd)

2.9 Property, plant and equipment (Cont'd)

Subsequent to recognition, property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.

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 the profit or loss in the year the asset is derecognised.

2.10 Investment properties

Investment properties are properties that are either owned by the Group or leased under a finance lease in order to earn rentals or for capital appreciation, or both, rather than for use in 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 investment properties is met and they are accounted for as finance leases.

Investment properties are initially measured at cost, including transaction costs. The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met.

Subsequent to initial recognition, investment properties are measured at fair value which reflects market conditions at the end of the reporting period. Gains or losses arising from changes in the fair values of investment properties are included in the profit or loss in the year in which they arise.

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 gain or losses on the retirement or disposal of an investment property are recognised in the profit or loss in the year of retirement or disposal.

2. Summary of significant accounting policies (Cont'd)

2.11 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 2.20.

2.12 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.

2.13 Trade and other receivables

Trade and other receivables, including amounts due from subsidiary companies, related companies, joint ventures, associate, ultimate holding company and cash and short-term deposits are classified and accounted for as loans and receivables under FRS 39. The accounting policy for this category of financial assets is stated in Note 2.20.

An allowance is made for uncollectible amounts when there is objective evidence that the Group will not be able to collect the debt. Bad debts are written off when identified. Further details on the accounting policy for impairment of financial assets are stated in Note 2.21.

2.14 Development properties

Development properties are properties held or developed 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 are held as inventories and are measured at the lower of cost and net realisable value.

The costs are of development properties 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 paid.

Net realisable value 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 inventory recognised in profit or loss on disposal is determined with reference to the specific costs incurred on the property sold and an allocation of any non-specific costs based on the relative site of the property sold.

2. Summary of significant accounting policies (Cont'd)

2.15 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, when the outcome of a construction contract can be estimated reliably. When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised 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.

Contract revenue comprises the initial amount of revenue agreed in the contract and 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.

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

2.16 Financial liabilities

Initial recognition and measurement

Financial liabilities are recognised on the balance sheet 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 and in the case of other financial liabilities, plus directly attributable transaction costs.

Subsequent measurement

The measurement of financial liabilities depends on their classification as follows:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss includes financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value. 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.

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

Other financial liabilities

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

2. Summary of significant accounting policies (Cont'd)

2.16 Financial liabilities (Cont'd)

Derecognition

A financial liability is derecognised 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 derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the profit or loss.

2.17 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 economic resources 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.

2.18 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.

2.19 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.

2. Summary of significant accounting policies (Cont'd)

2.19 Employee benefits (Cont'd)

(c) Employee share option plans

Employees of the Group may receive remuneration in the form of share options as consideration for services rendered. The cost of equity-settled transactions with employees is measured by reference to the fair value at the date on which the share options are granted. In valuing the share options, no account is taken of any performance conditions, other than conditions linked to the price of the shares of the Company ('market conditions'), if applicable.

The cost is recognised in profit or loss, with a corresponding increase in the employee share option reserve, over the vesting period. The cumulative expense recognised at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of options that will ultimately vest. The profit or loss charge or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

No expense is recognised for options that do not ultimately vest, except for options where vesting is conditional upon a market condition, which are treated as vested irrespective of whether or not the market condition is satisfied, provided that all other performance conditions are satisfied. The employee share option reserve is transferred to retained earnings upon expiry of the share options. When the options are exercised, the employee share option reserve is transferred to share capital if new shares are issued.

In situations where equity instruments are issued and some or all of the goods or services received by the entity as consideration cannot be specifically identified, the unidentified goods or services received (or to be received) are measured as the difference between the fair value of the share-based payment and the fair value of any identified goods or services received at the grant date. This is then capitalised or expensed as appropriate.

2.20 Financial assets

Initial recognition and measurement

Financial assets are recognised on the balance sheet 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.

2. Summary of significant accounting policies (Cont'd)

2.20 Financial assets (Cont'd)

Subsequent measurement

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

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

Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition at fair value through profit or loss. 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.

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 the 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 held for trading or designated at fair value through 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.

(b) 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, as well as through the amortisation process.

The Group has not classified any financial assets as held-to-maturity investments or available-for-sale financial assets.

Derecognition

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired. On derecognition 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.

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.

2. Summary of significant accounting policies (Cont'd)

2.21 Impairment of financial assets

The Group assesses at each end of the reporting period 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 individually 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.

If there is objective evidence that an impairment loss on financial assets carried at amortised cost has 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.

2.22 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 to sell 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.

2. Summary of significant accounting policies (Cont'd)

2.22 Impairment of non-financial assets (Cont'd)

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 the profit or loss unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase.

2.23 Revenue recognition

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. Revenue is measured at the fair value of consideration received or receivable, excluding discounts, rebates, and sales 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 2.15.

b) Sales of development properties

Revenue from sales of development properties is recognised on units sold using the percentage of completion method based on surveys/certifications of work done as construction progresses.

c) Dividend income

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

d) Rental income

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

e) Interest income

Interest income is recognised using the effective interest method.

2. Summary of significant accounting policies (Cont'd)

2.24 Income 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 by the reporting period in Singapore.

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 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 subsidiary companies, 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.

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 subsidiary companies, associates and interests in joint ventures, deferred income 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.

2. Summary of significant accounting policies (Cont'd)

2.24 Income taxes (Cont'd)

(b) Deferred tax (Cont'd)

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 income 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.

2.25 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 36, including the factors used to identify the reportable segments and the measurement basis of segment information.

2.26 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. 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.

2. Summary of significant accounting policies (Cont'd)

2.26 Leases (Cont'd)

(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 the 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 the 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 2.23(d). Contingent rents are recognised as revenue in the period in which they are earned.

2.27 Derivative financial instruments and hedging activities

The Group uses derivative financial instruments (being interest rate swaps) to hedge its risks associated with interest rate fluctuations. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivative financial instruments are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

Any gains or losses arising from changes in fair value on derivative financial instruments are capitalised as development properties in the balance sheet for the year.

2.28 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.

2.29 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 is recognised directly in equity.

2. Summary of significant accounting policies (Cont'd)

2.30 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.

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

2.31 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.

2.32 Related parties

A party is considered to be related to the Group if:

(a) The party, directly or indirectly through one or more intermediaries,

- (i) controls, is controlled by, or is under common control with, the Group;
- (ii) has an interest in the Group that gives it significant influence over the Group; or
- (iii) has joint control over the Group;

(b) The party is an associate;

(c) The party is a jointly-controlled entity;

(d) The party is a member of the key management personnel of the Group or its parent;

(e) The party is a close member of the family of any individual referred to in (a) or (d); or

(f) The party is an entity that is controlled, jointly controlled or significantly influenced by or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (d) or (e); or

(g) The party is a post-employment benefit plan for the benefit of the employees of the Group, or of any entity that is a related party of the Group.

3. Property, plant and equipment

Group	Freehold land $	Freehold properties $	Motor vehicles $	Furniture, fittings and office equipment $	Plant and machinery $	Total $
Cost						
At 1 January 2009	1,880,807	2,320,609	719,157	351,348	–	5,271,921
Transfer from investment properties (Note 4)	612,068	2,639,415	–	–	–	3,251,483
Additions	–	–	–	45,647	–	45,647
Disposals	–	–	–	(3,867)	–	(3,867)
At 31 December 2009 and 1 January 2010	2,492,875	4,960,024	719,157	393,128	–	8,565,184
Additions	–	–	–	75,384	27,000	102,384
Disposals	–	–	(69,881)	(247,239)	–	(317,120)
At 31 December 2010	2,492,875	4,960,024	649,276	221,273	27,000	8,350,448
Accumulated depreciation and impairment losses						
At 1 January 2009	–	811,133	438,101	281,387	–	1,530,621
Impairment transferred from investment properties (Note 4)	–	599,483	–	–	–	599,483
Depreciation charge for the year	–	84,057	50,834	26,479	–	161,370
Disposals	–	–	–	(2,941)	–	(2,941)
At 31 December 2009 and 1 January 2010	–	1,494,673	488,935	304,925	–	2,288,533
Depreciation charge for the year	–	135,919	32,889	37,039	1,167	207,014
Disposals	–	–	(69,881)	(208,763)	–	(278,644)
At 31 December 2010	–	1,630,592	451,943	133,201	1,167	2,216,903
Net carrying amount						
At 31 December 2010	2,492,875	3,329,432	197,333	88,072	25,833	6,133,545
At 31 December 2009	2,492,875	3,465,351	230,222	88,203	–	6,276,651

The Group charged the depreciation expense of $183,204 (2009: $152,702) to the Income Statement while the remaining amount of $23,810 (2009: $8,668) was reflected in the Balance Sheet as development properties.

3. Property, plant and equipment (Cont'd)

Company	Motor vehicles $	Furniture, fittings and office equipment $	Total $
Cost			
At 1 January 2009	320,388	22,366	342,754
Additions	–	–	–
Disposals	–	(2,000)	(2,000)
At 31 December 2009	320,388	20,366	340,754
Additions	–	–	–
Disposals	–	(1,407)	(1,407)
At 31 December 2010	320,388	18,959	339,347
Accumulated depreciation			
At 1 January 2009	302,442	21,675	324,117
Depreciation charge during the year	17,946	691	18,637
Disposals	–	(2,000)	(2,000)
At 31 December 2009 and 1 January 2010	320,388	20,366	340,754
Depreciation charge during the year	–	–	–
Disposals	–	(1,407)	(1,407)
At 31 December 2010	320,388	18,959	339,347
Net carrying amount			
At 31 December 2010	–	–	–
At 31 December 2009	–	–	–

Assets held under finance leases

The Group does not have any assets held under finance leases as at 31 December 2010 and 2009.

