A GLITTERING YEAR

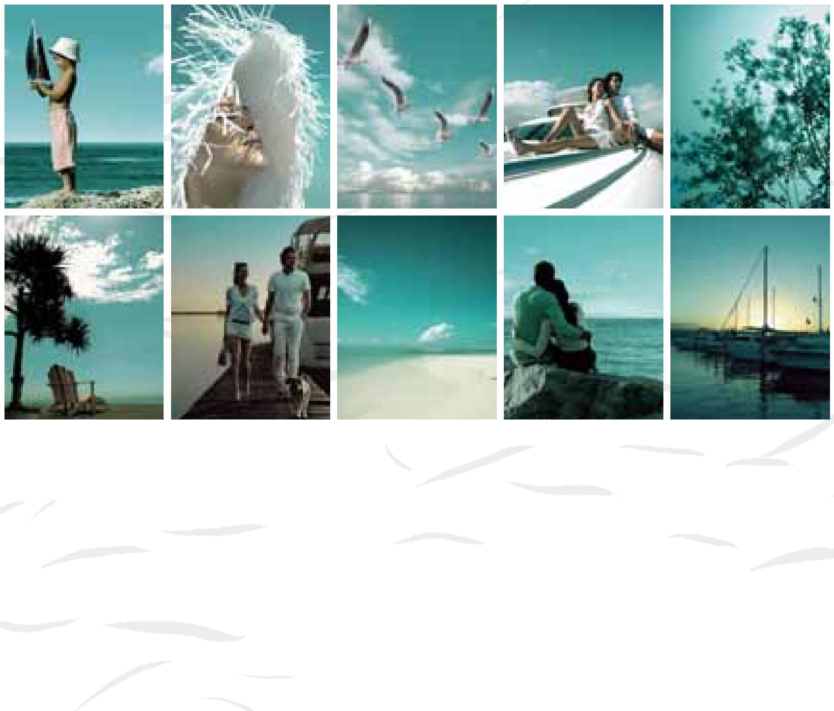
WHERE DREAMS
HAVE COME TRUE

This has been a fairytale year for us.
The year saw us emerge as one of the leading developers in Sentosa, Singapore's new and most coveted waterfront address. It also saw us evolving from a mainstream developer to earning acclaim as one of Singapore's premium creators of ultra-luxury homes. This has truly been a year filled with magical moments, luminous watermarks and dreams coming true. For all that, we thank you from our heart.

If some of our glitter dust should come off on you, it is just our way of saying we wish for you a year as glittery as ours has been.

THE MAGICAL MOMENT

With glitter in our eyes, we watched as The Berth by the Cove became reality. For the new homeowners, The Berth by the Cove is not only a celebration of the enchantment of luxurious waterfront living, it is a sparkle that will last a lifetime.



A LUMINOUS CHAPTER

The universe, they say, is full of magical moments, waiting for the right time to happen. And 2006 was the right time for the Ho Bee Group. In the year, market capitalisation for the Group crossed the S$1 billion mark, marking a luminous new chapter in the Group's success story.

(Top) From left to right:
The Coast
Paradise Island
The Waterfront Collection
The Berth by the Cove
Coral Island

(Bottom) From left to right:
Orange Grove Condominium
Orange Grove Residences
10 Holland Hill (former Holland Hill Mansion)

THE BRAND
FOR LUXURY LIVING

Since launching an extraordinary new age in premier water edge living with its Sentosa developments, the Ho Bee Group has taken homeowners on a consummate journey to luxury. Today, the Group stands as a brand apart for creating homes that are unmatched gems of high living.

MORE
SPARKLE
AHEAD

Today, we are more inspired than ever. Even as we invite homebuyers to set forth with us into the heart of lush living, we continue to raise the bar ever higher by creating homes that reinvent the stylish lifestyle. All we can say is: be prepared to be dazzled.

CONTENTS

MESSAGE FROM THE CHAIRMAN

Dear Shareholders,

The year 2006 can be said to be the most rewarding year in our Group's 19-year history. It is my pleasure to present to you, on behalf of the Board of Directors, the performance of the Group for the financial year ended 31 December 2006.

A sparkling financial performance

2006 was a year that saw us break many of our own records. We turned in a sterling set of results, posting a record net profit after tax and minority interest of S$98.6 million. Ho Bee's turnover hit a record high of S$393.1 million. The Group crossed the S$1billion market capitalisation mark – a four-fold increase from the S$307 million we registered when we went public in December 1999. We ended the year in an exceedingly healthy financial state with S$998.8 million of total assets in our balance sheet and net tangible assets ('NTA') standing at S$500.6 million. NTA per share was 67.9 cents as compared with 49.9 cents as at 31 Dec 2005, an increase of 36%. We also registered a positive net working capital of S$732.8 million, an increase of 83.7% compared to the previous year. Earnings per share for the year ended 31 December 2006 was 14.04 cents as compared to 6.17 cents for the previous year. In recognition of our shareholders' support and in view of our exceptional results, the Board is recommending a gross final dividend of 0.75 cents per share and a special dividend of 1.25 cents per share. Including the interim dividend of 0.75 cents that was paid during the year, total dividend payment for the year amounted to 2.75 cents per share.

"2006 was a year that saw us break many of our own records"

Business Review

Property Development

The Group's property development business contributed S$382.2 million, a massive 97%, to the Group's turnover. Contributing to this record turnover was the progressive recognition of income from various residential projects on Sentosa and the Singapore mainland, as well as the sale of HB Robinson and some of the Group's overseas properties.

Our investments in the waterfront housing in Sentosa Cove have yielded us exceptionally good returns. Indeed, Ho Bee is currently the biggest housing developer on Sentosa Cove, having acquired, to date, seven parcels of land totalling over 1 million sq ft on the island.

The Ho Bee brand continued to be well-received and property sales were also brisk at our developments on the Singapore mainland. Having acquired a few prime properties that we expect to launch in the current year, we are confident that our developments will continue to be successful.

Property Investment

The Group's property investment division saw reduced activity, registering a turnover of S$7.5 million in financial year 2006, as the bulk of the 68 units of Changyuan apartments in Shanghai and one floor of office space in Suntec Tower 2 were sold in the previous year.

Notwithstanding the sale of the Suntec office space, the Group only recorded a marginal decline in rental income as its other rental properties saw improvement in occupancy and rental rates.

Sustaining the shine

In the course of the year, we made a number of bold acquisitions in a buoyant property market that would position us well as we build for further growth in the coming years.

These included three premium residential sites: Holland Hill Mansions (jointly with MCL Land), Orange Grove Condominium and Waterfront Collection in Sentosa Cove. Together, the three sites have a combined site area of 462,000 sq ft, translating into about 370 units of condominium. The Group expects to launch the Orange Grove and Waterfront sites in the fourth quarter of 2007.

Our most recent acquisition (jointly with IOI Land) in March 2007 is a land parcel totalling 157,108 sq ft at Sentosa Cove. This land parcel, called The Seaview Collection, is designated for a 200-unit condominium development with a maximum height of eight storeys.

The Group is also planning a few high-tech industrial projects in anticipation of a surge in demand for industrial space and the spill over from the current escalation in office rentals as the economy continues to grow. The Group will develop a 9-storey high-tech industrial building in 34 Genting Lane, a 8-storey building at 29/31 New Industrial Road and another 8-storey building at 55 Jalan Pemimpin.

"The Ho Bee brand continued to be well-received"

Will the brightness intensify?

Is the growth sustainable? Will we have the stamina and the resources to maintain our momentum?

The answer is yes. We are confident that we will be able to sustain our growth as the property market is expected to continue its uptrend. This is evidenced by the exceedingly strong demand in many recently-launched projects, which were snapped up or substantially sold within a very short period of time.

Our Group continues to ride on the wings of success of our Sentosa Cove projects. The Coast at Sentosa Cove which was marketed in early October 2006 met with resounding endorsements by Singaporeans and foreigners alike. To-date, the 249-unit condominium project is completely sold. The Board is confident that another two of the Group's residential projects in Sentosa Cove, namely Paradise Island and Waterfront Collection, will be equally well-received when launched later this year.

The strong take-up rate for our newly-launched Orange Grove Residences, with average prices above $2,000 psf, should enhance the earnings potential of another of the Group's high-end residential project nearby. We expect to launch this Orange Grove Condominium project by the 4th quarter of 2007. The joint-development project (formerly Holland Hill Mansions) with MCL Land is also expected to benefit from the current positive property market sentiment.

The expected TOP for Coral Island by the 2nd half of this year and the progressive recognition of income from all the other fully-sold and substantially-sold projects – in Sentosa Cove and on the Singapore mainland – will be significant contributors to the Group's revenues and earnings for both the current and the next few years.

The Board is therefore, confident that the Group's performance for the current year will be better than year 2006.

The Dutch artist Vincent van Gogh said, "Great things are not done by impulse, but by a series of small things brought together." Indeed, we believe that we have started on the journey with a series of activities that will serve to build Ho Bee into a great company.

Our commitment to our shareholders is to build a company that is strong and credible, and that will have a legacy of achievements and successes.

A note of thanks

On behalf of the Board of Directors, I would like to thank our customers, business associates and suppliers for their continuing support, encouragement and assistance.

To the management and staff of the Ho Bee Group, the Board and I wish to extend our thanks and appreciation for their commitment, dedication and invaluable contributions.

Finally, we thank you – our shareholder – for your continued support and for taking this journey with us.

Chua Thian Poh
Chairman & CEO

BOARD OF DIRECTORS

(Top) From left to right:
Mr Chua Thian Poh, Chairman and CEO
Mr Tan Keng Boon, Lead Independent Director
Mr Jeffery Chan Cheow Tong, Independent Director
Mr Tan Eng Bock, Independent Director

(Bottom) From left to right:
Mr Ong Chong Hua, Executive Director
Mr Desmond Woon Choon Leng, Executive Director
Mr Ch'ng Jit Koon, Independent Director
Mr Bobby Chin Yoke Choong, Independent Director

BOARD OF DIRECTORS

Mr Chua Thian Poh
Chairman and CEO

Since founding the Group in August 1987, Mr Chua Thian Poh has helmed the Group as Chairman and Chief Executive Officer. As the organisation's key decision maker, he sets the Group's strategic direction and determines its financial and investment decisions. Mr Chua has led the Group through several pivotal chapters of its history including the Group's Initial Public Offering in 1999 and its international expansion.

Mr Chua sits on the board of numerous civil and business organisations. Among his appointments, he is the President of the Singapore Chinese Chamber of Commerce and Industry, the Vice-Chairman of the Singapore Business Federation, an advisor to Network China, the Chairman of the Bishan East Citizens' Consultative Committee, and a council member of the National Arts Council. Mr Chua is also the Trustee cum Chairman of the Finance and Establishment Committee of the Chinese Development Assistance Council.

In March 2007, Mr Chua was named as Businessman of the Year in the Singapore Business Awards 2007, an annual event jointly organised by The Business Times and DHL to recognise outstanding achievers in the Singapore business community. In August 2004, Mr Chua was conferred The Public Service Star (BBM) by Singapore President S R Nathan. He has also held the appointment of Justice of the Peace since 2005.

Mr Desmond Woon Choon Leng
Executive Director

Mr Desmond Woon Choon Leng joined the Group in 1987 as a Manager responsible for the Group's financial, investment and marketing initiatives. In August 1995, he was appointed as an Executive Director on the Board for the Group. Mr Woon's career highlights include holding down the post of Finance and Administration Manager at two of Indonesia's leading electronics companies.

Mr Ong Chong Hua
Executive Director

Mr Ong Chong Hua joined the Group in August 1995 as an Executive Director. He works with the Chairman in charting the Group's investment, development and marketing strategies for the Singapore as well as for the London and Shanghai markets. In addition, he directs the project management team that drives the construction of the Group's various development projects in Singapore. He has over 25 years of experience in both the public and private real estate sectors, having begun his career as a town planner with the Urban Redevelopment Authority in 1980 before joining Jones Lang Wootton (now known as Jones Lang Lasalle) in 1990 as head of its Consultancy and Project Management Department. Mr Ong holds a Masters degree in Town and Regional Planning from the University of Sheffield, UK.

Mr Tan Keng Boon
Lead Independent Director

Mr Tan Keng Boon was appointed to the Board in November 1999. An active venture capitalist, Mr Tan is the Managing Director of many venture funds managed by Seavi Advent, a group of fund management companies. Additionally, he takes on directorship roles in both local and foreign companies, including Engro Corporation Ltd, Amtek Engineering Ltd and SunVic Chemical Holdings Ltd. Mr Tan's career highlights include serving as the Chairman of the Singapore Venture Capital Association from 1993 to 2001. Mr Tan graduated with a Bachelor of Engineering (Honours) in 1969 from the University of Singapore, where he also received a postgraduate Diploma in Business Administration.

Mr Jeffery Chan Cheow Tong
Independent Director

Mr Jeffrey Chan Cheow Tong was appointed to the Board in October 2002. He is also an Independent Director on the boards of AXA Insurance Pte Ltd and Pacific Healthcare Holdings Ltd. He is a Fellow of the Institute of Chartered Accountants in England and Wales and of the Institute of Certified Public Accountants of Singapore.

Mr Bobby Chin Yoke Choong
Independent Director

Mr Bobby Chin Yoke Choong was appointed to the Board in November 2006, as an independent director on the Audit Committee. He also sits on the board of several listed companies including the Oversea-Chinese Banking Corporation Ltd, Neptune Orient Lines Limited and The Straits Trading Company Limited. Mr Chin chairs the Singapore Totalisator Board and serves as a board member of the Competition Commission of Singapore. Mr Chin was the Managing Partner of KPMG Singapore from 1992 until his retirement in September 2005. Mr Chin holds a Bachelor of Accountancy degree from the University of Singapore and is a Chartered Accountant of the Institute of Chartered Accountants in England and Wales. He is a member of the Institute of Certified Public Accountants of Singapore.

Mr Ch'ng Jit Koon
Independent Director

Mr Ch'ng Jit Koon was appointed to the Board in November 1999. He also sits on the board of other public listed as well as private companies. Mr Ch'ng was a Member of the Singapore Parliament from 1968 to 1996 and held the post of Senior Minister of State, Ministry of Community Development, until he retired in February 1997. An appointed Justice of the Peace, Mr Ch'ng currently serves in several community organisations.

Mr Tan Eng Bock
Independent Director

Mr Tan Eng Bock has been a member of the Board since October 2002. Mr Tan has been instrumental in the development of sports in Singapore since 1970. His current appointments in the sporting arena include being a Committee Member of the Singapore National Olympic Council and the Chairman of the Delta Sports Complex Advisory Committee. He was also formerly the Deputy President of the Singapore Swimming Association and Chairman of the River Valley Constituency Sports Club. He also serves on the board of several private companies. Mr Tan's career saw him spend close to four decades in the Singapore Police Force, where he held down various posts including that of Detachment Commander, Director of Public Affairs and Director of the Criminal Investigation Department (CID). His last held appointment before his retirement from service was as Assistant Commissioner of the Singapore Police Force. For his many contributions to the nation, Mr Tan was awarded The Public Service Star (BBM) in 1986.

MANAGEMENT TEAM

(Top) From left to right:
Mr Chong Hock Chang, General Manager, Business Development and Marketing
Mr Soh Hwee Cheow, General Manager, Projects
Mr Mark Khoo Chee Meng, General Manager, Hotel Windsor
Mrs Caroline Ee-Lee, General Manager, HR and Corporate Affairs

(Bottom) From left to right:
Mr Nicholas Chua Wee Chern, Senior Manager, Business Development and Marketing
Mr Lum Hon Chew, Senior Project Manager
Mr Low Lai Sai, Finance Manager and Company Secretary
Mr Choong Kar Fai, Project Manager

MANAGEMENT TEAM

Chong Hock Chang
General Manager, Business Development and Marketing

Hock Chang first joined the Ho Bee Group in 1995 as the Manager in charge of marketing and business development. Currently, as General Manager of Business Development and Marketing, he steers the marketing of the Group's investment and development properties as well as develops new business ventures for the Group.

Hock Chang started his career as a Valuer at the Inland Revenue Authority of Singapore. This was followed by a stint serving as a Consultant to Jones Lang Wootton (now known as Jones Lang Lasalle), where he undertook major research and feasibility studies and formulated marketing strategies for clients.

Holder of a Bachelor of Science (Honours) in Estate Management from the National University of Singapore, Hock Chang is a member of the Singapore Institute of Surveyors and Valuers. He is currently serving as a committee member in the Management Committee of the Real Estate Developers' Association of Singapore.

Nicholas Chua Wee Chern
Senior Manager, Business Development and Marketing

Nicholas first joined the Group in May 2002 as Manager of Business Development and Marketing. He is responsible for identifying and evaluating business opportunities and the marketing of the Group's investment and development properties.

Prior to this, Nicholas was a Relationship Manager with DBS Group Holdings Ltd. Nicholas graduated with a Bachelor of Science in Finance and Marketing from the University of Oregon.

Caroline Ee-Lee
General Manager, HR and Corporate Affairs

Caroline has held the post of General Manager of the human resource and corporate affairs department in the Group since 2005.

