SIGNATURE EXPERIENCE

HIAP HOE LIMITED ANNUAL REPORT 2011

協和 HIAP HOE

SIGNATURE HOMES
by HiapHoe

2011 CALENDAR OF EVENTS

21 February	2010 Full Year Financial Statement and Dividend Announcement
21 February	Notice of Book Closure Date – Final Dividend of 0.25 cents per ordinary share
19 April	Annual General Meeting
10 May	First Quarter Financial Statement Announcement
10 August	Second Quarter Financial Statement and Dividend Announcement
10 August	Notice of Book Closure Date - Interim Dividend of 0.25 cents per ordinary share
4 October	Acquisition of 54 Kallang Pudding Road Singapore 349325
9 November	Third Quarter Financial Statement Announcement
27 December	Completion of Acquisition of 54 Kallang Pudding Road Singapore 349325

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

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

VISION

A richer life for each of us

MISSION

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

VALUES

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

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 and Waterscape at Cavenagh and Skyline 360° 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

CONSTRUCTION

WestBuild Construction Pte. Ltd.
100%

HOTEL/ COMMERCIAL PROPERTIES

HH Properties Pte. Ltd.
50%

Cantonment Development Pte. Ltd.
40%

RESIDENTIAL PROPERTIES

Bukit Panjang Plaza Pte Ltd
100%

Cavenagh Properties Pte. Ltd.
100%

Guan Hoe Development Pte Ltd
100%

Keng Hoe Development Pte Ltd
100%

Leng Hoe Development Pte. Ltd.
100%

Leong Hoe Development Pte. Ltd.
100%

Oxford Development Pte. Ltd.
100%

Wah Hoe Development Pte. Ltd.
100%

Goodluck View Development
60%

Hiap Hoe SuperBowl JV Pte. Ltd.
60%

INVESTMENT/ OTHERS

Hiap Hoe Investment Pte. Ltd.
100%

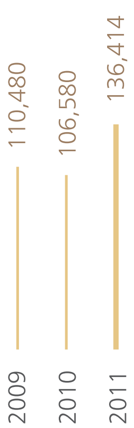
FINANCIAL HIGHLIGHTS

	2011 $'000	2010 $'000	2009 $'000
Group Income Statements			
Revenue	136,414	106,580	110,480
Profit before Taxation	54,527	39,577	41,622
Net Profit Attributable to Owners of the Company	47,436	34,661	34,350
Group Balance Sheet			
Property, Plant and Equipment	6,379	6,134	6,277
Investment Properties	-	3,045	5,410
Investment in Joint Venture	10,277	802	-
Current Assets	572,464	517,533	590,206
Investment Properties - Held For Sale	3,045	-	-
Current Liabilities	246,534	180,424	89,597
Non-Current Liabilities	94,200	140,118	337,343
Equity Attributable to Owners of the Company	251,387	206,870	174,766
Per Share Data (Cents)			
Earnings after Tax[1](Basic)	10.06	7.33	7.26
Net Assets Value[1]	53.39	43.81	36.97
Dividend	0.50	0.50	0.25
Financial Ratios			
Return on Average Shareholders' Funds (%)	20.70	18.16	21.73
Debt Equity Ratio (Times)	1.08	1.34	2.28
Current Ratio (Times)	2.32	2.87	6.59

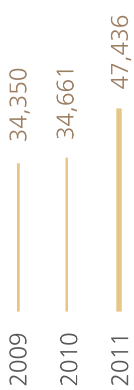
Note:

(1) For comparative purposes, the ratio for FY2009 is adjusted to take effect of the bonus issue in FY2010.

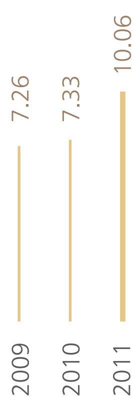
GROUP REVENUE
$'000



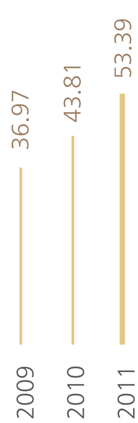
NET PROFIT ATTRIBUTABLE TO OWNERS OF THE COMPANY
$'000



EARNINGS PER SHARE
cents



NET ASSETS VALUE PER SHARE
cents



LETTER TO SHAREHOLDERS

Dear Shareholders,

2011 has turned out to be a year where, once again, we had turned in a better performance than expected. Despite the uncertainties that had emerged in the global economy, we had broken our own record net profit achieved in the previous year. For the financial year ended 31 December 2011 ("FY2011"), we turned in a full year net profit of $47.4 million, representing a 37% increase over the $34.6 million reported for the financial year ended 31 December 2010 ("FY2010").

Group revenue increased by 28% to $136.4 million, boosted by progressive revenue recognition from the sale of residential projects, Signature at Lewis, Skyline 360° and Waterscape at Cavenagh.

The Group has maintained its momentum in FY2011 in the face of challenges such as growing economic instability in the Eurozone countries, and government initiatives to moderate the local property market. The impact of the latest government policies have begun to be felt, with the rate of price increase tapering off over nine consecutive quarters. As announced by the Urban Redevelopment Authority, the benchmark prices of private residential properties increased by only 5.9% over the whole of 2011, significantly lower than the 17.6% achieved in 2010.

In October of the year, Signature at Lewis obtained its Temporary Occupation Permit (''TOP''). A large percentage of the 32 units at this development had already been sold. We sustained our effort at marketing other properties that had been previously launched, resulting in additional revenue being recognised. Of these, Waterscape at Cavenagh and The Beverly have performed exceptionally well thus far, with a substantial number of units already previously sold and more transacted over the year.

DESPITE THE UNCERTAINTIES THAT HAD EMERGED IN THE GLOBAL ECONOMY, WE HAD BROKEN OUR OWN RECORD NET PROFIT ACHIEVED IN THE PREVIOUS YEAR.

For FY2011, our construction division continues to be occupied by work on our own developments. Signature at Lewis was completed in the course of the year, while work progressed in keeping with schedule on Waterscape at Cavenagh, Skyline 360°, Treasure on Balmoral, The Beverly and the integrated hotel/ commercial development on Balestier Road/Ah Hood Road which is 24% completed.

For the entire year, the construction division contributed $27.2 million to the Group's revenue. The division's contribution to net profit before tax was $3.0 million.

OUTLOOK

Looking ahead to the near future, the government's continued bid to temper the property market is likely to produce consequences that may affect the industry's pace of growth. However, we are optimistic that we can surmount the situation and maintain our performance, especially as more of our projects become ready for launch in the current financial year.

We are waiting to receive the TOP for Skyline 360° and Treasure on Balmoral, upon which we will

Ramada and Days Hotel

officially launch these two projects, likely in the second half of 2012. Zhongshan Park, which is flanked by the Group's two hotel buildings currently under construction, was completed by 31 July 2011 as planned. Construction work for the joint venture integrated hotel/commercial development at Balestier Road/Ah Hood Road is progressing according to schedule. One of the two hotels, the Days Hotel as well as the retail mall are expected to commence business by the first quarter of 2013, well ahead of the scheduled completion in 2014.

The Group had also acquired two plots of lands along Kallang Pudding Road in the fourth quarter of 2011. We are considering various options for this newly acquired land. These include combining them with adjacent plots that we already own for development into a high-rise industrial property project, or disposing of the combined plots at a suitable price.

GROUP REVENUE INCREASED BY 28% TO $136.4 MILLION, BOOSTED BY PROGRESSIVE REVENUE RECOGNITION FROM THE SALE OF RESIDENTIAL PROJECTS, SIGNATURE AT LEWIS, SKYLINE 360° AND WATERSCAPE AT CAVENAGH.

DIVIDEND

In view of the positive results achieved, the Group has declared an interim dividend of 0.25 cent per ordinary share during the year and will be declaring a final dividend of 0.25 cent per ordinary share, adding up to a total of 0.50 cent per share.

APPRECIATION

I would like to thank our Chairman, Mr Teo Guan Seng for his valuable services to the Group. Mr Teo Guan Seng will not be re-appointed as Director of the Group. I would also like to express my appreciation to the bankers and business partners, without whose unfailing support and trust our achievements would not have been possible. I am also grateful to the Board members, management and staff, because it is their hard work and commitment to our goals that have enabled us to produce brilliant results, year after year. Together, may we strive for even better years ahead.

Teo Ho Beng
Chief Executive Officer / Managing Director

FINANCIAL REVIEW

PROFITABILITY

FY2011 saw the Group post another year of record profit amounting to $47.4 million on a revenue of $136.4 million, comparing favourably to a net profit of $34.6 million on revenue of $106.6 million in FY2010. Skyline 360° and Waterscape at Cavenagh were again the two developments that contributed the bulk of the Group's revenue, accounting for $45.6 million and $44.3 million in sales respectively. With construction still ongoing in these two developments, we can expect that they will continue making significant contributions to the Group over the next few years.

Signature at Lewis, launched in FY2009, was completed and obtained its TOP during the year. The project has so far generated a revenue of $19.2 million in FY2011.

Further revenue of $27.2 million was recognised from two joint-venture projects, the residential development The Beverly and the integrated hotel-cum-commercial development at Balestier Road/ Ah Hood Road. This came by way of project income accruing to our construction division, WestBuild Construction Pte Ltd.

There was a decrease in gross profit to $46.6 million for the year, from $49.8 million in FY2010, in view of the lower profit margin from construction activities. Other income remained relatively unchanged.

Financial income increased by 48.1% to $0.95 million in FY2011, mainly contributed by the increase in interest income generated from higher investments in commercial paper during the year.

During FY2010, an intensive marketing and advertising campaign for residential development has resulted in a higher distribution and selling expenses of $9.4 million compared to $0.4 million in FY2011. There was no new project launch in FY2011, which explained for the minimal marketing expenses.

Administrative expenses increased to $4.1 million in FY2011 over $3.7 million in FY2010. This arose from an increase in staff strength as well as higher cost for general overheads. The main component of other expenses of $0.45 million for FY2011 mainly reflected fair value written down for bonds purchased as of 31 December 2011.

With progressive revenue being recognised from the joint-venture residential development, The Beverly, the share of results of joint venture for FY2011 increased significantly from $1.1 million in FY2010 to $10.2 million.

Group taxation increased to $7.2 million in FY2011, mainly due to provision made for deferred taxation in relation to profit recognised progressively for the sold units.

FINANCIAL POSITION

As of 31 December 2011, cash, bank balances and fixed deposits decreased to $10.4 million from $36.4 million, along with other investments which also decreased to $4.1 million from $27.9 million as of 31 December 2010. The decrease was mainly due to the payment of income tax and development costs as well as the funding of joint venture projects.

The Group's trade and other receivables decreased to $13.5 million as of end December 2011, largely because of lesser progress payments billed at year-end. These sales proceeds received during FY2011 were subsequently used to fund development and construction costs as well as to pay down the Group's bank borrowings.

FY2011 SAW THE GROUP POST ANOTHER YEAR OF RECORD PROFIT AMOUNTING TO $47.4 MILLION

NET ASSET VALUE PER SHARE INCREASED TO 53.39 CENTS IN FY2011, FROM 43.81 CENTS IN FY2010.

The Group's development properties increased to $456.3 million as of 31 December 2011, from $377.7 million as of 31 December 2010, accounted for primarily by the increase in progress payments received for uncompleted projects. Current assets therefore increased to $572.5 million as of end-December 2011, from $517.5 million as of 31 December 2010.

There was an increase in Properties held for sale of $10.9 million as of 31 December 2011 compared to 31 December 2010. This was contributed by the reclassification from development properties, four unsold units of Signature at Lewis upon obtaining TOP.

Current liabilities also saw an increase to $246.5 million from $180.4 million, buoyed largely by the reclassification of interest bearing loans of $53.2 million from non-current liabilities to current liabilities, with the impending conclusion of bank borrowings for the Skyline 360° project in 2012.

Other liabilities climbed to $44.4 million as of 31 December 2011 from $18.4 million as of 31 December 2010, due to the increase in construction cost and operating expenses during the year. Provision for taxation decreased to $0.17 million as of 31 December 2011, from $12.8 million as of 31 December 2010 due to tax payments made in 2011.

Deferred taxation increased significantly from $3.5 million to $11.0 million mainly due to recognition of profit on some projects prior to their TOP being obtained.

CASH FLOW

The Group expended a net cash of $36.1 million for its operating activities in FY2011. Development properties increased by $85.6 million in FY2011, partly due to the acquisition of a parcel of land at 54 Kallang Pudding Road. This net increase also reflects the lower progressive billings generated from the sale of residential units vis-à-vis construction cost incurred for various projects.

With the receipt of outstanding proceeds from last year, trade and other receivables for FY2011 decreased by $0.76 million. As more costs were accrued for projects under construction, the increment in other liabilities of $26.9 million in FY2011 was higher compared to $6.3 million in FY2010. Substantial tax payments were made in FY2011 for the completed projects, Oxford Suites and Cuscaden Royale.

Net cash generated from investing activities was $22.9 million in FY2011, with $29.5 million being used to purchase unquoted investments such as bond and commercial papers. Proceeds of $53.8 million were received from the disposal of unquoted investments. As indicated under the item, net amount of $0.99 million was loaned to joint-ventures by the Group in FY2011, for projects that are being developed jointly with SuperBowl Holdings Limited.

Net cash used in financing activities decreased significantly to $12.8 million in FY2011, mainly due to the reduction in the repayment of bank term loans of $22.6 million in FY2011 as compared to $128.6 million in FY2010. The cash used was offset by fresh bank borrowings obtained for the acquisition of the parcel of land at 54 Kallang Pudding Road. In addition, $4.6 million worth of funds was injected in FY2011 by a related company, SuperBowl Holdings Limited for the joint-venture residential development project, Treasure on Balmoral.

EARNINGS PER SHARE

Earnings per share improved by 37.2% to 10.06 cents in FY2011 from 7.33 cents in FY2010.

NET ASSET VALUE

At the end of the financial year, the Group's total shareholder's equity stood at $251.4 million, an increase of 21.5% over the previous financial year. Net asset value per share increased to 53.39 cents in FY2011, from 43.81 cents in FY2010.

RESIDENTIAL PROPERTIES

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.

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 85% of the units. Construction is underway and the expected Temporary Occupation date is May 2013.

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 Beverly

Treasure on Balmoral

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, in a 60-40 joint venture to develop Treasure on Balmoral. The Group commenced construction for Treasure on Balmoral in 2009. About 66% of construction work has been completed to date. The Group will officially launch Treasure on Balmoral in the second half of 2012.

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.

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 26% of construction work of this development, and expects to receive its Temporary Occupation Permit for Waterscape at Cavenagh by December 2014.

Waterscape at Cavenagh

RESIDENTIAL PROPERTIES

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. At the ground floor, within the tree lined compound, residents can enjoy the lap pool, the hydrotherapy pool or use the gymnasium, aqua gym, or steam rooms.

The luxurious Skyline 360° interior is adorned with international line up of exquisite brand names reflecting elegance, lifestyle and class.

Skyline 360° was soft-launched in the first half of 2010, and to date, more than 50% of the units have been sold. Approximately 75% of construction work has been completed, and the development has an expected Temporary Occupation date of June 2013.

SIGNATURE AT LEWIS

The 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. It has obtained its Temporary Occupation Permit on 3 October 2011.

Skyline 360° at St Thomas Walk

Signature at Lewis

CONSTRUCTION

WestBuild Construction Pte. Ltd. ("WBC") is a wholly owned subsidiary of the 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, Skyline 360° at St Thomas Walk, Treasure on Balmoral, as well as the two hotel-cum-commercial developments on Balestier Road/ Ah Hood Road. During the year, it had completed the construction of Signature at Lewis, which has obtained its Temporary Occupancy Permit in October 2011.

For the year ended 31 December 2011, the construction segment's revenue increased to $27.2 million from $8.2 million in previous corresponding year. This contributed almost 20% of the Group's revenue which comprised mainly of 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 $3.0 million in FY2011, up from $0.9 million a year ago. As at 31 December 2011, the total outstanding order for the construction business including the Group's development projects is approximately $232 million.