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 $5,822,307 (2009: $5,958,226) have been mortgaged to secure bank overdraft and loan facilities granted to a subsidiary company (Note 17).

4. Investment properties

	Note	Group 2010 $	2009 $
Balance sheet:			
At 1 January		5,410,000	7,192,000
Transferred to property, plant and equipment	3	–	(2,652,000)
Disposal of investment property		(2,800,000)	–
Gain on fair value adjustment recognised in profit or loss		435,000	870,000
Balance at 31 December		3,045,000	5,410,000
Income statement:			
Rental income from investment properties:			
– Minimum lease payments	25	371,164	385,399
Direct operating expenses (including repairs and maintenance) arising from:			
– Rental generating properties		(72,241)	(94,675)

Valuation of investment properties

The fair value is determined annually by Directors and supported by the indicative valuations provided by independent professional valuers, with recent experience in the location and category of the properties being valued. The formal valuations will be carried out at end of May 2011. Based on the market conditions, management does not expect the fair values of the investment properties to be different from the indicative valuations provided by the independent professional valuers as at 31 December 2010.

Properties pledged as security

All the investment properties are mortgaged to banks to secure credit facilities for the Group (Note 17).

Transfer to property, plant and equipment

In 2009, an investment property of $2,652,000 was transferred to property, plant and equipment.

5. Investments in subsidiary companies

	Company 2010 $	Company 2009 $
Unquoted equity shares, at cost	119,599,663	119,599,663
Impairment losses	(70,917,110)	(70,917,110)
	48,682,553	48,682,553

Details of the subsidiary companies are as follows:

Name	Principal activities (Country of incorporation and place of business)	Proportion of ownership interest 2010 %	Proportion of ownership interest 2009 %	Cost of investment 2010 $	Cost of investment 2009 $
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 (1)	Property developer and owner (Singapore)	100	100	1	1
Hiap Hoe Investment Pte Ltd (1)	Property developer and owner (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

5. Investments in subsidiary companies (Cont'd)

Name	Principal activities (Country of incorporation and place of business)	Proportion of ownership interest 2010 %	Proportion of ownership interest 2009 %	Cost of investment 2010 $	Cost of investment 2009 $
Held by the Company					
Oxford Development Pte. Ltd. (1)	Property developer and owner (Singapore)	100	100	998,001	998,001
Leng Hoe Development Pte Ltd (1)	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
				119,599,663	119,599,663

(1) Audited by Ernst & Young LLP, Singapore.

6. Investment in associates

	Group 2010 $	Group 2009 $	Company 2010 $	Company 2009 $
Shares, at cost	4	9	4	4
Share of post-acquisition reserves	(4)	(4)	(4)	(4)
	–	5	–	–

Name	Principal activities (Country of incorporation and place of business)	Proportion of ownership interest 2010 %	Proportion of ownership interest 2009 %	Cost of investment 2010 $	Cost of investment 2009 $
Held by the Company					
Cantonment Development Pte. Ltd. (1)	Property investment and development (Singapore)	40%	40%	4	4
Held by joint venture					
HHA Properties Pte Ltd (2)	Investment holding and property developer (Singapore)	–	25%	–	5

(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.

(2) HHA Properties Pte Ltd has been struck off from the Register of Companies.

6. Investment in associates (Cont'd)

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 $7,250 (2009: $6,814), of which $436 (2009: $508) 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	
	2010	**2009**
	$	**$**
Assets and liabilities:		
Total assets	150	150
Total liabilities	(18,276)	(17,186)
Results:		
Revenue	–	–
Loss for the year	(1,090)	(1,271)

7. Investment in joint ventures

	Group	
	2010	**2009**
	$	**$**
Shares, at cost	600,005	600,005
Share of post-acquisition reserves	201,860	(600,005)
	801,865	–

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 development and investment holding.

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 $452,055 (2009: $240,012), of which $212,044 (2009: $218,328) was the remaining share of the current year's losses.

The Group also has a 60% (2009: 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.

In 2009, the Group has not recognised losses relating to Goodluck View Development where its share of losses exceeds the Group's interest in the joint venture. In 2009, the Group's cumulative share of unrecognised losses at the balance sheet date was $1,952,090, of which $944,574 was the remaining share of 2009's losses. In 2010, the Group has recognised its share of Goodluck View Development accumulated profits of $1,055,024.

The Group's contingent liabilities in respect of its investment in joint venture are disclosed in Note 31(a).

7. Investment in joint ventures (Cont'd)

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

	Group	
	2010	2009
	$	$
Assets and liabilities:		
Current assets	45,400,945	41,304,550
Non-current assets	48,405,414	39,800,492
Total assets	93,806,359	81,105,042
Current liabilities	(63,336,457)	(50,165,130)
Non-current liabilities	(30,120,087)	(32,532,008)
Total liabilities	(93,456,544)	(82,697,138)

	Group	
	2010	2009
	$	$
Income and expenses:		
Income	11,563,092	18,134
Expenses	(9,621,179)	(1,181,036)
Profit /(Loss) for the year	1,941,913	(1,162,902)

8. Other investments

	Group		Company	
	2010	2009	2010	2009
	$	$	$	$
Held for trading investments				
– Quoted investments	294,621	233,685	–	–
– Unquoted investments	27,645,650	–	27,645,650	–
Total financial assets through profit or loss classified as held for trading.	27,940,271	233,685	27,645,650	–

During the financial year, the Group recognised fair value gain of $12,338 (2009:$139,300) on held-for-trading investments-quoted and fair value loss of $246,650 (2009: $nil) on held-for-trading investments-unquoted in the income statement.

9. Trade and other receivables

	Group		Company	
	2010	2009	2010	2009
	$	$	$	$
Current				
Trade receivables	13,973,891	909,787	–	–
Other receivables	290,106	34,376	272,311	19,568
Staff loans	15,000	9,000	9,000	9,000
Less: allowance for doubtful receivables				
– trade	(80,737)	(80,737)	–	–
– non-trade	–	(17,322)	–	(17,322)
	14,198,260	855,104	281,311	11,246
Non-current				
Other receivables – Staff loans	21,000	30,000	21,000	30,000
Total trade and other receivables	14,219,260	885,104	302,311	41,246
Add:				
Due from ultimate holding company (non-trade)	–	1,871	–	–
Due from subsidiary companies (trade) (Note 11(i))	–	–	1,900,535	1,368,762
Due from subsidiary companies (non-trade) (Note 10)	–	–	72,971,404	75,562,554
Due from related companies (trade) (Note 11(i))	–	8,133	–	–
Due from related companies (non-trade) (Note 11(i))	–	23,825	–	23,755
Due from joint ventures (non-trade) (Note 11(iii))	57,258,664	48,707,237	51,684,692	43,135,558
Due from joint ventures (trade) (Note 11(ii))	3,332,161	37,013	15,849	31,578
Due from an associate (non-trade) (Note 11(iv))	2,062	1,733	2,062	1,733
Other assets	625,288	65,932	450	450
Cash and bank balances and fixed deposits	36,449,239	3,520,606	14,716,773	63,236
Total loans and receivables	111,886,674	53,251,454	141,594,076	120,228,872

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 receivables are denominated in Singapore dollar.

9. Trade and other receivables (Cont'd)

Staff loans

Staff loans are unsecured and non-interest bearing. Non-current amounts have an average maturity of 3.3 years (2009: 4.3 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 2010.

Trade receivables that are past due but not impaired

The Group has trade receivables amounting to $13,893,154 (2009: $829,050) 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	
	2010	**2009**
	$	**$**
Trade receivables past due but not impaired:		
Less than 30 days	13,893,154	829,050

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 Individually impaired	
	2010	**2009**
	$	**$**
Trade receivables–nominal amounts	80,737	80,737
Less: Allowance for impairment	(80,737)	(80,737)
	–	–
Movement in allowance accounts:		
At 1 January	80,737	83,237
Written back	–	(1,000)
Written off	–	(1,500)
At 31 December	80,737	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.

10. Due from/(to) subsidiary companies (non-trade)

The amounts due from subsidiary companies are as follows:

	Company	
	2010	2009
	$	$
Loans	71,299,356	74,030,100
Interest receivable	1,063,035	945,546
Others	609,013	586,908
	72,971,404	75,562,554

The amounts due from subsidiary companies are unsecured, repayable on demand and in cash. The loans bear interest at 0.13 % to 0.44% (2009: 0.06% to 0.39%) per annum.

During the year, a write back of impairment loss of $nil (2009: $5,000) was made on the loans to subsidiary company.

The amounts due to subsidiary companies are as follows:

	Company	
	2010	2009
	$	$
Loans	(75,877,686)	(65,748,226)
Interest payable	(1,423,572)	(1,266,677)
Others	(38,024,262)	(35,714)
	(115,325,520)	(67,050,617)

The amounts due to subsidiary companies are unsecured, repayable on demand and in cash, and bear interest at 0.13% to 0.44% (2009: 0.06% to 0.39%) per annum.

11. Due from/(to) subsidiary companies/related companies/joint ventures/associates

(i) Due from subsidiary companies (trade), due from related companies (non-trade/trade), due to related companies (trade)

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

(ii) Due from joint ventures (trade)

The amounts due from joint ventures are unsecured, interest-free, repayable on demand and in cash.