Caroline began her career at National Computer Systems (now known as NCS) before joining the Singapore Chinese Chamber of Commerce and Industry in 1993 as the Assistant Director of Administration and Special Projects. She left the chamber as the Assistant Executive Director after successfully spinning off Cyber Business Network Pte Ltd, a subsidiary of the chamber, into an independent bilingual Web publishing house providing business solutions that give businesses a distinctive online presence.

For her entrepreneurial achievements, Caroline was conferred the Top 10 Woman Entrepreneur of The Year 2000 award by the Singapore Association of Small and Medium Enterprises.

She holds a Bachelor of Science (Information Systems and Computer Science) from the National University of Singapore.

Mark Khoo Chee Meng
General Manager, Hotel Windsor

Mark first came onboard the Ho Bee Group as Project Manager in 1996. When the Group embarked on hotel operations in 2000, Mark was appointed the General Manager of Hotel Windsor.

Mark boasts 15 years of experience in project and resort management in both the private and public sectors. His career included a stint with Khai Chin Realty Management Pte Ltd, where he directed the construction and management of properties. He was also the Director in charge of projects at Sijori Holidays Resort Pte Ltd, where he oversaw the operation of Sijori Resort in Batam.

MANAGEMENT TEAM

Soh Hwee Cheow
General Manager, Projects

Hwee Cheow joined the Group in 1995 as Divisional Manager in charge of project and property management. Since 2001, he has held the position of General Manager of Projects, where he is responsible for directing the Group's development projects.

Hwee Cheow launched his career in 1982 when he joined a private developer. In 1989, he moved to Jones Lang Wootton (now known as Jones Lang Lasalle), where he served in the Development Consultancy and Project Management Division.

Hwee Cheow graduated with a Bachelor of Law (Honours) from the University of London. His other qualifications include a Diploma in Civil Engineering and an Advanced Diploma in Building Management and Maintenance, both from the Singapore Polytechnic.

Lum Hon Chew
Senior Project Manager

Recently promoted to Senior Project Manager, Hon Chew has been in charge of the Group's project and property management since 2000.

Prior to joining the Group, he served in the development control division of the Urban Redevelopment Authority. He was also previously a Project Development manager with a private property development firm.

Hon Chew holds a Bachelor of Business (Business Administration) from the Royal Melbourne Institute of Technology, a Diploma in Management Studies from the Singapore Institute of Management, and a Diploma in Architectural Technology from the Singapore Polytechnic.

Choong Kar Fai
Project Manager

When he joined the Group in 2004, Kar Fai took on the post of Project Manager, where he has been heading project and property management since.

Kar Fai began his career as Senior Project Manager with a G7 building contractor. He next joined Capitaland Residential (S) Ltd as Resident Engineer. Here, he was promoted to Project Manager in 2002.

Kar Fai holds a Master of Engineering degree from the National University of Singapore, a Bachelor of Engineering (Civil Engineering) with honours from the National University of Singapore, and a Diploma in Business Administration from The Association of Business Executives (UK).

Low Lai Sai
Finance Manager and Company Secretary

Lai Sai has been managing the Group's financial, accounting and taxation matters since 1998.

Lai Sai possesses 11 years of industry experience in finance and accounting, with previous stints at Soi Yong Industries Pte Ltd and the Insurance Corporation of Singapore. He is a member of the Institute of Certified Public Accountants of Singapore.

PROPERTY PORTFOLIO

THE COAST, Sentosa Cove

Situated on the longest coastal stretch of Sentosa Cove, The Coast is the only condominium in this premier residential enclave to have each unit enjoying panoramic views of the South China Sea and the waterways of Sentosa Cove.

The 249 immaculately appointed units at The Coast comprise three and four bedroom apartments as well as luxury penthouses.

The Coast features full condominium facilities including a function room, a gymnasium, a lap pool, a wading pool, jacuzzi-equipped leisure pools and BBQ pits, together with landscaped pavilions and gardens as well as private berthing facilities. There are a total of 41 berths for pleasure crafts. The building's facade is striking with full-height glass windows, sliding mesh panels and planted ledges that interact with the changing light condition.

The Coast is fully sold. Construction for the development has begun, with completion expected at the end of 2009.

PARADISE ISLAND, Sentosa Cove

Paradise Island features 29 stylish 2-storey villas that are inspired by the romance of waterfront living and the lushness of a tropical paradise.

Each villa boasts a private berth for luxury boats, a generous terrace as well as a private driveway.

All villas enjoy a full view of the waterway, with rooms facing the waterways having their own private terrace or balcony to enhance the enjoyment of this private space.

The second island site the Group has purchased in Sentosa Cove, Paradise Island follows the great success of Coral Island, the first island site for bungalows in Sentosa Cove. Like Coral Island, Paradise Island will house villas built on a man-made island in an artificially created cove off Sentosa.

PROPERTY PORTFOLIO

THE WATERFRONT COLLECTION, Sentosa Cove

Standing over Sentosa Cove, The Waterfront Collection offers a commanding view of the South China Sea and the lush tropical greenery of the Tanjong Golf Course.

Comprising two 6-storey blocks of 102 apartments, The Waterfront Collection inspires with a distinctive design that echoes the surrounding ocean, with maritime roof forms and sweeping balconies.

The Waterfront Collection's timeless and graceful aesthetic lines speak of quiet elegance, from the dynamic passages linking the private lift lobbies to the eye-catching sculptures and sophisticated palette of all-natural materials.

The epitome of exclusivity, The Waterfront Collection is set to become one of the highly sought-after addresses on the island.

The Waterfront Collection is the sixth project of the Ho Bee Group in Sentosa Cove and it heralds the Group's continuing success story in the area. The Waterfront Collection is expected to be put on the market in the fourth quarter of 2007.

From left to right:
The Coast
Paradise Island
The Waterfront Collection
Orange Grove Residences
Orange Grove Condominium
10 Holland Hill (former Holland Hill Mansion)

PROPERTY PORTFOLIO

ORANGE GROVE RESIDENCES

Tucked away amidst the ambit of one of Singapore's most prestigious neigbourhoods, Orange Grove Residences is a retreat for those who value a sanctuary above all else. From the signature lush greenery to the serene waterscapes, Orange Grove Residences is a picture of calm and simplicity.

Orange Grove Residences is crafted according to universal and timeless design aesthetics, yielding sumptuous interiors.

Featuring 60 apartments that range from a studio apartment and three and four bedroom apartments to luxury penthouses – all set against a soothing, natural canvas of greenery – Orange Grove Residences is the dream home with a dream address.

Since its launch early this year, 73% of the units in Orange Grove Residences has been sold. With construction due to commence this year, Orange Grove Residences is expected to be completed by the end of 2009.

ORANGE GROVE CONDOMINIUM

Located just across Orange Grove Residences and the second project of the Ho Bee Group in the prestigious Orange Grove locale, Orange Grove Condominium is a collection of three and four bedroom units, each designed with a dual frontage that offers captivating views of tropical greenery and Singapore's city skyline. In addition, balconies are positioned to deliver full views of the environmental deck and pool. In all, the development is a composition of distinctive architectural elements, for a subtle expression of exclusive elegance.

The Group bought the site on which Orange Grove Condominium will sit through an en-bloc sale. Orange Grove Condominium is expected to be launched on the market in the fourth quarter of 2007.

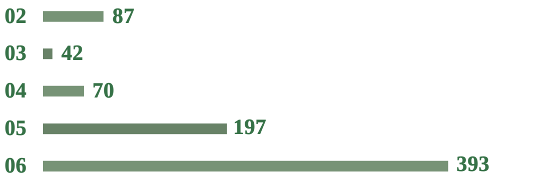
PROPERTY PORTFOLIO

10 HOLLAND HILL (former Holland Hill Mansion)

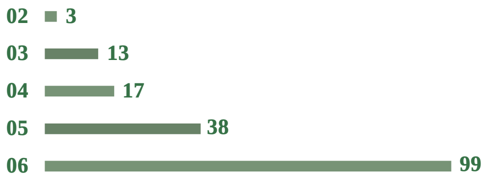
Sited on the side of the hill in a quiet enclave off Holland Road, the 200-unit condominium makes the most of its location. Its facade incorporates floor-to-ceiling bay windows, ample balconies and glass balustrades to offer the best views of the gentle, undulating terrain.

10 Holland Hill is styled along the theme of Club, Cascade Gardens and Cliff, in harmony with its hilltop surroundings. Among its signature touches, for instance, are water features that resemble waterfalls integrated with a cliff.

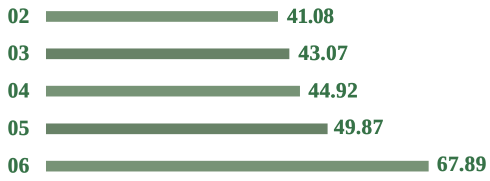
To be launched for sale in 2008, 10 Holland Hill is a 50-50% joint venture development by Ho Bee Group and MCL Land Ltd.



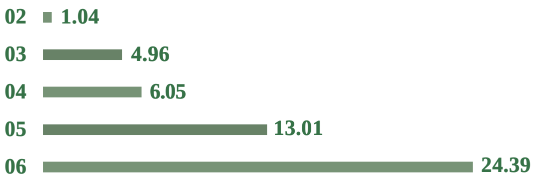
Turnover (in $ Million)



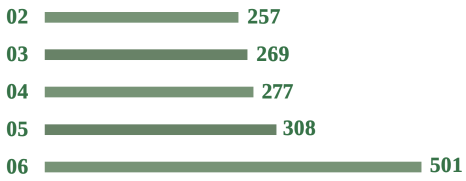
Profit Attributable To Shareholders (in $ Million)



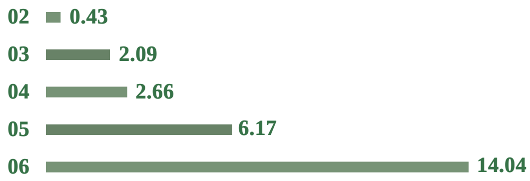
Net Tangible Assets Per Share (in Cents)



Return On Equity (%)



Shareholders' Equity (in $ Million)



Earnings Per Share (in Cents)

		2002	2003	2004	2005	2006
Turnover	($'000)	87,103	41,706	69,735	196,827	393,099
Profit Before Taxation & Minority Interest	($'000)	6,741	5,956	19,370	47,922	124,072
Profit Attributable to Shareholders	($'000)	2,697	13,037	16,528	38,074	98,579
Shareholders' Equity	($'000)	257,352	268,724	277,300	307,881	500,568
Earnings Per Share	(cents)	0.43	2.09	2.66	6.17	14.04
Net Tangible Assets Per Share	(cents)	41.08	43.07	44.92	49.87	67.89
Gross Dividends Per Share	(cents)	0.75	1.25	1.25	1.50	2.75
Return on Equity	(%)	1.04	4.96	6.05	13.01	24.39

CORPORATE STRUCTURE

- **Ho Bee Investment Ltd**
  - Ho Bee Homes Pte Ltd 100%
  - HBO Investments Pte Ltd 100%
  - HB Properties International Pte Ltd 100%
  - HB Venture Capital Pte Ltd 100%
  - Ho Bee Developments Pte Ltd 100%
    - Ho Bee Realty Pte Ltd 100%
    - Ho Bee (Eastwood Park) Pte Ltd 100%
    - Ho Bee (Pasir Ris) Pte Ltd 100%
    - Ho Bee (Sentosa) Pte Ltd 100%
    - Legion Holdings Pte Ltd 60%
    - Bodenheim Investments Pte Ltd 50%
  - Pacific Rover Pte Ltd 100%
  - Soon Wing Properties Pte Ltd 100%
  - Ho Bee Cove Pte Ltd 90%
  - HBS Investments Pte Ltd 70%
    - Parliament View Developments Limited 100%
      - Parliament View Management Company Limited 100%
    - Cavernbond Limited 50%
  - Calne Pte Ltd 50%
  - Seaview (Sentosa) Pte Ltd 50%
  - Hasidon Holdings Pte Ltd 31.67%
  - Taewin Pte Ltd 25%

Ho Bee Investment Ltd is committed to adopting high standards of corporate governance and transparency in conducting the Group's businesses. It ensures that an effective self-regulatory and monitoring mechanism exists and is practised. This statement outlines the main corporate governance practices that are in place.

BOARD OF DIRECTORS

Role of the Board

The principal role of the Board is to review and decide strategic plans, key operational and financial issues, evaluate performance of the Group and supervise executive management to achieve optimal shareholders' value.

Board Processes

The Board has established various Board committees to assist in fulfilling its duties and responsibilities. These committees are the Audit Committee (AC), Nominating Committee (NC), Remuneration Committee (RC) and Share Option Committee (SOC) which are governed by specific terms of reference.

The Board currently holds about four scheduled meetings each year. Apart from this, ad hoc meetings are also convened as and when necessary to address any specific matters. The attendance of the directors at Board and committee meetings for the financial year 2006 is as follows:

Name of Director	Board Meeting		Audit Committee Meeting		Nominating Committee Meeting		Remuneration Committee Meeting	
	No. of meetings held while a member	No. of meetings attended	No. of meetings held while a member	No. of meetings attended	No. of meetings held while a member	No. of meetings attended	No. of meetings held while a member	No. of meetings attended
Chua Thian Poh	4	4	NA	NA	2	2	1	1
Desmond Woon Choon Leng	4	4	NA	NA	NA	NA	NA	NA
Ong Chong Hua	4	4	NA	NA	NA	NA	NA	NA
Ch'ng Jit Koon	4	4	4	4	2	2	NA	NA
Tan Keng Boon	4	4	4	4	2	2	NA	NA
Jeffery Chan Cheow Tong	4	4	4	4	NA	NA	1	1
Tan Eng Bock	4	3	NA	NA	NA	NA	1	1
Bobby Chin Yoke Choong (Appointed on 29 November 2006)	0	NA	0	NA	NA	NA	0	NA

Note: NA means not applicable.

Matters Requiring Board Approval

The following is a list of key matters that require Board approval:

- annual budget;
- quarterly & full year results announcements;
- annual report and accounts;
- declaration of dividends;
- strategic planning; and
- major acquisitions/disposals.

Training for Directors

Directors are provided with the opportunity for training to ensure that they are conversant with their responsibilities and familiar with the Group's businesses, governance practices, relevant new legislations and changing commercial risks.

Board Composition and Balance

The Board of directors comprises eight members, of whom five are independent non-executive directors.

Name of Director	Date of first appointment as director	Date of last re-election as director	Academic/ Professional qualifications	Nature of appointment	Board committee	Directorships / Chairmanships in other listed companies in Singapore (present & last 3 preceding years)
Chua Thian Poh Age : 58	08 Aug 1987	NA	NA	Chairman & CEO	NC - Member SOC - Member	Engro Corporation Limited (Resigned on 6 April 2006)
Desmond Woon Choon Leng Age : 52	11 Aug 1995	28 Apr 2004	NA	Executive director		
Ong Chong Hua Age : 52	11 Aug 1995	27 Apr 2005	Masters Degree in Town & Regional Planning	Executive director		
Ch'ng Jit Koon Age : 73	12 Nov 1999	26 Apr 2006	Degree in Economics & Political Science	Independent non-executive director	AC - Chairman NC - Member SOC - Member	Ban Leong Technologies Ltd China Fashion Holdings Limited Cortina Holdings Limited Eastern Asia Technology Limited Pan-United Corporation Ltd. Progen Holdings Ltd Santak Holdings Limited Tung Lok Restaurant (2000) Ltd Circuit Plus Holdings Ltd (Retired on 29 July 2004) New Wave Technologies Ltd (Retired on 21 July 2004)
Tan Keng Boon Age : 61	12 Nov 1999	26 Apr 2006	Honours Degree in Engineering	Lead Independent non-executive director	AC - Member NC - Chairman SOC - Member	Amtek Engineering Ltd Engro Corporation Limited Speedy-Tech Electronics Ltd. (Resigned on 31 Dec 2005) SunVic Chemical Holdings Limited
Jeffery Chan Cheow Tong Age : 58	15 Oct 2002	26 Apr 2006	F.C.A. (Institute of Chartered Accountants in England & Wales)	Independent non-executive director	AC - Member RC - Chairman	Pacific Healthcare Holdings Ltd.
Tan Eng Bock Age : 70	15 Oct 2002	26 Apr 2006	NA	Independent non-executive director	RC - Member	
Bobby Chin Yoke Choong Age: 56	29 Nov 2006	NA	Bachelor of Accountancy ACA (Institute of Chartered Accountants in England & Wales)	Independent non-executive director	AC - Member RC - Member	Oversea-Chinese Banking Corporation Limited AV Jennings Limited The Straits Trading Company Ltd Stamford Land Corporation Ltd Yeo Hiap Seng Ltd Neptune Orient Lines Limited

Note: 1) Information on directors' shareholdings in the Company and its related corporations is set out in the Directors' Report on pages 45.
2) NA means not applicable.

The Board's composition is determined in accordance with the following principles:

- the Board should comprise a majority of non-executive directors, with at least one-third independent directors;
- the Board should comprise directors with a broad range of expertise both nationally and internationally;
- the Board should have enough directors to serve on various Board committees without the directors being over- burdened to the extent that it becomes difficult for them to fully discharge their responsibilities; and
- all directors (except the CEO) are subject to re-election once every three years at annual general meetings.