Skyline 360° Project

Hotel/Commercial Development at Balestier Road/Ah Hood Road

HOTEL/COMMERCIAL PROPERTIES

Responding to the continued strong demand for hotel accommodation in Singapore, Hiap Hoe and SuperBowl made their first foray into the hospitality business under a 50-50 joint venture, HH Properties Pte. Ltd.. The project, comprising two hotel-cum-commercial developments, is sited on a 190,000 sq ft parcel of land along Balestier/Ah Hood Road, just opposite the historic Sun Yat-Sen Nanyang Memorial Hall.

Flanking Zhongshan Park, the twin developments will be unique in their appeal, creating an attractive hotel-park that exudes a strong flavour of heritage and culture that's distinct to the area. Adding to their attraction is the convenient location that places guests near to town, yet away from all the hustle and bustle.

Wyndham Hotel Management Inc., was appointed in January 2010 to manage the two hotels on behalf of the JV. As a member of the world's largest hotel company, Wyndham's extensive experience and solid know-how in the industry will add wings to the venture, giving both hotels the best possible head-start in the growing but competitive business.

The hotels will be operated under the Ramada and Days Hotel brands respectively, both firsts in Singapore and both designed to serve up a premier experience in hospitality. The Ramada will offer 384 rooms, and host comprehensive facilities including a full service restaurant, fitness centre, swimming pool, business centre and more than 6,400 sq ft of meeting space. A convenient link will also be provided to an adjacent office block that's being developed concurrently.

The Days Hotel will feature 405 rooms and offer similar facilities. Construction work for both developments is progressing smoothly and on schedule, with The Days Hotel and the retail mall expected to commence operation by the first quarter of 2013, ahead of the scheduled completion in 2014. The Ramada is set to open for business by 2014.

Retail Mall

Lobby Bar

BOARD OF DIRECTORS

TEO GUAN SENG, *BBM*
Chairman
Non-Executive Director

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 Non-Executive Chairman of SuperBowl Holdings Limited (SuperBowl). He was awarded the PBM (Pingat Bakti Masyarakat) in 1995, and the BBM (Bintang Bakti Masyarakat) in 2000.

TEO HO BENG
Chief Executive Officer / Managing Director

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 37 years of experience in the construction and property industries, and over 22 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 Chief Executive Officer 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. He is currently the Managing Director of SuperBowl. With more than 22 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 20 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 19 April 2011.

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. Currently, he is the Director of Agency for Integrated Care. He was formerly 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 19 April 2011.

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. She joined Hiap Hoe in 1995, and her current responsibilities include overseeing the Group's accounts, corporate and financial 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 Hiap Hoe 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 Sales and Marketing). With more than 19 years of experience in real estate development, she oversees the Property Sales and Marketing arm of the Hiap Hoe Group.

CHARLOTTE TAN, is the General Manager-Projects, Contracts and Leasing. She oversees all aspects from planning, coordination, design, procurement, construction to completion within the establish budget, schedule and quality for both the residential and commercial development for Hiap Hoe Group. She also oversees the management of the completed properties and the lease management for the Group. She joined the Group as a Senior Manager in November 2010. She has more than 15 years of experience in design, projects and contracts management in construction and retail industry both locally and overseas. Ms Tan holds a Bachelor of Applied Science (Honours) in Construction Management degree.

MAY TAY joined the Group as a Leasing Manager in September 2011. Her responsibilities include the leasing of commercial and residential properties within the Group. She was previously with Dairy Farm Group, Mapletree and Jones Lang LaSalle. Her professional experience in the area of property leasing includes both Singapore and overseas markets. Ms Tay holds a Bachelor of Business (Property) degree from University of South Australia.

RISK MANAGEMENT

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

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

Economic and Regulatory Risk

Changes in the economic conditions will inevitably affect the business environment that the Group operates in. Measures imposed by the government can change consumers' buying behavior and impact on the revenue of the Group.

The Group has to keep abreast of the changes in the economic climate and government policy to make better informed decision.

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 reviews the interest rate strategies to minimise interest rate by taking into cash flow forecasts, term of debt obligation and market outlook.

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.

Business Continuity Risk

The Group has to actively seek out opportunity to acquire land for development. In order to sustain the business, the Group has to acquire land at competitive price. Besides developing for residential properties, the Group has ventured to develop hotel / commercial properties to reduce the business continuity risk.

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%	3 October 2011 (100%)
WATERSCAPE AT CAVENAGH 65,65A to 65E Cavenagh Road Singapore 229619/20/ 30/31/32/33	9,401	19,743	100%	31 December 2014 (26%)
THE BEVERLY 45/47 Toh Tuck Road Singapore 596720/22	11,516	16,122	60%	31 May 2013 (76%)
SKYLINE 360° AT ST THOMAS WALK 68 St Thomas Walk Singapore 238142	4,088	11,446	100%	30 June 2013 (75%)
TREASURE ON BALMORAL 5/5A Balmoral Road Singapore 259786/822	4,308	7,454	60%	31 July 2013 (66%)

FINANCIAL CONTENTS

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 2011 are 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	3	N.A.	-	N.A.	-	1	-	N.A.	3*
Mr Teo Ho Beng	4	4	N.A.	4*	N.A.	1*	N.A.	1*	5	5
Mr Teo Ho Kang, Roland	4	3	N.A.	-	N.A.	-	N.A.	-	5	5
Ms Lim Kim Soon Lee, Cindy	4	4	N.A.	4*	N.A.	1*	N.A.	1*	5	5
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 are Audit Committee, Remuneration Committee, Nominating Committee and Executive Committee. The Chairman of the respective Committees will report and update the Board on the outcome of the Committee meetings and their recommendations on the specific agendas mandated to the Committee by the Board.

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

BOARD COMPOSITION AND GUIDANCE

Principle 2 : Strong and independent element on the Board

The Board comprises three Executive Directors and 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.

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

Executive Directors

Mr Teo Ho Beng	(Chief Executive Officer/Managing Director)
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 NC . The NC is of the view that the Board's size is appropriate and with the right mix of skills and experience given the nature and scope of the Group's operations. The Directors' extensive experience in business management, strategic planning and knowledge in accounting and finance is crucial to steer the Group in the direction of growth.

The Non-Executive Directors challenge and help to develop proposals on strategy; and review the performance of Management in achieveing agreed goals and objectives.

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

CHAIRMAN AND CHIEF EXECUTIVE OFFICER / MANAGING DIRECTOR

Principle 3 : Clear division of Board and Management responsibilities

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

CHAIRMAN AND CHIEF EXECUTIVE OFFICER / MANAGING DIRECTOR (Cont'd)

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

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

BOARD MEMBERSHIP

Principle 4 : Formal and transparent process for appointment 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 MD, to retire from office by rotation at each Annual General Meeting ("AGM"). The retiring Directors shall be eligible for re-election at the AGM. The Company's Articles of Association also provides that MDs are not subject to retirement by rotation.

The Board has accepted NC's nomination of the retiring Directors, namely, Mr Roland Teo Ho Kang and Mr Chan Boon Hui who are retiring pursuant to Article 106 of the Company's Articles of Association for re-election at the Company's forthcoming AGM.

Mr Teo Guan Seng, *BBM* who is retiring pursuant to Section 153(2) of the Companies Act, Cap. 50, will not be re-appointed under Section 153(6) of the Companies Act, Cap. 50 at the forthcoming AGM.

All directors are required to declare their board representations. The NC has reviewed and is satisfied that Dr Wang Kai Yuen who sits on multiple boards, has been able to devote adequate time and attention to the affairs of the Company to fulfill his obligations as Director of the Company.

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

BOARD PERFORMANCE

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

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

Individual Director's performance is evaluated annually and informally on a continual basis by the NC. The criteria taken into consideration by the NC include the value of contribution to the development of strategy, the degree of preparedness, the knowledge and experience each Director posses which are crucial to the Group's business.

The Board has taken the view that financial indicators, as set out in the Code as a guide for the evaluation of the Board and its Directors, may not be appropriate as these are more of a measurement of Management's performance and therefore less applicable to Directors.

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 the documents. All Board members have separate and independent access to the advice and services of the Company Secretary who is responsible to the Board for ensuring that Board procedures are followed and that applicable rules and regulations are complied with. The Company Secretary and/or her representatives are present at all Board Meetings. The appointment and removal of the Company Secretary is subjected to the approval of the Board.

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

REMUNERATION MATTERS

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

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

1)	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.

REMUNERATION MATTERS (Cont'd)

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. The breakdown of the fees is as follows :

Chairman of the Board	$20,000
Independence / Non-Executive Member	$27,000
Chairman of Audit Committee	$15,000
Chairman of Remuneration Committee	$ 5,000
Chairman of Nominating Committee	$ 5,000

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

In setting remuneration packages, the Company takes into consideration the remuneration and employment conditions within the same industry and in comparable companies, as well as the Group's relative performance and the performance of the individuals.

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

Directors' Remuneration	Fees[1]	Salary[2]	Bonus[3]	Other Benefits[4]	Share Plan[5]	Total
Below $100,000						
Mr Chan Boon Hui	100%	0%	0%	0%	0%	100%
Dr Wang Kai Yuen	100%	0%	0%	0%	0%	100%
Mr Chan Wah Tiong	100%	0%	0%	0%	0%	100%
Mr Teo Guan Seng, *BBM*	100%	0%	0%	0%	0%	100%
Between $100,000 to $199,999						
Ms Lim Kim Soon Lee, Cindy	0%	63%	26%	2%	9%	100%
Between $200,000 to $299,999						
Mr Teo Ho Kang, Roland	0%	70%	29%	1%	0%	100%
Between $700,000 to $799,999						
Mr Teo Ho Beng	0%	67%	28%	5%	0%	100%

Notes :

(1) Directors' fee proposed for the financial year ended 31 December 2011.
(2) Salary includes gross salary and employer CPF contribution.
(3) Bonus includes salary and employer CPF contribution.
(4) Other benefits include company car, its maintenance costs and club subscription.
(5) Performance Share Plan awarded on 6 January 2011 for the financial year ended 31 December 2010.

REMUNERATION MATTERS (Cont'd)

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

Remuneration Bands	No. of executives
Below $100,000	1
$100,000 to $199,999	4
$200,000 & above	-
Total	5

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

Remuneration Bands	No. of executives
Below $150,000	-
$150,000 & above	1

There is one employee of the Group who is an immediate family member of Directors/substantial shareholders whose remuneration exceeds $150,000 for the financial year ended 31 December 2011.

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 the Plan Participants is intended to be more attractive form of bonus from the Company to the Plan Participants. In addition, the Company believes that the Plan will be more effective than cash bonuses in motivating employees as it gives them a stake in the ownership of the Company.

Employees who are eligible to 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.

Hiap Hoe Performance Share Plan (Cont'd)

(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.

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

The Plan is being administered by the RC. As at the date of this report, the RC comprises 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 RC shall not be involved in its deliberations in respect of Awards to be granted to or held by him or his Associates.

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

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

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

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

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

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

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

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

Since the commencement of the Plan till the end of the financial year ended 31 December 2011, a total of 177,400 performance shares were granted out of treasury shares to the Group's employees on 6 January 2011 at $0.445 per share.

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.

AUDIT COMMITTEE (Cont'd)

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. The AC meets with the external auditors without the presence of the Company's Management at least once a year.

The aggregate amount of fees paid to the external auditors amounted to approximately S$131,000 for audit services and S$16,000 for non-audit services.

The Company has complied with Rule 712 and Rule 715 of the SGX-ST Listing Manual.

The AC has undertaken a review of all non-audit services provided by the external auditors for financial year ended 31 December 2011, 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 AGM.

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

INTERNAL 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.

Pursuant to Rule 1207(10) of the SGX-ST Listing Manual, the Board with the concurrence of the AC is satisfied that there are adequate internal controls in the Group in addressing the Group's financial, operational and compliance risks.

INTERNAL AUDIT

Principle 13 : Internal audit

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

INTERNAL AUDIT (Cont'd)

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. The Company does not practice selective disclosure as all price-sensitive information is released through SGXNET. News is disseminated promptly to media and analysts after each quarterly results announcement.

The Company 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. Calls and emails requesting for information are attended to promptly.

The Company delivers the Annual Reports to the shareholders at least 14 days before the holding of the AGM. Notice of the AGM is also published on the national business newspaper, The Business Times. The 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 AGMs, shareholders are given the opportunities to express their views and to raise their queries to the Board on matters relating to the operations of the Group. The Chairman of the AC, NC and RC together with the external auditors are also present at the meetings to attend to questions raised by shareholders. For those shareholders who hold shares through nominees, they are allowed to attend the AGMs as observers without being constrained by the two-proxy rule.

The minutes of general meetings which include substantial comments or queries from shareholders and responses from the Board and Management are available to shareholders upon their written requests.

Securities Transactions

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

The Company issues circulars to its Directors, 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 Singapore Stock Exchange during the period of one month immediately preceding the announcement of the Company's full year results and two weeks immediately before the announcement of the Company's first quarter, second quarter and third quarter results.

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

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	-
	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	-
	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	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 $131,000) – Bukit Panjang Plaza Pte Ltd (Value of transactions amounting to $116,000) – Guan Hoe Development Pte. Ltd. (Value of transactions amounting to $25,000) 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 $114,000) 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 $411,000) 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 $91,000)	–

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 2011 amounting to $32,047,000) Interest income amounting to $97,000 Contribution by the Company of its 50% proportion of the loan to : – HH Properties Pte. Ltd. (Value of loan as at 31 December 2011 amounting to $45,914,000) Interest income amounting to $168,000	Construction of 2 blocks of 12-Storey residential flats for Hiap Hoe SuperBowl JV Pte. Ltd. (Value of transaction amounted to $10,626,000) Supply and installation of temporary earth retaining structure, grout mix piles and excavation works for HH Properties Pte. Ltd. (Value of transaction amounted to $2,151,000) Construction of 1 block of 14-Storey hotel, 1 block of 17-Storey hotel and 1 block of 13-Storey office building for HH Properties Pte. Ltd. (Value of transaction amounting to $28,707,000)
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 2011 amounting to $10,532,000) Interest income amounting to $36,000	Construction of 2 blocks of 5-storey residential flats for Goodluck View Development (Value of transaction amounting to $29,702,000)

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

Save as disclosed above, no Director, Chief Executive Officer or controlling shareholders, or associate has any interest in any material transaction undertaken by 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 2011.

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 2011.

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, Chan Boon Hui and Teo Ho Kang, Roland 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 2012**	**At the beginning of financial year**	**At the end of financial year**	**At 21 January 2012**
<u>The Company</u>						
Hiap Hoe Limited						
(Ordinary shares)						
Teo Guan Seng, *BBM*	–	–	–	328,693,876	328,693,876	328,693,876
Teo Ho Beng	2,030,750	2,030,750	2,030,750	328,693,876	328,693,876	328,693,876
Teo Ho Kang, Roland	1,875,000	1,875,000	1,875,000	328,693,876	328,693,876	328,693,876

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

Name of Director	Direct Interest: At the beginning of financial year	Direct Interest: At the end of financial year	Direct Interest: At 21 January 2012	Deemed Interest: At the beginning of financial year	Deemed Interest: At the end of financial year	Deemed Interest: At 21 January 2012
The Company (cont'd)						
Hiap Hoe Limited						
(Ordinary shares)						
Lim Kim Soon Lee, Cindy	437,500	*483,100	*483,100	–	–	–
Chan Wah Tiong	93,750	93,750	93,750	–	–	–
Chan Boon Hui	93,750	93,750	93,750	–	–	–
Dr. Wang Kai Yuen	75,000	75,000	75,000	–	–	–
The immediate holding company						
Hiap Hoe Holdings Pte Ltd						
(Ordinary shares)						
Teo Guan Seng, *BBM*	3,772,534	3,622,534	3,622,534	–	–	–
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	–	–	–
Related company						
SuperBowl Holdings Limited						
(Ordinary shares)						
Teo Guan Seng, *BBM*	–	–	–	227,009,000	227,009,000	227,009,000
Teo Ho Beng	2,841,000	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	#260,000	#260,000	260,000	–	–	–
Dr. Wang Kai Yuen	170,000	170,000	170,000	–	–	–

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

\# As at 31 December 2011, Mr Teo Ho Kang, Roland and Ms Lim Kim Soon Lee, Cindy had 300,000 (2010: 300,000) and 135,000 (2010: 135,000) shares respectively held in the name of nominees.