11. Due from/(to) subsidiary companies/related companies/joint ventures/associates (Cont'd)

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

The amounts due from joint ventures are as follows:

	Group		Company	
	2010 $	2009 $	2010 $	2009 $
Loans	55,451,584	47,108,584	50,307,423	41,964,424
Interest receivable	1,396,533	1,178,314	1,297,356	1,091,221
Others	410,547	420,339	79,913	79,913
	57,258,664	48,707,237	51,684,692	43,135,558

The amounts due from joint ventures are unsecured, repayable on demand and in cash. The loans bear interest at 0.13% to 0.44% (2009: 2.27% to 2.33%) per annum.

(iv) Due from an associate (non-trade)

The amount due from an associate is unsecured, interest-free, repayable on demand and in cash.

12. Development properties

	Group	
	2010 $	2009 $
Freehold land and related costs	394,034,574	436,430,666
Development costs	44,174,588	7,350,331
Property tax and interest	26,901,119	21,829,651
Attributable profit	35,996,905	124,041,294
	501,107,186	589,651,942
Less: Progress billings	(123,421,568)	(53,051,320)
	377,685,618	536,600,622

12. Development properties (Cont'd)

(I) Interest costs capitalised during the year at an average rate of 1.82% (2009: 2.05%) per annum based on actual borrowing costs were paid to:

	Group	
	2010 $	2009 $
– financial institutions	5,586,443	7,681,528
– related companies	92,845	34,823
	5,679,288	7,716,351

(ii) The development properties are pledged for bank borrowings (Note 17).

(iii) Included in development costs are project and construction management services of $1,140,216 (2009: $683,139) charged by a related company, at contractual terms agreed between the parties.

(iv) Should the Group adopt completion of construction method for pre-completion contracts, the effects on the Group's financial statements are as follows:

- Decrease in opening balance of retained earnings by approximately $124,041,000 (2009: decrease by $26,679,000);
- Increase in revenue by approximately $76,267,000 (2009: decrease by $109,577,000);
- Increase in income statement for the year by approximately $69,613,000 (2009: decrease by $44,473,000);
- Decrease in development properties at beginning of the year by approximately $124,041,000 (2009: decrease by $26,129,000); and
- Decrease in development properties at end of the year by approximately $54,428,000 (2009: decrease by $91,232,000).

13. Trade and other payables

	Group		Company	
	2010 $	2009 $	2010 $	2009 $
Current				
Trade payables	6,003,783	3,044,834	–	–
Sundry payables	82,736	322,521	25,222	221,236
	6,086,519	3,367,355	25,222	221,236
Due to subsidiary companies (non-trade) (Note 10)	–	–	115,325,520	67,050,617
Due to related companies (trade) (Note 11(i))	959,737	510,001	–	–
Due to related companies (non-trade) (Note 16)	17,006,350	13,664,013	115	–
Due to an associate (non-trade)	–	5	–	–
	24,052,606	17,541,374	115,350,857	67,271,853
Non-current				
Trade payables	1,457,882	200,840	–	–
Total trade and other payables	25,510,488	17,742,214	115,350,857	67,271,853
Add:				
Accrued operating expenses (Note 14)	17,386,488	10,680,891	260,772	261,139
Deposits received (Note 14)	90,316	486,856	–	–
Interest-bearing loans and borrowings (Note 17)	260,240,238	385,270,352	9,191	19,187
Total financial liabilities carried at amortised cost	303,227,530	414,180,313	115,620,820	67,552,179

13. Trade and other payables (Cont'd)

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

Trade payables are denominated in Singapore dollar as at 31 December 2010 and 2009.

14. Other liabilities

	Group		Company	
	2010	**2009**	**2010**	**2009**
	$	**$**	**$**	**$**
Current				
Accrued operating expenses	17,386,488	10,680,891	260,772	261,139
Deposits received	17,569	461,671	–	–
Rentals received in advance	2,819	1,070	–	–
Provision for contingency	1,029,909	1,029,909	–	–
	18,436,785	12,173,541	260,722	261,139
Non-current				
Deposits received	72,747	25,185	–	–
Total other liabilities	18,509,532	12,198,726	260,722	261,139

Provision for contingency

The provision for contingency is a possible outflow of economic resources which may arise from a past contractual obligation.

15. Derivatives

Derivative financial instruments included in the balance sheets at 31 December are as follows:

	Group			
	2010		**2009**	
	Assets	**Liabilities**	**Assets**	**Liabilities**
	$	**$**	**$**	**$**
Interest rate swaps	–	–	–	347,595

	Company			
	2010		**2009**	
	Assets	**Liabilities**	**Assets**	**Liabilities**
	$	**$**	**$**	**$**
Interest rate swaps	–	–	–	294,506

15. Derivatives (Cont'd)

(i) The Company has the following interest rate swap agreements (entered into during 2007) for which the Company does not apply hedge accounting:

(a) In 2007, the Company entered into a SGD callable swap agreement with Bank of America ("BOA") with a notional amount of $10,000,000 whereby it pays a fixed rate of 2.81% per annum and receives a variable rate equal to 6 months SGD Swap Offer Rate ("SOR") on the notional amount. The swap is being used to partly hedge against the interest rate exposure on the land loan for the Lewis Court development project (Note 17.3b). The secured land loan and interest rate swap have the same critical terms, except that the interest rate swap agreement is for a notional amount of $10,000,000 whereas the land loan is for an amount of $nil (2009: $16,500,000). During the year, the interest rate swap agreement expired. The fair value of the swap agreement as at 31 December 2009 amounted to $101,577 payable.

(b) In 2007, the Company entered into a second SGD structured interest rate swap agreement with UOB with a notional amount of $10,000,000 whereby it pays a fixed rate of 2.71% per annum and receives a variable rate equal to 3 months SGD SOR on the notional amount. The swap is being used to hedge against the interest rate exposure on the term loan for acquisition of "Le Chateau" development project (Note 17.1a). The term loan and interest rate swap have the same critical terms, except that the interest rate swap agreement is for a notional amount of $10,000,000 whereas the term loan is for an amount of $nil (2009: $111,999,205) which was utilised. During the year, the interest rate swap agreement expired. The fair value of the interest rate swap as at 31 December 2009 amounted to $ 134,995 payable.

(ii) The Company has the following interest rate swap agreements (entered into during 2008) for which the Company does not apply hedge accounting:

(a) In 2008, the Company entered into an interest rate swap agreement with UOB with a notional amount of $10,000,000 whereby it pays a fixed rate of 1.79% per annum and receives a 3 months SGD SOR fixed by Association of Banks on the notional amount. The swap is being used to hedge against the interest rate exposure on the term loan for acquisition of "Clemenceau Court" development project (Note 17.1a). The term loan and interest rate swap have the same critical terms, except that the interest rate swap agreement is for a notional amount of $10,000,000 whereas the term loan is for an amount of $nil (2009: $111,999,205) which was utilised. During the year, the interest rate swap agreement expired. The fair value of the interest rate swap as at 31 December 2009 amounted to $31,740 payable.

(b) In 2008, the Company entered into an interest rate swap agreement with UOB with a notional amount of $10,000,000 whereby it pays a fixed rate of 1.695% per annum and receives a 3 months SGD SOR fixed by Association of Banks on the notional amount. The swap is being used to hedge against the interest rate exposure on the term loan for acquisition of "Clemenceau Court" development project (Note 17.1a). The term loan and interest rate swap have the same critical terms, except that the interest rate swap agreement is for a notional amount of $10,000,000 whereas the term loan is for an amount of $nil (2009: $111,999,205) which was utilised. During the year, the interest rate swap agreement expired. The fair value of the interest rate swap as at 31 December 2009 amounted to $26,194 payable.

15. Derivatives (Cont'd)

(c) In 2008, the subsidiary company, Hiap Hoe SuperBowl JV Pte. Ltd., entered into an interest rate swap agreement with UOB with a notional amount of $10,000,000 whereby it pays a fixed rate of 1.64% per annum and receives a 3 months SGD SOR fixed by Association of Banks on the notional amount. The swap is being used to hedge against the interest rate exposure on the land loan for acquisition of "The Aspine" development project (Note 17.3e). The land loan and interest rate swap have the same critical terms, except that the interest rate swap agreement is for a notional amount of $10,000,000 whereas the land loan is for an amount of $nil (2009: $113,707,000). During the year, the interest rate swap agreement expired. The fair value of the interest rate swap as at 31 December 2009 amounted to $27,540 payable.

(d) In 2008, the subsidiary company, Hiap Hoe SuperBowl JV Pte. Ltd., entered into an interest rate swap agreement with UOB with a notional amount of $10,000,000 whereby it pays a fixed rate of 1.56% per annum and receives a 3 months SGD SOR fixed by Association of Banks on the notional amount. The swap is being used to hedge against the interest rate exposure on the land loan for acquisition of "The Aspine" development project (Note 17.3e). The land loan and interest rate swap have the same critical terms, except that the interest rate swap agreement is for a notional amount of $10,000,000 whereas the land loan is for an amount of $nil (2009: $113,707,000). During the year, the interest rate swap agreement expired. The fair value of the interest rate swap as at 31 December 2009 amounted to $25,549 payable.

16. Due to related companies (non-trade)

The amounts due to related companies comprised:

	Group		Company	
	2010 $	2009 $	2010 $	2009 $
Loans	16,764,490	13,515,290	–	–
Interest payable	236,042	143,196	–	–
Others	5,818	5,527	115	–
	17,006,350	13,664,013	115	–

The amounts due to related companies are unsecured, repayable on demand and in cash. The loans bear interest at 0.19% to 5.00% (2009: 0.03% to 0.86%) per annum.