The composition of the Board and the independence of each member are reviewed annually by the Nominating Committee to ensure that there is a strong and independent element on the Board and that its size is appropriate to the scope and nature of the Group's operations.

Chairman & Chief Executive Officer

There is no separation of roles between the Chairman & CEO in the Company due to the fact that Mr. Chua Thian Poh who indirectly owns the majority of the shares in the Company, has been personally involved in the day-to-day operations since its incorporation. The Board is of the opinion that it has a strong and independent group of non-executive directors and is well balanced. In addition, the Company had on 26 February 2007 appointed Mr. Tan Keng Boon, an independent non-executive director, to be lead independent director of the Company.

The Chairman is responsible for the effective working of the Board and his responsibilities include:

- ensuring that all Board meetings are convened and held as and when required;
- setting meeting agenda in consultation with the executive directors;
- reviewing board papers to ensure all Board members are furnished with complete, quality and timely information; and
- assisting in ensuring that proper procedures are set up to comply with the Code of Corporate Governance.

Access to Information

Directors are provided with detailed financial statements and reports for each Board meeting which are normally circulated at least five days in advance of each meeting. These include disclosure documents, management accounts, budgets and information pertaining to matters to be brought before the Board. In addition, all relevant information on material transactions and events are circulated to directors as and when they arise.

Every Board member has independent and full access to the Company secretary, auditors and senior management and other employees to seek additional information. The directors can also seek independent legal and professional advice to enable them to fulfill their duties and responsibilities.

BOARD COMMITTEES

Audit Committee (AC)

Internal Controls

The AC is made up of four Board members, all of whom are independent non-executive directors. The members of the AC are as follows:

1. Ch'ng Jit Koon (Chairman)
2. Tan Keng Boon
3. Jeffery Chan Cheow Tong
4. Bobby Chin Yoke Choong (appointed 29 November 2006)

The Nominating Committee is of the opinion that the members of the AC have sufficient financial management expertise and experience to discharge their duties.

The AC will meet regularly to perform the following functions:

- review the audit plan and audit report of both the internal and external auditors, co-operation of management staff given to them

- review with the external and internal auditors their evaluation of the internal accounting controls and management responses to recommendations made to ensure the adequacy of the system of internal control;

- review the quarterly and annual financial statements to ensure that they represent a true and fair view of the financial results and state of affairs of the Company before submission to the Board for approval;

- review the independence and objectivity of the external auditors;

- recommend to the Board the appointment or re-appointment of the external auditors;

- review related party and interested person transactions to ensure compliance with the regulations as set out in the Listing Manual; and

- review share transactions by key employees within the Group to ensure that the Company's internal Code of Best Practices on Securities Transactions is strictly adhered to.

The AC has full access to the internal and external auditors and meets them at least once a year without the presence of management. It has full authority and discretion to invite any director or senior officer to attend its meetings.

The AC has reviewed the Company's system of internal controls, including operational and compliance controls, risk management policies and systems established by management during the year and is satisfied that the overall system of controls is adequate.

The AC has also reviewed the nature of non-audit services provided by the external auditors to the Company and the Group during the year and is of the view that the provision of these services would not affect the independence of the external auditors.

Internal Audit

The Company has engaged Messrs Grant Thornton Specialist Services Pte. Ltd., to perform the internal audit function.

The internal auditor reports directly to the Chairman of the AC on audit matters and to the management on administrative matters. The AC reviews the internal audit reports and assesses the effectiveness of the internal auditors by examining the following:

- the internal audit plans to ensure that it has adequate resources to perform its function;
- the scope of the internal audit work;
- the quality of their reports; and
- their independence of the areas reviewed.

Whiste-Blowing Policy

The Company has in place whistle-blowing policies by which staff may raise concerns about fraudulent activities, malpractices or improprieties within the Group, without fear of reprisal. To ensure independent investigation of such matters and for appropriate follow up action, all whistle–blowing reports can be sent to either the General Manager, HR & Corporate Affairs or the Chairman of the Audit Committee.

Nominating Committee (NC)

The NC consists of two independent non-executive directors and one executive director. The members of the NC are as follows:

1. Tan Keng Boon (Chairman)
2. Ch'ng Jit Koon
3. Chua Thian Poh

The duties of the NC are as follows:

- make recommendations to the Board on new appointments;
- determine orientation programs for new directors and recommend opportunities for the continuing training of the directors;
- make recommendations to the Board on the re-nomination of retiring directors standing for re-election at the Company's annual general meeting, having regard to the directors' contribution and performance (e.g. attendance, preparedness, participation and candour);
- ensure that all directors (except the CEO) submit themselves for re-nomination and re-election at regular intervals and at least once every three years;

- determine annually whether or not a director is independent;
- review the size and composition of the Board with the objective of achieving a balanced Board in terms of the mix of experience and expertise;
- formulate and implement a succession plan;
- determine whether a director who has multiple board representations is able to and has been adequately carrying out his duties as director of the Company;
- ensure that internal guidelines are adopted to address the competing time commitments that are faced by those directors who serve on multiple boards;
- ensure complete disclosure of key information of directors in the Company's annual reports as required under the Code of Corporate Governance;
- decide on how the Board's performance may be evaluated and recommend objective performance criteria to the Board;
- recommend to the Board the implementation of a process for assessing the effectiveness of the Board as a whole and carry out the assessment process;
- recommend to the Board the implementation of a process for assessing the contribution by each individual director to the effectiveness of the Board and carry out the assessment process;
- report to the Board on its activities and proposals; and
- carry out such other duties as may be agreed to by the NC and the Board.

Board Performance

The Chairman reviews on an ongoing basis, the performance of each director and his contribution to the Board. The performance of any director eligible for re-election is reviewed by the NC.

The parameters the NC uses to evaluate the performance of the Board include the attendance record at Board and committees meetings, the extent of participations and contributions, and comparison with industry peers.

Remuneration Committee (RC)

The RC comprises three independent non-executive directors. The members of the RC are as follows:

1. Jeffery Chan Cheow Tong (Chairman)
2. Tan Eng Bock
3. Bobby Chin Yoke Choong (appointed 29 November 2006)

Remuneration Matters

The duties and responsibilities of the RC are as follows:

- make recommendations to the Board on the framework of remuneration for the directors and key executives of the Company and its subsidiaries;
- make recommendations to the Board on specific remuneration packages for each executive director and managing director (or executive of equivalent rank) of the Company and its subsidiaries;
- review all benefits and long-term incentive schemes (including share option schemes) and compensation packages for the directors and key executives of the Company and its subsidiaries;
- review service contracts for the directors and key executives of the Company and its subsidiaries;
- review the Group's policy in allowing executive directors and key executives to accept appointments and retain payments from sources outside the Group;
- review the annual remuneration report (if any) to be attached to the Company's annual report;
- report to the Board on its activities and proposals; and
- carry out such other duties as may be agreed to by the RC and the Board.

Directors' Remuneration

Directors' fees are paid to non-executive directors, subject to approval by shareholders at annual general meeting. Executive directors do not receive any directors' fee.

Summary compensation table for the year ended 31 December 2006 :

Name of Director	Salary	Bonus	Fees	Allowances and other benefits	Total
$6,000,000 to $6,250,000					
Chua Thian Poh Chairman and CEO	6%	93%		1%	100%
$750,000 to $1,000,000					
Desmond Woon Choon Leng Executive Director	28%	69%		3%	100%
Ong Chong Hua Executive Director	27%	70%		3%	100%
Below $250,000					
Ch'ng Jit Koon Non-executive Director			100%		100%
Tan Keng Boon Non-executive Director			100%		100%
Jeffery Chan Cheow Tong Non-executive Director			100%		100%
Tan Eng Bock Non-executive Director			100%		100%
Bobby Chin Yoke Choong Non-executive Director			100%		100%

Information on the Ho Bee Investment Ltd Share Option Scheme is set out in the Directors' Report on page 47.

Accountability and Audit

The Company has been making announcements of its quarterly results since financial year 2003. Every Board member receives from management, detailed management accounts of the Group's performance on a regular basis. It is the aim of the Board, in presenting the quarterly and annual financial statements announcements, to provide shareholders with a comprehensive and balanced assessment of the Group's performance, financial position and prospects.

Communication with Shareholders

In line with the Company's obligations for continuing disclosures, the Board's policy is for shareholders to be informed of all major developments and transactions that impact the Group.

Information is disseminated to shareholders on a transparent and timely basis. All price sensitive information and financial results announcements are publicly released via SGXNET. The Group's results and annual report can also be found at the Company's website at http://www.hobee.com.

The Group's summary annual report together with the notice of annual general meeting (AGM) is dispatched to all shareholders at least 14 clear days before the meeting. The notice of AGM is also advertised in the newspapers and announced via SGXNET.

Shareholders are encouraged to attend the AGM as this is the principal forum for any dialogue they may have with the directors and management of the Company. The Board welcomes views and questions from shareholders and the Chairmen of Audit, Nominating and Remuneration Committees are available to answer any question or issue regarding the Company.

Any member of the Company who is unable to attend the AGM can appoint up to two proxies to attend and vote on his/her behalf.

Securities Transactions

The Company has adopted an internal code of best practices on dealings in the Company's securities. Under the code, officers of the Group are not allowed to deal in the Company's securities during the periods commencing 2 weeks before the announcement of the Company's results for each of the first three quarters of its financial year and 1 month before the announcement of the Company's annual results, as the case may be, and ending on the date of announcement of the relevant results, or when they are in possession of unpublished price-sensitive information of the Group. The Company has complied with the best practices set out in the Listing Manual of the Singapore Exchange Securities Trading Limited.

Interested Person Transactions (IPT)

The Company has adopted a set of procedures for reporting and approving IPT. Details of IPT for the year ended 31 December 2006 are as follows:

Name of interested person	Aggregate value of all IPT (excluding transactions conducted under a shareholders' mandate pursuant to Rule 920 of the Listing Manual)	Aggregate value of all IPT conducted under a shareholders' mandate pursuant to Rule 920 of the Listing Manual
Ho Bee Holdings (Pte) Ltd – Lease rental	$28,650	NA
Hin Lung Credit Pte. Ltd. – Motor vehicles expenses – Insurance premium	$10,957 $34,195	NA
Airjet Automotive Pte Ltd – Lease rental – Motor vehicles expenses	$534,500 $20,628	NA
HoBee Print Pte Ltd – Printing expenses	$70,434	NA
Mdm Chua Siow Ling Sale of property – Montview	$1,276,880	NA
Mdm Ng Noi Hinoy Sale of property – The Coast at Sentosa Cove	$6,306,960	NA
Mr. Chua Kong Chian Sale of property – The Coast at Sentosa Cove	$4,506,480	NA
Mr. Chua Thiam Chok Sale of property – The Coast at Sentosa Cove	$3,036,000	NA
Mr. Ong Chong Hua and Mdm Oh Siew Bee Sale of property – The Coast at Sentosa Cove	$3,008,720	NA
Mr. Tan Keng Boon Sale of property – The Coast at Sentosa Cove	$4,310,240	NA
Mr. Jeffery Chan Cheow Tong Sale of property – The Coast at Sentosa Cove	$4,290,880	NA
Mr. Tan Choon Boon & Mdm Amy Liang Lee Sing Sale of property – The Coast at Sentosa Cove	$3,058,200	NA

Notes:

1) NA means not applicable.

2) All the above IPT were done on normal commercial terms and were not prejudicial to the interests of the Company and its minority shareholders.

CORPORATE INFORMATION

Board Of Directors

Mr Chua Thian Poh
Chairman and CEO

Mr Desmond Woon Choon Leng
Executive Director

Mr Ong Chong Hua
Executive Director

Mr Tan Keng Boon
Lead Independent Director

Mr Ch'ng Jit Koon
Independent Director

Mr Jeffery Chan Cheow Tong
Independent Director

Mr Tan Eng Bock
Independent Director

Mr Bobby Chin Yoke Choong
Independent Director

Management Team

Mr Chong Hock Chang
General Manager
(Business Development
and Marketing)

Mr Soh Hwee Cheow
General Manager
(Projects)

Mrs Caroline Ee-Lee
General Manager
(HR and Corporate Affairs)

Mr Mark Khoo Chee Meng
General Manager
(Hotel Windsor)

Mr Nicholas Chua Wee Chern
Senior Manager
(Business Development
and Marketing)

Mr Lum Hon Chew
Senior Project Manager

Mr Choong Kar Fai
Project Manager

Mr Low Lai Sai
Finance Manager

Company Secretary

Mr Low Lai Sai

Registered Office

12 Tannery Road #10-01
HB Centre
Singapore 347722
Tel: (65)6748 7522
Fax: (65)6745 9167
Website: www.hobee.com

Share Registrar

M & C Services Private Limited
138 Robinson Road #17-00
The Corporate Office
Singapore 068906

Audit Committee

Mr Ch'ng Jit Koon
Chairman

Mr Tan Keng Boon

Mr Jeffery Chan Cheow Tong

Mr Bobby Chin Yoke Choong

Nominating Committee

Mr Tan Keng Boon
Chairman

Mr Ch'ng Jit Koon

Mr Chua Thian Poh

Remuneration Committee

Mr Jeffery Chan Cheow Tong
Chairman

Mr Tan Eng Bock

Mr Bobby Chin Yoke Choong

External Auditors

KPMG
Certified Public Accountants
(Partner-In-Charge: Mr Lee Jee Cheng Philip since 2002)
16 Raffles Quay #22-00
Hong Leong Building
Singapore 048581

Internal Auditors

Grant Thornton Specialist Services Pte. Ltd.
331 North Bridge Road
#04-04/05 Odeon Towers
Singapore 188720

Company Registration No.

198702381M

FINANCIAL CONTENTS

We are pleased to submit this annual report to the members of the Company together with the audited financial statements for the financial year ended 31 December 2006.

Directors

The directors in office at the date of this report are as follows:

Chua Thian Poh
Desmond Woon Choon Leng
Ong Chong Hua
Ch'ng Jit Koon
Tan Keng Boon
Tan Eng Bock
Jeffery Chan Cheow Tong
Bobby Chin Yoke Choong (appointed on 29 November 2006)

Directors' Interests

According to the register kept by the Company for the purposes of Section 164 of the Companies Act, Chapter 50 (the Act), particulars of interests of directors who held office at the end of the financial year in shares and debentures in the Company and in related corporations (other than wholly-owned subsidiaries) are as follows:

Name of the director and corporation in which interests are held	Holdings in the name of the director, spouse or infant children		Other holdings in which the director is deemed to have an interest	
	At beginning of the year	At end of the year	At beginning of the year	At end of the year
Chua Thian Poh				
The Company				
- ordinary shares (par value of $0.05 each at beginning of the year)	-	-	470,869,000	472,221,000
Ho Bee Holdings (Pte) Ltd				
- ordinary shares (par value of $1.00 each at beginning of the year)	19,070,000	19,070,000	-	-
Airjet Auto-care Pte Ltd				
- ordinary shares (par value of $1.00 each at beginning of the year)	-	-	500,000	500,000
Airjet Automotive Pte Ltd				
- ordinary shares (par value of $1.00 each at beginning of the year)	-	-	200,000	200,000
HB Media Holdings Pte Ltd				
- ordinary shares (par value of $1.00 each at beginning of the year)	-	-	13,894,164	13,894,164
HBS Investments Pte Ltd				
- ordinary shares (par value of $1.00 each at beginning of the year)	-	-	700,000	700,000

Name of the director and corporation in which interests are held	Holdings in the name of the director, spouse or infant children At beginning of the year	At end of the year	Other holdings in which the director is deemed to have an interest At beginning of the year	At end of the year
Chua Thian Poh				
Ho Bee Cove Pte. Ltd.				
- ordinary shares (par value of $1.00 each at beginning of the year)	-	-	-	900,000
Hin Lung Credit Pte. Ltd.				
- ordinary shares (par value of $1.00 each at beginning of the year)	-	-	3,530,000	3,530,000
Ho Bee Capital Pte Ltd				
- ordinary shares (par value of $1.00 each at beginning of the year)	-	-	12,994,000	15,000,000
Legion Holdings Pte Ltd				
- ordinary shares (par value of $1.00 each at beginning of the year)	-	-	4,800,000	4,800,000
Wing Heng Plastic Industries Pte. Ltd.				
- ordinary shares (par value of $1.00 each at beginning of the year)	-	-	480,000	480,000
Zen Property Management Pte Ltd				
- ordinary shares (par value of $1.00 each at beginning of the year)	-	-	1,000,000	1,000,000
Parliament View Developments Limited				
- ordinary shares of £1.00 each	-	-	50,000	50,000
Parliament View Management Company Limited				
- ordinary shares of £1.00 each	-	-	1	1
Desmond Woon Choon Leng				
The Company				
- ordinary shares (par value of $0.05 each at beginning of the year)	2,000,000	2,000,000	-	-
Ong Chong Hua				
The Company				
- ordinary shares (par value of $0.05 each at beginning of the year)	2,100,000	1,800,000	-	-
Ch'ng Jit Koon				
The Company				
- ordinary shares (par value of $0.05 each at beginning of the year)	300,000	300,000	-	-
Tan Keng Boon				
The Company				
- ordinary shares (par value of $0.05 each at beginning of the year)	300,000	300,000	-	-
Jeffery Chan Cheow Tong				
The Company				
- ordinary shares (par value of $0.05 each at beginning of the year)	50,000	50,000	-	-

By virtue of Section 7 of the Companies Act, Chua Thian Poh is deemed to have an interest in all the other wholly-owned subsidiaries of Ho Bee Investment Ltd, at the beginning and at the end of the financial year.