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

By virtue of Section 7 of the Singapore Companies Act, Cap. 50, Mr Teo Guan Seng, *BBM*, 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 ("PSP") 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 PSP. 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.

Performance share plan (cont'd)

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

From the commencement of the PSP to 31 December 2011, awards comprising of an aggregate of 177,400 shares have been granted.

As at 31 December 2011, details of the performance shares awarded under the PSP are as follows:

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

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

Name of participant	Awards granted during financial year	Aggregate awards granted since commencement of PSP to end of financial year	Aggregate awards released during the financial year	Aggregate awards cancelled during the financial year	Aggregate awards outstanding at the end of financial year
<u>Director</u>					
Lim Kim Soon Lee, Cindy	45,600	45,600	45,600	–	–
<u>Employee</u>					
Aw Hui Mien	41,800	41,800	41,800	–	–
Ramanathan Ravichandran	29,900	29,900	29,900	–	–
Seoh Choon Hong	29,200	29,200	29,200	–	–
Tan Gek Ching, Bridget	30,900	30,900	30,900	–	–

There is no contingent award of shares granted to any of the Company's controlling shareholders or their associates during the financial year ended 31 December 2011.

Other Information Required by the Singapore Exchange Securities Trading Limited

Except as disclosed in Notes 12 and 28a 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.

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 2012

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 2011 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 2012

INDEPENDENT AUDITOR'S REPORT

For the financial year ended 31 December 2011

To the members of Hiap Hoe Limited

Report on the Financial Statements

We have audited the accompanying financial statements of Hiap Hoe Limited (the "Company") and its subsidiary companies (collectively, the "Group"), set out on pages 42 to 115, which comprise the balance sheets of the Group and Company as at 31 December 2011, 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 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 profit and loss accounts and balance sheets and to maintain accountability of assets.

Auditor's Responsibility

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

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

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

To the members of Hiap Hoe Limited

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 2011 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 2012

BALANCE SHEETS

As at 31 December 2011

	Note	Group		Company	
		2011	2010	2011	2010
		$	$	$	$
Non-Current Assets					
Property, plant and equipment	3	6,379,208	6,133,545	–	–
Investment properties	4	–	3,045,000	–	–
Investments in subsidiary companies	5	–	–	56,598,046	48,682,553
Investment in associate	6	–	–	–	–
Investment in joint ventures	7	10,277,014	801,865	–	–
Other receivable	9	12,000	21,000	–	21,000
		16,668,222	10,001,410	56,598,046	48,703,553
Current Assets					
Cash and short-term deposits		10,369,605	36,449,239	5,509,257	14,716,773
Other investments	8	4,069,960	27,940,271	2,950,800	27,645,650
Trade and other receivables	9	13,471,835	14,198,260	7,704	281,311
Other assets		81,090	625,288	450	450
Prepaid operating expenses		35,130	40,664	7,851	10,555
Due from subsidiary companies (trade)	11(i)	–	–	2,523,784	1,900,535
Due from subsidiary companies (non-trade)	10	–	–	100,974,353	72,971,404
Due from related companies (trade)	11(i)	464	–	–	–
Due from joint ventures (trade)	11(i)	18,817,066	3,332,161	49,436	15,849
Due from joint ventures (non-trade)	11(ii)	58,461,116	57,258,664	52,865,975	51,684,692
Due from an associate (non-trade)	11(i)	2,597	2,062	2,597	2,062
Development properties	12	456,301,596	377,685,618	–	–
Properties held for sale	12	10,852,257	–	–	–
Tax recoverable		1,431	1,122	–	–
		572,464,147	517,533,349	164,892,207	169,229,281
Investment properties – held for sale	4	3,045,000	–	–	–

	Note	Group		Company	
		2011	2010	2011	2010
		$	$	$	$
Current Liabilities					
Trade and other payables	13	11,996,937	6,086,519	97,064	25,222
Other liabilities	14	44,355,100	18,436,785	239,311	260,772
Due to subsidiary companies (non-trade)	10	–	–	109,040,015	115,325,520
Due to related companies (trade)	11(i)	526,263	959,737	–	–
Due to related companies (non-trade)	15	21,712,764	17,006,350	–	115
Interest-bearing loans and borrowings	16	167,770,407	125,152,238	–	9,191
Tax payable		172,630	12,782,420	103,870	102,639
		246,534,101	180,424,049	109,480,260	115,723,459
Net Current Assets		325,930,046	337,109,300	55,411,947	53,505,822
Non-Current Liabilities					
Trade payables	13	1,266,027	1,457,882	–	–
Other liabilities	14	47,920	72,747	–	–
Interest-bearing loans and borrowings	16	81,922,000	135,088,000	–	–
Deferred taxation	18	10,964,286	3,498,923	–	–
		94,200,233	140,117,552	–	–
Net Assets		251,443,035	206,993,158	112,009,993	102,209,375
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY					
Share capital	19(a)	84,445,256	84,445,256	84,445,256	84,445,256
Treasury shares	19(b)	(967,882)	(353,279)	(967,882)	(353,279)
Reserves	20	167,909,514	122,777,683	28,532,619	18,117,398
		251,386,888	206,869,660	112,009,993	102,209,375
Non-controlling interests		56,147	123,498	–	–
Total Equity		251,443,035	206,993,158	112,009,993	102,209,375

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

INCOME STATEMENTS

For the year ended 31 December 2011

	Note	Group		Company	
		2011	2010	2011	2010
		$	$	$	$
Revenue	21	136,413,936	106,579,637	739,307	960,663
Cost of sales		(89,845,326)	(56,828,450)	–	–
Gross profit		46,568,610	49,751,187	739,307	960,663
Other items of income					
Other income	24	1,774,789	1,764,180	12,967,623	4,192,207
Financial income	25	950,267	641,667	1,203,119	763,162
Other items of expense					
Distribution and selling expenses		(405,261)	(9,413,007)	–	–
Administrative expenses	22	(4,087,266)	(3,747,037)	(1,341,760)	(1,609,229)
Other expenses	24	(450,923)	(285,126)	(396,445)	(246,650)
Financial expenses	25	(17,366)	(189,663)	(256,017)	(310,117)
Share of results of joint ventures		10,194,541	1,055,024	–	–
Profit before taxation		54,527,391	39,577,225	12,915,827	3,750,036
Tax expense	26	(7,158,636)	(5,010,642)	(196,331)	(17,392)
Net profit for the year		47,368,755	34,566,583	12,719,496	3,732,644
Attributable to :					
Owners of the Company		47,436,106	34,660,673	12,719,496	3,732,644
Non-controlling interests		(67,351)	(94,090)	–	–
Total		47,368,755	34,566,583	12,719,496	3,732,644
Earnings per share attributable to owners of the Company (cents per share)					
Basic	27	10.06	7.33		
Diluted	27	10.06	7.33		

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 2011

	Note	Group		Company	
		2011	2010	2011	2010
		$	$	$	$
Profit for the year		47,368,755	34,566,583	12,719,496	3,732,644
Other comprehensive income		–	–	–	–
Other comprehensive income for the year, net of tax		47,368,755	34,566,583	12,719,496	3,732,644
Total comprehensive income for the year		47,368,755	34,566,583	12,719,496	3,732,644
Attributable to :					
Owners of the Company		47,436,106	34,660,673	12,719,496	3,732,644
Non-controlling interests		(67,351)	(94,090)	–	–
Total comprehensive income for the year		47,368,755	34,566,583	12,719,496	3,732,644

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 2011

2010 Group	Share capital [1] (Note 19a) $	Treasury shares (Note 19b) $	Accumulated profits $
At 1 January 2010	84,445,256	(158,557)	96,968,918
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 31)	–	–	414*
Transfer from unappropriated profit to dividend reserve	–	–	(2,361,649)
Total contributions by and distributions to owners	–	(194,722)	(2,361,235)
At 31 December 2010	**84,445,256**	**(353,279)**	**129,268,356**

2011 Group	Share capital [1] (Note 19a) $	Treasury shares (Note 19b) $	Accumulated profits $	Dividend reserve $
At 1 January 2011	84,445,256	(353,279)	129,268,356	1,181,046
Profit for the year	–	–	47,436,106	–
Other comprehensive income	–	–	–	–
Total comprehensive income for the year	–	–	47,436,106	–
Contributions by and distributions to owners				
Purchase of treasury shares	–	(641,657)	–	–
Grant of equity-settled performance shares to employees	–	–	–	–
Treasury shares reissued pursuant to Performance Share Plan	–	27,054	–	–
Dividends on ordinary shares (Note 31)	–	–	3,605*	(1,181,046)
Transfer from unappropriated profit to dividend reserve	–	–	(2,355,855)	1,177,131
Total contributions by and distributions to owners	–	(614,603)	(2,352,250)	(3,915)
At 31 December 2011	**84,445,256**	**(967,882)**	**174,352,212**	**1,177,131**

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

Dividend reserve $	Capital reserve $	Total reserves $	Total equity attributable to equity holders of the Company $	Non-controlling interests $	Total equity $
Attributable to equity holders of the Company					
1,181,854	(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)
(1,181,854)	–	(1,181,440)	(1,181,440)	–	(1,181,440)
1,181,046	–	(1,180,603)	(1,180,603)	–	(1,180,603)
(808)	–	(2,362,043)	(2,556,765)	–	(2,556,765)
1,181,046	**(7,671,719)**	**122,777,683**	**206,869,660**	**123,498**	**206,993,158**

Capital reserve $	Employee share reserve $	Gain on reissuance of treasury shares $	Total reserves $	Total equity attributable to equity holders of the Company $	Non-controlling interests $	Total equity $
Attributable to equity holders of the Company						
(7,671,719)	–	–	122,777,683	206,869,660	123,498	206,993,158
–	–	–	47,436,106	47,436,106	(67,351)	47,368,755
–	–	–	–	–	–	–
–	–	–	47,436,106	47,436,106	(67,351)	47,368,755
–	–	–	–	(641,657)	–	(641,657)
–	78,944	–	78,944	78,944	–	78,944
–	(78,944)	51,890	(27,054)	–	–	–
–	–	–	(1,177,441)	(1,177,441)	–	(1,177,441)
–	–	–	(1,178,724)	(1,178,724)	–	(1,178,724)
–	–	51,890	(2,304,275)	(2,918,878)	–	(2,918,878)
(7,671,719)	**–**	**51,890**	**167,909,514**	**251,386,888**	**56,147**	**251,443,035**

2010 Company	**Share capital [1] (Note 19a)** $	**Treasury shares (Note 19b)** $
At 1 January 2010	84,445,256	(158,557)
Profit for the year	–	–
Other comprehensive income	–	–
Total comprehensive income for the year	–	–
<u>Contributions by and distributions to owners</u>		
Purchase of treasury shares	–	(194,722)
Transfer from unappropriated profit to dividend reserve	–	–
Dividends on ordinary shares (Note 31)	–	–
Total contributions by and distributions to owners	–	(194,722)
At 31 December 2010	**84,445,256**	**(353,279)**

2011 Company	**Share capital [1] (Note 19a)** $	**Treasury shares (Note 19b)** $
At 1 January 2011	84,445,256	(353,279)
Profit for the year	–	–
Other comprehensive income	–	–
Total comprehensive income for the year	–	–
<u>Contributions by and distributions to owners</u>		
Purchase of treasury shares	–	(641,657)
Grant of equity-settled performance shares to employees	–	–
Treasury shares reissued pursuant to Performance Share Plan	–	27,054
Transfer from unappropriated profit to dividend reserve	–	–
Dividends on ordinary shares (Note 31)	–	–
Total contributions by and distributions to owners	–	(614,603)
At 31 December 2011	**84,445,256**	**(967,882)**

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

* This pertains to write back of prior year unclaimed dividends

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

Accumulated profits $	Dividend reserve $	Total reserves $	Total equity $
15,564,943	1,181,854	16,746,797	101,033,496
3,732,644	–	3,732,644	3,732,644
–	–	–	–
3,732,644	–	3,732,644	3,732,644
–	–	–	(194,722)
(2,361,649)	1,181,046	(1,180,603)	(1,180,603)
414*	(1,181,854)	(1,181,440)	(1,181,440)
(2,361,235)	(808)	(2,362,043)	(2,556,765)
16,936,352	**1,181,046**	**18,117,398**	**102,209,375**

Accumulated profits $	Dividend reserve $	Employee share reserve $	Gain on reissuance of treasury shares $	Total reserves $	Total equity $
16,936,352	1,181,046	–	–	18,117,398	102,209,375
12,719,496	–	–	–	12,719,496	12,719,496
–	–	–	–	–	–
12,719,496	–	–	–	12,719,496	12,719,496
–	–	–	–	–	(641,657)
–	–	78,944	–	78,944	78,944
–	–	(78,944)	51,890	(27,054)	–
(2,355,855)	1,177,131	–	–	(1,178,724)	(1,178,724)
3,605*	(1,181,046)	–	–	(1,177,441)	(1,177,441)
(2,352,250)	(3,915)	–	51,890	(2,304,275)	(2,918,878)
27,303,598	**1,177,131**	**–**	**51,890**	**28,532,619**	**112,009,993**

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 December 2011

	Note	2011	2010
		$	$
Cash flows from operating activities			
Profit before taxation		54,527,391	39,577,225
Adjustments:			
Depreciation of property, plant and equipment	3	205,767	183,204
Employees' shares based payments		78,944	–
Write-back of provision for contingency		(1,029,909)	–
Write-back of allowance for doubtful receivables - trade		(23,447)	–
Gain on disposal of investment property	24	–	(608,888)
Gain on disposal of property, plant and equipment	24	(52,000)	–
Loss on property, plant and equipment written off		–	38,476
Fair value loss/(gain) on held-for-trading investments - quoted	24	54,478	(12,338)
Interest expenses	25	17,366	189,663
Dividend income from quoted investments	24	(20,903)	(7,885)
Interest income	25	(950,267)	(641,667)
Gain on fair value adjustment of investment properties	24	–	(435,000)
Fair value loss on held-for-trading investments – unquoted	24	396,445	246,650
Share of results of joint ventures		(10,194,541)	(1,055,024)
Operating cash flows before working capital changes		43,009,324	37,474,416
Changes in working capital			
(Increase)/decrease in:			
Development properties		(85,576,418)	164,618,102
Trade and other receivables		758,872	(13,334,156)
Other assets		544,198	(559,356)
Prepaid operating expenses		5,534	100,825
Due from ultimate holding company, non-trade		–	1,871
Due from a joint venture, trade		(14,765,513)	(3,041,989)
Due from joint ventures, non-trade		(2,642)	9,792
Due from an associate , non-trade		(535)	(329)
Due from related company, trade		(464)	8,133
Due from related company, non-trade		(292)	23,825
Increase/(decrease) in:			
Trade and other payables		5,718,563	3,974,922
Other liabilities		26,923,397	6,311,220
Derivatives		–	(347,595)
Due to related companies, trade		(433,474)	449,736
Due to related company, non-trade		(292)	292
Cash flows (used in) / generated from operations		(23,819,742)	195,689,709
Income tax paid		(12,303,372)	(102,100)
Net cash flows (used in) / generated from operating activities		(36,123,114)	195,587,609

	Note	2011	2010
		$	$
Cash flows from investing activities			
Proceeds from disposal of investment property		–	3,408,888
Proceeds from disposal of property, plant and equipment		52,000	–
Proceeds from disposal of quoted investments		240,000	–
Proceeds from disposal of unquoted investments		53,750,000	18,000,000
Purchase of quoted investments		(1,110,509)	(48,598)
Purchase of unquoted investments		(29,451,594)	(45,892,300)
Interest income received		745,226	423,448
Purchase of property, plant and equipment (Note B)		(382,730)	(102,384)
Dividend income received	24	12,395	7,885
Loan to joint ventures		(994,477)	(8,343,000)
Net cash flows generated from/(used in) investing activities		22,860,311	(32,546,061)
Cash flows from financing activities			
Repayment of bank term loans		(22,585,000)	(128,632,450)
Proceeds from loans and borrowings		12,000,000	4,490,084
Dividends paid on ordinary shares by the Company	31	(2,356,165)	(2,362,457)
Repayment of lease obligations		(29,191)	(9,996)
Loans from related companies		4,600,000	3,249,200
Interest paid		(3,804,818)	(6,451,060)
Purchase of treasury shares		(641,657)	(194,722)
Net cash flows used in financing activities		(12,816,831)	(129,911,401)
Net (decrease)/increase in cash and cash equivalents		(26,079,634)	33,130,147
Cash and cash equivalents at beginning of year		36,449,239	3,319,092
Cash and cash equivalents at end of year (Note A)		10,369,605	36,449,239

A. Cash and cash equivalents

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

	2011	2010
	$	$
Cash and bank balances	4,869,605	23,849,239
Fixed deposits	5,500,000	12,600,000
Less : Bank overdrafts (Note 16)	–	–
	10,369,605	36,449,239

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

	2011	2010
	$	$
US dollar	121,074	152,113
Bangladesh taka	29,619	–

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

	2011	2010
	$	$
Cash and bank balances	5,509,257	14,716,773

Cash and bank balances earn interest at floating rates based on daily bank deposit rates ranging from 0.018% to 0.61% (2010: 0.11% to 0.32%) 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 held for sale and freehold properties (Note 16). They are repayable on demand and have a weighted average effective interest rate of 4.86% (2010: 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 $502,730 (2010: $102,384), of which $120,000 (2010: $Nil) was acquired by means of hire purchase arrangements and the balance of $382,730 (2010: $102,384) was made in cash.