17. Interest-bearing loans and borrowings

	Effective interest rate (% per annum)	Maturity	Group 2010 $	Group 2009 $	Company 2010 $	Company 2009 $
Current liabilities						
Bank term loans (Note 17.1)	–	2011	–	41,752,886	–	–
Construction loans (Note 17.2)	1.79[1]	2011	369,345	4,721,422	–	–
Land loans (Note 17.3)	1.74[1]	2011	124,542,000	11,165,000	–	–
Bank overdrafts (Note 17.4)	–	2011	–	201,514	–	–
Interest payable	–	2011	231,702	906,656	–	–
Lease obligations (Note 18)	2.22[1]	2011	9,191	11,280	9,191	9,996
			125,152,238	58,758,758	9,191	9,996
Non-current liabilities						
Bank term loans (Note 17.1)	1.30[1]	2013	78,187,000	111,999,205	–	–
Construction loans (Note 17.2)	–	–	–	9,411,198	–	–
Land loans (Note 17.3)	1.52[1]	2012	56,901,000	205,092,000	–	–
Lease obligations (Note 18)	–	–	–	9,191	–	9,191
			135,088,000	326,511,594	–	9,191
Total			260,240,238	385,270,352	9,191	19,187

(1) Based on weighted average effective interest rates.

17.1 The bank term loans bear interest at floating rates, which ranged from 1.28% to 2.10% (2009: 1.26% to 3.05%) per annum during the year. Interest rates of these loans are repriced at an interval of 1 to 3 months.

(a) A loan of $78,187,000 (2009: $111,999,205) carried interest at an interest rate mark-up above bank's Cost of Fund. During the year, the floating interest rates ranged from 1.28% to 1.88% (2009: 1.28% to 3.05%) per annum. The loan is repayable by 30 June 2013 or 6 months after the issuance of Temporary Occupation Permit, whichever is earlier; and

(b) A loan of $nil (2009: $41,752,886) carried interest at an interest rate mark-up above bank's Cost of Fund. During the year, the floating interest rates ranged from 2.02% to 2.10% (2009: 1.26% to 2.33%) per annum. The loan was fully repaid during the year.

17. Interest-bearing loans and borrowings (Cont'd)

17.2 The construction loans bear interest at floating rates, which ranged from 1.48% to 2.86% (2009: 1.26% to 3.00%) per annum during the year. Interest rates of these loans are repriced at an interval of 1 to 3 months.

(a) Loans of $nil (2009: $1,548,545) carried interest at an interest rate mark-up above bank's Cost of Fund. During the year, the floating interest rates ranged from 2.47% to 2.64% (2009: 1.26% to 2.76%) per annum. The loan was fully repaid during the year;

(b) A loan of $nil (2009: $7,493,308) carried interest at an interest rate mark-up above bank's Cost of Fund. During the year, the floating interest rates ranged from 1.48% to 2.21% (2009: 1.26% to 2.74%) per annum. The loan is repayable by 30 June 2012 or 6 months after the issuance of Temporary Occupation Permit, whichever is earlier;

(c) A loan of $369,345 (2009: $369,345) carried interest at an interest rate mark-up above bank's Cost of Fund. During the year, the floating interest rates ranged from 1.78% to 2.86% (2009: 1.43% to 3.00%) per annum. The loan is repayable within 48 months from date of acceptance of facility letter or on 31 December 2011, whichever is earlier; and

(d) A loan of $nil (2009: $4,721,422) carried interest at an interest rate which bears interest at an interest rate mark-up above the bank's Swap Cost. During the year, the floating interest rates ranged from 1.52% to 1.61% (2009: 1.33% to 1.76%) per annum. During the year, the loan was fully repaid.

17.3 The land loans bear interest at floating rates, which ranged from 1.44% to 2.88% (2009: 1.26% to 3.14%) per annum during the year. Interest rates of these loans are repriced at an interval of 1 to 4 months.

(a) loan of $nil (2009: $5,225,000), which bears interest at an interest rate mark-up above the bank's Swap Cost. During the year, the floating interest rates ranged from 1.57% to 1.66% (2009: 1.40% to 2.67%) per annum. During the year, the loan was fully repaid;

(b) loan of $10,835,000 (2009: $16,500,000), which bears interest at an interest rate mark-up above the bank's Cost of Fund. During the year, the floating interest rates ranged from 1.44% to 2.64% (2009: 1.67% to 2.75%) per annum. The loan is fully repayable within six months after date of issue of the Temporary Occupation Permit for the development properties or by 31 December 2011, whichever is earlier;

(c) loan of $56,901,000 (2009: $74,885,000), which bears interest at an interest rate mark-up above the bank's Cost of Fund. During the year, the floating interest rates ranged from 1.46% to 2.18% (2009: 1.28% to 2.27%) per annum. The loan is fully repayable by 30 June 2012 or 6 months after the issuance of Temporary Occupation Permit, whichever is earlier;

(d) loan of $nil (2009: $5,940,000), which bears interest at an interest rate mark-up above the bank's Cost of Fund. During the year, the floating interest rates ranged from 2.02% to 2.23% (2009: 1.26% to 2.24%) per annum. During the year, the loan was fully repaid; and

(e) loan of $113,707,000 (2009: $113,707,000), which bears interest at an interest rate mark-up above the bank's Cost of Fund. During the year, the floating interest rates ranged from 1.70% to 2.88% (2009: 1.36% to 3.14%) per annum. The loan is fully repayable 6 months after the issuance of Temporary Occupation Permit or on 31 December 2011, whichever is earlier.

17. Interest-bearing loans and borrowings (Cont'd)

17.4 Bank overdrafts denominated in SGD were repayable on demand and had a weighted average effective interest rate of 4.86% (2009: 4.86%) per annum. Interest rates of bank overdrafts were repriced at an interval of 1 month.

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

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

(b) first legal mortgage over development properties;

(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.

18. Lease obligations

The Group has entered into finance leases on its motor vehicles. Lease terms range from 2 to 7 years. 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 2010 $	Present value of payments 2010 $	Minimum lease payments 2009 $	Present value of payments 2009 $
Within 1 year	10,554	9,191	12,828	11,280
After 1 year but within 5 years	–	–	10,554	9,191
Total minimum lease payments	10,554	9,191	23,382	20,471
Less: amounts representing finance charges	(1,363)	–	(2,911)	–
Present value of minimum lease payments	9,191	9,191	20,471	20,471

18. Lease obligations (Cont'd)

Company	Minimum lease payments 2010 $	Present value of payments 2010 $	Minimum lease payments 2009 $	Present value of payments 2009 $
Within 1 year	10,554	9,191	11,544	9,996
After 1 year but within 5 years	–	–	10,554	9,191
Total minimum lease payments	10,554	9,191	22,098	19,187
Less: amounts representing finance charges	(1,363)	–	(2,911)	–
Present value of minimum lease payments	9,191	9,191	19,187	19,187

The leases bear an implicit discount rate of 2.2% (2009: 2.2%) per annum.

19. Deferred taxation

Deferred taxation as at 31 December relates to the following:

	Group			
	Consolidated balance sheet		Consolidated income statement	
	2010 $	2009 $	2010 $	2009 $
Deferred tax liabilities:				
Differences in depreciation for tax purposes	6	165	(159)	(154)
Differences in recognition of profits on development properties	3,498,917	10,604,887	(7,105,970)	6,919,485
	3,498,923	10,605,052	(7,106,129)	6,919,331

20. Share capital and treasury shares

(a) Share capital

	Group and Company			
	2010 Number of ordinary shares	2009 Number of ordinary shares	2010 $	2009 $
Issued and fully paid ordinary shares:				
At 1 January	379,646,363	379,646,363	84,445,256	84,445,256
Issued during the year:				
Issuance of bonus ordinary shares	94,911,028	–	–	–
At 31 December	474,557,391	379,646,363	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.

20. Share capital and treasury shares (Cont'd)

(b) Treasury shares

	Group and Company			
	2010 Number of shares	2009 Number of shares	2010 $	2009 $
At 1 January	(1,453,000)	(1,453,000)	(158,557)	(158,557)
Acquired during the year	(863,250)	–	(194,722)	–
At 31 December	(2,316,250)	(1,453,000)	(353,279)	(158,557)

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

21. Reserves

	Group		Company	
	2010 $	2009 $	2010 $	2009 $
Accumulated profits	129,268,356	96,968,918	16,936,352	15,564,943
Dividend reserve(Note a)	1,181,046	1,181,854	1,181,046	1,181,854
Capital reserve (Note b)	(7,671,719)	(7,671,719)	–	–
	122,777,683	90,479,053	18,117,398	16,746,797

a) Dividend reserve

For the financial year ended 31 December 2010, the Directors of the Company have paid out an interim dividend of 0.25 cent (2009: nil) per ordinary share. The Directors of the Company have recommended that a final dividend be paid at 0.25 cent (2009: 0.25 cent) per ordinary share. An amount of $1,181,046 (2009: $1,181,854) has been appropriated from current year's profits to dividend reserve (Note 32).

b) Capital reserve

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

22. Revenue

	Group		Company	
Revenue is analysed as follows:	2010 $	2009 $	2010 $	2009 $
Sales of development properties	98,322,867	110,350,174	–	–
Project revenue arising from construction contracts	8,215,775	5,860	–	–
Management fee charged to				
– joint ventures	40,995	124,078	102,488	124,078
– subsidiary companies	–	–	858,175	727,111
	106,579,637	110,480,112	960,663	851,189

23. Administrative expenses

Administrative expenses include:

	Group		Company	
	2010 $	2009 $	2010 $	2009 $
Non-audit fees paid to the auditors of the Company	31,470	31,268	4,462	4,440
Depreciation of property, plant and equipment	183,204	152,702	–	18,637
Directors' fees	166,000	150,000	166,000	150,000
Write-back of allowance for doubtful trade receivables	–	(1,000)	–	–
Employee' benefits expense (Note 24)	2,136,092	1,778,914	1,117,685	966,370
Operating lease expense (Note 31(c))	24,000	24,000	–	–

24. Employees' benefits

	Group		Company	
	2010 $	2009 $	2010 $	2009 $
Wages, salaries and bonuses	1,932,611	1,559,654	1,050,181	895,472
Central Provident Fund contributions	142,445	132,078	62,127	64,537
Other staff costs	44,144	43,196	5,377	6,361
Casual labour	16,892	43,986	–	–
	2,136,092	1,778,914	1,117,685	966,370

Employees' benefits include Directors' remuneration as disclosed in Note 23.