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

There were no other changes in any of the above mentioned interests in the Company between the end of the financial year and 21 January 2007.

Except as disclosed under the "Share Options" section of this report, neither at the end of, nor at any time during the financial year, was the Company a party to any arrangement whose objects are, or one of whose objects is, to enable the directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

During the financial year, the Company and its related corporations have in the normal course of business entered into transactions with affiliated parties and parties in which Mr Chua Thian Poh is deemed to have an interest. Such transactions comprised payments for rental expense, printing expenses and other transactions carried out on normal commercial terms and in the normal course of the business of the Company and its related corporations. However, the director has neither received nor will he be entitled to receive any benefit arising out of these transactions other than those to which he may be entitled as a customer, supplier or member of these corporations.

Except for salaries, bonuses and fees and those benefits that are disclosed in this report and in note 28 to the financial statements, since the end of the last financial year, no director has received or become entitled to receive a benefit by reason of a contract made by the Company or its related corporations with the director, or with a firm of which he is a member or with a company in which he has a substantial financial interest.

Share Options

The Ho Bee Investment Ltd Share Option Scheme (the "Scheme") was approved and adopted by its members at an Extraordinary General Meeting held on 30 May 2001.

The Scheme is administered by a committee, comprising the Chairman and CEO, Mr Chua Thian Poh and 2 Independent Directors, Mr Ch'ng Jit Koon and Mr Tan Keng Boon.

Other statutory information regarding the Scheme are set out below:

(i) The subscription price of the options is determined at the average closing price of the Company's shares on the Singapore Exchange Securities Trading Limited ("SGX-ST") on the 3 consecutive market days immediately preceding the date of grant of such options.

(ii) The total number of shares which may be granted under the Scheme shall not exceed 5% of the issued share capital of the Company at any time and from time to time.

(iii) The options vest 1 year after the grant date.

(iv) The options granted expire after 10 years from the vesting date unless they are cancelled or have lapsed.

Since the commencement of the Scheme, no options have been granted to directors and/or employees of the Company or its subsidiaries under the Scheme.

Corporate Governance

Nominating Committee

The primary objective of the Nominating Committee is to make recommendations to the Board on all Board appointments, formally assesses the Board as a whole and the contribution by each individual director to the effectiveness of the Board.

The members of the Nominating Committee at the date of this report are as follows:

Tan Keng Boon	(Chairman)
Ch'ng Jit Koon	(Independent Director)
Chua Thian Poh	(Executive Director)

Remuneration Committee

The primary objective of the Remuneration Committee is to recommend to the Board a framework of remuneration for the Board and key executives and to determine specific remuneration packages for each executive director.

The members of the Remuneration Committee at the date of this report are as follows:

Jeffery Chan Cheow Tong	(Chairman)
Tan Eng Bock	(Independent Director)
Bobby Chin Yoke Choong	(Independent Director)

Audit Committee

The members of the Audit Committee during the year and at the date of this report are:

Ch'ng Jit Koon	(Chairman)
Tan Keng Boon	(Lead Independent Director)
Jeffery Chan Cheow Tong	(Independent Director)
Bobby Chin Yoke Choong	(Independent Director)

The Audit Committee performs the functions specified in section 201B of the Companies Act, the SGX Listing Manual and the Code of Corporate Governance.

The Audit Committee has held 4 meetings since the last directors' report. In performing its functions, the Audit Committee met with the Company's external and internal auditors to discuss the scope of their work, the results of their examination and evaluation of the Company's internal accounting control system.

The Audit Committee also reviewed the following:

- assistance provided by the Company's officers to the internal and external auditors;
- annual financial statements of the Group and the Company prior to their submission to the directors of the Company for adoption; and
- interested person transactions (as defined in Chapter 9 of the SGX Listing Manual).

The Audit Committee has full access to management and is given the resources required for it to discharge its functions. It has full authority and the discretion to invite any director or executive officer to attend its meetings. The Audit Committee also recommends the appointment of the external auditors and reviews the level of audit and non-audit fees.

The Audit Committee is satisfied with the independence and objectivity of the external auditors and has recommended to the Board of Directors that the auditors, KPMG, be nominated for re-appointment as auditors at the forthcoming Annual General Meeting of the Company.

The auditors, KPMG, have indicated their willingness to accept re-appointment.

On behalf of the Board of Directors

Chua Thian Poh
Director

Desmond Woon Choon Leng
Director

20 March 2007

STATEMENT BY DIRECTORS
YEAR ENDED 31 DECEMBER 2006

In our opinion:

(a) the financial statements set out on pages 52 to 92 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 2006 and of the results, changes in equity and cash flows of the Group for the year ended on that date in accordance with the provisions of the Singapore Companies Act, Chapter 50 and Singapore Financial Reporting Standards; and

(b) 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.

The Board of Directors has, on the date of this statement, authorised these financial statements for issue.

On behalf of the Board of Directors

Chua Thian Poh
Director

Desmond Woon Choon Leng
Director

20 March 2007

INDEPENDENT AUDITORS' REPORT

MEMBERS OF THE COMPANY
HO BEE INVESTMENT LTD AND ITS SUBSIDIARIES

We have audited the accompanying financial statements of Ho Bee Investment Ltd (the Company) and its subsidiaries (the Group), which comprise the balance sheets of the Group and the Company as at 31 December 2006, the income statement, statement of changes in equity and cash flow statement of the Group for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 52 to 92.

Directors' responsibility for the financial statements

The Company's directors are responsible for the preparation and fair presentation of these financial statements in accordance with the provisions of the Singapore Companies Act, Chapter 50 (the Act) and Singapore Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' responsibility

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

Opinion

In our opinion:

(a) the consolidated financial statements of the Group and the balance sheet of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2006 and the results, changes in equity and cash flows of the Group for the year ended on that date; and

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

KPMG
Certified Public Accountants

Singapore
20 March 2007

BALANCE SHEETS
AS AT 31 DECEMBER 2006

	Note	Group 2006 $'000	Group 2005 $'000	Company 2006 $'000	Company 2005 $'000
Non-current assets					
Furniture, fittings and equipment	3	1,202	1,573	298	358
Investment properties	4	124,734	110,555	-	-
Subsidiaries	5	-	-	44,979	45,843
Associates	6	337	843	885	800
Jointly-controlled entities	7	1,142	674	500	-
Other investments	8	2,867	2,765	-	-
Financial assets	9	20,824	3,247	1,393	-
Other receivables	10	15,572	921	220,561	44,246
Deferred tax assets	11	502	668	-	-
		167,180	121,246	268,616	91,247
Current assets					
Inventories		15	13	-	-
Development properties	12	568,971	435,456	1,800	4,780
Trade and other receivables	13	96,194	50,773	19,272	66,946
Financial assets	9	139	133	55	58
Cash and cash equivalents	14	166,349	46,891	298	37
		831,668	533,266	21,425	71,821
Total assets		998,848	654,512	290,041	163,068
Equity attributable to equity holders of the parent					
Share capital	15	205,133	30,867	205,133	30,867
Reserves	16	295,435	277,014	38,237	114,684
		500,568	307,881	243,370	145,551
Minority interest		9,416	9,096	-	-
Total equity		509,984	316,977	243,370	145,551
Non-current liabilities					
Interest-bearing liabilities	17	364,268	189,255	-	-
Other liabilities	18	19,807	5,242	-	-
Deferred tax liabilities	11	5,963	8,732	-	-
		390,038	203,229	-	-
Current liabilities					
Trade and other payables	19	43,701	35,088	45,715	3,190
Interest-bearing liabilities	17	22,700	79,026	800	8,000
Current tax payable		32,425	20,192	156	6,327
		98,826	134,306	46,671	17,517
Total liabilities		488,864	337,535	46,671	17,517
Total equity and liabilities		998,848	654,512	290,041	163,068

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED INCOME STATEMENT
YEAR ENDED 31 DECEMBER 2006

	Note	Group 2006 $'000	Group 2005 $'000
Revenue	20	393,099	196,827
Cost of sales		(256,895)	(139,233)
Gross profit		136,204	57,594
Other income	21	12,574	4,013
Administrative expenses		(14,879)	(8,826)
Other expenses		(4,435)	(3,172)
Results from operating activities		129,464	49,609
Finance costs	23	(5,193)	(3,702)
Share of (loss)/profit of: - associates		(467)	120
- jointly-controlled entities		268	1,895
Profit before income tax		124,072	47,922
Income tax expense	24	(22,932)	(9,728)
Profit for the year	25	101,140	38,194
Attributable to:			
Equity holders of the Company		98,579	38,074
Minority interest		2,561	120
Profit for the year		101,140	38,194
Earnings per share			
Basic earnings per share (cents)	26	14.04	6.17
Diluted earnings per share (cents)	26	14.04	6.17

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

YEAR ENDED 31 DECEMBER 2006

Group	Share capital $'000	Share premium $'000	Capital reserve $'000	Capital redemption reserve $'000	Fair value reserve $'000	Currency translation reserve $'000	Accumulated profits $'000	Total attributable to holders of the Company $'000	Minority interest $'000	Total equity $'000
At 1 January 2005	30,867	66,006	2,230	1,133	-	3,248	173,435	276,919	9,543	286,462
Exchange differences arising on consolidation	-	-	-	-	-	(939)	-	(939)	(567)	(1,506)
Net gains/(losses) recognised directly in equity	-	-	-	-	-	(939)	-	(939)	(567)	(1,506)
Net profit for the year	-	-	-	-	-	-	38,074	38,074	120	38,194
Total recognised income and expense for the year	-	-	-	-	-	(939)	38,074	37,135	(447)	36,688
First and final dividend paid of 0.75 cents per share less tax of 20% in respect of 2004	-	-	-	-	-	-	(3,704)	(3,704)	-	(3,704)
Special dividend paid of 0.5 cents per share less tax of 20% in respect of 2004	-	-	-	-	-	-	(2,469)	(2,469)	-	(2,469)
At 31 December 2005	30,867	66,006	2,230	1,133	-	2,309	205,336	307,881	9,096	316,977
At 1 January 2006	30,867	66,006	2,230	1,133	-	2,309	205,336	307,881	9,096	316,977
Exchange differences arising on consolidation	-	-	-	-	-	706	-	706	299	1,005
Changes in fair value of available-for-sale investment	-	-	-	-	(1,893)	-	-	(1,893)	-	(1,893)
Net gains/(losses) recognised directly in equity	-	-	-	-	(1,893)	706	-	(1,187)	299	(888)
Net profit for the year	-	-	-	-	-	-	98,579	98,579	2,561	101,140
Total recognised income and expense for the year	-	-	-	-	(1,893)	706	98,579	97,392	2,860	100,252
Issues of shares	108,600	-	-	-	-	-	-	108,600	-	108,600
Share placement expenses	(1,473)	-	-	-	-	-	-	(1,473)	-	(1,473)
Transfer from share premium account and capital redemption reserve to share capital upon implementation of the Companies (Amendment) Act 2005	67,139	(66,006)	-	(1,133)	-	-	-	-	-	-
Capital injection from minority shareholders	-	-	-	-	-	-	-	-	100	100
Dividend paid to minority interest	-	-	-	-	-	-	-	-	(2,640)	(2,640)
First and final dividend paid of 0.75 cents per share less tax of 20% in respect of 2005	-	-	-	-	-	-	(3,704)	(3,704)	-	(3,704)
Special dividend paid of 0.75 cents per share less tax of 20% in respect of 2005	-	-	-	-	-	-	(3,704)	(3,704)	-	(3,704)
Interim dividend paid of 0.75 cents per share less tax of 20% in respect of 2006	-	-	-	-	-	-	(4,424)	(4,424)	-	(4,424)
At 31 December 2006	205,133	-	2,230	-	(1,893)	3,015	292,083	500,568	9,416	509,984

The accompanying notes form an integral part of these financial statements.

	2006 $'000	2005 $'000
Operating activities		
Profit for the year	101,140	38,194
Adjustments for:		
Depreciation of furniture, fittings and equipment	430	424
Furniture, fittings and equipment written off	1	-
Gain on disposal of furniture, fittings and equipment	(1)	(305)
Unrealised exchange loss/(gain)	1,396	(269)
Loss on dilution of interest in former associate	110	-
Interest income	(1,393)	(397)
Dividend income	(12)	(6)
Finance costs	5,193	3,702
Gain on sale of investment properties	-	(130)
Net changes in fair value of financial assets	494	(195)
Impairment losses on investment properties	(9,740)	400
Write-down of properties held for sale to net realisable value	-	972
Share of loss/(profit) of: - associates	467	(120)
- jointly-controlled entities	(268)	(1,895)
Income tax expense	22,932	9,728
Operating profit before working capital changes	120,749	50,103
Changes in working capital:		
Development properties	(119,738)	(50,710)
Inventories	(2)	-
Trade and other receivables	(70,675)	21,889
Trade and other payables	6,532	15,636
Cash (used in)/generated from operations	(63,134)	36,918
Income tax paid	(3,551)	(1,177)
Cash flows from operating activities	(66,685)	35,741
Investing activities		
Loans to associates	(400)	(4,278)
(Advance to)/Repayment from jointly-controlled entities	(13,107)	10,313
Purchase of furniture, fittings and equipment	(60)	(1,271)
Purchase of other investments	(103)	(469)
Proceeds from disposal of furniture, fittings and equipment	1	416
Proceeds from sale of investment properties	-	12,500
Investment in jointly-controlled entity	(500)	-
Additions to investment properties	(4,439)	-
Interest received	1,168	355
Dividend received	12	6
Purchase of financial assets	(3,960)	(212)
Investment in debt securities	(2,548)	-
Cash flows from investing activities	(23,936)	17,360

The accompanying notes form an integral part of these financial statements.

	Note	2006 $'000	2005 $'000
Financing activities			
Advance from minority shareholders		16,552	575
Proceeds from issue of shares, net of issue expenses		107,127	-
Proceeds from bank loans		453,918	125,510
Repayment of bank loans		(335,231)	(126,066)
Capital contribution from minority shareholders		100	-
Interest paid		(18,043)	(6,616)
Dividends paid		(14,472)	(6,173)
Cash flows from financing activities		209,951	(12,770)
Net increase in cash and cash equivalents		119,330	40,331
Cash and cash equivalents at beginning of year		46,891	7,141
Effect of exchange rate fluctuations on cash held		128	(581)
Cash and cash equivalents at end of year	14	166,349	46,891

The accompanying notes form an integral part of these financial statements.

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the Board of Directors on 20 March 2007.

1 Domicile and activities

Ho Bee Investment Ltd (the Company) is incorporated in the Republic of Singapore and has its registered office at 12 Tannery Road, #10-01 HB Centre, Singapore 347722.

The principal activities of the Group and the Company are those relating to property development, property investment and investment holding. The immediate and ultimate holding company during the financial year was Ho Bee Holdings (Pte) Ltd, incorporated in the Republic of Singapore.

The consolidated financial statements relate to the Company and its subsidiaries (referred to as the Group) and the Group's interests in associates and jointly-controlled entities.

2 Summary of significant accounting policies

2.1 Basis of preparation

The financial statements have been prepared in accordance with Singapore Financial Reporting Standards (FRS).

The financial statements have been prepared on the historical cost basis except for the following assets and liabilities which are measured at fair value: derivative financial instruments, certain financial assets and financial liabilities.

The financial statements are presented in Singapore dollars which is the Company's functional currency. All financial information presented in Singapore dollars has been rounded to the nearest thousand, unless otherwise stated.

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

In particular, information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are described in note 31 - valuation of financial instruments.

The accounting policies set out below have been applied consistently by the Group. The accounting policies used by the Group have been applied consistently to all periods presented in these financial statements.

2.2 Consolidation

Business combinations

Business combinations are accounted for under the purchase method. The cost of an acquisition is measured at the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition.

The excess of the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition is credited to the income statement in the period of the acquisition.

2.2 Consolidation (cont'd)

Subsidiaries

Subsidiaries are entities controlled by the Group. Control exists when the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable are taken into account. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Associates and jointly-controlled entities

Associates are those entities in which the Group has significant influence, but not control, over their financial and operating policies. Jointly-controlled entities are those entities over whose activities the Group has joint control, established by contractual agreement and requiring unanimous consent for strategic financial and operating decisions. Associates and jointly-controlled entities (collectively referred to as "equity accounted investees") are accounted for using the equity method. The consolidated financial statements include the Group's share of the income and expenses of associates and jointly-controlled entities, after adjustments to align the accounting policies with those of the Group, from the date that significant influence or joint control commences until the date that significant influence or joint control ceases. When the Group's share of losses exceeds its interest in an associate or a jointly-controlled entity, the carrying amount of that interest (including any long-term investments) is reduced to zero and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the investee.

Transactions eliminated on consolidation

Intra-group balances, and any unrealised income or expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

Accounting for subsidiaries, associates, jointly-controlled entities by the Company

Investments in subsidiaries, associates and jointly-controlled entities are stated in the Company's balance sheet at cost less accumulated impairment losses.