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

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 2011. The adoption of these standards and interpretations did not have any effect on the financial performance or position of the Group and the Company.

INT FRS 115 *Agreements for the Construction of Real Estate*

On 1 Jan 2011, the Group adopted INT FRS 115 *Agreements for the Construction of Real Estate.*

INT FRS 115 clarifies when revenue and related expenses from a sale of real estate unit should be recognised if an agreement between a developer and a buyer is reached before the construction of real estate is completed. INT FRS 115 determines that contracts which do not qualify as construction contracts in accordance with FRS 11 can only be accounted for using the percentage of completion method if the entity continuously transfers to the buyer control and the significant risks and rewards of ownership of work in progress in its current state as construction progresses.

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)

INT FRS 115 *Agreements for the Construction of Real Estate (cont'd)*

The Group's previous accounting policy for all pre-completion property sales was to recognise revenue using the percentage of completion method as construction progresses. The Group has considered the application of INT FRS 115 and conclude that all the sale contracts which were based on the progressive payment scheme represent the continuous transfer of work in progress to the purchaser. Consequently, the percentage of completion method of revenue recognition has been applied to these contracts.

(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 107 *Disclosures – Transfers of Financial Assets*	1 July 2011
Amendments to FRS 12 *Deferred Tax : Recovery of Underlying Assets*	1 January 2012
Amendment to FRS 1 *Presentation of items of Other Comprehensive Income*	1 July 2012
Revised FRS 19 *Employee Benefits*	1 January 2013
Revised FRS 27 *Separate Financial Statements*	1 January 2013
Revised FRS 28 *Investment in Associates and Joint Ventures*	1 January 2013
FRS 110 *Consolidation Financial Statements*	1 January 2013
FRS 111 *Joint Arrangements*	1 January 2013
FRS 112 *Disclosure of Interest in Other Entities*	1 January 2013
FRS 113 *Fair Value Measurements*	1 January 2013

Except for the Amendments to FRS 1, FRS 111 and revised FRS 112 the directors expect that the adoption of 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 Amendments to FRS 1, FRS 111 and revised FRS 28 and FRS 112 are described below.

Amendments to FRS 1 *Presentation of items of Other Comprehensive Income*

The Amendments to FRS 1 *Presentation of Items of Other Comprehensive Income* (OCI) is effective for financial periods beginning or after 1 July 2012.

The Amendments to FRS 1 changes the grouping of items presented in OCI. Items that could be reclassified to profit or loss at a future point in time would be presented separately from items which will never be reclassified. As the Amendments only affect the presentations of items that are already recognised in OCI, the Group does not expect any impact on its financial position or performance upon adoption of this standard.

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 (cont'd)

FRS 111 *Joint Arrangements* and Revised FRS 28 *Investment in Associates and Joint Ventures*

FRS 111 and the revised FRS 28 are effective for financial periods beginning on or after 1 January 2013.

FRS 111 classifies joint arrangements either as joint operation or joint ventures. Joint operation is a joint arrangement whereby the parties that have joint control of the arrangement and have rights to the assets and obligations for the liabilities relating to the arrangement whereas joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement. FRS 111 requires the determination of the arrangement's classification to be based on the parties' right and obligation under the arrangement, with the existence of a separate legal vehicle no longer being the key factor. FRS 111 disallows proportionate consolidation and requires joint ventures to be accounted for using the equity method. The revised FRS 28 was amended to describe the application of equity method to investments in joint ventures in addition to associates.

FRS 112 *Disclosure of Interest in Other Entities*

FRS 112 is effective for financial periods beginning on or after 1 January 2013.

FRS 112 is a new and comprehensive standard on disclosure requirements for all forms of interest in other entities, including joint arrangement, associates, special purpose vehicles and other off balance sheet vehicles. FRS 112 requires an entity to disclosure information that helps users of its financial statements to evaluate the nature and risks associated with its interests in other entities and the effects of those interests on its financial statements. The Group is currently determining the impact of the disclosure requirements. As this is a disclosure standard, it will have no impact to the financial position and financial performance of the Group when implemented in 2013.

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.

(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.

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

2.3 Significant accounting estimates and judgements (cont'd)

(a) Key sources of estimation uncertainty (cont'd)

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

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

The carrying amount of the Group's development properties as at 31 December 2011 was $456,301,596 (2010: $377,685,618).

(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 2011 was $109,142,414 (2010: $98,322,867).

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 Company's tax payables and deferred tax liabilities at 31 December 2011 was $103,870 (2010: $102,639) and $nil (2010: $nil) respectively. Whereas, the carrying amount of the Group's tax payables and deferred tax liabilities at 31 December 2011 was $172,630 (2010: $12,782,420) and $10,964,286 (2010: $3,498,923) respectively.

2.4 Foreign currency

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

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 profit or loss.

2.5 Basis of consolidation and subsidiary companies

(a) Basis of consolidation

<u>Basis of consolidation from 1 January 2010</u>

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 and dividends are eliminated in full.

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

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

(a) Basis of consolidation (cont'd)

Basis of consolidation from 1 January 2010 (cont'd)

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.

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

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

- De-recognises the assets (including goodwill) and liabilities of the subsidiary company at their carrying amounts at the date when controls is lost;
- De-recognises the carrying amount of any non-controlling interest;
- De-recognises the cumulative translation differences recorded in equity;
- Recognises the fair value of the consideration received;
- Recognises the fair value of any investment retained;
- Recognises any surplus or deficit in profit or loss;
- Re-classifies the Group's share of components previously recognised in other comprehensive income to profit or loss or retained earnings, as appropriate.

Basis of consolidation prior to 1 January 2010

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

- Acquisition of non-controlling interests, prior to 1 January 2010, were accounted for using the parent entity extension method, whereby, the difference between the consideration and the book value of the share of the net assets acquired were recognised in goodwill.
- Losses incurred by the Group were attributed to the non-controlling interest until the balances was reduced to nil. Any further losses were attributed to the Group, unless the non-controlling interest had a binding obligation to cover these. Losses prior to 1 January 2010 were not reallocated between non-controlling interest and the owners of the Company.
- Upon loss of control, the Group accounted for the investment retained at its proportionate share of net asset value at the date control was lost. The carrying value of such investments as at 1 January 2010 has not been restated.

2. 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 Company.

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

2.8 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. Summary of significant accounting policies (cont'd)

2.9 Property, plant and equipment

All items of property, plant and equipment are initially recorded at cost. Subsequent to recognition, property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. The 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 2.17. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

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

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

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

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

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

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

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

2.10 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 2.19.

2.11 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. Summary of significant accounting policies (cont'd)

2.12 Trade and other receivables

Trade and other receivables, including amounts due from subsidiary companies, related companies, joint ventures, associate, 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 2.19.

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 2.20.

2.13 Development properties/properties held for sale

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

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

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

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

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

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

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

2.14 Construction contracts

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

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

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

2.14 Construction contracts (cont'd)

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

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

Contract revenue - Contract revenue corresponds to 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.

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

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

Assets covered by a single contract are treated separately when:

- The separate proposals have been submitted for each asset
- Each asset has been subject to separate negotiation and the contractor and customer have been able to accept or reject that part of the contract relating to each asset
- The costs and revenues of each asset can be identified

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

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

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

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

2.15 Financial liabilities

Initial recognition and measurement

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

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

Subsequent measurement

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.

The Group has not designated any financial liabilities as fair value through profit and loss.

Derecognition

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

2.16 Provisions

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

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed.

2.17 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. Summary of significant accounting policies (cont'd)

2.18 Employee benefits

(a) Defined contribution plans

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

(b) Employee leave entitlement

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

(c) Performance share plan

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

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

2.19 Financial assets

Initial recognition and measurement

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

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

Subsequent measurement

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

(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.

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

2.19 Financial assets (cont'd)

Subsequent measurement (cont'd)

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

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 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 de-recognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

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)

2.20 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 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 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.

2.21 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.

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

2.21 Impairment of non-financial assets (cont'd)

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. In assessing value in use, the estimated future cash flows expected to be generated by the asset are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded subsidiaries or other available fair value indicators.

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

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

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

(a) Project revenue arising from construction contracts

Revenue from contracts is recognised on the percentage of completion method based on the progress of the contract work, as determined based on surveys/certifications of work done. Accounting policy for recognising construction contracts is stated in Note 2.14.

(b) Sales of completed development properties

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

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

2.22 Revenue recognition (cont'd)

(c) Sales of development properties under construction

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

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

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

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

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

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

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

(d) Dividend income

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

(e) Rental income

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

(f) Interest income

Interest income is recognised using the effective interest method.

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

2.23 Taxes

(a) Current income tax

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

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

(b) Deferred tax

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

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

- Where the deferred tax liability arises from the initial recognition of 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 tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

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

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

2.23 Taxes (cont'd)

(b) Deferred tax (cont'd)

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

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

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

(c) Sales tax

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

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

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

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

2.24 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 35, including the factors used to identify the reportable segments and the measurement basis of segment information.

2.25 Leases

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

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

2.25 Leases (cont'd)

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

(a) As lessee

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

Contingent rents, if any, are charged as expenses in the periods in which they are incurred.

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

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

(b) As lessor

Leases where the Group retains substantially all the risks and rewards of ownership of the assets are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the leased term on the same bases as rental income. The accounting policy for rental income is set out in Note 2.22(e). Contingent rents are recognised as revenue in the period in which they are earned.

2.26 Investment property held for sale

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

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

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

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

2.27 Share capital and share issue expenses

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

2.28 Treasury shares

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

2.29 Financial guarantee

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

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

2.30 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.

2.31 Related parties

A related party is defined as follows:

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

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

  (ii) Has significant influence over the Company; or

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

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

2.31 Related parties (cont'd)

A related party is defined as follows: (cont'd)

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

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

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

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

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

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

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

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

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 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 and 1 January 2011	2,492,875	4,960,024	649,276	221,273	27,000	8,350,448
Additions	–	–	389,364	50,656	62,710	502,730
Disposals	–	–	(222,500)	(1,700)	–	(224,200)
At 31 December 2011	2,492,875	4,960,024	816,140	270,229	89,710	8,628,978

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

Group	Freehold land	Freehold properties	Motor vehicles	Furniture, fittings and office equipment	Plant and machinery	Total
	$	$	$	$	$	$
Accumulated depreciation						
At 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 and 1 January 2011	–	1,630,592	451,943	133,201	1,167	2,216,903
Depreciation charge for the year	–	135,920	44,320	61,790	15,037	257,067
Disposals	–	–	(222,500)	(1,700)	–	(224,200)
At 31 December 2011	–	1,766,512	273,763	193,291	16,204	2,249,770
Net carrying amount						
At 31 December 2011	2,492,875	3,193,512	542,377	76,938	73,506	6,379,208
At 31 December 2010	2,492,875	3,329,432	197,333	88,072	25,833	6,133,545

The Group charged the depreciation expense of $205,767 (2010: $183,204) to the Income Statement while the remaining amount of $51,300 (2010: $23,810) was reflected in the Balance Sheet as development properties.

Company	Motor vehicles	Furniture, fittings and office equipment	Total
	$	$	$
Cost			
At 1 January 2010	320,388	20,366	340,754
Additions	–	–	–
Disposals	–	(1,407)	(1,407)
At 31 December 2010 and 1 January 2011	320,388	18,959	339,347
Additions	–	–	–
Disposals	(222,500)	–	(222,500)
At 31 December 2011	97,888	18,959	116,847

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

Company	Motor vehicles	Furniture, fittings and office equipment	Total
	$	$	$
Accumulated depreciation			
At 1 January 2010	320,388	20,366	340,754
Depreciation charge during the year	–	–	–
Disposals	–	(1,407)	(1,407)
At 31 December 2010 and 1 January 2011	320,388	18,959	339,347
Depreciation charge during the year	–	–	–
Disposals	(222,500)	–	(222,500)
At 31 December 2011	97,888	18,959	116,847
Net carrying amount			
At 31 December 2011	–	–	–
At 31 December 2010	–	–	–

<u>Assets held under finance leases</u>

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

	Group	
	2011	**2010**
	$	**$**
Net book value of assets acquired under finance leases		
- motor vehicles	313,451	–

<u>Assets pledged as security</u>

In addition to assets held under finance leases, the Group's freehold land and properties with a net carrying amount of $5,686,387 (2010: $5,822,307) have been mortgaged to secure bank overdraft and loan facilities granted to a subsidiary company (Note 16).

4. Investment properties

	Note	Group 2011	Group 2010
		$	$
Balance sheet:			
At 1 January		3,045,000	5,410,000
Transferred to properties held for sale		(3,045,000)	–
Disposal of investment property		–	(2,800,000)
Gain on fair value adjustment recognised in profit or loss		–	435,000
Balance at 31 December		–	3,045,000
Income statement:			
Rental income from investment properties:			
- Minimum lease payments	24	426,772	371,164
Direct operating expenses (including repairs and maintenance) arising from:			
- Rental generating properties		(113,432)	(72,241)

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

Properties pledged as security

All the investment properties are mortgaged to banks to secure credit facilities for the Group (Note 16).

Transfer to properties held for sale

As at 31 December 2011, the Group transferred the investment properties of $3,045,000 to investment properties held for sale as the Management has been actively marketed for the sale of the investment properties.

5. Investments in subsidiary companies

	Company 2011	Company 2010
	$	$
Unquoted equity shares, at cost	119,599,663	119,599,663
Impairment losses	(63,001,617)	(70,917,110)
	56,598,046	48,682,553

5. Investments in subsidiary companies (cont'd)

During the year ended 31 December 2011, the Company wrote back the impairment loss of $7,915,493 (2010: $nil) to its recoverable amount as the subsidiary company is generating profit from its business activities. The recoverable amount of the investment has been determined based on the value in use.