During the financial year ended 31 December 2009, the Finance Minister announced the introduction of a Job Credit Scheme ("Scheme"). Under this Scheme, the Group received a 12% cash grant on the first $2,500 of each month's wages for each employee on their Central Provident Fund payroll. During the financial year, the Group received grant income of $11,014 (2009: $50,914) under the Scheme. The grant was deducted against the wages, salaries and bonuses.

24. Employees' benefits (Cont'd)

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" 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.

During the year ended 31 December 2010, no award has been issued.

25. Other income/(other expense)

	Group		Company	
	2010	**2009**	**2010**	**2009**
	$	**$**	**$**	**$**
Other income:				
Dividend income from quoted investments	7,885	4,490	–	–
Dividend income from subsidiary companies	–	–	4,000,000	–
Gain on fair value adjustment of investment properties (Note 4)	435,000	870,000	–	–
Miscellaneous income	76,332	127,594	–	–
Write back of payables	252,573	–	192,207	–
Rental income				
– investment properties (Note 4)	371,164	385,399	–	–
Fair value gain on financial instruments				
– investments held for trading - quoted	12,338	139,300	–	–
Gain on disposal of investment property	608,888	–	–	–
	1,764,180	1,526,783	4,192,207	–
Other expenses:				
Loss on disposal of property, plant and equipment	–	(186)	–	–
Loss on property, plant and equipment written off	(38,476)	(740)	–	–
Fair value loss on investments held for trading – unquoted	(246,650)	–	(246,650)	–
	(285,126)	(926)	(246,650)	–

26. Financial income/(expenses)

	Group		Company	
	2010	2009	2010	2009
	$	$	$	$
Interest expense				
– bank term loans	(185,668)	(49,361)	–	–
– obligations under finance leases	(1,548)	(1,548)	(1,548)	(1,548)
– loans from subsidiary companies	–	–	(308,569)	(804,931)
– bank overdrafts	(2,447)	(6,793)	–	–
Financial expenses	(189,663)	(57,702)	(310,117)	(806,479)
Interest income from loans and receivables				
– fixed deposits	41,141	5,371	8,948	495
– unquoted investments	339,022	–	339,022	–
– loans to subsidiary companies	–	–	186,992	187,504
– loan to joint ventures	205,310	272,669	206,135	887,737
– others	56,194	1,037	22,065	–
Financial income	641,667	279,077	763,162	1,075,736

27. Taxation

(a) Major components of income tax expense

Major components of income tax expense for the years ended 31 December are:

	Group		Company	
	2010	2009	2010	2009
	$	$	$	$
Statement of comprehensive income:				
Current income tax:				
– Current income taxation	12,330,212	127,722	60,213	18,022
– (Over)/ under provision in respect of prior years	(213,441)	267,814	(196)	21,956
– Tax compensation	–	(1,871)	(42,625)	–
Deferred tax				
– origination and reversal of temporary differences	(7,106,129)	7,124,092	–	–
– benefits from previously unrecognised tax losses	–	-	–	(1,264)
– effect of reduction in tax rate	–	(204,761)	–	–
Income tax expense recognised in profit or loss	5,010,642	7,312,996	17,392	38,714

27. Taxation (Cont'd)

(b) Relationship between tax expense and accounting profit

The reconciliation between tax expense and the product of accounting profit multiplied by the applicable corporate tax rate for the years ended 31 December are as follows:

	Group		Company	
	2010 $	2009 $	2010 $	2009 $
Profit/(Loss) before taxation	39,577,225	41,622,397	3,750,036	(276,072)
Tax at the domestic rate of 17%	6,728,128	7,075,807	637,506	(46,932)
Adjustments:				
Tax effects of (income not taxable)/expenses not deductible for tax purposes	(710,335)	(295,526)	(550,094)	83,826
Deferred tax assets not recognised	22,168	635,149	–	–
(Over)/Under provision in respect of prior years	(213,441)	267,814	(196)	21,956
Utilisation of deferred tax assets not recognised in prior years	(709,528)	(117,664)	–	–
Effect of partial tax exemption	(83,825)	(56,240)	(25,925)	(18,872)
Effect of reduction in tax rate	–	(204,761)	–	–
Tax compensation	–	–	(42,625)	–
Others	(22,525)	8,417	(1,274)	(1,264)
Income tax expense recognised in profit or loss	5,010,642	7,312,996	17,392	38,714

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.

Unutilised tax losses and capital allowances

The subsidiary companies of the Company have unutilised tax losses and capital allowances of $67,494,020 (2009: $63,142,990) and $nil (2009: $177,336) respectively 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 2.24 to the financial statements.

Tax consequences of proposed dividends

There are no income tax consequences (2009: nil) attached to the dividends to the shareholders proposed by the Company but not recognised as a liability in the financial statements (Note 32).

27. Taxation (Cont'd)

(c) Deferred income tax arising from different computation basis

There were unrecognised deferred tax assets of $130,400 (2009: $3,736,170) during 31 December 2010 which arise from the tax computations being based on the completed contract method and the accounting records being based on the percentage of completion method.

28. 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 parent 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 parent 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	
	2010 $	2009 $
Profit for the year attributable to owners of the parent used in the computation of basis and diluted earnings per ordinary share	34,660,673	34,349,846
Weighted average number of ordinary shares for basic and dilutive earnings per share computation*	472,654,255	472,822,748

* The weighted average number of shares takes into account the weighted average effect of changes in treasury shares transactions and 94,911,028 bonus shares issued (Note 20a) during the year.

(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 parent 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 28(a) above.

29. Significant related party transactions

An entity or individual is considered a related party of the Group for the purposes of the financial statements if: i) it possesses the ability (directly or indirectly) to control or exercise significant influence over the operating and financial decisions of the Group or vice versa; or ii) it is subject to common control or common significant influence.

(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 who are not members of the Group took place during the year at terms agreed between the parties:

	Group		Company	
	2010 $	2009 $	2010 $	2009 $
Income				
Sale of development property to a related company	303,169	1,372,332	–	–
Supply of labour to joint ventures	12,305	9,524	–	–
Supply of labour to a related company	16,543	54,943	–	–
Sale of inventory to a Director	5,000	–	–	–
Construction income charged to joint ventures	8,177,720	–	–	–
Expenses				
Rental expense paid to a related company	24,000	24,000	–	–
Site expenses paid to related company	847,742	1,095,721	–	–
Supply of labour paid to related company	2,462,530	1,117,947	–	–

29. Significant related party transactions (Cont'd)

(b) Compensation of key management personnel

	Group		Company	
	2010	**2009**	**2010**	**2009**
	$	**$**	**$**	**$**
Short-term employee benefits	1,751,632	1,482,396	1,219,500	1,057,200
Central Provident Fund contributions	91,100	91,933	62,061	63,528
	1,842,732	1,574,329	1,281,561	1,120,728
Comprise amounts paid to:				
Directors of the Company	1,198,294	1,005,872	894,580	764,234
Other key management personnel	644,438	568,457	386,981	356,494
	1,842,732	1,574,329	1,281,561	1,120,728

Directors' remuneration and fees totalled $1,032,294 (2009: $855,872) and $166,000 (2009: $150,000) respectively.

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

30. Corporate guarantees, unsecured

The Company has given corporate guarantees to financial institutions in connection with credit facilities approximates to $610,114,200 (2009: $749,490,200) granted to its subsidiary companies and its joint ventures. The liabilities of the Company are limited to the outstanding principal amounts due to financial institutions, which are $259,999,345 (2009: $384,343,225).

31. Commitments and contingencies

(a) Capital commitments

Capital expenditure in respect of development properties contracted at year end but not provided for in the financial statements:

	Group	
	2010	**2009**
	$	**$**
– Subcontractors' costs	56,777,148	13,803,529
– Project and construction management fees	687,186	1,367,091
– Share of joint venture's capital commitments in relation to property, plant and equipment	88,378,987	5,431,156
– Share of joint venture's capital commitments in relation to development properties	34,206,968	39,626,974

Notes to the Financial Statements (Cont'd)

31 December 2010

31. Commitments and contingencies (Cont'd)

(b) Operating lease commitments – as lessor

The Group has entered into leases on certain of its properties. These non-cancellable leases have remaining non-cancellable lease terms of 2 and 4 years.

Future minimum lease receivable under non-cancellable operating leases as at 31 December are as follows:

	Group	
	2010	**2009**
	$	**$**
Not later than one year	338,428	215,769
Later than one year but not later than five years	352,507	84,738
	690,935	300,507

(c) Operating lease commitments – as lessee

The Group has entered into a lease for a building from a related party as disclosed in Note 29. This non-cancellable lease has a remaining non-cancellable lease term of 2 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 $24,000 (2009: $24,000).