2.3 Foreign currencies

Foreign currency transactions

Transactions in foreign currencies are translated at the respective functional currencies of Group entities at the exchange rate at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date on which the fair value was determined.

Foreign currency differences arising on retranslation are recognised in the income statement, except for differences arising on the retranslation of monetary items that in substance form part of the Group's net investment in a foreign operation (see below) and available-for-sale equity investments and financial liabilities designated as hedges of the net investment in a foreign operation.

2.3 Foreign currencies (cont'd)

Foreign operations

The assets and liabilities of foreign operations are translated to Singapore dollars at exchange rates prevailing at the reporting date. The income and expenses of foreign operations are translated to Singapore dollars at exchange rates prevailing at the dates of the transactions. Goodwill and fair value adjustments arising on the acquisition of a foreign operation on or after 1 January 2005 are treated as assets and liabilities of the foreign operation and translated at the closing rate. For acquisitions prior to 1 January 2005, the exchange rates at the date of acquisition were used.

Foreign currency differences are recognised in the currency translation reserve. When a foreign operation is disposed of, in part or in full, the relevant amount in the foreign exchange translation reserve is transferred to the income statement.

Net investment in a foreign operation

Exchange differences arising from monetary items that in substance form part of the Company's net investment in a foreign operation are recognised in the Company's income statement. Such exchange differences are reclassified to equity in the consolidated financial statements. When the hedged net investment is disposed of, the cumulative amount in equity is transferred to the income statement as an adjustment to the profit or loss arising on disposal.

2.4 Furniture, fittings and equipment

Furniture, fittings and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, and any other costs directly attributable to bringing the asset to a working condition for its intended use. When parts of an item of furniture, fittings and equipment have different useful lives, they are accounted for as separate items (major components) of furniture, fittings and equipment. Subsequent expenditure incurred is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied with the item will flow to the Group and its cost can be measured reliably. All other costs are recognised in the income statement as an expense incurred.

Depreciation is recognised in the income statement on the straight-line basis over the estimated useful lives of each part of an item of furniture, fittings and equipment. All other costs are recognised in the income statement as an expense incurred.

The annual rates in use are as follows:

Leasehold improvements	-	10% to 20%
Furniture, fittings and office equipment	-	20%
Motor vehicles	-	20%

Depreciation methods, useful lives and residual values are reviewed, and adjusted as appropriate, at each reporting date.

Furniture, fittings and equipment which are fully depreciated, are retained in the financial statements until they are no longer in use.

2.5 Goodwill

Goodwill and negative goodwill arise on the acquisition of subsidiaries, associates and joint ventures.

Acquisitions prior to 1 January 2001

Goodwill represents the excess of the cost of the acquisition over the Group's interest in the net fair value of the identifiable assets and liabilities of the acquiree.

Goodwill and negative goodwill on acquisitions were written off against accumulated profits in the year of acquisition.

Goodwill and negative goodwill that have previously been taken to reserves are not taken to the income statement when (a) the business is disposed of or (b) the goodwill is impaired.

Acquisitions occurring between 1 January 2001 and 1 January 2005

Goodwill represents the excess of the cost of the acquisition over the Group's interest in the net fair value of the identifiable assets and liabilities of the acquiree. Goodwill arising on the acquisition of subsidiaries is presented in intangible assets. Goodwill arising on the acquisition of associates and joint ventures is presented together with investments in associates and joint ventures.

Goodwill was stated at cost from the date of initial recognition and amortised over its estimated useful life of 20 years. On 1 January 2005, the Group discontinued amortisation of this goodwill. This remaining goodwill balance is subject to testing for impairment, as described in note 2.10.
Negative goodwill was derecognised by crediting accumulated profit on 1 January 2005.

Acquisitions on or after 1 January 2005

Goodwill represents the excess of the cost of the acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the acquiree.

Goodwill arising on the acquisition of subsidiaries is presented in intangible assets. Goodwill arising on the acquisition of associates and joint ventures is presented together with investments in associates and joint ventures.

Goodwill is measured at cost less accumulated impairment losses. Goodwill is tested for impairment as described in note 2.10. Negative goodwill is recognised immediately in the income statement.

2.6 Investment properties

Investment properties, defined as properties which are held on a long-term basis for their investment potential and income, are stated at cost less impairment loss when, in the opinion of the directors, there has been a diminution in the value of these properties that is other than temporary.

2.7 Financial instruments

Non-derivative financial instruments

Non-derivative financial instruments comprise investments in equity and debt securities, investments in private equity funds, trade and other receivables, cash and cash equivalents, financial liabilities, and trade and other payables.

Non-derivative financial instruments (excluding instruments that are classified as investments at fair value through profit or loss) are recognised initially at fair value plus any directly attributable transactions costs. Subsequent to initial recognition, non-derivative financial instruments are measured as described below.

2.7 Financial Instruments (cont'd)

Non-derivative financial instruments (cont'd)

A financial instrument is recognised if the Group becomes a party to the contractual provisions of the instruments. Financial instruments are derecognised if the Group's contractual rights to the cash flow from the financial assets expire or if the Group transfers the financial asset to another party without retaining control or transfers substantially all the risk and rewards of the asset. Regular way purchases and sales of financial assets are accounted for at trade date, ie, the date that the Group commits itself to purchase or sell the asset. Financial liabilities are derecognised if the Group's obligations specific in the contract expire or are discharged or cancelled.

Cash and cash equivalents comprise cash balances and bank deposits. Bank overdrafts that are repayable on demand and that form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

Available-for-sale financial assets

The Group's investments in certain equity securities and debt securities are classified as available-for-sale financial assets. Subsequent to initial recognition, they are measured at fair value and changes therein, other than for impairment losses, and foreign exchange gains and losses on available-for-sale monetary items (see note 2.3), are recognised directly in equity. When an investment is derecognised, the cumulative gain or loss in equity is transferred to the income statement.

Equity instruments that do not have a quoted market price in an active market and in respect of which the range of fair value estimates is significant are measured at cost less accumulated impairment if the probabilities of the various estimates cannot be reasonably assessed.

Debt securities that do not have fixed terms of repayment which represent, in substance, the Group's net investment in the issuer are stated at cost less accumulated impairment.

Investments at fair value through profit or loss

An instrument is classified as at fair value through profit or loss if it is held for trading or is designated as such upon initial recognition. Financial instruments are designated as fair value through profit or loss if the Group manages such investments and makes purchase and sale decisions based on their fair value. Upon initial recognition, attributable transaction costs are recognised in the income statement when incurred. Financial instruments at fair value through profit or loss are measured at fair value and changes therein are recognised in the income statement.

Other

Other non-derivative financial instruments comprising interest-bearing liabilities are measured at amortised cost using the effective interest method, less any impairment losses.

Derivative financial instruments and hedging activities

Derivative financial instruments are used to manage exposures to foreign exchange and interest rate risks arising from operational, financing and investment activities. Derivatives are not used for trading purposes. However, derivatives that do not qualify for hedge accounting are accounted for as trading instruments.

Derivatives are recognised initially at fair value; attributable transaction costs are recognised in the income statement when incurred. Subsequent to initial recognition, derivatives are measured at fair value. The gain or loss on remeasurement to fair value is recognised immediately in the income statement.

2.7 Financial Instruments (cont'd)

Impairment of financial assets

A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate. An impairment loss in respect of an available-for-sale financial asset is calculated by reference to its current fair value.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

All impairment losses are recognised in the income statement. Any cumulative loss in respect of an available-for-sale financial asset recognised previously in equity is transferred to the income statement.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. For financial assets measured at amortised cost and available-for-sale financial assets that are debt securities, the reversal is recognised in the income statement. For available-for-sale financial assets that are equity securities, the reversal is recognised directly in equity.

2.8 Financial guarantees

Financial guarantee contracts are accounted for as insurance contracts. A provision is recognised based on the Company's estimate of the ultimate cost of settling all claims incurred but unpaid at the balance sheet date. The provision is assessed by reviewing individual claims and tested for adequacy by comparing the amount recognised and the amount that would be required to settle the guarantee contract.

2.9 Share capital

Ordinary shares are classified as equity.

Costs directly attributable to the issue of ordinary shares and share options are recognised as a deduction from equity.

2.10 Impairment – non-financial assets

The carrying amounts of the Group's non-financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the assets' recoverable amounts are estimated. For goodwill, recoverable amount is estimated at each reporting date, and as and when indicators of impairment are identified.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows that largely are independent from other assets and groups. Impairment losses are recognised in the income statement unless it reverses a previous revaluation, credited to equity, in which case it is charged to equity. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (group of units) on a pro rata basis.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows 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 or cash-generating unit.

2.10 Impairment – non-financial assets (cont'd)

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

2.11 Development properties

Development properties are those properties which are held with the intention of development and sale in the ordinary course of business. They are stated at the lower of cost plus, where appropriate, a portion of attributable profit, and estimated net realisable value, net of progress billings. Net realisable value represents the estimated selling price less costs to be incurred in selling the property.

The cost of properties under development comprise specifically identified costs, including acquisition costs, development expenditure, borrowing costs and other related expenditure. Borrowing costs payable on loans funding a development property are also capitalised, on a specific identification basis, as part of the cost of the development property until the completion of development.

Development properties which have been awarded Temporary Occupation Permit ("TOP") and are not sold are transferred to properties held for sale.

Properties held for sale are those properties which are acquired as completed properties and are stated at the lower of cost and net realisable value. Net realisable value represents the estimated selling price less costs to be incurred in selling the property. The cost of properties held for sale comprises the cost of purchase of properties and associated costs.

2.12 Inventories

Inventories are stated at the lower of cost and net realisable value on the first-in, first-out basis.

2.13 Employee benefits

Defined contribution plans

Obligations for contributions to defined contribution pension plans are recognised as an expense in the income statement as incurred.

Short-term benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

A provision is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Share-based payments

The share option programme allows Group employees to acquire shares of the Company. The fair value of options granted is recognised as an employee expense with a corresponding increase in equity. The fair value is measured at grant date and spread over the period during which the employees become unconditionally entitled to the options. At each balance sheet date, the company revises its estimates of the number of options that are expected to become exercisable. It recognises the impact of the revision of original estimates in employee expense and in a corresponding adjustment to equity over the remaining vesting period.

2.14 Interest-free related party loans – non-quasi equity

Loans to subsidiaries

In the Company's financial statements, interest-free inter-company loans to subsidiaries are stated at fair value at inception. The difference between the fair value and the loan amount at inception is recognised as additional investments in subsidiaries in the Company's financial statements. Subsequently, these loans are measured at amortised cost using the effective interest method. The unwinding of the difference is recognised as interest income in the profit and loss account over the expected repayment period.

Such balances are eliminated in full in the Group's consolidated financial statements.

Loan to associate

Interest-free loan to an associate is stated at fair value at inception. The difference between the fair value and the loan amount at inception is recognised as additional investment in the associate. Subsequently, the loan is measured at amortised cost using the effective interest method. The unwinding of the difference is recognised as interest income in the profit and loss account over the expected repayment period.

2.15 Revenue recognition

Sale of properties

Income from sale of properties held is recognised upon completion of the sale and purchase agreement.

Development Properties sold under normal payment scheme ("NPS")

The Group recognises income on property development projects when the risks and rewards of ownership have been transferred to the buyer through either the transfer of legal title or an equitable interest in a property. In cases where the Group is obliged to perform any significant acts after the transfer of legal title or an equitable interest, revenue is recognized as the acts are performed based on the percentage of completion method under Recommended Accounting Practice (RAP) 11 Pre-completion Contracts for the Sale of Development Property issued by the Institute of Certified Public Accountants of Singapore in October 2005. Under RAP 11, when (a) construction is beyond a preliminary stage, (b) minimum down payment criteria are met, (c) sales prices are collectible, and (d) aggregate sales proceeds and costs can be reasonably estimated, the percentage of completion method is an allowed alternative. If any of the above criteria are not met, pre-completion proceeds received are accounted for as deposits until such criteria are met.

Under the percentage of completion method, profit is brought into the financial statements only in respect of sales procured and to the extent that such profit relates to the progress of construction work. The progress of construction work is determined based on the stage of completion certified by an architect or a quantity surveyor.

Development Properties sold under deferred payment scheme ("DPS")

In view of the higher risk profile under DPS, the revenue is deemed to become more certain and probable only when the project is awarded TOP. Accordingly, profits on property development projects sold under DPS are recognised based on the initial deposit received and/or receivable and upon TOP of the project, and only in respect of finalised sales agreements and to the extent that such profits relate to the progress of the construction work.

Properties in the United Kingdom

For property development projects in the United Kingdom, where no progress payments are received from purchasers during construction, there is a risk that purchasers may not complete their obligations under the sale contracts. Accordingly, income from such sales is recognised in the period in which the purchaser takes possession of the property and when full payment is received.

2.15 Revenue recognition (cont'd)

Rental income

Rental income receivable under operating leases is recognised in the income statement on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income to be received. Contingent rentals are recognised as income in the accounting period in which they are earned.

Hotel revenue

Revenue arising from hotel and leisure operations is recognised when the relevant services are rendered.

Dividend income

Dividend income is recognised on the date that the shareholder's right to receive payment is established, which in the case of quoted securities is the ex-dividend date.

Interest income

Interest income from bank deposits is accrued on a time-apportioned basis on the principal outstanding and at the rate applicable.

2.16 Finance costs

Borrowing costs are recognised in the income statement using the effective interest method, except to the extent that they are capitalised as being directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to be prepared for its intended use or sale.

Capitalisation of interest for a development of property is discontinued upon the receipt of the Temporary Occupation Permit ("TOP") issued by the relevant authority.

2.17 Income tax expense

Income tax expense comprises current and deferred tax. Income tax expense is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit, and differences relating to investments in subsidiaries, associates and jointly-controlled entities to the extent that they probably will not reverse in the foreseeable future. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which temporary differences can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

3 Furniture, fittings and equipment

Group	Leasehold improvements $'000	Furniture, fittings and office equipment $'000	Motor vehicles $'000	Total $'000
Cost				
At 1 January 2005	1,734	1,386	1,562	4,682
Translation adjustment	-	-	(11)	(11)
Additions	53	80	1,138	1,271
Disposals	-	(12)	(1,217)	(1,229)
At 31 December 2005	1,787	1,454	1,472	4,713
At 1 January 2006	1,787	1,454	1,472	4,713
Translation adjustment	-	-	7	7
Additions	-	56	4	60
Disposals	(1,165)	(334)	(9)	(1,508)
At 31 December 2006	622	1,176	1,474	3,272
Accumulated depreciation and impairment losses				
At 1 January 2005	1,505	1,075	1,265	3,845
Translation adjustment	-	-	(11)	(11)
Depreciation charge for the year	114	136	174	424
Disposals	-	(12)	(1,106)	(1,118)
At 31 December 2005	1,619	1,199	322	3,140
At 1 January 2006	1,619	1,199	322	3,140
Translation adjustment	-	-	7	7
Depreciation charge for the year	125	135	170	430
Disposals	(1,165)	(333)	(9)	(1,507)
At 31 December 2006	579	1,001	490	2,070
Carrying amount				
At 31 December 2006	43	175	984	1,202
At 31 December 2005	168	255	1,150	1,573
At 1 January 2005	229	311	297	837

3 Furniture, fittings and equipment (cont'd)

Company	Furniture, fittings and office equipment $'000	Motor vehicles $'000	Total $'000
Cost			
At 1 January 2005	183	1,260	1,443
Additions	21	178	199
Disposals	(12)	(1,043)	(1,055)
At 31 December 2005	192	395	587
At 1 January 2006	192	395	587
Additions	20	4	24
Disposals	(7)	(9)	(16)
At 31 December 2006	205	390	595
Accumulated depreciation and impairment losses			
At 1 January 2005	126	1,002	1,128
Depreciation charge for the year	26	54	80
Disposals	(12)	(967)	(979)
At 31 December 2005	140	89	229
At 1 January 2006	140	89	229
Depreciation charge for the year	30	54	84
Disposals	(7)	(9)	(16)
At 31 December 2006	163	134	297
Carrying amount			
At 31 December 2006	42	256	298
At 31 December 2005	52	306	358
At 1 January 2005	57	258	315

4 Investment properties

	Group 2006 $'000	Group 2005 $'000
Freehold properties, at cost		
At 1 January	61,675	61,675
Additions	4,439	-
At 31 December	66,114	61,675
Leasehold properties, at cost	65,738	65,738
Impairment loss on leasehold properties	(7,118)	(16,858)
	58,620	48,880
Total investment properties	124,734	110,555
Fair value	154,370	130,800

The fair value of the investment properties as at 31 December 2006 is based on independent professional valuations carried out by Messrs Colliers International Consultancy Valuation (Singapore) Pte Ltd, a firm of independent professional valuers, at open market values on an existing use basis.

The investment properties have been pledged to secure banking facilities granted to the Group (see note 17).

5 Subsidiaries

	Company 2006 $'000	Company 2005 $'000
Investment in subsidiaries, at cost	41,391	40,491
Discount implicit in the interest-free inter-company loans	4,588	6,352
Allowance for impairment loss	(1,000)	(1,000)
	44,979	45,843

The interest-free loans granted by the Company to the subsidiaries were repaid ahead of schedule and interest was charged on certain of these loans in 2006. This resulted in the decrease of the discount implicit in the interest-free loans by $1,764,000.