Details of the subsidiary companies are as follows:

Name	Principal activities (Country of incorporation and place of business)	Proportion of ownership interest		Cost of investment	
		2011	2010	2011	2010
		%	%	$	$
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)	Investment holding (Singapore)	100	100	1	1
Wah Hoe Development Pte Ltd (1)	Property developer and owner (Singapore)	100	100	1,000,000	1,000,000
Leong Hoe Development Pte Ltd (1)	Property developer and owner (Singapore)	100	100	1,000,000	1,000,000
Cavenagh Properties Pte Ltd (1)	Property developer and owner (Singapore)	100	100	1,000,000	1,000,000
WestBuild Construction Pte Ltd (1)	Civil engineering, general road construction and sub-contractor works (Singapore)	100	100	80,917,110	80,917,110
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 associate

	Group		Company	
	2011	2010	2011	2010
	$	$	$	$
Shares, at cost	4	4	4	4
Share of post-acquisition reserves	(4)	(4)	(4)	(4)
	–	–	–	–

Name	Principal activities (Country of incorporation and place of business)	Proportion of ownership interest		Cost of investment	
		2011	2010	2011	2010
		%	%	$	$
Held by the Company					
Cantonment Development Pte. Ltd. (1)	Property investment and development (Singapore)	40%	40%	4	4

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

The Group has not recognised losses relating to Cantonment Development Pte. Ltd. where its share of losses exceeds the Group's interest in this associate. The Group's cumulative share of unrecognised losses at the balance sheet date was $7,686 (2010: $7,250), of which $436 (2010: $436) 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	
	2011	2010
	$	$
Assets and liabilities:		
Total assets	130	150
Total liabilities	(19,346)	(18,276)
Results:		
Revenue	-	-
Loss for the year	(1,090)	(1,090)

7. Investment in joint ventures

	Group	
	2011	2010
	$	$
Shares, at cost	600,005	600,005
Share of post-acquisition reserves	9,677,009	201,860
	10,277,014	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 investment and development, and related activities.

The Group has not recognised losses relating to HH Properties Pte. Ltd. where its share of losses exceeds the Group's interest in the joint venture. The Group's cumulative share of unrecognised losses at the balance sheet date was $917,766 (2010: $452,055), of which $465,711 (2010: $212,044) was the remaining share of the current year's losses.

The Group also has a 60% (2010: 60%) equity interest in a jointly-controlled entity, Goodluck View Development ("GLV"), that is held through a subsidiary. This joint venture is unincorporated and is in the business of property developer and owner. The Group's joint venture partner in GLV is SuperBowl Management Pte Ltd, a related party.

The Group's contingent liabilities in respect of its investment in joint venture are disclosed in Note 30(a).

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

	Group	
	2011	2010
	$	$
Assets and liabilities:		
Current assets	50,977,078	45,400,945
Non-current assets	66,544,731	48,405,414
Total assets	117,521,809	93,806,359
Current liabilities	(56,392,472)	(63,336,457)
Non-current liabilities	(51,770,084)	(30,120,087)
Total liabilities	(108,162,556)	(93,456,544)
Income and expenses:		
Income	47,829,162	11,563,092
Expenses	(38,819,724)	(9,621,179)
Profit for the year	9,009,438	1,941,913

8. Other investments

	Group		Company	
	2011	2010	2011	2010
	$	$	$	$
Held for trading investments				
- Quoted investments	1,119,160	294,621	–	–
- Unquoted investments	2,950,800	27,645,650	2,950,800	27,645,650
Total financial assets through profit or loss classified as held for trading	4,069,960	27,940,271	2,950,800	27,645,650

During the financial year, the Group recognised fair value loss of $54,478 (2010: gain of $12,338) on held-for-trading investments-quoted and fair value loss of $396,445 (2010: $246,650) on held-for-trading investments-unquoted in the income statement.

9. Trade and other receivables

	Group		Company	
	2011	2010	2011	2010
	%	%	$	$
Current				
Trade receivables	13,507,833	13,973,891	–	–
Other receivables	35,739	290,106	7,704	272,311
Staff loans	9,000	15,000	–	9,000
Less: allowance for doubtful receivables				
- trade	(80,737)	(80,737)	–	–
	13,471,835	14,198,260	7,704	281,311
Non-current				
Other receivables- Staff loans	12,000	21,000	–	21,000
Total trade and other receivables	13,483,835	14,219,260	7,704	302,311
Add:				
Due from subsidiary companies (trade) (Note 11(i))	–	–	2,523,784	1,900,535
Due from subsidiary companies (non-trade) (Note 10)	–	–	100,974,353	72,971,404
Due from related companies (trade) (Note 11(i))	464	–	–	–
Due from joint ventures (non-trade) (Note 11(ii))	58,461,116	57,258,664	52,865,975	51,684,692
Due from joint ventures (trade) (Note 11(i))	18,817,066	3,332,161	49,436	15,849
Due from an associate (non-trade) (Note 11(i))	2,597	2,062	2,597	2,062
Other assets	81,090	625,288	450	450
Cash and short-term deposits	10,369,605	36,449,239	5,509,257	14,716,773
Total loans and receivables	101,215,773	111,886,674	161,933,556	141,594,076

9. Trade and other receivables (cont'd)

Trade receivables

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

Trade receivables are denominated in Singapore dollar.

Staff loans

Staff loans are unsecured and non-interest bearing. Non-current amounts have an average maturity of 2.3 years (2010: 3.3 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 2011.

Trade receivables that are past due but not impaired

The Group has trade receivables amounting to $13,427,096 (2010: $13,893,154) 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	
	2011	**2010**
	$	**$**
Trade receivables past due but not impaired:		
Less than 30 days	13,427,096	13,893,154

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	
	2011	**2010**
	$	**$**
Trade receivables–nominal amounts	80,737	80,737
Less: Allowance for impairment	(80,737)	(80,737)
	–	–

There has been no movement in this allowance account in the financial year ended 31 December 2011 and 2010.

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	
	2011	**2010**
	$	**$**
Loans	99,044,956	71,299,356
Interest receivable	1,320,384	1,063,035
Others	609,013	609,013
	100,974,353	72,971,404

The amounts due from subsidiary companies are unsecured, repayable on demand and in cash. The loans bear interest at 0.19% to 0.44% (2010: 0.13% to 0.44%) per annum.

The amounts due to subsidiary companies are as follows:

	Company	
	2011	**2010**
	$	**$**
Loans	(74,226,722)	(75,877,686)
Interest payable	(1,364,548)	(1,423,572)
Others	(33,448,745)	(38,024,262)
	(109,040,015)	(115,325,520)

The amounts due to subsidiary companies are unsecured, repayable on demand and in cash, and bear interest at 0.19% to 1.45% (2010: 0.13% to 0.44%) per annum.

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

(i) **Due from subsidiary companies (trade), due from related companies (trade), due from joint ventures (trade), due from an associate (non-trade), due to related companies (trade)**

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

11. Due from/(to) subsidiary companies/related companies/joint ventures/associate (cont'd)

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

The amounts due from joint ventures are as follows:

	Group		Company	
	2011	2010	2011	2010
	$	$	$	$
Loans	56,446,061	55,451,584	51,301,900	50,307,423
Interest receivable	1,601,575	1,396,533	1,484,162	1,297,356
Others	413,480	410,547	79,913	79,913
	58,461,116	57,258,664	52,865,975	51,684,692

The amounts due from joint ventures are unsecured, repayable on demand and in cash. The loans bear interest at 0.19% to 0.44% (2010: 0.13% to 0.44%) per annum.

12. Development properties

	Group	
	2011	2010
	$	$
Freehold land and related costs	403,109,370	394,034,574
Development costs	77,041,397	44,174,588
Property tax and interest	30,376,920	26,901,119
Attributable profit	74,213,417	35,996,905
	584,741,104	501,107,186
Less : Progress billings	(128,439,508)	(123,421,568)
	456,301,596	377,685,618

	2011	2010
	$	$
Revenue from sale of development properties (recognised on completed contract basis)	41,538,000	174,589,579
Development properties recognised as an expenses in cost of sales	63,888,687	48,512,554

12. Development properties (cont'd)

There is no advances received from customers as at 31 December 2011 and 2010.

(i) Interest costs capitalised during the year at an average rate of 1.50% (2010: 1.82%) per annum based on actual borrowing costs were paid to :

	Group	
	2011	2010
	$	$
- financial institutions	3,733,812	5,586,443
- related companies	106,706	92,845
	3,840,518	5,679,288

(ii) The development properties and properties held for sale are pledged for bank borrowings (Note 16).

(iii) Included in development costs are project and construction management services of $386,861 (2010: $1,140,216) charged by a related company, at contractual terms agreed between the parties.

(iv) During the year ended 31 December 2011, one of the Development Projects obtained its Temporary Occupancy Permit. Hence, the Group transferred an amount of $10,852,257 pertaining to the unsold units to Properties held for sale.

13. Trade and other payables

	Group		Company	
	2011	2010	2011	2010
	$	$	$	$
Current				
Trade payables	11,906,189	6,003,783	–	–
Sundry payables	90,748	82,736	97,064	25,222
	11,996,937	6,086,519	97,064	25,222
Due to subsidiary companies (non-trade) (Note 10)	–	–	109,040,015	115,325,520
Due to related companies (trade) (Note 11(i))	526,263	959,737	–	–
Due to related companies (non-trade) (Note 15)	21,712,764	17,006,350	–	115
	34,235,964	24,052,606	109,137,079	115,350,857

13. Trade and other payables (cont'd)

	Group		Company	
	2011	2010	2011	2010
	$	$	$	$
Non-current				
Trade payables	1,266,027	1,457,882	–	–
Total trade and other payables	35,501,991	25,510,488	109,137,079	115,350,857
Add:				
Accrued operating expenses (Note 14)	44,218,409	17,386,488	239,311	260,772
Deposits received (Note 14)	184,611	90,316	–	–
Interest-bearing loans and borrowings (Note 16)	249,692,407	260,240,238	–	9,191
Total financial liabilities carried at amortised cost	329,597,418	303,227,530	109,376,390	115,620,820

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 2011 and 2010.

14. Other liabilities

	Group		Company	
	2011	2010	2011	2010
	$	$	$	$
Current				
Accrued operating expenses	44,218,409	17,386,488	239,311	260,772
Deposits received	136,691	17,569	–	–
Rentals received in advance	–	2,819	–	–
Provision for contingency	–	1,029,909	–	–
	44,355,100	18,436,785	239,311	260,722
Non-current				
Deposits received	47,920	72,747	–	–
Total other liabilities	44,403,020	18,509,532	239,311	260,722

Provision for contingency

The provision for contingency is a possible outflow of economic resources which may arise from a past contractual obligation. During the year, the provision for contingency of $1,029,909 was written back as the outflow of economic resources was remote.

15. Due to related companies (non-trade)

The amounts due to related companies comprised:

	Group		Company	
	2011	2010	2011	2010
	$	$	$	$
Loans	21,364,490	16,764,490	–	–
Interest payable	342,748	236,042	–	–
Others	5,526	5,818	–	115
	21,712,764	17,006,350	–	115

The amounts due to related companies are unsecured, repayable on demand and in cash. The loans bear interest at 0.18% to 5.00% (2010: 0.19% to 5.00%) per annum.

16. Interest-bearing loans and borrowings

	Effective interest rate (% per annum)	Maturity	Group		Company	
			2011	2010	2011	2010
			$	$	$	$
Current liabilities						
Bank term loans (Note 16.1)	1.46[1]	2012	5,000,000	–	–	–
Construction loans (Note 16.2)	1.64[1]	2012	369,345	369,345	–	–
Land loans (Note 16.3)	1.72[1]	2012	162,123,000	124,542,000	–	–
Interest payable	–	2012	178,062	231,702	–	–
Lease obligations (Note 17)	2.01[1]	2012	100,000	9,191	–	9,191
			167,770,407	125,152,238	-	9,191
Non-current liabilities						
Bank term loans (Note 16.1)	1.45[1]	2013	81,922,000	78,187,000	–	–
Land loans (Note 16.3)	–	–	–	56,901,000	–	–
			81,922,000	135,088,000	–	–
Total			249,692,407	260,240,238	–	9,191

(1) Based on weighted average effective interest rates.

16. Interest-bearing loans and borrowings (cont'd)

16.1 The bank term loans bear interest at floating rates, which ranged from 1.28% to 1.52% (2010: 1.28% to 2.10%) per annum during the year. Interest rates of these loans are repriced at an interval of 1 to 2 months.

(a) A loan of $81,922,000 (2010: $78,187,000) 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 1.52% (2010: 1.28% to 1.88%) 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 $5,000,000 (2010: $nil) carried interest at an interest rate of 1% per annum above the higher of bank's Cost of Fund or Swap Offer Rate. During the year, the floating interest rates ranged at 1.45% (2010: nil) per annum. The loan is repayable by 16 March 2012.

16.2 A loan of $369,345 (2010: $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 1.44% to 1.78% (2010: 1.78% to 2.86%) per annum. The loan is repayable within 48 months from date of acceptance of facility letter or on 30 September 2012, whichever is earlier. Interest rates of these loans are repriced at an interval of 1 to 3 months.

16.3 The land loans bear interest at floating rates, which ranged from 1.28% to 1.83% (2010: 1.44% to 2.88%) per annum during the year. Interest rates of these loans are repriced at an interval of 1 to 3 months.

(a) loan of $nil (2010: $10,835,000), 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 1.28% to 1.62% (2010: 1.44% to 2.64%) per annum. The loan was fully repaid during the year;

(b) loan of $48,416,000 (2010: $56,901,000), 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 1.30% to 1.73% (2010: 1.46% to 2.18%) per annum. The loan is fully repayable by 30 June 2012 or 6 months after the issuance of Temporary Occupation Permit, whichever is earlier; and

(c) loan of $113,707,000 (2010: $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 1.45% to 1.83% (2010: 1.70% to 2.88%) per annum. The loan is fully repayable 6 months after the issuance of Temporary Occupation Permit or on 30 September 2012, whichever is earlier.

16.4 Bank overdrafts denominated in SGD were repayable on demand and had a weighted average effective interest rate of 4.86% (2010: 4.86%) per annum. Interest rates of bank overdrafts were repriced at an interval of 1 month.

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

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

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

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

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

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

16. **Interest-bearing loans and borrowings (cont'd)**

(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.

17. **Lease obligations**

The Group has entered into finance leases on its motor vehicles. Lease terms range from 1 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 2011	Present value of payments 2011	Minimum lease payments 2010	Present value of payments 2010
	$	$	$	$
Within 1 year	101,990	100,000	10,554	9,191
Total minimum lease payments	101,990	100,000	10,554	9,191
Less: amounts representing finance charges	(1,990)	–	(1,363)	–
Present value of minimum lease payments	100,000	100,000	9,191	9,191

Company	Minimum lease payments 2011	Present value of payments 2011	Minimum lease payments 2010	Present value of payments 2010
	$	$	$	$
Within 1 year	–	–	10,554	9,191
Total minimum lease payments	–	–	10,554	9,191
Less: amounts representing finance charges	–	–	(1,363)	–
Present value of minimum lease payments	–	–	9,191	9,191

The leases bear an implicit discount rate of 1.99% (2010: 2.2%) per annum.