Future minimum lease payments payable under non-cancellable operating leases as at 31 December are as follows:

	Group	
	2010	**2009**
	$	**$**
Not later than one year	12,000	24,000
Later than one year but not later than five years	–	12,000
	12,000	36,000

32. Dividends

	Group and Company	
	2010	**2009**
	$	**$**
Declared and paid during the year:		
Dividends on ordinary shares:		
– Interim exempt (one-tier) dividend for 2010: 0.25[1] cents (2009: nil) per share	1,180,603	–
– Final exempt (one-tier) dividend for 2009: 0.25[2] cent (2009: 0.25[3] cent – final dividend for 2008) per share	1,181,854	945,483
	2,362,457	945,483

Notes:

1 Dividends of 0.25 cent per share were paid based on 472,241,141 shares.

2 Dividends of 0.25 cent per share were paid based on 472,741,141 shares.

3 Dividends of 0.25 cent per share were paid based on 378,193,363 shares.

32. 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	
	2010	2009
	$	$
Dividends appropriated from profits to dividend reserve (Note 21a):		
– Final exempt (one-tier) dividend for 2010: 0.25 cent (2009: 0.25 cent) per share	1,181,046	1,181,854

33. 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 derivatives shall be undertaken except for the use as hedging instruments where appropriate and cost-efficient. The Group and the Company do not apply hedge accounting .

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.

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 party and subsidiary companies. 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 (2009: less than 6 months) from the balance sheet date.

The Group's policy is to manage its exposure to interest rate risks using a mix of fixed and variable rate debts. To manage this mix in a cost-efficient manner, 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. As at 31 December 2010, after taking into account the effects of interest rate swaps, approximately nil% (2009: 16%) of the Group's borrowings are at a fixed rate of interest.

33. Financial risk management objectives and policies (Cont'd)

Interest rate risk (Cont'd)

Sensitivity analysis for interest rate risk

At 31 December 2010, if SGD interest rates had been 100 (2009: 100) basis points higher with all other variables held constant, it would not have a significant impact on 2010 Group's profit as the interest would be mainly incurred for development projects still in construction and, therefore, the interest would be capitalised in Balance Sheet under development properties. The same applies for the financial year ended 31 December 2009.

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 80% to 85% 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.

For loans that are maturing within the next 12 months, the management will seek re-financing if necessary.

33. 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.

$'000	2010			2009		
Group	**1 year or less**	**1 to 5 years**	**Total**	**1 year or less**	**1 to 5 years**	**Total**
Financial assets:						
Cash and bank balances and fixed deposits	36,449	–	36,449	3,521	–	3,521
Other investments	27,940	–	27,940	234	–	234
Trade and other receivables	14,198	21	14,219	855	–	855
Other assets	625	–	625	66	–	66
Due from ultimate holding company (non-trade)	–	–	–	2	–	2
Due from related companies (trade)	–	–	–	8	–	8
Due from related companies (non-trade)	–	–	–	24	–	24
Due from joint ventures (non-trade)	57,259	–	57,259	48,707	–	48,707
Due from an associate (non-trade)	2	–	2	2	–	2
Due from joint ventures (trade)	3,332	–	3,332	37	–	37
Total undiscounted financial assets	139,805	21	139,826	53,456	–	53,456

Notes to the Financial Statements (Cont'd)

31 December 2010

33. Financial risk management objectives and policies (Cont'd)

Liquidity risk (Cont'd)

$'000	2010			2009		
Group	**1 year or less**	**1 to 5 years**	**Total**	**1 year or less**	**1 to 5 years**	**Total**
Financial liabilities:						
Trade and other payables	6,087	1,458	7,545	3,367	201	3,568
Due to related companies (trade)	960	–	960	510	–	510
Due to related companies (non-trade)	17,006	–	17,006	13,664	–	13,664
Other liabilities	18,437	73	18,510	12,173	25	12,198
Derivatives	–	–	–	348	–	348
Interest bearing loans and borrowings	129,216	137,044	266,260	66,228	335,024	401,252
Total undiscounted financial liabilities	171,706	138,575	310,281	96,290	335,250	431,540
Total net undiscounted financial liabilities	(31,901)	(138,554)	(170,455)	(42,834)	(335,250)	(378,084)

$'000	2010			2009		
Company	**1 year or less**	**1 to 5 years**	**Total**	**1 year or less**	**1 to 5 years**	**Total**
Financial assets:						
Cash and bank balances and fixed deposits	14,717	–	14,717	63	–	63
Other investments	27,646	–	27,646	–	–	–
Trade and other receivables	281	21	302	11	–	11
Other assest	1	–	1	1	–	1
Due from subsidiary companies (trade)	1,901	–	1,901	1,369	–	1,369
Due from subsidiary companies (non-trade)	72,971	–	72,971	75,563	–	75,563
Due from related companies (non-trade)	–	–	–	24	–	24
Due from joint ventures (non-trade)	51,685	–	51,685	43,136	–	43,136
Due from an associate (non-trade)	2	–	2	2	–	2
Due from joint venture (trade)	16	–	16	32	–	32
Total undiscounted financial assets	169,220	21	169,241	120,201	–	120,201

33. Financial risk management objectives and policies (Cont'd)

Liquidity risk (Cont'd)

$'000	**2010**			**2009**		
Company	**1 year or less**	**1 to 5 years**	**Total**	**1 year or less**	**1 to 5 years**	**Total**
Financial liabilities:						
Trade and other payables	25	–	25	221	–	221
Due to subsidiary companies (non-trade)	115,326	–	115,326	67,051	–	67,051
Other liabilities	261	–	261	261	–	261
Derivatives	–	–	–	295	–	295
Loans and borrowings	9	–	9	10	9	19
Total undiscounted financial liabilities	115,621	–	115,621	67,838	9	67,847
Total net undiscounted financial assets/ (liabilities)	53,599	21	53,620	52,363	(9)	52,354

Short-term funding is obtained from term loans and bank overdraft facilities.

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

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.

$'000	**2010**			**2009**		
	1 year or less	**1 to 5 years**	**Total**	**1 year or less**	**1 to 5 years**	**Total**
Group and the Company						
Financial guarantees	130,202	415,712	545,914	87,048	598,242	685,290

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 and derivatives), 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.

33. Financial risk management objectives and policies (Cont'd)

Credit risk (Cont'd)

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, including derivatives with positive fair values
- A nominal amount of $64,200,000 (2009:$64,200,000) relating to a corporate guarantee provided by the Group to the banks on joint ventures' loans
- A nominal amount of $545,914,200 (2009:$685,290,200) relating to a corporate guarantee provided by the Company to banks on subsidiary companies' bank loans

Information regarding credit exposure for trade and other receivables is disclosed in Note 9.

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 reporting period is as follows:

	Group			
	2010		2009	
	$	% of total	$	% of total
By country:				
Singapore	13,893,154	100	829,050	100
	13,893,154	100	829,050	100
By industry sectors:				
Property	13,893,154	100	829,050	100
	13,893,154	100	829,050	100

At the end of the reporting period, approximately 100% (2009: 100%) of the Group's trade receivables were due from sale of development properties. Trade receivables from the construction sector mainly comprised amounts due from fellow subsidiary companies which were eliminated at the Group level.

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, other investments and derivatives 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 assts that are either past due or impaired

Information regarding financial assets that are either past due or impaired is disclosed in Note 9 (Trade and other receivables).

33. 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.

Sensitivity analysis for equity price risk

At the end of the reporting period, if the STI had been 2% (2009: 2%) higher/lower with all other variables held constant, the Group's profit net of tax would have been $5,892 (2009: $4,674) 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 $5,892 (2009: $4,674) higher/lower, arising as a result of an increase/decrease in the fair value of equity instruments classified as held for trading.

34. Fair values of financial instruments

The fair value of a financial instrument is the amount at which the instrument could be exchanged or settled between knowledgeable and willing parties in an arm's length transaction, other than in a forced or liquidation sale.

A. Fair value of financial instruments that are carried at fair value

The following table shows an analysis of financial instruments carried at fair value by level of fair value hierarchy:

Group	Quoted prices in active markets for identical instruments (Level 1) $'000	Significant other observable inputs (Level 2) $'000	Significant unobservable inputs (Level 3) $'000	Total $'000
2010				
Financial assets:				
Held for trading investments (Note 8)				
– Equity instruments	295	–	–	295
– Unquoted instruments	–	27,646	–	27,646
At 31 December 2010	295	27,646	–	27,941
2009				
Financial assets:				
Held for trading investments (Note 8)				
– Equity instruments	234	–	–	234
At 31 December 2009	234	–	–	234

34. Fair values of financial instruments (Cont'd)

A. Fair value of financial instruments that are carried at fair value (Cont'd)

Group	Quoted prices in active markets for identical instruments (Level 1) $'000	Significant other observable inputs (Level 2) $'000	Significant unobservable inputs (Level 3) $'000	Total $'000
2010				
Financial liabilities:				
Derivatives (Note 15)				
– Interest rate swap	–	–	–	–
At 31 December 2010	–	–	–	–
2009				
Financial liabilities:				
Derivatives (Note 15)				
– Interest rate swap	–	348	–	348
At 31 December 2010	–	348	–	348

Fair value hierarchy

The Group classify fair value measurement using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy have the following levels:

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices), and
- Level 3 – Inputs for the asset or liability that are not based on observable market data (unobservable inputs)

There have been no transfers between Level 1, Level 2 and Level 3 during the financial years ended 2010 and 2009.