5 Subsidiaries (cont'd)

Details of the subsidiaries are as follows:

Name of subsidiary	Country of incorporation	Effective equity held by the Group 2006 %	Effective equity held by the Group 2005 %
@ Ho Bee Developments Pte Ltd and its subsidiaries:	Singapore	100	100
@ Ho Bee (Eastwood Park) Pte Ltd	Singapore	100	100
@ Ho Bee (Pasir Ris) Pte Ltd	Singapore	100	100
@ Legion Holdings Pte Ltd	Singapore	60	60
@ Ho Bee Realty Pte Ltd	Singapore	100	100
@ Ho Bee (Sentosa) Pte Ltd	Singapore	100	100
@ Pacific Rover Pte Ltd	Singapore	100	100
@ Soon Wing Properties Pte Ltd	Singapore	100	100
@ HBO Investments Pte Ltd	Singapore	100	100
@ HB Properties International Pte Ltd	Singapore	100	100
@ HB Venture Capital Pte Ltd	Singapore	100	100
@ Ho Bee Homes Pte Ltd	Singapore	100	100
@ Ho Bee Cove Pte Ltd	Singapore	90	-
@ HBS Investments Pte Ltd and its subsidiaries:	Singapore	70	70
* Parliament View Developments Limited	United Kingdom	70	70
** Parliament View Management Company Limited	United Kingdom	70	70

@ Audited by KPMG Singapore.
* Audited by a member firm of KPMG International.
** Not required to be audited in its country of incorporation.

6 Associates

	Group 2006 $'000	Group 2005 $'000	Company 2006 $'000	Company 2005 $'000
Investment in associates, at cost	570	570	570	570
Discount implicit in the interest-free loan	315	230	315	230
Share of post-acquisition (losses)/profits	(548)	43	-	-
	337	843	885	800

6 Associates (cont'd)

Details of the associates are as follows:

Name of associate	Country of incorporation	Effective equity held by the Group 2006 %	2005 %
* Hasidon Holdings Pte Ltd	Singapore	32	32
** Taewin Pte Ltd[2]	Singapore	25	25
@ Chongbang Development Limited[1]	Hong Kong	-	14

@ Audited by HLB Hodgson Impey Cheng
* Audited by Chan-Soh & Co.
** Audited by Lo Hock Ling & Co.

[1] During the year, Chongbang Development Limited (CBDL) underwent a group restructuring. Following the restructuring, the Group's equity and debt interests (Note 13) in CBDL were replaced by equity and debt interests in Chongbang Holdings Limited, the new holding company of CBDL. The Group's equity interest in the investee was reduced and as such, the Group does not continue to have significant influence on the investee corporation. The Group's equity and debt interests in Chongbang Holdings Limited are held as available for sale investments.

[2] Taewin Pte Ltd has filed for members' voluntary liquidation on 30 December 2006.

The summarised financial information relating to associates is not adjusted for the percentage of ownership held by the Group.

The financial information of the associates is as follows:

	2006 $'000	2005 $'000
Results		
Revenue	576	1,619
Net profit after income tax	51	850
Assets and liabilities		
Total assets	14,587	85,386
Total liabilities	12,699	83,039
Group's share of contingent liabilities	2,504	2,936

The Group has not recognised losses relating to an associate where the Group's share of losses exceeded the carrying amount of its investment in the associate. The Group's share of these cumulative unrecognised losses is $1,553,000 (2005: $2,012,000). The Group has no obligation in respect of these losses.

7 Jointly-controlled entities

	Group		Company	
	2006 $'000	2005 $'000	2006 $'000	2005 $'000
Investment in jointly-controlled entities, at cost	1,000	500	500	-
Share of retained earnings	142	174	-	-
	1,142	674	500	-

Details of the jointly-controlled entities are as follows:

Name of jointly-controlled entities	Country of incorporation	Effective equity held by the Group 2006 %	2005 %
@ Bodenheim Investments Pte Ltd	Singapore	50	50
** Cavernbond Limited	United Kingdom	50	50
* Calne Pte Ltd	Singapore	50	-

@ Audited by KPMG Singapore.
** Not required to be audited in its country of incorporation.
* Auditor has not been appointed as at 31 December 2006.

The Group's share of the jointly-controlled entities' results, assets and liabilities is as follows:

	2006 $'000	2005 $'000
Results		
Revenue	152	15,008
Expenses	116	(13,113)
Profit after income tax	268	1,895
Assets and liabilities		
Current assets	1,236	1,973
Current liabilities	(94)	(1,299)
Net assets	1,142	674
Group's share of jointly-controlled entities' capital commitments	131,400	-

The share of retained earnings at 31 December 2006 is lower than at 31 December 2005 due to dividend payments by Bodenheim Investments Pte Ltd during the year.

8 Other investments

	Group		Company	
	2006	2005	2006	2005
	$'000	$'000	$'000	$'000
Non-current investments, at cost				
Club membership	150	150	-	-
Other investments	2,717	2,615	-	-
	2,867	2,765	-	-

9 Financial assets

	Group		Company	
	2006	2005	2006	2005
	$'000	$'000	$'000	$'000
Non-current assets				
Investments designated at fair value through profit and loss				
- Investment in private equity funds	4,196	3,247	-	-
Available-for-sale				
- Investments				
- Unquoted equity investment	1,738	-	-	-
- Debt securities				
- interest bearing	3,107	-	-	-
- non-interest bearing	10,390	-	-	-
	15,235	-	-	-
- Quoted equity investment	1,393	-	1,393	-
	20,824	3,247	1,393	-
Current assets				
Investments held for trading				
- Quoted equity investments	139	133	55	58
Total financial assets	20,963	3,380	1,448	58

These debt securities do not have fixed terms of repayment and represent, in substance, the Group's net investment in the issuer, and are stated at cost less accumulated impairment. The interest bearing amounts bear interest at 7.31% per annum.

Financial assets denominated in currencies other than the Company's functional currency are as follows:

	Group		Company	
	2006	2005	2006	2005
	$'000	$'000	$'000	$'000
United States Dollar	19,431	3,247	-	-
Australian Dollar	1,393	-	1,393	-

10 Other receivables

	Group 2006 $'000	Group 2005 $'000	Company 2006 $'000	Company 2005 $'000
Non-current assets				
Amounts due from:				
- subsidiaries (non-trade)				
- interest bearing	-	-	188,542	8,750
- non-interest bearing	-	-	16,613	34,575
- jointly-controlled entity (non-trade)				
- interest bearing	14,100	-	14,100	-
- associate (non-trade)				
- non-interest bearing	1,306	921	1,306	921
- other (non-trade)	166	-	-	-
	15,572	921	220,561	44,246

The above amounts are non-trade in nature, unsecured and are not expected to be repaid within the next 12 months. There is no allowance for doubtful debts arising from the outstanding balances.

Terms and conditions of the outstanding related loans are as follows :

	Effective interest rate %	Expected year of maturity	2006 Face value $'000	2006 Carrying amount $'000	2005 Face value $'000	2005 Carrying amount $'000
Group						
Loans to jointly-controlled entity						
- interest bearing	4.50-4.75	2009	14,100	14,100	-	-
Loans to associate*	4.75	2009-2010	1,520	1,306	1,108	921
Other loans*	7.31	2009	166	166	-	-
			15,786	15,572	1,108	921
Company						
Loans to subsidiaries						
- interest bearing	4.35-4.75	2009	188,542	188,542	8,750	8,750
- non-interest bearing*	4.75	2009-2011	19,551	16,613	40,082	34,575
			208,093	205,155	48,832	43,325
Loans to jointly-controlled entity						
- interest bearing	4.50-4.75	2009	14,100	14,100	-	-
Loans to associate*	4.75	2009-2010	1,520	1,306	1,108	921
			223,713	220,561	49,940	44,246

* The effective interest rates are the prevailing market interest rates of similar loans used to discount the loans to related companies and associate to their fair value at inception.

11 Deferred tax

Movements in deferred tax assets and liabilities of the Group (prior to offsetting of balances) during the year are as follows:

Group	At 1 January 2005 $'000	Recognised in income statement (note 24) $'000	At 31 December 2005 $'000	Recognised in income statement (note 24) $'000	At 31 December 2006 $'000
Deferred tax liabilities					
Development properties	2,310	6,213	8,523	(2,584)	5,939
Income not remitted into Singapore	230	(67)	163	(139)	24
Others	-	46	46	(46)	-
Total	2,540	6,192	8,732	(2,769)	5,963
Deferred tax assets					
Furniture, fittings and equipment	(66)	(45)	(111)	94	(17)
Tax value of losses carry-forward	(620)	63	(557)	72	(485)
Trade receivables	(33)	33	-	-	-
Total	(719)	51	(668)	166	(502)

Deferred tax liabilities and assets are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same taxation authority.

As at 31 December 2006, the Group has unutilised tax losses amounting to approximately $2,425,000 (2005: $2,780,000) which are available for set-off against future taxable income subject to the agreement of the Comptroller of Income Tax and compliance with Section 37 of the Singapore Income Tax Act, Chapter 134.

12 Development properties

	Group		Company	
	2006 $'000	2005 $'000	2006 $'000	2005 $'000
Properties held for sale, at net realisable value	85,632	159,262	1,800	4,780
Properties under development				
Costs incurred and attributable profits, less	1,071,215	453,432	-	-
Progress billings	(587,876)	(177,238)	-	-
	483,339	276,194	-	-
Total development properties	568,971	435,456	1,800	4,780
Interest capitalised during the year (Note 23)	12,850	2,914	-	-

The finance costs have been capitalised at rates of 3.45% - 5.03% (2005: 2.62% - 4.70%) per annum for development properties.

12 Development properties (cont'd)

The Group's current policy of recognising revenue using the percentage of completion method on its development projects in Singapore is an allowed alternative under RAP 11. The impact on the financial statements, had revenue on the Singapore projects been recognised using the completion of construction method, is as follows:

	Group Increased/(Decreased) by	
	2006 $'000	2005 $'000
Opening accumulated profits	(42,600)	(10,600)
Revenue for the year	32,080	(93,200)
Profit for the year	12,896	(32,000)
Development properties as at 1 January	82,600	21,400
Development properties as at 31 December	63,416	82,600

13 Trade and other receivables

	Group		Company	
	2006 $'000	2005 $'000	2006 $'000	2005 $'000
Trade receivables	70,619	12,040	-	4
Allowance for doubtful receivables	(222)	(226)	-	-
Net receivables	70,397	11,814	-	4
Derivative financial instruments (Note 30)	-	1,242	-	-
Deposits	139	241	5	5
Deposits/Option placed for land purchase	21,398	8,870	-	60
Prepayments	80	1,054	34	20
Amounts due from:				
- subsidiaries (non-trade)	-	-	16,072	57,441
- associates (non-trade) (see Note 6)	-	13,761	-	-
- jointly-controlled entities (non-trade)	1	494	-	-
Tax recoverable	3,349	13,107	3,143	9,399
Other receivables	830	190	18	17
	96,194	50,773	19,272	66,946

Amounts due from subsidiaries, associates and jointly-controlled entities are unsecured, interest-free and repayable on demand. There are no allowances for doubtful debts arising from the outstanding balances.

Receivables denominated in currencies other than the Company's functional currency are as follows:

	Group	
	2006 $'000	2005 $'000
Renminbi	1,705	1,818
Sterling Pound	397	391
United States Dollar	-	13,761

14 Cash and cash equivalents

	Group 2006 $'000	Group 2005 $'000	Company 2006 $'000	Company 2005 $'000
Cash at banks and in hand	6,033	6,976	298	37
Fixed deposits	160,316	39,915	-	-
Cash and cash equivalents in the statement of cash flows	166,349	46,891	298	37

Included in cash and cash equivalents of the Group are amounts held under the Housing Developers (Project Account) (Amendment) Rules 1997, totalling $162,198,880 (2005: $38,886,320), the use of which is subject to restrictions imposed by the aforementioned rules.

Monies held by solicitors of $342,128 at 31 December 2005 have been reclassified from cash and cash equivalents to trade receivables.

15 Share capital

	Group and Company 2006 No. of shares '000	Group and Company 2006 $'000	Group and Company 2005 No. of shares '000	Group and Company 2005 $'000
Issued and fully paid:				
At 1 January	617,338	30,867	617,338	30,867
Transfer from share premium account and capital redemption reserve upon implementation of the Companies (Amendment) Act 2005	-	67,139	-	-
Issue of ordinary shares during the year (net of share placement expense)	120,000	107,127	-	-
	737,338	205,133	617,338	30,867

On 17 April 2006, the Company issued 120,000,000 new ordinary shares for $108,600,000 pursuant to the Placement (the "Placement Shares"). The proceeds raised, less issue costs of $1,473,000, were credited to share capital. The net proceeds from the placement were utilised to retire bank borrowings and to provide working capital for the Group. The Placement Shares rank pari passu in all respects with the existing shares in the capital of the Company except that the Placement Shares do not rank for any dividends declared in respect of the financial year ended 31 December 2005 nor do the Placement Shares rank for any entitlements, distributions, dividends or rights (if any), the record date in respect of which falls prior to the date of issue of the Placement Shares.

On the date of commencement of the Companies (Amendment) Act 2005 on 30 January 2006:

(a) The concept of authorised share capital is abolished;
(b) Shares of the Company have no par value; and
(c) Amount standing to the credit of the Company's share premium account and capital redemption reserve becomes part of the Company's share capital.

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All shares rank equally with regard to the Company's residual assets.

16 Reserves

	Group		Company	
	2006	2005	2006	2005
	$'000	$'000	$'000	$'000
Share premium	-	66,006	-	66,006
Capital reserve	2,230	2,230	187	1,320
Capital redemption reserve	-	1,133	-	-
Currency translation reserve	3,015	2,309	-	-
Fair value reserve	(1,893)	-	(1,893)	-
Accumulated profits	292,083	205,336	39,943	47,358
	295,435	277,014	38,237	114,684

The capital reserve which arose prior to 1 January 2001, comprise negative goodwill arising on acquisition of interests in subsidiaries and discount arising on the acquisition of shareholder loans extended to a subsidiary.

The fair value reserve comprises the cumulative net change in the fair value of available-for-sale investments until the investments are derecognised.

The currency translation reserve comprises foreign exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from the functional currency of the Company.

Included in the balance of the accumulated profits is a loss of $406,000 (2005: profit of $217,000) representing share of post acquisition results of associates and jointly-controlled entities.

17 Interest-bearing liabilities

	Group		Company	
	2006	2005	2006	2005
	$'000	$'000	$'000	$'000
Non-current liabilities				
Secured bank loans	364,268	189,255	-	-
Current liabilities				
Secured bank loans	21,900	76,026	-	5,000
Unsecured bank loans	800	3,000	800	3,000
	22,700	79,026	800	8,000
Total loans and borrowings	386,968	268,281	800	8,000

The secured bank loans are secured on the following assets:

	Group		Company	
	2006	2005	2006	2005
	$'000	$'000	$'000	$'000
Investment properties	46,726	86,111	-	5,000
Development properties	480,024	402,684	-	-
Carrying amounts	526,750	488,795	-	5,000

17 Interest-bearing liabilities (cont'd)

In addition to the above, the Group's secured bank loans are secured by legal assignment of sales and rental proceeds, insurance, construction contracts and performance bonds in relation to the properties under development.

Terms and debt repayment schedule

Terms and conditions of outstanding loans and borrowings are as follows:

			2006		2005	
	Interest rate %	Year of maturity	Face value $'000	Carrying amount $'000	Face value $'000	Carrying amount $'000
Group						
Secured bank loans						
- floating rate	4.23-4.87	2007-2010	386,168	386,168	265,281	265,281
Unsecured bank loans						
- floating rate	4.49	2007	800	800	3,000	3,000
			386,968	386,968	268,281	268,281
Company						
Secured bank loans						
- floating rate	-	-	-	-	5,000	5,000
Unsecured bank loans						
- floating rate	4.49	2007	800	800	3,000	3,000
			800	800	8,000	8,000

18 Other liabilities

	Group		Company	
	2006 $'000	2005 $'000	2006 $'000	2005 $'000
Amounts due to minority shareholders	18,186	1,215	-	-
Non-current retention sums payable	1,621	4,027	-	-
	19,807	5,242	-	-

Amounts due to minority shareholders are unsecured and interest is chargeable at 4.35% - 4.75% (2005: 4.75%) per annum. These amounts have no fixed terms of repayment and are not expected to be repaid within the next 12 months.

19 Trade and other payables

	Group		Company	
	2006	2005	2006	2005
	$'000	$'000	$'000	$'000
Trade payables	246	42	-	-
Deposits and advances from customers	2,112	19,936	51	59
Rental deposits	2,264	3,103	8	21
Accrued operating expenses and development expenditure	33,553	10,180	8,422	3,073
Derivative financial instruments (Note 30)	605	770	-	-
Amounts due to (non-trade):				
- subsidiaries	-	-	37,208	14
- jointly-controlled entities	200	-	-	-
- minority shareholder	-	420	-	-
Other payables	481	637	26	23
Retention sums payable	4,240	-	-	-
	43,701	35,088	45,715	3,190

Amounts due to subsidiaries, jointly-controlled entities and minority shareholder are unsecured and repayable on demand.
Payables denominated in currencies other than the Company's functional currency comprise of $851,015 (2005: $1,099,829) of trade payables denominated in Sterling pounds.