18. Deferred taxation

Deferred taxation as at 31 December relates to the following:

	Group			
	Consolidated balance sheet		Consolidated income statement	
	2011	2010	2011	2010
	$	$	$	$
Deferred tax liabilities:				
Differences in depreciation for tax purposes	–	6	6	(159)
Differences in recognition of profits on development properties	10,964,286	3,498,917	(7,465,369)	(7,105,970)
	10,964,286	3,498,923	(7,465,363)	(7,106,129)

19. Share capital and treasury shares

(a) Share capital

	Group and Company			
	2011	2010	2011	2010
	Number of ordinary shares	Number of ordinary shares	$	$
Issued and fully paid ordinary shares:				
At 1 January	474,557,391	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	474,557,391	84,445,256	84,445,256

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

19. Share capital and treasury shares (cont'd)

(b) Treasury shares

	Group and Company			
	2011	2010	2011	2010
	Number of ordinary shares	Number of ordinary shares	$	$
At 1 January	(2,316,250)	(1,453,000)	(353,279)	(158,557)
Acquired during the year	(1,566,000)	(863,250)	(641,657)	(194,722)
Reissued pursuant to Performance Shares Plan				
- Transferred from employees shares reserve	177,400	–	78,944	–
- Gain on reissuance of treasury shares	–	–	(51,890)	–
At 31 December	(3,704,850)	(2,316,250)	(967,882)	(353,279)

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

The Company acquired 1,566,000 (2010: 863,250) shares in the Company through purchases on the Singapore Exchange during the financial year. The total amount paid to acquire the shares was $641,657 (2010: $194,722) and this was presented as a component within shareholders' equity.

20. Reserves

	Group		Company	
	2011	2010	2011	2010
	$	$	$	$
Accumulated profits	174,352,212	129,268,356	27,303,598	16,936,352
Dividend reserve(Note a)	1,177,131	1,181,046	1,177,131	1,181,046
Capital reserve (Note b)	(7,671,719)	(7,671,719)	–	–
Gain on reissuance of treasury shares (Note c)	51,890	–	51,890	–
	167,909,514	122,777,683	28,532,619	18,117,398

(a) Dividend reserve

For the financial year ended 31 December 2011, the Directors of the Company have paid out an interim dividend of 0.25 cent (2010: 0.25 cent) per ordinary share. The Directors of the Company have recommended that a final dividend be paid at 0.25 cent (2010: 0.25 cent) per ordinary share. An amount of $1,177,131 (2010: $1,181,046) has been appropriated from current year's profits to dividend reserve (Note 31).

20. Reserves (cont'd)

(b) Capital reserve

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

(c) Gain on reissuance of treasury shares

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

21. Revenue

	Group		Company	
	2011	**2010**	**2011**	**2010**
Revenue is analysed as follows:	$	$	$	$
Revenue from sales of development properties	109,142,414	98,322,867	–	–
Project revenue arising from construction contracts	27,227,884	8,215,775	–	–
Management fee charged to				
- joint ventures	43,638	40,995	109,096	102,488
- subsidiary companies	–	–	630,211	858,175
	136,413,936	106,579,637	739,307	960,663

22. Administrative expenses

Administrative expenses include:

	Group		Company	
	2011	**2010**	**2011**	**2010**
	$	$	$	$
Audit fees paid to the auditors of the Company	131,000	131,000	59,000	59,000
Non-audit fees paid to the auditors of the Company	15,775	51,550	1,000	8,100
Depreciation of property, plant and equipment	205,767	183,204	–	–
Directors' fees	158,000	166,000	158,000	166,000
Employee' benefits expense (Note 23)	2,737,672	2,136,092	921,585	1,117,685
Operating lease expense (Note 30(c))	27,000	24,000	–	–

23. Employees' benefits

	Group		Company	
	2011	2010	2011	2010
	$	$	$	$
Wages, salaries and bonuses	2,401,867	1,932,611	838,470	1,050,181
Central Provident Fund contributions	193,763	142,445	35,915	62,127
Employees' shares based payments	78,944	–	52,644	–
Other staff costs	53,200	44,144	(5,444)	5,377
Casual labour	9,898	16,892	–	–
	2,737,672	2,136,092	921,585	1,117,685

Employees' benefits include Directors' remuneration as disclosed in Note 22.

In FY 2010, the Group received grant income of S$ 11,014 under 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. The grant was deducted against the wages, salaries and bonuses.

Performance share plan

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

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

For the financial year ended 31 December 2011, 177,400 shares were granted and awarded under PSP. The fair value of the share granted was based on market price upon which the share was granted. The fair value of share granted during the financial year was S$ 0.445 (2010: nil).

There has been no cancellation or modification to the PSP in 2011 and 2010.

24. Other income/(other expense)

	Group		Company	
	2011	2010	2011	2010
	$	$	$	$
Other income :				
Dividend income from quoted investments	20,903	7,885	–	–
Dividend income from subsidiary companies	–	–	5,000,000	4,000,000
Gain on fair value adjustment of investment properties (Note 4)	–	435,000	–	–
Miscellaneous income	162,358	66,012	130	–
Management fees	59,400	10,320	–	–
Write back of payables	–	252,573	–	192,207
Write back of impairment on receivables (trade)	23,447	–	–	–
Write back of impairment on investment in subsidiary company	–	–	7,915,493	–
Write back of provision for contingency	1,029,909	–	–	–
Rental income				
- investment properties (Note 4)	426,772	371,164	–	–
Fair value gain on financial instruments				
- investments held for trading - quoted	–	12,338	–	–
Gain on disposal of property, plant and equipment	52,000	–	52,000	–
Gain on disposal of investment property	–	608,888	–	–
	1,774,789	1,764,180	12,967,623	4,192,207
Other expenses :				
Loss on property, plant and equipment written off	–	(38,476)	–	–
Fair value loss on investments held for trading - unquoted	(396,445)	(246,650)	(396,445)	(246,650)
Fair value loss on investments held for trading - quoted	(54,478)	–	–	–
	(450,923)	(285,126)	(396,445)	(246,650)

25. Financial income/(expenses)

	Group		Company	
	2011	2010	2011	2010
	$	$	$	$
Interest expense				
- bank term loans	(15,448)	(185,668)	–	–
- obligations under finance leases	(1,761)	(1,548)	(1,363)	(1,548)
- loans from subsidiary companies	–	–	(254,654)	(308,569)
- bank overdrafts	(157)	(2,447)	–	–
Financial expenses	(17,366)	(189,663)	(256,017)	(310,117)
Interest income from loans and receivables				
- fixed deposits	21,793	41,141	3,957	8,948
- unquoted investments	727,449	339,022	727,449	339,022
- loans to subsidiary companies	–	–	271,079	186,992
- loan to joint ventures	183,074	205,310	186,806	206,135
- others	17,951	56,194	13,828	22,065
Financial income	950,267	641,667	1,203,119	763,162

26. Taxation

(a) Major components of income tax expense

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

	Group		Company	
	2011	2010	2011	2010
	$	$	$	$
Consolidated income statement:				
Current income tax:				
- Current income taxation	65,386	12,330,212	116,422	60,213
- (Over) / under provision in respect of prior years	(372,113)	(213,441)	79,909	(196)
- Tax compensation	-	–	–	(42,625)
Deferred tax				
- origination and reversal of temporary differences	7,465,363	(7,106,129)	–	–
Income tax expense recognised in profit or loss	7,158,636	5,010,642	196,331	17,392

26. 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 is as follows:

	Group		Company	
	2011	2010	2011	2010
	$	$	$	$
Profit before taxation	54,527,391	39,577,225	12,915,827	3,750,036
Tax at the domestic rate of 17%	9,269,656	6,728,128	2,195,691	637,506
Adjustments:				
Tax effects of (income not taxable)/expenses not deductible for tax purposes	(1,175,925)	(710,335)	(2,053,492)	(550,094)
Deferred tax assets not recognised	157,025	22,168	–	–
(Over) / under provision in respect of prior years	(372,113)	(213,441)	79,909	(196)
Utilisation of deferred tax assets not recognised in prior years	(625,992)	(709,528)	–	–
Effect of partial tax exemption	(49,206)	(83,825)	(25,925)	(25,925)
Tax compensation	–	–	–	(42,625)
Others	(44,809)	(22,525)	148	(1,274)
Income tax expense recognised in profit and loss	7,158,636	5,010,642	196,331	17,392

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 $65,237,164 (2010: $68,919,470) and $nil (2010: $nil) 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 2.23 to the financial statements.

Tax consequences of proposed dividends

There are no income tax consequences (2010: nil) attached to the dividends to the shareholders proposed by the Company but not recognised as a liability in the financial statements (Note 31).

(c) Deferred income tax arising from different computation basis

There were unrecognised deferred tax assets of $727,188 (2010: $130,400) during 31 December 2011 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.

27. Earnings per share

(a) Continuing operations

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

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

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

	Group	
	2011	2010
	$	$
Profit for the year attributable to owners of the Company used in the computation of basis and diluted earnings per ordinary share	47,436,106	34,660,673
Weighted average number of ordinary shares for basic and dilutive earnings per share computation*	471,459,761	472,654,255

* 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 19a) during 2010.

(b) Earnings per share computation

The basic and diluted earnings per share are calculated by dividing the profit for the year attributable to owners of the Company by the weighted average number of ordinary shares for basic earnings per share computation and weighted average number of ordinary shares for diluted earnings per share computation respectively. These profit and share data are presented in the tables in Note 27(a) above.

28. Significant related party transactions

(a) Sale and purchase of goods and services

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

	Group		Company	
	2011	2010	2011	2010
	$	$	$	$
Income				
Sale of development property to a related company	–	303,169	–	–
Supply of labour to joint ventures	–	12,305	–	–
Supply of labour to related companies	4,535	16,543	–	–
Supply of labour to Directors	980	–	–	–
Sale of inventory to a Director	–	5,000	–	–
Construction income charged to joint ventures	27,123,698	8,177,720	–	–
Expenses				
Rental expense paid to a related company	27,000	24,000	–	–
Site expenses paid to related company	2,377,735	847,742	–	–
Supply of labour paid to related companies	3,285,682	2,462,530	–	–

(b) Compensation of key management personnel

	Group		Company	
	2011	2010	2011	2010
	$	$	$	$
Short-term employee benefits	2,059,520	1,751,632	1,049,114	1,219,500
Central Provident Fund contributions	110,819	91,100	35,915	62,061
	2,170,339	1,842,732	1,085,029	1,281,561
Comprise amounts paid to :				
Directors of the Company	1,335,338	1,198,294	1,001,167	894,580
Other key management personnel	835,001	644,438	83,862	386,981
	2,170,339	1,842,732	1,085,029	1,281,561

Directors' remuneration and fees totalled $1,177,338 (2010: $1,032,294) and $158,000 (2010: $166,000) respectively.

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

29. Corporate guarantees, unsecured

The Company has given corporate guarantees to financial institutions in connection with credit facilities of approximates $545,914,200 (2010: $545,914,200) and $101,650,000 (2010: $ 64,200,000) granted to its subsidiary companies and joint ventures respectively. The liabilities of the Company are limited to the outstanding principal amounts due to financial institutions of its subsidiary companies and joint ventures , which are $249,414,345 (2010: $259,999,345) and $23,944,730 (2010: $nil) respectively.

30. Commitments and contingencies

(a) Capital commitments

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

	Group	
	2011	2010
	$	$
- Subcontractors' costs	37,038,795	56,777,148
- Project and construction management fees	300,325	687,186
- Share of joint venture's capital commitments in relation to property, plant and equipment	68,861,961	88,378,987
- Share of joint venture's capital commitments in relation to development properties	12,311,921	34,206,968

(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 between 1 month and 2.4 years.

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

	Group	
	2011	2010
	$	$
Not later than one year	682,173	338,428
Later than one year but not later than five years	167,048	352,507
	849,221	690,935

30. Commitments and contingencies (cont'd)

(c) Operating lease commitments –as lessee

The Group has entered into a lease for a building from a related party as disclosed in Note 28. This non-cancellable lease has a remaining non-cancellable lease term of 1.5 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 $27,000 (2010: $24,000).

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

	Group	
	2011	**2010**
	$	$
Not later than one year	30,000	12,000
Later than one year but not later than five years	15,000	–
	45,000	12,000

31. Dividends

	Group and Company	
	2011	**2010**
	$	$
Declared and paid during the financial year:		
Dividends on ordinary shares :		
- Interim exempt (one-tier) dividend for 2011: 0.25[1]cent (2010: 0.25[3]cent) per share	1,178,012	1,180,603
- Final exempt (one-tier) dividend for 2010: 0.25[2] cent (2010: 00.25[4] cent –final dividend for 2009) per share	1,178,153	1,181,854
	2,356,165	2,362,457

Notes:

1. Dividends of 0.25 cent per share were paid based on 471,204,900 shares.
2. Dividends of 0.25 cent per share were paid based on 471,261,361 shares.
3. Dividends of 0.25 cent per share were paid based on 472,241,141 shares.
4. Dividends of 0.25 cent per share were paid based on 472,741,703 shares.

31. 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	
	2011	**2010**
	$	$
Dividends on ordinary shares, subject to shareholders' approval at the AGM :		
- Final exempt (one-tier) dividend for 2011 : 0.25 cent (2010: 0.25 cent) per share	1,177,131	1,181,046

32. 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, excepts as disclosed in Interest rate risk section below.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's and the Company's financial instruments will fluctuate because of changes in the market interest rates. The Group's and the Company's exposure to interest rate risk arises primarily from their bank loans and borrowings, and interest-bearing loans from related companies and 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 (2010: less than 6 months) from the end of the reporting period.

The Group's exposure to the risks of changes in market interest rates relates primarily to the Group's long term debt obligation with floating interest rates. The management reviews the interest rate strategies to minimise interest rate risk by taking into account the cash flow forecasts, term of debt obligation and market outlook. In prior years, 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. All interest rate swap agreements were expired in FY2010.

32. Financial risk management objectives and policies (cont'd)

Sensitivity analysis for interest rate risk

At the end of the reporting period, if SGD interest rates had been 100 (2010: 100) basis points higher with all other variables held constant, it would not have a significant impact on 2011 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 2010.

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.

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

32. Financial risk management objectives and policies (cont'd)

Liquidity risk (cont'd)

Analysis of financial instruments by remaining contractual maturities

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

Group 2011	1 year or less $'000	1 to 5 years $'000	Total $'000
Financial assets:			
Cash and bank balances and fixed deposits	10,370	–	10,370
Other investments	4,070	–	4,070
Trade and other receivables	13,472	12	13,484
Other assets	81	–	81
Due from joint ventures (non-trade)	58,461	–	58,461
Due from an associate (non-trade)	3	–	3
Due from joint ventures (trade)	18,817	–	18,817
Total undiscounted financial assets	105,274	12	105,286
Financial liabilities:			
Trade and other payables	11,997	1,266	13,263
Due to related companies (trade)	526	–	526
Due to related companies (non-trade)	21,713	–	21,713
Other liabilities	44,355	48	44,403
Interest bearing loans and borrowings	170,882	82,517	253,399
Total undiscounted financial liabilities	249,473	83,831	333,304
Total net undiscounted financial liabilities	(144,199)	(83,819)	(228,018)

32. Financial risk management objectives and policies (cont'd)

Liquidity risk (cont'd)

Group 2010	1 year or less $'000	1 to 5 years $'000	Total $'000
Financial assets:			
Cash and bank balances and fixed deposits	36,449	–	36,449
Other investments	27,940	–	27,940
Trade and other receivables	14,198	21	14,219
Other assets	625	–	625
Due from joint ventures (non-trade)	57,259	–	57,259
Due from an associate (non-trade)	2	–	2
Due from joint ventures (trade)	3,332	–	3,332
Total undiscounted financial assets	139,805	21	139,826
Financial liabilities:			
Trade and other payables	6,087	1,458	7,545
Due to related companies (trade)	960	–	960
Due to related companies (non-trade)	17,006	–	17,006
Other liabilities	18,437	73	18,510
Interest bearing loans and borrowings	129,216	137,044	266,260
Total undiscounted financial liabilities	171,706	138,575	310,281
Total net undiscounted financial liabilities	(31,901)	(138,554)	(170,455)

32. Financial risk management objectives and policies (cont'd)

Liquidity risk (cont'd)

Company 2011	1 year or less $'000	1 to 5 years $'000	Total $'000
Financial assets:			
Cash and bank balances and fixed deposits	5,509	–	5,509
Other investments	2,951	–	2,951
Trade and other receivables	8	–	8
Other assets	1	–	1
Due from subsidiary companies (trade)	2,524	–	2,524
Due from subsidiary companies (non-trade)	100,974	–	100,974
Due from joint ventures (non-trade)	52,866	–	52,866
Due from an associate (non-trade)	3	–	3
Due from joint venture (trade)	49	–	49
Total undiscounted financial assets	164,885	–	164,885
Financial liabilities:			
Trade and other payables	97	–	97
Due to subsidiary companies (non-trade)	109,040	–	109,040
Other liabilities	239	–	239
Loans and borrowings	–	–	–
Total undiscounted financial liabilities	109,376	–	109,376
Total net undiscounted financial assets	55,509	–	55,509

32. Financial risk management objectives and policies (cont'd)

Liquidity risk (cont'd)

Company **2010**	**1 year or less** $'000	**1 to 5 years** $'000	**Total** $'000
Financial assets:			
Cash and bank balances and fixed deposits	14,717	–	14,717
Other investments	27,646	–	27,646
Trade and other receivables	281	21	302
Other assets	1	–	1
Due from subsidiary companies (trade)	1,901	–	1,901
Due from subsidiary companies (non-trade)	72,971	–	72,971
Due from joint ventures (non-trade)	51,685	–	51,685
Due from an associate (non-trade)	2	–	2
Due from joint venture (trade)	16	–	16
Total undiscounted financial assets	169,220	21	169,241
Financial liabilities:			
Trade and other payables	25	–	25
Due to subsidiary companies (non-trade)	115,326	–	115,326
Other liabilities	261	–	261
Loans and borrowings	9	–	9
Total undiscounted financial liabilities	115,621	–	115,621
Total net undiscounted financial assets	53,599	21	53,620

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 and properties held for sale.