Determination of fair value

Quoted equity instruments (Note 8): Fair value is determined by reference to their published bid prices or broker quotes at the end of reporting period without factoring in transaction costs.

Unquoted instruments (Note 8): Fair value is provided by bank counterparties.

Derivatives (Note 15): Fair value is provided by bank counterparties.

34. Fair values of financial instruments (Cont'd)

B. Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value

Cash and short term deposits, bank overdrafts (Note 17), trade and other receivables (Note 9), due from ultimate holding company(Note 11), due from/(to) subsidiary companies (Note 10), due from/(to)related companies/ associates/joint ventures (Note 11, 16), trade and other payables (Note 13), staff loan and current and non-current interest-bearing loans and borrowings (Note 17)

The carrying amounts of these financial assets and liabilities are reasonable approximation of fair values, either due to their short-term nature or that they are floating rate instruments that are re-priced to market interest rates on or near the end of the reporting period.

C. Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are not reasonable approximation of fair value

The fair values of finance lease liabilities of the Group and Company that are not carried at fair value and whose carrying amounts are not reasonable approximation of fair value are as follows:

	Total carrying amount		Aggregate fair value	
	2010	2009	2010	2009
	$	$	$	$
Group and Company				
Finance lease repayable after 1 year but within 5 years	–	10,554	–	9,191

Determination of fair value

The fair value has been determined using discounted estimated cash flows. The discount rates used are the current market incremental lending rates for similar types of leasing arrangements at the end of the reporting period.

35. Capital management

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 2010 and 2009.

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 parent.

35. Capital management (Cont'd)

Group	2010 $	2009 $
Interest bearing loans and borrowings (Note 17)	260,240,238	385,270,352
Equity attributable to the owners of the parent	206,869,660	174,765,752
Debt equity ratio	125.8%	220.4%

36. 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 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 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.

36. Segment information (Cont'd)

2010	Development properties $	Construction $	Others $	Elimination $	Consolidation $
Revenue:					
Segmental revenue					
– External sales	98,322,867	8,215,775	40,995	–	106,579,637
– Inter-segment sales (Note A)	–	35,311,238	919,668	(36,230,906)	–
	98,322,867	43,527,013	960,663	(36,230,906)	106,579,637
Results:					
Other income	36,530	480,495	192,207	(1,278)	707,954
Financial income	69,023	2,132	570,512	–	641,667
Financial expenses	(185,668)	(2,447)	(1,548)	–	(189,663)
Gain on disposal of investment properties	–	–	608,888	–	608,888
Fair value gains on investment properties	–	–	435,000	–	435,000
Fair value gains on held for trading investment – quoted	–	–	12,338	–	12,338
Fair value losses on held for trading investment – unquoted	–	–	(246,650)	–	(246,650)
Depreciation	(1,015)	(182,189)	–	–	(183,204)
Other expenses (Note B)	–	(38,476)	–	–	(38,476)
Share of results of joint ventures	801,865	–	–	253,159	1,055,024
Segment profit/(loss) (Note C)	39,029,108	946,668	911,638	(1,310,189)	39,577,225
Assets:					
Investment in joint venture	801,865	–	–	–	801,865
Additions to non-current assets (Note D)	–	102,384	–	–	102,384
Segment assets (Note E)	413,593,443	21,502,123	143,133,619	(50,694,426)	527,534,759
Segment liabilities (Note F)	302,969,235	16,725,807	405,900	440,659	320,541,601

36. Segment information (Cont'd)

2009	Development properties $	Construction $	Others $	Elimination $	Consolidation $
Revenue:					
Segmental revenue					
– External sales	110,350,174	5,860	124,078	–	110,480,112
– Inter-segment sales (Note A)	–	29,017,050	727,110	(29,744,160)	–
	110,350,174	29,022,910	851,188	(29,744,160)	110,480,112
Results:					
Other income	34,505	482,978	–	–	517,483
Financial income	18,839	656	888,233	(628,651)	297,077
Financial expenses	(678,012)	(6,793)	(1,548)	628,651	(57,702)
Fair value gains on investment properties	–	–	870,000	–	870,000
Fair value gains on financial instruments – quoted investments held for trading	–	–	139,300	–	139,300
Depreciation	(2,569)	(131,496)	(18,637)	–	(152,702)
Other expenses (Note B)	(740)	(186)	–	–	(926)
Share of results of an associate	–	–	–	–	–
Share of results of joint ventures	–	–	–	–	–
Segment profit/(loss) (Note C)	42,934,452	246,242	1,345,655	(2,903,952)	41,622,397
Assets:					
Investment in associates	–	–	5	–	5
Additions to non-current assets (Note D)	–	45,647	–	–	45,647
Segment assets (Note E)	550,317,639	14,287,348	91,991,291	(54,673,250)	601,923,028
Segment liabilities (Note F)	416,183,517	9,855,126	838,494	62,551	426,939,688

36. 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 deducted from segment profit to arrive at "Profit before tax" presented in the consolidated income statement:

	2010 $	2009 $
Profit from inter-segment sales	1,310,189	2,903,952

D Additions to non-current assets consist of additions to property, plant and equipment.

E The following items are added to/(deducted from) segment assets to arrive at total assets reported in the consolidated balance sheet:

	2010 $	2009 $
Investments in subsidiary companies	(48,682,553)	(48,682,553)
Investments in associates	–	5
Inter-segment assets	(2,011,873)	(5,990,702)
	(50,694,426)	(54,673,250)

F The following items are added to segment liabilities to arrive at total liabilities reported in the consolidated balance sheet:

	2010	2009
Provision for taxation	440,659	62,546
Due to associates	–	5
	440,659	62,551

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	
	2010 $	2009 $	2010 $	2009 $
Singapore	106,579,637	110,480,112	10,001,410	11,716,656

36. Segment information (Cont'd)

There had been no transaction with a single external customer that amounts to 10% of the Group revenue.

37. Directors' remuneration

The number of Directors of the Company whose emoluments fall within the following bands are:

	Company	
	2010	**2009**
$500,000 to $999,999	1	–
$250,000 to $499,999	1	1
Below $250,000	5	6
	7	7

38. Major properties owned by the Group

	Address	Held by	Title	Built up area (sq. metres)	Description
	Investment properties				
1.	51 Jalan Pemimpin #05-01, Mayfair Industrial Building Singapore 577206	WestBuild Construction Pte Ltd	Lease term of 999 years (wef 6 July 1885)	118	Flatted factory unit
2.	34 Happy Avenue East Singapore 369843	WestBuild Construction Pte Ltd	Freehold	554	2½-storey corner terrace house
	Property, plant and equipment				
1.	56/56A/58 Kallang Pudding Road Singapore 349329	WestBuild Construction Pte Ltd	Freehold	689	Single-user/ occupier 9-storey terrace units

39. Authorisation of financial statements for issue

The financial statements for the year ended 31 December 2010 were authorised for issue in accordance with a resolution of the Directors on 15 March 2011.

Statistics of Shareholdings

As at 11 March 2011

Number of Ordinary Shares in issue (excluding treasury shares)	:	471,621,541
Number/Percentage of Treasury Shares held	:	2,935,850 (0.62%)
Class of Shares	:	Ordinary Shares
Voting Rights	:	One vote per Ordinary Share

Distribution of Shareholdings

Size of Shareholdings	Number of Shareholders	%	Number of Shares	%*
1 – 999	1,148	31.31	403,643	0.09
1,000 – 10,000	1,249	34.06	5,623,362	1.19
10,001 – 1,000,000	1,250	34.09	71,788,722	15.22
1,000,001 and above	20	0.54	393,805,814	83.50
Total	3,667	100.00	471,621,541	100.00

Twenty Largest Shareholders

No.	Name	Number of Shares	%*
1	Hiap Hoe Holdings Pte Ltd	328,693,876	69.69
2	OCBC Securities Private Ltd	10,551,257	2.24
3	Soon Li Heng Civil Engineering Pte Ltd	9,125,000	1.93
4	UOB Kay Hian Pte Ltd	7,142,995	1.51
5	Pang Heng Kwee	6,800,000	1.44
6	Phillip Securities Pte Ltd	5,261,495	1.12
7	DBS Vickers Securities (S) Pte Ltd	4,252,512	0.90
8	DBS Nominees Pte Ltd	2,530,874	0.54
9	Soon Lee Heng Trading & Transportation Pte Ltd	2,243,750	0.48
10	United Overseas Bank Nominees Pte Ltd	2,062,496	0.44
11	Teo Ho Beng	2,030,750	0.43
12	Roland Teo Ho Kang	1,875,000	0.40
13	Tan Sia Keng	1,772,000	0.38
14	CIMB Securities (Singapore) Pte Ltd	1,657,881	0.35
15	Citibank Nominees Singapore Pte Ltd	1,585,937	0.34
16	OCBC Nominees Singapore Pte Ltd	1,339,295	0.28
17	Kim Eng Securities Pte. Ltd.	1,281,544	0.27
18	Hoe Kok Weng	1,279,750	0.27
19	Citibank Consumer Nominees Pte Ltd	1,260,250	0.27
20	Chong Tong Construction Pte Ltd	1,059,152	0.22
	Total	393,805,814	83.50

* The percentage of the issued shares is calculated based on the number of issued shares as at 11 March 2011, excluding any treasury shares held at that date.

