



## **YEO HIAP SENG LIMITED**

(Incorporated in Singapore)  
(Company Registration No. 195500138Z)

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### **PROFIT GUIDANCE**

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The Board of Directors of the Company wishes to provide guidance on Yeo Hiap Seng Limited (the "Company") and its subsidiaries' (the "Group") results for the financial year ending 31 December 2007.

Two of the company's wholly-owned subsidiaries, YHS Manufacturing Pte Ltd and YHS Dunearn Pte. Ltd., have been negotiating with the Inland Revenue Authority of Singapore (IRAS) as to the tax treatment of the revaluation surpluses of \$128,800,000 and \$86,547,000 on the lands used for The Sterling, Gardenvista and Jardin residential projects.

As the statutory time limit for assessing the profits of The Sterling project for the year of assessment 2001 expires on 31 December 2007, IRAS has on 19 December 2007 raised a protective assessment on YHS Manufacturing Pte Ltd to preserve its position by treating \$108,200,000 of the revaluation surplus of \$128,800,000 as a taxable gain. The tax payable under the protective assessment is \$23,296,422.32. Based on legal advice, the directors maintain their view that the amount of \$108,200,000 of the revaluation surplus is capital accretion and are continuing to negotiate to resolve the matter with IRAS. However in accordance with the relevant accounting standard, the directors have considered it prudent to make provision for the tax raised by the protective assessment. This is done entirely without admission of the correctness of the protective assessment. YHS Manufacturing Pte Ltd has on 19 December 2007, through its legal counsel, objected to the protective assessment and at the same time applied for a standover without penalty of the tax raised by the protective assessment. IRAS has on 21 December 2007 granted YHSM's request for standover without penalty.

In the announcement of the Group's results for the third quarter ended 30 September 2007, the Board of Directors expressed the opinion that barring any significant change in operating conditions, the Group expects its year 2007 earnings to remain satisfactory.

As a result of the above tax provision, the Group expects 2007 to be loss making. Details of the Group's results will be released when the Company announces its financial results for the full year ending 31 December 2007 before end February 2008.

In respect of the Gardenvista and Jardin residential projects, YHS Dunearn Pte. Ltd. is close to an agreement with IRAS on the amount of revaluation surplus which is taxable. The amount of tax payable on the revaluation surplus is expected to be quantified in early 2008.

#### **BY ORDER OF THE BOARD**

Joanne Lim  
Company Secretary  
Singapore, 26 December 2007