Retention sums payable of $4,027,000 at 31 December 2005 have been reclassified from current liabilities to non-current liabilities due to clarification of the terms of payment.

20 Revenue

Revenue represents property development income, management fee income, rental income and service charges, and proceeds from letting of hotel rooms, food and beverages and other hotel related services, after eliminating inter-company transactions. Property development income consists of sales proceeds from properties held for resale, and in respect of property development projects, an appropriate portion of the contracted sales value on which profit has been recognised under the percentage of completion method. The amount of each significant category of revenue is as follows:

	Group	
	2006	2005
	$'000	$'000
Gross proceeds from properties sold	377,723	180,597
Rental income and service charges	11,956	13,251
Gross proceeds from hotel operations	3,420	2,979
	393,099	196,827

21 Other income

	Group	
	2006	2005
	$'000	$'000
Interest income	1,393	397
Exchange gain	-	56
Gross dividend from quoted equity investments	12	6
Gain on sale of furniture, fittings and equipment	1	305
Fair value changes in derivatives financial instruments	-	870
Fair value changes in financial assets	583	195
Write back of allowance for impairment loss for investment properties	9,740	-
Write back on overaccrued development costs	-	1,918
Others	845	266
	12,574	4,013

Included in interest income is an amount arising from the unwinding of discount implicit in the interest-free loan to an associate amounting to $59,000 (2005: $42,000).

22 Directors' remuneration

Number of directors in remuneration bands:

	2006 Number of Directors	2005 Number of Directors
$500,000 and above	3	1
$250,000 to $499,999	-	2
Below $250,000	5*	4*
Total	8	7

* includes 5 (2005: 4) independent directors.

23 Finance costs

		Group	
	Note	2006	2005
		$'000	$'000
Interest expense		18,043	6,616
Less:			
Finance costs capitalised in properties under development	12	(12,850)	(2,914)
		5,193	3,702

24 Income tax expense

	Group 2006 $'000	Group 2005 $'000
Current tax expense		
Current year	29,738	3,257
Adjusments for prior years	(4,443)	228
	25,295	3,485
Deferred tax expense		
Movements in temporary differences	(2,740)	6,243
Adjustments for prior years	137	-
	(2,603)	6,243
Foreign tax suffered	240	-
Income tax expense	22,932	9,728

Reconciliation of effective tax rate

	Group 2006 $'000	Group 2005 $'000
Profit for the year	101,140	38,194
Total income tax expense	22,932	9,728
Profit excluding income tax	124,072	47,922
Tax calculated using Singapore tax rate at 20% (2005: 20%)	24,814	9,584
Expenses not deductible for tax purposes	2,762	285
Income not subject to tax	(1,122)	(437)
Effect of different tax rates in other countries	544	68
Foreign tax suffered	240	-
Under/(over) provided in prior years	(4,306)	228
	22,932	9,728

25 Profit for the year

The following items have been included in arriving at profit for the year:

	Group 2006 $'000	Group 2005 $'000
Non-audit fees paid to auditors of the Company	85	84
Depreciation of furniture, fittings and equipment	430	424
Exchange loss, net	1,713	-
Fair value changes in derivatives financial instruments	1,077	-
Impairment losses on investment properties	-	400
Write-down of properties held for sale to net realisable value	-	972
Staff costs	4,258	5,928
Contributions to defined contribution plans included in staff costs	267	263
Other staff costs	17	39
Loss on dilution of interest in former associate	110	-

26 Earnings per share

	Group	
	2006	2005
	$'000	$'000
Basic earnings per share is based on:		
Net profit attributable to ordinary shareholders	98,579	38,074

	2006 No. of shares ('000)	2005 No. of shares ('000)
Issued ordinary shares at the beginning of the year	617,338	617,338
Weighted average number of ordinary shares issued during the year	85,000	-
Weighted average number of ordinary shares at end of the year	702,338	617,338

	2006 $'000	2005 $'000
Diluted earnings per share is based on:		
Net profit attributable to ordinary shareholders	98,579	38,074

Diluted earnings per share is also computed based on a weighted average of 702,338,000 (2005: 617,338,000) shares as the Company does not have any potential ordinary shares.

27 Dividends

After the balance sheet date, the Directors proposed the following dividends, which have not been provided for.

	Group and Company	
	2006	2005
	$'000	$'000
Proposed first and final dividend of 0.75 cents per share less tax of 20%	-	3,704
Proposed final dividend of 0.75 cents per share less tax of 18%	4,535	-
Proposed special dividend of 1.25 cents (2005: 0.75 cents) per share less tax of 18% (2005: 20%)	7,557	3,704
	12,092	7,408

28 Significant related party transactions

For the purpose of these financial statements, parties are considered to be related to the Company if the Company has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Company and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

Other than as disclosed elsewhere in the financial statements, the transactions with related parties based on terms agreed between the parties are as follows:

	Group	
	2006	**2005**
	$'000	**$'000**
Related companies		
Rental income	563	563
Purchase of motor vehicles	-	725
Others	136	161
Related parties		
Sale of properties to:		
- directors and their immediate families	29,794	4,602
Key management personnel compensation		
- short-term employee benefits	7,508	2,933

29 Commitments

As at 31 December 2006, commitments for expenditure which have not been provided for in the financial statements were as follows:

	Group	
	2006	**2005**
	$'000	**$'000**
Authorised and contracted for:		
- development expenditure	287,355	101,000
- subscription for additional interest in private equity funds	2,879	2,741
- property purchase	354,119	79,290
- debt securities	18,410	-

30 Derivative financial instruments

The table below sets out the notional principal amounts and the positive and negative fair values of the Group's derivative financial instruments. Positive and negative fair values represent the mark-to-market values of the derivative contracts held for trading purposes.

Group	Notional amount (Maturity)				Positive fair value (Note 13)	Negative fair value (Note 19)
	Within 3 months	3 - 12 months	More than 12 months	Total		
2006	$'000	$'000	$'000	$'000	$'000	$'000
Interest rate derivatives:						
Swaps	-	-	227,000	227,000	-	605
2005						
Interest rate derivatives:						
Swaps	-	-	108,520	108,520	1,242	770

31 Financial instruments

General description of activities

Risk management is integral to the whole business of the Group. The Group has a system of controls in place to create an acceptable balance between the cost of risks occurring and the cost of managing the risks. The management continually monitors the Group's risk management process to ensure that an appropriate balance between risk and control is achieved.

Credit risk

The Group's primary exposure to credit risk arises through its trade and other receivables. The Group has procedures in place to manage credit risk and exposure to such risk is monitored on an ongoing basis. Cash and fixed deposits are placed with banks and financial institutions which are regulated. Investments and transactions involving derivative financial instruments are restricted with counter parties who meet the appropriate credit criteria and/ or are of high credit standing. As such, the Group does not expect any counter party to fail to meet its commitments.

At the balance sheet date, there were no significant concentrations of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset, including derivative financial instruments in the balance sheet.

Foreign currency risk

The Group incurs foreign currency risk on transactions that are denominated in currencies other than the Singapore dollar. The Group tries to maintain a natural hedge whenever possible, by borrowing in the currency of the country in which the property or investment is located or by borrowing in currencies that match the future revenue streams to be generated from its investments. The currencies giving rise to this risk are primarily the Pound Sterling, the United States dollar and Renminbi. Exposure to foreign currency risk is monitored on an ongoing basis by the Group to ensure that the net exposure is kept at an acceptable level.

The Group is also exposed to currency translation risk on its net investments in foreign operations. Such exposures are reviewed and monitored on a regular basis.

31 Financial instruments (cont'd)

Interest rate risk

The Group's exposure to market risk arises from changes in interest rates on its debt obligations, and interest-earning cash and cash equivalents, which are part of the Group's operating capital and are kept to meet the Group's operating requirements.

The Group manages its interest rate exposure by actively reviewing its debt portfolio and switching to cheaper sources of funding in a low interest rate environment to achieve a certain level of protection against interest rate hikes. When necessary, the Group will utilise hedging instruments, such as interest rate swaps, denominated in Singapore dollar to minimise its exposure to interest rate volatility.

Interest rate swaps, which are denominated in Singapore dollars, have been entered into to achieve an appropriate mix of fixed and floating rate exposures within the Group's policy.

The following table provides a breakdown of the effective interest rates at the balance sheet date and the periods in which they reprice or if earlier, the dates on which the instruments mature, in respect of interest-earning financial assets and interest-bearing liabilities of the Group and the Company.

		Earlier of contractual maturity/ repricing date			
2006 Group	**Effective interest rate %**	**Within 1 year $'000**	**1 to 5 years $'000**	**More than 5 years $'000**	**Total $'000**
Financial assets					
Cash and cash equivalents:					
- fixed deposits	3.04	160,316	-	-	160,316
Amounts due from jointly-controlled entity	4.50 – 4.75	14,100	-	-	14,100
Debt securities – interest-bearing	7.31	-	3,107	-	3,107
		174,416	3,107	-	177,523
Financial liabilities					
Interest-bearing bank loans:					
- secured	4.31	386,168	-	-	386,168
- unsecured	4.49	800	-	-	800
Amounts due to minority shareholders	4.33	18,186	-	-	18,186
		405,154	-	-	405,154
Company					
Financial assets					
Amounts due from subsidiaries	4.35	188,542	-	-	188,542
Amounts due from jointly-controlled entity	4.50 – 4.75	14,100	-	-	14,100
		202,642	-	-	202,642
Financial liabilities					
Interest-bearing bank loans:					
- unsecured	4.49	800	-	-	800
		800	-	-	800

31 Financial instruments (cont'd)

Interest rate risk (cont'd)

2005 Group	Effective interest rate %	Earlier of contractual maturity/ repricing date Within 1 year $'000	1 to 5 years $'000	More than 5 years $'000	Total $'000
Financial assets					
Cash and cash equivalents:					
- fixed deposits	3.10	39,915	-	-	39,915
Financial liabilities					
Interest-bearing bank loans:					
- secured	4.00	265,281	-	-	265,281
- unsecured	3.90	3,000	-	-	3,000
Amounts due to minority shareholders	4.75	1,215	-	-	1,215
		269,496	-	-	269,496
Company					
Financial assets					
Amounts due from subsidiaries	3.97	8,750	-	-	8,750
Financial liabilities					
Interest-bearing bank loans:					
- secured	3.89	5,000	-	-	5,000
- unsecured	3.90	3,000	-	-	3,000
		8,000	-	-	8,000

Liquidity risk

The Group actively manages its debt maturity profile, operating cash flows and the availability of funding to ensure that all refinancing, repayment and funding needs are met. As part of its overall prudent liquidity management, the Group maintains sufficient level of cash or cash convertible investments to meet its working capital requirements. In addition, the Group strives to maintain available banking facilities of a reasonable level compared to its overall debt position. When necessary, the Group will raise committed funding from either the capital markets and/or financial institutions and prudently balance its portfolio with some short term funding so as to achieve overall cost effectiveness.

Estimation of fair values

Financial assets

The fair value of the Group's and the Company's quoted investments are the quoted bid price at the balance sheet date.

The fair value of the Group's unquoted investments in private equity funds are determined based on quotations from the fund managers.

31 Financial instruments (cont'd)

Estimation of fair values (cont'd)

Derivatives

The fair value of the interest rate swaps is based on banks quotes. These quotes are tested for reasonableness by discounting estimated future cash flows based on the terms and maturity of each contract and using market interest rates for a similar instrument at the measurement date.

Where discounted cash flow techniques are used, estimated future cash flows are based on management's best estimates and the discount rate is a market related rate for a similar instrument at the balance sheet date. Where other pricing models are used, inputs are based on market related data at the balance sheet date.

Amounts due from subsidiaries, associates and jointly-controlled entities

The carrying value of amounts due from subsidiaries, associates and jointly-controlled entities that reprice within six months of the balance sheet date are assumed to approximate their fair values. Fair value is calculated based on discounted expected future principal and interest cash flows.

Amounts due to minority shareholders

The carrying value of amounts due to minority shareholders that reprice within six months of the balance sheet date are assumed to approximate their fair values. Fair value is calculated based on discounted expected future principal and interest cash flows.

Interest-bearing bank loans (secured)

The carrying value of interest-bearing bank loans that reprice within six months of the balance sheet date is assumed to approximate their fair values. Fair value is calculated based on discounted expected future principal and interest cash flows.

Other financial assets and liabilities

The carrying amounts of financial assets and liabilities with a maturity of less than one year (including trade and other receivables, cash and cash equivalents, and trade and other payables) are assumed to approximate their fair values because of the short period to maturity. All other financial assets and liabilities are discounted to determine their fair values.

Financial guarantee

The principal risk to which the Company is exposed is credit risk in connection with guarantee contracts it has issued. The credit risk represents the loss that would be recognised upon a default by the parties to which the guarantees were given on behalf of. To mitigate these risks, management continually monitors the risks and has established processes including performing credit evaluations of the parties it is providing the guarantee on behalf of. Guarantees are only given to its subsidiaries or related parties.

There are no terms and conditions attached to the guarantee contracts that would have a material effect on the amount, timing and uncertainity of the Company's future cash flows.

The intra-group financial guarantees are eliminated in preparing the consolidated financial statements. Estimates of the Company's obligations arising from financial guarantee contracts may be affected by future events, which cannot be predicted with any certainty. The assumptions may well vary from actual experience so that the actual liability may vary considerably from the best estimates.

31 Financial instruments (cont'd)

Estimation of fair values (cont'd)

Financial guarantee (cont'd)

Intra-group financial guarantees comprise guarantees granted by the Company to banks in respect of banking facilities amounting to $367,609,000 (2005: $259,156,000). The periods in which financial guarantees expire are as follows:

	Company	
	2006 $'000	2005 $'000
Less than 1 year	21,900	18,500
Between 1 and 5 years	345,709	240,656
	367,609	259,156

32 Segment information

Segment information is presented in respect of the Group's business and geographical segments. The primary format, business segments, is based on the Group's management and internal reporting structure.

Inter-segment pricing is determined on mutually agreed terms.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets and expenses, interest income, interest expenses and related assets and liabilities.

(i) Business Segments

The Group comprises the following main business segments:

Property investment: The investment in properties.
Property development: The development, construction and trading in properties.
Investment holding: The investing activities in quoted and unquoted securities and private equity funds.
Hotel: The management of the hotel.

(ii) Geographical Segments

The hotel, property investment and investment holding segments are managed on a worldwide basis, but operate in two principal geographical areas.
In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of business. Segment assets are based on the geographical location of the assets.

32 Segment information (cont'd)

(a) Business Segments

2006	Property investment $'000	Property development $'000	Investment holding $'000	Hotel $'000	Consolidated total $'000
Revenue	7,495	382,184	-	3,420	393,099
Segment results:					
Company and subsidiaries	10,836	117,243	159	537	128,775
Associates	(467)	-	-	-	(467)
Jointly-controlled entities	-	268	-	-	268
	10,369	117,511	159	537	128,576
Unallocated expenses					(709)
Unallocated income					5
Interest expense					(5,193)
Interest income					1,393
Income tax expense					(22,932)
Profit for the year					101,140
Significant non-cash expenses					
Depreciation and amortisation	-	430	-	-	430
Write back of impairment loss in properties	9,740	-	-	-	9,740
2005					
Revenue	47,181	146,667	-	2,979	196,827
Segment results:					
Company and subsidiaries	4,986	44,177	(282)	548	49,429
Associates	120	-	-	-	120
Jointly-controlled entities	-	1,895	-	-	1,895
	5,106	46,072	(282)	548	51,444
Unallocated expenses					(522)
Unallocated income					305
Interest expense					(3,702)
Interest income					397
Income tax expense					(9,728)
Net profit for the year					38,194

32 Segment information (cont'd)

(a) Business Segments

2005	Property investment $'000	Property development $'000	Investment holding $'000	Hotel $'000	Consolidated total $'000
Significant non-cash expenses					
Depreciation and amortisation	-	424	-	-	424
Impairment losses and write-down of properties	400	972	-	-	1,372
2006					
Assets and Liabilities					
Segment assets	144,845	838,033	5,749	571	989,198
Associates	337	-	-	-	337
Jointly-controlled entities	-	1,142	-	-	1,142
Unallocated assets	-	-	-	-	8,171
Total assets	145,182	839,175	5,749	571	998,848
Segment liabilities	9,228	423,158	42	598	433,026
Unallocated liabilities	-	-	-	-	55,838
Total liabilities	9,228	423,158	42	598	488,864
Capital Expenditure					
Unallocated expenditure	-	-	-	-	60
2005					
Assets and Liabilities					
Segment assets	121,384	510,567	3,565	492	636,008
Associates	843	-	-	-	843
Jointly-controlled entities	-	674	-	-	674
Unallocated assets	-	-	-	-	16,987
Total assets	122,227	511,241	3,565	492	654,512
Segment liabilities	29,874	287,163	55	434	317,526
Unallocated liabilities	-	-	-	-	20,009
Total liabilities	29,874	287,163	55	434	337,535
Capital Expenditure					
Unallocated expenditure	-	-	-	-	1,271

32 Segment information (cont'd)

(b) Geographical segments

2006	China $'000	Singapore $'000	United Kingdom $'000	Consolidated total $'000
Total revenue	1,762	379,483	11,854	393,099
Segment assets	18,212	958,471	12,515	989,198
Capital expenditure	-	60	-	60
2005				
Total revenue	23,104	167,807	5,916	196,827
Segment assets	19,078	593,906	23,024	636,008
Capital expenditure	-	1,271	-	1,271

33 Accounting estimates and judgements

The Group makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

(a) Impairment of other investments

The Group's management makes certain assumption that the value of other investments is appreciating in the long run. The assumption is based on current market conditions for the investments. The Group determines the impairment of the other investments on an annual basis. When market value is not available, management will make a comparison with similar investments. Such comparison will require judgement on the similarity with the investments.