29.29% 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 11 March 2011

No.	Name of Shareholder	Direct Interest	Deemed Interest
1	Hiap Hoe Holdings Pte Ltd	328,693,876	–
2	Teo Guan Seng, BBM	–	328,693,876
3	Teo Ho Beng	2,030,750	328,693,876
4	Teo Ho Kang, Roland	1,875,000	328,693,876

Note:

Messrs Teo Guan Seng, BBM, 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 2nd Floor, Diamond Room, 2 Telok Blangah Way, SAFRA Mount Faber, Singapore 098803 on Tuesday, 19 April 2011 at 11.30 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 2010 together with the Auditors' Report thereon. **(Resolution 1)**

2. To declare a final dividend of 0.25 cent per share (tax exempt one-tier) for the year ended 31 December 2010 (previous year: 0.25 cent 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:

   Ms Lim Kim Soon Lee, Cindy **(Resolution 3)**
   Dr Wang Kai Yuen **(Resolution 4)**

   Dr Wang Kai Yuen will, upon re-election as a Director of the Company, remain as Chairman of the Nominating Committee and Remuneration Committee and a member of the Audit Committee and will be considered independent.

4. To re-appoint Mr Teo Guan Seng, BBM, a director of the Company retiring under Section 153(6) of the Companies Act, Cap. 50, to hold office from the date of this Annual General Meeting until the next Annual General Meeting of the Company. **[See Explanatory Note (i)]**

   Mr Teo Guan Seng, BBM will, upon re-appointment as a Director of the Company, remain as a member of the Nominating Committee and will be considered non-independent. **(Resolution 5)**

5. To approve the payment of Directors' fees of S$158,000 for the year ended 31 December 2010 (previous year: S$158,000). **(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

(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 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 (ii)] **(Resolution 8)**

9. **Authority to issue shares under 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 (iii)] **(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 and is hereby given for the purposes of Chapter 9 of the Listing Manual of the SGX-ST (the "Listing Manual") 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 of the Appendix to the Summary Sheet attached to this Annual Report 2010 (the "Appendix") with specified classes of interested persons described in paragraph 2 of the Appendix, provided that such transactions are made 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 (iv)] **(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 (v)] **(Resolution 11)**

By Order of the Board

Lai Foon Kuen
Company Secretary
Singapore, 4 April 2011

Explanatory Notes:

(i) The effect of the Ordinary Resolution 5 is to re-appoint a director of the Company who is over 70 years of age.

(ii) 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.

(iii) 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.

(iv) 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.

(v) 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 2010 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 564A Balestier Road, Singapore 329880 not less than forty-eight (48) hours before the time appointed for holding the Meeting.

Summary Sheet For The Proposed Renewal Shareholders' Mandate For Interested Person Transactions

THE PROPOSED RENEWAL OF THE 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 4 April 2011 (the "Notice"), accompanying the Annual Report of our Company for the financial year ended 31 December 2010 (the "2010 AR"), convening the Annual General Meeting of our Company (the "AGM") which is scheduled to be held on 19 April 2011 and the Ordinary Resolution 10 in relation to the renewal of the IPT Mandate 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 SGX-ST ("Listing Manual").

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 obtained shareholders' approval for the shareholders' mandate for interested person transactions to be carried out by the Company and its subsidiaries ("Group") with the SuperBowl Holdings Limited and its subsidiaries ("SuperBowl Group") and/or the 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 held on 20 April 2010 ("2010 AGM") and will expire on the date of the forthcoming AGM to be held on 19 April 2011. 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, 11 March 2011, the shareholdings of the directors and substantial shareholders in the Company are set out below.

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 Guan Seng, BBM	–	–	328,693,876	69.69
Mr Teo Ho Beng	2,030,750	0.431	328,693,876	69.69
Mr Teo Ho Kang, Roland	1,875,000	0.398	328,693,876	69.69
Ms Lim Kim Soon Lee, Cindy	483,100	0.102	–	–
Dr Wang Kai Yuen	75,000	0.016	–	–
Mr Chan Wah Tiong	93,750	0.020	–	–
Mr Chan Boon Hui	93,750	0.020	–	–

Note:

(1) Mr. Teo Guan Seng, BBM, 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 29.51%, 26.25% and 22.53% shareholding interests respectively in Hiap Hoe Holdings, which has a 69.69% direct shareholding interest in the Company as at the Latest Practicable Date.

(2) The shareholdings are computed based on total number of shares of 471,621,541 excluding treasury shares of 2,935,850.

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"), in shares as at the Latest Practicable Date are set out below:

	Direct Interest		Deemed Interest	
Substantial Shareholders	**Number of Shares**	**%**	**Number of Shares**	**%**
Hiap Hoe Holdings Pte. Ltd.	328,693,876	69.69	–	–

Note:

(1) The shareholdings are computed based on total number of shares of 471,621,541 excluding treasury shares of 2,935,850.

Summary Sheet for the Proposed Renewal Shareholders' Mandate tor Interested Person Transactions (Cont'd)

4. APPROVALS REQUIRED

The proposed renewal of the IPT Mandate is subject to shareholders' approval.

5. ABSTENTIONS

Hiap Hoe Holdings, which has a direct interest in 69.69% of the issued shares excluding treasury shares, will abstain and has undertaken to ensure that its associates will abstain, from voting on ordinary resolution 10. Messrs Teo Guan Seng, BBM, Teo Ho Beng and Teo Ho Kang, Roland, being directors of Hiap Hoe Holdings and SuperBowl Holdings Limited ("SuperBowl"), and Dr Wang Kai Yuen being a director of 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 resolution10.

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 and Mr. Chan Boon Hui, all of whom are independent directors of the Company. Dr Wang Kai Yuen will abstain from commenting and making a recommendation on the renewal of interested person transactions mandate in paragraphs 6.2 and 7 of this summary sheet respectively in view of the fact that he is also a director of SuperBowl.

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 (excluding Dr Wang Kai Yuen) confirms that:

(a) the review procedures for determining the transaction prices have not changed since the last shareholders' approval at the 2010 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 (excluding Dr Wang Kai Yuen) are of the view that the proposed renewal of the interested person transactions mandate is in the best interests 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 responsibility for the accuracy of the information given in this summary sheet and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, the facts stated and opinions expressed in this summary sheet are fair and accurate in all material respects and that there are no material facts the omission of which would make any statement in this summary sheet misleading.

Where information has been extracted and/or reproduced from published and publicly available sources, the sole responsibility of the directors has been to ensure that such information is accurately reproduced in this summary sheet.

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 ("SGX-ST") 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 THE 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 FY2010, the consolidated NTA of the Group was S$206,869,660. 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$10,343,483.

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 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; and (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;

1. CHAPTER 9 OF THE LISTING MANUAL (Cont'd)

1.4 Under the Listing Manual: (Cont'd)

(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 the SuperBowl Group and/or the 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 the SuperBowl Group and/or the 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 the SuperBowl Group and/or the Hiap Hoe Holdings Group in the normal course of business of WestBuild.

These interested person transactions are recurrent transactions of a 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 the SuperBowl Group and/or the Hiap Hoe Holdings Group including but not limited to construction and building equipment;

(b) the procurement of materials for the SuperBowl Group and/or the Hiap Hoe Holdings Group including but not limited to building materials;

(c) the provision to the SuperBowl Group and/or the Hiap Hoe Holdings Group of building and construction services under construction contracts; and

(d) the provision to the SuperBowl Group and/or the 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%, dependent on factors such as the type and the 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) the SuperBowl Group, one of the interested persons, is listed on the SGX-ST. Accordingly, as both the Group as well as the 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 channelled towards attaining other corporate objectives.

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 by the Audit Committee. 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 will give their proposal for Category 3 transactions to the Audit Committee for approval.

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 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 the SuperBowl Group and/or the 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.

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 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 to be reviewed by the Audit Committee, 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 interested persons.

HIAP HOE LIMITED

Company Registration No. 199400676Z
(Incorporated In The Republic of Singapore)

PROXY FORM

(Please see notes overleaf before completing this Form)

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.

I/We, ____

of ____

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 on Tuesday, 19 April 2011 at 11.30 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 2010		
2	Payment of proposed final dividend		
3	Re-election of Ms Lim Kim Soon Lee, Cindy as a Director		
4	Re-election of Dr Wang Kai Yuen as a Director		
5	Re-appointment of Mr Teo Guan Seng, BBM as a Director		
6	Approval of Directors' fees amounting to S$158,000		
7	Re-appointment of Ernst & Young LLP as Auditors		
8	Authority to issue new shares		
9	Authority to issue shares under Hiap Hoe Performance Share Plan		
10	Renewal of Shareholders' Mandate for Interested Person Transactions		
11	Renewal of Share Buyback Mandate		

Dated this ______________ day of ______________ 2011

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

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 564A Balestier Road Singapore 329880 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.

Residential Property Portfolio

Freehold Property	Approximate Land Area *(sq. metres)*	Gross Floor Area *(sq. metres)*	Effective Group Interest *(%)*	Expected Completion Date *(Current Stage of Completion)*
Signature At Lewis 1 Lewis Road Singapore 258617	2,014	3,222	100%	31 December 2011 (62%)
Waterscape At Cavenagh 65, 65A to 65E Cavenagh Road Singapore 229619/ 20/30/31/32/33	9,401	19,743	100%	31 December 2014 (10%)
The Beverly 45/47 Toh Tuck Road Singapore 596720/22	11,516	16,122	60%	31 May 2013 (20%)
Skyline 360⁰ At St Thomas Walk 68 St Thomas Walk Singapore 238142	4,088	11,446	100%	30 June 2013 (35%)
Treasure on Balmoral 5/5A Balmoral Road Singapore 259786/822	4,308	7,454	60%	31 July 2013 (24%)

HIAP HOE LIMITED
COMPANY REG NO: 199400676Z

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