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

Group and Company **2011**	**1 year or less** $'000	**1 to 5 years** $'000	**Total** $'000
Financial guarantees	405,442	140,472	545,914
Group and Company **2010**			
Financial guarantees	130,202	415,712	545,914

32. Financial risk management objectives and policies (cont'd)

Credit risk

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

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

Exposure to credit risk

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

- The carrying amount of each class of financial assets recognised in the balance sheets
- A nominal amount of $101,650,000 (2010:$64,200,000) relating to a corporate guarantee provided by the Group to the banks on joint ventures' loans
- A nominal amount of $545,914,200 (2010:$ 545,914,200) 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 end of the reporting period is as follows:

	Group			
	2011		2010	
	$	% of total	$	% of total
By country:				
Singapore	32,244,626	100	17,225,315	100
By industry sectors:				
Property	7,474,778	23	13,893,154	81
Construction	24,719,948	77	3,316,312	19
Other	49,900	–	15,849	–
	32,244,626	100	17,225,315	100

32. Financial risk management objectives and policies (cont'd)

Credit risk concentration profile (cont'd)

At the end of the reporting period, approximately 23% (2010: 81%) of the Group's trade receivables were due from sale of development properties and approximately 77% (2010: 19%) of the Group's trade receivables were contractor fees due from its joint ventures.

Financial assets that are neither past due nor impaired

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

Financial assets that are either past due or impaired

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

Market price risk

Market price risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in market prices (other than interest or exchange rates). The Group is exposed to equity price risk arising from its investment in quoted equity instruments. These instruments are quoted on the SGX-ST in Singapore and are classified as held for trading financial assets. The Group does not have exposure to commodity price risk.

Sensitivity analysis for equity price risk

At the end of the reporting period, if the STI had been 2% (2010: 2%) higher/lower with all other variables held constant, the Group's profit net of tax would have been $22,383 (2010: $5,892) 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 $22,383 (2010: $5,892) higher/lower, arising as a result of an increase/decrease in the fair value of equity instruments classified as held for trading.

33. 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	Significant other observable inputs	Significant unobservable inputs	Total
	(Level 1)	(Level 2)	(Level 3)	
2011	$'000	$'000	$'000	$'000
Financial assets:				
Held for trading investments (Note 8)				
- Equity instruments	1,119	–	–	1,119
- Unquoted instruments	–	2,951	–	2,951
At 31 December 2011	1,119	2,951	–	4,070
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

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 fair value measurements during the financial years ended 2011 and 2010.

33. Fair values of financial instruments (cont'd)

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

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.

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 16), trade and other receivables (Note 9), due from/(to) subsidiary companies (Note 10, 11(i)), due from/(to) related companies/associates/joint ventures (Note 11, 15), trade and other payables (Note 13), staff loan and current and non-current interest-bearing loans and borrowings (Note 16)

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	
	2011	2010	2011	2010
	$	$	$	$
Group and Company				
Finance lease repayable after 1 year but within 5 years	101,990	-	100,000	-

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.

34. 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 2011 and 31 December 2010.

34. Capital management (cont'd)

The Group monitors capital using a debt equity ratio, which is total interest bearing loans and borrowings divided by equity attributable to the owners of the Company.

	Group	
	2011	2010
	$	$
Interest bearing loans and borrowings (Note 16)	249,692,407	260,240,238
Equity attributable to the owners of the Company	251,386,888	206,869,660
Debt equity ratio	99.3%	125.8%

35. 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.

35. Segment information (cont'd)

2011	Development properties	Construction	Others	Elimination	Consolidation
	$	$	$	$	$
Revenue :					
Segmental revenue					
- External sales	109,142,414	27,227,884	43,638	–	136,413,936
- Inter-segment sales (Note A)	–	75,567,968	695,669	(76,263,637)	–
	109,142,414	102,795,852	739,307	(76,263,637)	136,413,936
Results :					
Other income	6,701	675,120	63,059	–	744,880
Financial income	36,739	3,455	932,040	(21,967)	950,267
Financial expenses	(9,449)	(2,939)	(1,363)	(3,615)	(17,366)
Write back of provision for contingency	–	–	(1,029,909)	–	(1,029,909)
Fair value losses on held for trading investment - quoted	–	–	(54,478)	–	(54,478)
Fair value losses on held for trading investment - unquoted	–	–	(396,445)	–	(396,445)
Depreciation	(34)	(205,733)	–	–	(205,767)
Other expenses (Note B)	–	–	–	–	–
Share of results of joint ventures	9,475,149	–	–	719,392	10,194,541
Segment profit / (loss) (Note C)	53,052,868	2,992,317	965,939	(2,483,733)	54,527,391
Assets :					
Investment in joint venture	10,277,014	–	–	–	10,277,014
Additions to non-current assets (Note D)	–	502,730	–	–	502,730
Segment assets (Note E)	461,040,493	78,674,960	118,471,683	(66,009,767)	592,177,369
Segment liabilities (Note F)	283,295,330	57,065,371	373,633	–	340,734,334

35. 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

35. 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:

	2011	2010
	$	$
Profit from inter-segment sales	2,488,733	1,310,189

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:

	2011	2010
	$	$
Investments in subsidiary companies	(56,598,046)	(48,682,553)
Inter-segment assets	(9,411,721)	(2,011,873)
	(66,009,767)	(50,694,426)

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

	2011	2010
	$	$
Provision for taxation	–	440,659

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	
	2011	2010	2011	2010
	$	$	$	$
Singapore	136,413,936	106,579,637	16,668,222	10,001,410

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

36. Directors' remuneration

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

	Company	
	2011	2010
$500,000 to $999,999	1	1
$250,000 to $499,999	1	1
Below $250,000	5	5
	7	7

37. Major properties owned by the Group

Address	Held by	Title	Built up area (sq. metres)	Description
Investment properties – held for sale				
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
Development property				
1. 54 Kallang Pudding Road Singapore 349325	WestBuild Construction Pte Ltd	Freehold	3,177*	Single storey building

* This denotes the land area of the development property.

38. Authorisation of financial statements for issue

The financial statements for the year ended 31 December 2011 were authorised for issue in accordance with a resolution of the Directors on 15 March 2012.

STATISTICS OF SHAREHOLDINGS

As at 16 March 2012

Number of Ordinary Shares in issue (excluding treasury shares)	:	470,557,541
Number & percentage of Treasury Shares held	:	3,999,850 (0.85%)
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	1,153	33.30	402,862	0.09
1,000 - 10,000	1,162	33.55	5,182,590	1.10
10,001 - 1,000,000	1,129	32.60	67,476,892	14.34
1,000,001 and above	19	0.55	397,495,197	84.47
TOTAL	3,463	100.00	470,557,541	100.00

Twenty Largest Shareholders

No.	Name	Number of Shares	%
1	Hiap Hoe Holdings Pte Ltd	328,693,876	69.85
2	CIMB Securities (Singapore) Pte Ltd	12,402,420	2.64
3	Soon Li Heng Civil Engineering Pte Ltd	9,125,000	1.94
4	Pang Heng Kwee	7,590,000	1.61
5	UOB Kay Hian Pte Ltd	7,313,620	1.55
6	OCBC Securities Private Ltd	5,849,248	1.24
7	Ng Lai Heng	5,300,000	1.13
8	United Overseas Bank Nominees (Pte) Ltd	2,654,348	0.56
9	DBS Nominees Pte Ltd	2,444,112	0.52
10	Citibank Nominees Singapore Pte Ltd	2,382,627	0.51
11	Soon Lee Heng Trading & Transportation Pte Ltd	2,243,750	0.48
12	Teo Ho Beng	2,030,750	0.43
13	Roland Teo Ho Kang	1,875,000	0.40
14	Tan Sia Keng	1,842,000	0.39
15	Maybank Kim Eng Securities Pte Ltd	1,433,294	0.30
16	Hoe Kok Weng	1,153,750	0.25
17	Toh Hong Chai	1,081,000	0.23
18	Chong Tong Construction Pte Ltd	1,059,152	0.23
19	Citibank Consumer Nominees Pte Ltd	1,021,250	0.22
20	Chan Sian Kheong	903,000	0.19
	Total	398,398,197	84.67

The percentage of the issued shares is calculated based on the number of issued shares as at 16 March 2012, excluding any treasury shares held at that date.

29.13% 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 16 March 2012

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 Orchard Hotel, Juniper Room, 442 Orchard Road Level 2 Singapore 238879 on Monday, 30 April 2012 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 2011 together with the Auditors' Report thereon. (**Resolution 1**)

2. To declare a final dividend of 0.25 cent per ordinary share (tax exempt one-tier) for the year ended 31 December 2011 (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:
   Mr Teo Ho Kang, Roland (**Resolution 3**)
   Mr Chan Boon Hui (**Resolution 4**)

   Mr Chan Boon Hui will, upon re-election as a Director of the Company, remain as a member of the Audit Committee, Nominating Committee and Remuneration Committee respectively and will be considered independent.

4. To approve the payment of Directors' fees of S$158,000.00 for the year ended 31 December 2011 (previous year: S$158,000.00). (**Resolution 5**)

5. 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 6**)

6. 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:

7. **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 the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the Articles of Association of the Company; and

(4) unless revoked or varied by the Company in a general meeting, such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier.

[See Explanatory Note (i)] **(Resolution 7)**

8. **Authority to issue shares under the Hiap Hoe Performance Share Plan**

That pursuant to Section 161 of the Companies Act, Cap. 50, the Directors of the Company be authorised and empowered to grant awards in accordance with the provisions of the Hiap Hoe Performance Share Plan ("the Plan") and to allot and issue from time to time such number of fully paid up shares in the capital of the Company as may be required to be allotted and/or issued pursuant to the vesting of the awards provided that the aggregate number of shares available under the Plan and any other share based schemes which the Company may implement from time to time, and the Plan, shall not exceed fifteen per centum (15%) of the total number of issued shares (excluding treasury shares) in the capital of the Company from time to time and that such authority shall, unless revoked or varied by the Company in a general meeting, continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier.

[See Explanatory Note (ii)] **(Resolution 8)**

9. **Renewal of Shareholders' Mandate for Interested Person Transactions**

That for the purposes of Chapter 9 of the Listing Manual of the SGX-ST:

(a) approval be given for WestBuild Construction Pte. Ltd., a wholly owned subsidiary of the Company, which is an entity at risk (as defined in Chapter 9 of the Listing Manual), to enter into any of the transactions falling within the categories of interested person transactions described in paragraph 3 of the Appendix to the Summary Sheet attached to this Annual Report 2011 (the "Appendix") with specified classes of interested persons described in paragraph 2 of the Appendix, provided that such transactions are carried out on normal commercial terms and in accordance with the review procedures of the Company for such interested person transactions;

(b) the Shareholders' Mandate shall, unless revoked or varied by the Company in a general meeting, continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier; and

(c) authority be given to the Directors of the Company to complete and do all such acts and things (including executing all such documents as may be required) as they may consider necessary, desirable or expedient to give effect to the Shareholders' Mandate as they may think fit.

[See Explanatory Note (iii)] (**Resolution 9**)

10. **Renewal of Share Buyback Mandate**

That for the purposes of Sections 76C and 76E of the Companies Act, Cap. 50, the Directors of the Company be and are hereby authorised to make purchases or otherwise acquire issued shares in the capital of the Company from time to time (whether by way of market purchases or off-market purchases on an equal access scheme) of up to ten per centum (10%) of the total number of issued shares (excluding treasury shares) in the capital of the Company (as ascertained as at the date of Annual General Meeting of the Company) at the price of up to but not exceeding the Maximum Price as defined in paragraph 2 of the Company's Circular to shareholders dated 9 April 2008 (the "Circular"), in accordance with the said Circular on "Share Purchase Mandate", and this mandate shall, unless revoked or varied by the Company in general meeting, continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier.

[See Explanatory Note (iv)] (**Resolution 10**)

By Order of the Board

Lai Foon Kuen
Company Secretary
Singapore, 13 April 2012

Explanatory Notes:

(i) The Ordinary Resolution 7 in item 7 above, if passed, will empower the Directors of the Company, effective until the conclusion of the next Annual General Meeting of the Company, or the date by which the next Annual General Meeting of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to issue shares, make or grant Instruments convertible into shares and to issue shares pursuant to such Instruments, up to a number not exceeding, in total, 50% of the total number of issued shares (excluding treasury shares) in the capital of the Company, of which up to 20% may be issued other than on a pro-rata basis to shareholders.

For determining the aggregate number of shares that may be issued, the total number of issued shares (excluding treasury shares) will be calculated based on the total number of issued shares (excluding treasury shares) in the capital of the Company at the time this Ordinary Resolution is passed after adjusting for new shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which are outstanding or subsisting at the time when this Ordinary Resolution is passed and any subsequent bonus issue, consolidation or subdivision of shares.

(ii) The Ordinary Resolution 8 in item 8 above, if passed, will empower the Directors of the Company, effective until the conclusion of the next Annual General Meeting of the Company, or the date by which the next Annual General Meeting of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to grant awards in accordance with the provisions of the Hiap Hoe Performance Share Plan ("the Plan") and to allot and issue from time to time such number of fully paid up shares in the capital of the Company as may be required to be issued pursuant to the vesting of the awards provided that the aggregate number of shares available under the Plan and any other share based schemes which the Company may implement from time to time, and the Plan, not exceeding, in total, 15% of the total number of issued shares (excluding treasury shares) in the capital of the Company.

(iii) The Ordinary Resolution 9 proposed in item 9 above, if passed, will authorise the Interested Person Transactions as described in the Appendix and recurring in the year and will empower the Directors of the Company to do all acts necessary to give effect to the Shareholders' Mandate. This authority will, unless previously revoked or varied by the Company in a general meeting, expire at the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier.

(iv) The Ordinary Resolution 10 proposed in item 10 above, 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 2011 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 13 April 2012 (the "Notice"), accompanying the Annual Report of the Company for the financial year ended 31 December 2011 (the "2011 AR"), convening the AGM of the Company which is scheduled to be held on 30 April 2012 and the Ordinary Resolution 9 in relation to the renewal of shareholders' mandate for interested person transactions under the heading "Special Business" set out in the Notice.

The purpose of this summary sheet is to provide relevant information relating to the renewal of the interested person transactions mandate to the shareholders in accordance with Chapter 9 of the Listing Manual of the Singapore Exchange Securities Trading Limited ("SGX-ST").

2. RENEWAL OF THE INTERESTED PERSON TRANSACTIONS MANDATE

2.1 Existing Interested Person Transactions Mandate

At an Extraordinary General Meeting ("EGM") of the Company held on 18 January 2007, the Company had obtained shareholders' approval for the shareholders' mandate for interested person transactions to be carried out by the Company and its subsidiaries ("Group") with SuperBowl Holdings Limited and its subsidiaries ("SuperBowl Group") and/or Hiap Hoe Holdings Pte Ltd and its subsidiaries ("Hiap Hoe Holdings Group"). The authority and limitations of the shareholders' mandate for interested person transactions were set out in the Company's circular to shareholders dated 22 December 2006. The interested person transactions mandate was renewed at the AGM of the Company held on 19 April 2011 ("2011 AGM") and will expire on the date of the forthcoming AGM to be held on 30 April 2012. 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, 20 March 2012, the shareholdings of the directors and substantial shareholders in the Company are as follows:

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	69.852
Mr Teo Ho Beng	2,030,750	0.432	328,693,876	69.852
Mr Teo Ho Kang, Roland	1,875,000	0.398	328,693,876	69.852
Ms Lim Kim Soon Lee, Cindy	483,100	0.103	-	-
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 29.95%, 26.64% and 22.87% shareholding interests respectively in Hiap Hoe Holdings, which has a 69.852% direct shareholding interest in the Company as at the Latest Practicable Date.

(2) The shareholdings are computed based on total number of shares of 470,557,541 excluding treasury shares of 3,999,850.

3.2 Substantial Shareholder's Interest in Shares

The interests of the substantial shareholder of the Company, Hiap Hoe Holdings Pte Ltd ("Hiap Hoe Holdings"), 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 Holding Pte Ltd.	328,693,876	69.852	-	-

Note:

The shareholding is computed based on total number of shares of 470,557,541 excluding treasury shares of 3,999,850.

4. APPROVALS REQUIRED

The proposed renewal of the interested person transactions mandate is subject to shareholders' approval.

5. ABSTENTIONS

Hiap Hoe Holdings, which has a direct interest in 69.852% of the issued shares excluding treasury shares, will abstain and has undertaken to ensure that its associates will abstain, from voting on Ordinary Resolution 9. Messrs Teo 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 9. They have also undertaken to ensure that their associates will abstain from voting on Ordinary Resolution 9.

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 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 shareholder approval at the 2011 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 9 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 DISCLAIMER

The SGX-ST takes no responsibility for the accuracy of any statements or opinions made in this summary sheet.

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 FY2011, the consolidated NTA of the Group was S$251,386,888. 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$12,569,344.

1.3 Chapter 9 of the Listing Manual permits a listed company, however, to seek a mandate from its shareholders for recurrent transactions of a revenue or trading nature or those necessary for its day-to-day operations such as the purchase and sale of supplies and materials (but not in respect of the purchase or sale of assets, undertakings or businesses) that may be carried out with the listed company's interested persons.

1.4 Under the Listing Manual:

(a) an "**approved exchange**" means a stock exchange that has rules which safeguard the interests of shareholders against interested person transactions according to similar principles to Chapter 9 of the Listing Manual;

(b) an "**associate**" in the case of a company,

(i) in relation to any director, chief executive officer, substantial shareholder or controlling shareholder (being an individual) means:

- his immediate family member (that is, the person's spouse, child, adopted child, step-child, sibling and parent);

- the trustees of any trust of which he or his immediate family is a beneficiary or, in the case of a discretionary trust, is a discretionary object; and

- any company in which he and his immediate family together (directly or indirectly) have an interest of 30% or more;

(ii) in relation to a substantial shareholder or a controlling shareholder (being a company) means any other company which is its subsidiary or holding company or is a subsidiary of such holding company or one in the equity of which it and/or such other company or companies taken together (directly or indirectly) have an interest of 30% or more;

(c) an "**entity at risk**" means:

(i) the listed company;

(ii) a subsidiary of the listed company that is not listed on the SGX-ST or an approved exchange; or

(iii) an associated company of the listed company that is not listed on the SGX-ST or an approved exchange, provided that the listed company and its group companies (the "listed group"), or the listed group and its interested person(s), has control over the associated company;

(d) an "**interested person**" in a case of company means a director, chief executive officer or controlling shareholder of the listed company, or an associate of any such director, chief executive officer or controlling shareholder; and

(e) an "**interested person transaction**" means a transaction between an entity at risk and an interested person.

2. CLASSES OF INTERESTED PERSONS

Hiap Hoe Holdings is the controlling shareholder of both the Company and SuperBowl Holdings Limited ("SuperBowl"). Accordingly, transactions carried out by the Group with SuperBowl Group and/or Hiap Hoe Holdings Group are considered to be interested person transactions within the meaning of Chapter 9 of the Listing Manual.

The shareholders' mandate applies to the interested person transactions which are and/or will be carried out by WestBuild Construction Pte. Ltd. ("WestBuild") with SuperBowl Group and/or Hiap Hoe Holdings Group. Transactions with interested persons which do not fall within the ambit of the shareholders' mandate shall be subject to the relevant provisions of Chapter 9 of the Listing Manual.

3. NATURE OF INTERESTED PERSON TRANSACTIONS

The interested person transactions which will be covered by the shareholders' mandate are in relation to the provision of services to SuperBowl Group and/or Hiap Hoe Holdings Group in the normal course of business of WestBuild.

These interested person transactions are recurrent transactions of revenue or trading nature in the normal course of business of WestBuild, but not in respect of the purchase or sale of assets, undertakings or businesses. For the purposes of the shareholders' mandate, the proposed interested person transactions will include:

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

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

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

(d) the provision to SuperBowl Group and/or Hiap Hoe Holdings Group of general building, construction, engineering, maintenance and technical services.

4. RATIONALE FOR AND BENEFIT OF THE SHAREHOLDERS' MANDATE

4.1 Rationale

It is envisaged that in the ordinary course of business of WestBuild, transactions between WestBuild and the interested persons of the Group are likely to occur from time to time. In view of the time-sensitive nature of commercial transactions, the shareholders' mandate will enable the Group, or any of the companies of the Group, in the ordinary course of their businesses, to enter into the categories of interested person transactions set out in paragraph 3 above with the specified classes of the Group's interested persons set out in paragraph 2 above, provided such interested person transactions are made on normal commercial terms.

In relation to the proposed interested person transactions referred to in paragraph 3 above, the consideration for the equipment, materials and/or services supplied or procured by WestBuild to the interested persons is determined based on (i) the actual costs of supply of equipment, materials and/or services by WestBuild to the interested persons, plus (ii) a fixed agreed margin of 5% for each contract. In the event that the costs of supply of equipment, materials and/or services by WestBuild to the interested persons shall increase or reduce as compared to the initial quoted costs for any reason (other than as a result of the default or breaches of WestBuild for which costs WestBuild will be responsible to bear), the consideration payable by the relevant interested persons to WestBuild shall be based on such increased or reduced actual costs, as the case may be (the "Pricing Formula").

The fixed agreed margin of 5% was adopted by WestBuild after taking into consideration various factors including the following:

(a) the range of margins typically achieved by WestBuild varies from approximately 2% to 10%, depending on the factors such as the type and size of the amount of the transaction;

(b) based on the Pricing Formula, WestBuild will be assured of a fixed margin over its actual costs of supply of equipment, materials and/or services to the interested persons; and

(c) SuperBowl Group, one of the interested persons, is listed on the SGX-ST. Accordingly, as both the Group as well as SuperBowl Group are listed on the SGX-ST, the proposed margin should be within market range and not prejudicial to either group.

The procurement of substantial or material equipment, materials and/or services by WestBuild from its suppliers and/or sub-contractors would generally be conducted through a competitive tender exercise.

4.2 Benefit

The renewal of the shareholders' mandate (and its subsequent renewal thereafter on an annual basis) will enhance the ability of WestBuild to pursue business opportunities in its ordinary course of business, and will eliminate the need for the Company to announce, or to announce and convene separate general meetings on each occasion to seek shareholders' prior approval for the entry by WestBuild into such transactions. This will substantially reduce administrative time, inconvenience and expenses associated with the convening of the general meetings on an *ad hoc* basis, without compromising the corporate objectives of the Group and/or adversely affecting the business opportunities available to the Group. This will also improve administrative efficiency considerably, and allow major manpower resources and time to be channeled towards attaining other corporate objectives.

5. METHODS AND PROCEDURES FOR REVIEW

5.1 Review Threshold Limits

The Company shall ensure that transactions are undertaken with interested persons on an arm's length basis and on normal commercial terms as follows:

(a) a Category 1 transaction is one with an interested person where the transaction value is below or equal to S$100,000;

(b) a Category 2 transaction is one with an interested person where the transaction value is in excess of S$100,000 up to S$1,000,000; and

(c) a Category 3 transaction is one with an interested person where the transaction value is in excess of S$1,000,000.

Category 1 transactions do not require the prior approval of the Audit Committee but shall be reviewed at its periodic meetings. Category 2 transactions do not require the prior approval of the Audit Committee but shall be notified to the Audit Committee for review within one month of the month-end of the preceding month in which transactions are entered into. The board of directors would need to seek the Audit Committee's approval first for Category 3 transactions.

In addition, any variation order in excess of 15% of the value of the original contract of value in excess of S$1,000,000 must also be reviewed and approved by the Audit Committee.

5.2 Review Procedures

(a) Audit Committee

In reviewing the interested person transactions, the Audit Committee shall ensure that the transactions with interested persons shall be based on the consideration structure described in paragraph 5.1 above, and are undertaken on an arm's length basis and on normal commercial terms, and are generally not prejudicial to the Company and its minority shareholders.

(b) Internal Review

All billings for interested person transactions and reconciliation of differences will be prepared by the accounts department of the Group. These billings and reconciliation works will have to be checked by the Group's accountant and reviewed by the financial controller of the Group. After which, a non-interested executive Director of the Company will approve all billings raised by WestBuild to SuperBowl Group and/or Hiap Hoe Holdings Group, as the case may be.

(c) Independent Internal Audit

An internal audit will be conducted by third party independent auditors engaged by the Group on the interested person transactions. The independent internal audit plan will address the review of the interested person transactions entered into pursuant to the shareholders' mandate and ensure that the review procedures for these transactions are complied and adhered with.

5.3 Other Procedures

In addition to the review procedures set out above, the following will also be implemented:

(a) the Company will maintain a register of transactions carried out with interested persons pursuant to the shareholders' mandate (recording the basis, including the quotations obtained to support such basis, on which they were entered into);

(b) reconciliation of differences between actual invoices and progress claims and any settlement thereof will be compiled on a quarterly basis and submitted to the Audit Committee for review at its periodic meetings to ascertain that the established review procedures to monitor interested person transactions have been complied with;

(c) if during these periodic reviews by the Audit Committee, the Audit Committee is of the view that the review procedures as stated above have become inappropriate or insufficient in view of changes to the nature of, or the manner in which, the business activities of the Group are conducted, the Company will revert to shareholders for a fresh mandate based on new guidelines and review procedures to ensure that the interested person transactions will be on an arm's length basis and on normal commercial terms; and

(d) if a member of the Audit Committee has an interest in an interested person transaction under his review, he (and his Associates, if applicable) will abstain from any decision making in respect of that transaction and the review and approval (if any) of such transaction shall be undertaken by the remaining members of the Audit Committee.

5.4 Disclosure

Disclosure will be made in the Company's annual report of the aggregate value of the transactions conducted with interested persons pursuant to the shareholders' mandate during the course of the financial year, and in the annual reports for the subsequent financial years that the shareholders' mandate continues in force, in accordance with the requirements of Chapter 9 of the Listing Manual.

6. VALIDITY PERIOD OF SHAREHOLDERS' MANDATE

The renewed shareholders' mandate will take effect from the passing of the resolution relating thereto, and will (unless revoked or varied by the Company in general meeting) continue in force until the next AGM of the Company. Approval from shareholders will be sought for the renewal of the shareholders' mandate at the next AGM and at each subsequent AGM of the Company, subject to satisfactory review by the Audit Committee of its continued application to the transactions with the interested persons.

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

IMPORTANT:
1. For investors who have used their CPF monies to buy Hiap Hoe Limited's shares, this Report is forwarded to them at the request of the CPF Approved Nominees and is sent solely FOR INFORMATION ONLY.
2. This Proxy Form is not valid for use by CPF investors and shall be ineffective for all intents and purposes if used or purported to be used by them.
3. CPF investors who wish to attend the Meeting as an observer must submit their requests through their CPF Approved Nominees within the time frame specified. If they also wish to vote, they must submit their voting instructions to the CPF Approved Nominees within the time frame specified to enable them to vote on their behalf.

PROXY FORM

(Please see notes overleaf before completing this Form)

I/We ____ (Name)

of ____ (Address)

being a member/members of Hiap Hoe Limited (the "Company"), hereby appoint:

Name	NRIC/ Passport Number	Proportion of Shareholdings	
		No. of Shares	(%)
Address			

and/or (delete as appropriate)

Name	NRIC/ Passport Number	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 Monday, 30 April 2012 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 2011		
2	Payment of proposed final dividend		
3	Re-election of Mr Teo Ho Kang, Roland as a Director		
4	Re-election of Mr Chan Boon Hui as a Director		
5	Approval of Directors' fees amounting to S$158,000.00		
6	Re-appointment of Ernst & Young LLP as Auditors		
7	Authority to issue new shares		
8	Authority to issue shares under the Hiap Hoe Performance Share Plan		
9	Renewal of Shareholders' Mandate for Interested Person Transactions		
10	Renewal of Share Buyback Mandate		

Dated this ____________________ day of ____________________ 2012

Total number of Shares in:	No. of Shares
(a) CDP Register	
(b) Register of Members	

____
Signature of Shareholder(s)
or, Common Seal of Corporate Shareholder

Please cut along dotted line

Notes:

1. Please insert the total number of Shares held by you. If you have Shares entered against your name in the Depository Register (as defined in Section 130A of the Companies Act, Chapter 50 of Singapore), you should insert that number of Shares. If you have Shares registered in your name in the Register of Members, you should insert that number of Shares. If you have Shares entered against your name in the Depository Register and Shares registered in your name in the Register of Members, you should insert the aggregate number of Shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the Shares held by you.

2. A member of the Company entitled to attend and vote at a meeting of the Company is entitled to appoint one or two proxies to attend and vote in his/her stead. A proxy need not be a member of the Company.

3. Where a member appoints two proxies, the appointments shall be in the alternate unless he/she specifies the proportion of his/her shareholding (expressed as a percentage of the whole) to be represented by each proxy.

4. Completion and return of this instrument appointing a proxy shall not preclude a member from attending and voting at the Meeting. Any appointment of a proxy or proxies shall be deemed to be revoked if a member attends the meeting in person, and in such event, the Company reserves the right to refuse to admit any person or persons appointed under the instrument of proxy to the Meeting.

5. The instrument appointing a proxy or proxies must be deposited at the registered office of the Company at 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.

CORPORATE INFORMATION

Another egg creatives production.

BOARD OF DIRECTORS

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

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
Singapore 329880
Tel : 6250 2200
Fax : 6253 2420
Email : hiaphoe@hiaphoe.com
www.hiaphoe.com

SHARE REGISTRAR AND SHARE TRANSFER OFFICE

Boardroom Corporate & Advisory
Services Pte Ltd
50 Raffles Place
#32-01 Singapore Land Tower
Singapore 048623

AUDITORS

Ernst & Young LLP
Public Accountants and Certified
Public Accountants Singapore
One Raffles Quay
North Tower Level 18
Singapore 048583

AUDIT PARTNER-IN-CHARGE

Nelson Chen Wee Teck
Since the Financial Year ended 2009

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