(b) Impairment of investment properties

Investment properties are periodically reviewed for impairment whenever events or changes in circumstance indicated that the carrying amounts may not be recoverable. The recoverable amount is determined based on the greater of fair value less costs to sell and value in use. The fair value is based on independent professional valuations carried out on an open market basis. The Group also considers recent sales price to determine whether surplus on revaluation should be written back.

34 Contingent liabilities (unsecured)

During the year, a former contractor filed a claim against the Company for $150,484 for variation works and for reduction of alleged unfairly assessed liquidated damages of $980,000 for work performed in previous years. The Directors are of the view that there are no merits to the claims and the Company intends to vigorously resist the action. As the Directors are of the view that the claim by the former contractor is unlikely to succeed, no provision has been made for the claim.

35 New accounting standards and interpretations not yet adopted

Certain new accounting standards and interpretations have been issued and are mandatory for accounting periods beginning on or after 1 January 2007. The Group has assessed those standards and interpretations issued. The initial application of these standards and interpretations are not expected to have any material impact on the Group's financial statements, except for FRS 40.

Under FRS 40, which will be effective from 1 January 2007, investment properties are permitted to be stated at either fair value or cost less accumulated depreciation. The Group expects to measure all its investment properties at fair value. Under the fair value model in FRS 40, changes in fair value of investment property are required to be included in the income statement. The adoption of FRS 40 will result in an increase in accumulated profits as at 1 January 2007 of $29,636,000.

FRS 107 and amended FRS 1, which become mandatory for the Group's 2007 financial statements, will require extensive additional disclosures with respect to the Group's financial instruments and share capital. These standards do not have any impact on the recognition and measurement of the Group's financial statements.

INT FRS 110 prohibits the reversal of an impairment loss recognised in an interim period during the financial year in respect of goodwill, an investment in an equity instrument or a financial asset carried at cost. INT FRS 110 will become mandatory for the Group's 2007 financial statements, and will apply to goodwill, investments in equity instruments, and financial assets carried at cost prospectively from the date the Group first applied the measurement criteria of FRS 36 and FRS 39 respectively (i.e. 1 January 2005). The adoption of INT FRS 110 does not have any impact on the Group's financial statements.

Other than FRS 40, the initial application of these standards and interpretations are not expected to have any material impact on the Group's financial statements.

The entity has not considered the impact of accounting standards issued after the balance sheet date.

36 Subsequent event

Subsequent to the year ended 31 December 2006, the Company has acquired a 50% equity interest in a newly incorporated jointly-controlled entity for consideration of $1. This jointly-controlled entity enters into a commitment to acquire a land bank for consideration of $459,833,000. The Group's share of commitment is $229,917,000.

37 Comparative information

Comparatives in the financial statements have been changed from the previous year as described in the respective notes.

Development Properties

	Location	Description	Land Tenure	Stage of completion	Site area (Sq m)	Gross Floor Area (Sq m)	Date of Completion	Group's effective interest
	Singapore							
1	The Berth by the Cove Sentosa Cove	200-unit condominium	Leasehold-99 years	100%	16,173	29,112	Oct-06	100%
2	The Berthside Sentosa Cove	8 units of terrace house	Leasehold-99 years	100%	2,219	1,664	Sep-06	100%
3	Coral Island Sentosa Cove	21 units of bungalow	Leasehold-99 years	55%	17,153	12,865	Sep 07 *	100%
4	Montview 63 Mt Sinai Drive	115-unit condominium	Freehold	20%	5,800	14,302	Mar 08 *	100%
5	Vertis 20 Amber Gardens	42-unit apartment	Freehold	10%	1,970	5,517	Mar 09 *	100%
6	Paradise Island Sentosa Cove	29 units of bungalow	Leasehold-99 years	-	23,026	17,269	Dec-08	100%
7	The Coast at Sentosa Cove Sentosa Cove	249-unit condominium	Leasehold-99 years	-	25,684	47,308	Oct 09 *	90%
8	Quinterra 359 Holland Road	55-unit apartment	Leasehold-99 years	-	3,663	7,691	Mar 09 *	100%
9	Orange Grove Residences 27/29/31/33/35/37 Orange Grove Road	60-unit condominium	Freehold	-	8,564	11,990	Oct 09 *	100%

* Expected date of completion

Developed Properties

	Location	Description	Land Tenure	Type of Development	Net Lettable/ Saleable Area (Sq m)	Group's effective interest
	Singapore					
1	9 Holland Hill	2 units of apartment	Freehold	Residential	289	100%
2	Southaven I 41, 43 Hindhede Walk	6 units of apartment	Leasehold- 99 years	Residential	921	100%
3	Chelsea Lodge Tanjong Katong Road	1 unit of apartment	Freehold	Residential	114	100%
4	TG Building 222 Tagore Lane	a block of 4-storey high-tech warehouse building	Freehold	Industrial	11,686	100%
5	Frontech Centre 13 & 15 Jalan Kilang Barat	a block of 8-storey high-tech industrial building	Leasehold- 99 years	Industrial	6,446	100%
6	HB Centre 12 Tannery Road	a block of 10-storey high-tech industrial building	Freehold	Industrial	7,662	100%
	London					
1	Parliament View 1 Albert Embankment London SE 1	9 units of apartment	Freehold	Residential	903	70%

Investment Properties

	Location	Description	Tenure of Land	Lettable Area (sq m)	Group's effective interest
1	9 Temasek Boulevard 17th Storey Suntec Tower 2	one floor of office space	Leasehold - 99 yrs	1,117	60%
2	9 Temasek Boulevard 20th Storey Suntec Tower 2	one floor of office space	Leasehold - 99 yrs	1,117	100%
3	623A Bukit Timah Road	SPC petrol station	Leasehold - 999 yrs	1,857	100%
4	Hotel Windsor 401 Macpherson Road	9 storey hotel & retail space	Freehold	14,400	100%
5	Eastwood Centre 20 Eastwood Road	2 units of retail space for supermarket	Leasehold - 99 yrs	972	100%
6	Kovan Centre 9 Yio Chu Kang Road	2 storey of retail space	Freehold	3,821	100%
7	15, 17, 19, 21, 23, 45 & 47 Kaki Bukit Road 2	7 units of terrace warehouse	Leasehold - 60 yrs	5,619	100%

Properties held for Sale

	Location	Description	Land Tenure	Saleable Area (sq m)	Group's effective interest
	Shanghai				
1	Changyuan 888 Yu Yuan Road, Shanghai	1 unit of apartment	Leasehold-70 yrs	190	100%

SHARE CAPITAL

Class of shares	- Ordinary shares
Voting rights	- On a show of hands : 1 vote for each member
	- On a poll : 1 vote for each ordinary share

SHAREHOLDING HELD IN HANDS OF PUBLIC

Based on information available to the Company as at 9 March 2007, 33.6% of the issued ordinary shares of the Company is held by the public and therefore, Rule 723 of the Listing Manual is complied with.

ANALYSIS OF SHAREHOLDINGS

Range of Shareholdings	No. of Shareholders	%	No. of Shares	%
1 - 999	5	0.06	1,085	0.00
1,000 - 10,000	7,893	92.44	20,181,000	2.74
10,001 - 1,000,000	622	7.28	33,501,000	4.54
1,000,001 and above	19	0.22	683,654,915	92.72
	8,539	100.00	737,338,000	100.00

TOP 20 SHAREHOLDERS

No.	Name	No. of Shares	%
1	Ho Bee Holdings (Pte) Ltd	460,226,000	62.42
2	DBS Nominees Pte Ltd	51,130,856	6.93
3	Citibank Nominees Singapore Pte Ltd	49,869,357	6.76
4	HSBC (Singapore) Nominees Pte Ltd	28,771,000	3.90
5	Morgan Stanley Asia (S) Securities Pte Ltd	20,584,000	2.79
6	DBSN Services Pte Ltd	13,014,000	1.76
7	Airjet Auto-Care Pte Ltd	12,345,000	1.67
8	United Overseas Bank Nominees Pte Ltd	9,065,400	1.23
9	Raffles Nominees Pte Ltd	8,979,000	1.22
10	Chua Pin Chong	6,750,000	0.92
11	DB Nominees (S) Pte Ltd	6,336,000	0.86
12	Chua Thiam Chok	4,554,000	0.62
13	Yap Boh Sim	2,400,000	0.33
14	The Asia Life Assurance Society Ltd - Par Fund	2,000,000	0.27
15	Woon Choon Leng Desmond	2,000,000	0.27
16	Ong Chong Hua	1,600,000	0.22
17	Phillip Securities Pte Ltd	1,529,302	0.21
18	DBS Vickers Securities (S) Pte Ltd	1,306,000	0.18
19	UOB Kay Hian Pte Ltd	1,195,000	0.16
20	OCBC Securities Private Ltd	848,000	0.12
		684,502,915	92.84

SUBSTANTIAL SHAREHOLDERS

	Direct Interest		Deemed Interest	
Substantial Shareholders	No. of Shares	%	No. of Shares	%
Ho Bee Holdings (Pte) Ltd	460,226,000	62.42	12,345,000[1]	1.67
Chua Thian Poh	-	-	472,571,000[2]	64.09
Ng Noi Hinoy	-	-	472,571,000[3]	64.09
Chua Kong Chian	-	-	472,571,000[4]	64.09

Notes

(1) Ho Bee Holdings (Pte) Ltd is deemed to have an interest in 12,345,000 shares held by Airjet Auto-Care Pte Ltd.

(2) Chua Thian Poh is deemed to have an interest in 460,226,000 shares held by Ho Bee Holdings (Pte) Ltd and 12,345,000 shares held by Airjet Auto-Care Pte Ltd.

(3) Ng Noi Hinoy is deemed to have an interest in 460,226,000 shares held by Ho Bee Holdings (Pte) Ltd and 12,345,000 shares held by Airjet Auto-Care Pte Ltd.

(4) Chua Kong Chian is deemed to have an interest in 460,226,000 shares held by Ho Bee Holdings (Pte) Ltd and 12,345,000 shares held by Airjet Auto-Care Pte Ltd.

NOTICE IS HEREBY GIVEN that the 19th annual general meeting of Ho Bee Investment Ltd will be held at 12 Tannery Road #10-01, HB Centre, Singapore 347722 on Wednesday, 25 April 2007 at 10.30 a.m. for the following purposes:-

Ordinary Business

1 To receive and adopt the audited financial statements for the year ended 31 December 2006 and the reports of the directors and auditors thereon.

2(a) To declare a final dividend of 0.75 cent per ordinary share less income tax for the year ended 31 December 2006.

2(b) To declare a special dividend of 1.25 cents per ordinary share less income tax for the year ended 31 December 2006.

3 To approve directors' fees of S$145,450 for the year ended 31 December 2006. (2005: S$135,000)

4 To consider and, if thought fit, to pass with or without any modifications, the following ordinary resolutions:-

(a) "That pursuant to Section 153(6) of the Companies Act, Cap. 50, Mr Ch'ng Jit Koon be re-appointed a director of the Company to hold office until the next annual general meeting of the Company."

Note: Mr Ch'ng Jit Koon is an independent non-executive director. If re-appointed, he will remain a member and the chairman of the audit committee.

(b) "That pursuant to Section 153(6) of the Companies Act, Cap. 50, Mr Tan Eng Bock be re-appointed a director of the Company to hold office until the next annual general meeting of the Company."

4(c) To re-elect Mr Desmond Woon Choon Leng who will retire by rotation pursuant to Article 104 of the Company's Articles of Association and who, being eligible, will offer himself for re-election.

4(d) To re-elect Mr Ong Chong Hua who will retire by rotation pursuant to Article 104 of the Company's Articles of Association and who, being eligible, will offer himself for re-election.

4(e) To re-elect Mr Bobby Chin Yoke Choong who will cease to hold office pursuant to Article 108 of the Company's Articles of Association and who, being eligible, will offer himself for re-election.

Note: Mr Bobby Chin Yoke Choong is an independent non-executive director. If re-elected, he will remain a member of the audit committee.

5 To re-appoint KPMG as auditors of the Company and to authorise the directors to fix their remuneration.

Special Business

6 To consider and, if thought fit, to pass with or without any modifications, the following ordinary resolutions:-

(a) "That pursuant to Section 161 of the Companies Act, Cap. 50 and the listing rules of the Singapore Exchange Securities Trading Limited, authority be and is hereby given to the directors of the Company to allot and issue shares and convertible securities in the Company (whether by way of rights, bonus or otherwise) at any time and from time to time thereafter to such persons and upon such terms and conditions and for such purposes as the directors may in their absolute discretion deem fit, provided always that the aggregate number of shares and convertible securities to be issued pursuant to this resolution does not exceed 50% of the issued shares in the capital of the Company as at the date of the passing of this resolution, of which the aggregate number of shares and convertible securities to be issued other than on a pro rata basis to shareholders of the Company does not exceed 20% of the issued shares in the capital of the Company as at the date of the passing of this resolution, and for the purpose of this resolution, the percentage of issued shares shall be based on the number of issued shares in the capital of the Company at the time this resolution is passed (after adjusting for new shares arising from the conversion or exercise of convertible securities or share options or vesting of share awards which are outstanding or subsisting at the time this resolution is passed and any subsequent consolidation or subdivision of the Company's shares), and unless revoked or varied by the Company in 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 the earlier."

(b) "That authority be and is hereby given to the directors of the Company to offer and grant options in accordance with the provisions of the Ho Bee Investment Ltd Share Option Scheme (the "Scheme") and to allot and issue from time to time such number of shares in the Company as may be required to be issued pursuant to the exercise of the options under the Scheme, provided always that the aggregate number of shares to be issued pursuant to the Scheme shall not exceed 5% of the issued shares in the capital of the Company at any time and from time to time."

7 To transact such other business as can be transacted at an annual general meeting of the Company.

By Order of the Board

Low Lai Sai
Company Secretary

Singapore
2 April 2007

Note

A member entitled to attend and vote at the annual general meeting may appoint not more than two proxies to attend and vote on his behalf. Where a member appoints more than one proxy, he shall specify the proportion of his shareholding to be represented by each proxy. A proxy need not be a member of the Company. The instrument appointing a proxy or proxies must be deposited at the registered office of the Company at 12 Tannery Road #10-01, HB Centre, Singapore 347722 not less than 48 hours before the time appointed for the meeting.

Statement pursuant to Article 64 of the Company's Articles of Association

The ordinary resolution in item 6(a) is to authorise the directors of the Company to allot and issue shares and convertible securities up to 50% of the issued shares in the capital of the Company, with an aggregate sub-limit of 20% of the issued shares in the capital of the Company for any allotments and issues of shares and convertible securities not made on a pro rata basis to shareholders of the Company.

The ordinary resolution in item 6(b) is to authorise the directors of the Company to offer and grant options in accordance with the provisions of the Ho Bee Investment Ltd Share Option Scheme and to allot and issue shares thereunder.

NOTICE OF BOOKS CLOSURE AND DIVIDENDS PAYMENT DATES

NOTICE IS HEREBY GIVEN that the transfer book and register of members of the Company will be closed on 9 May 2007 for the purpose of determining members' entitlements to the final and special dividends for the year ended 31 December 2006.

Duly completed transfers received by the Company's Registrar, M & C Services Private Limited at 138 Robinson Road #17-00, The Corporate Office, Singapore 068906 up to 5.00 p.m. on 8 May 2007 will be registered before entitlements to the final and special dividends are determined.

Members whose securities accounts with The Central Depository (Pte) Limited are credited with shares at 5.00 p.m. on 8 May 2007 will be entitled to the final and special dividends.

The final and special dividends, if approved by the members at the Company's 19th annual general meeting to be held on 25 April 2007, will be paid on 25 May 2007.

By Order of the Board

Low Lai Sai
Company Secretary

Singapore
2 April 2007

IMPORTANT:

1. For investors who have used their CPF monies to buy Ho Bee Investment Ltd's shares, this annual report is forwarded to them at the request of their 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.

HO BEE INVESTMENT LTD
(Incorporated in the Republic of Singapore)
Company Registration No. 198702381M

PROXY FORM

I/We ...., NRIC/Passport no. ....

of ....

being a member/members of Ho Bee Investment Ltd hereby appoint

Name	Address	NRIC/ Passport No.	Proportion of Shareholdings (%)
and/or (delete as appropriate)			

as my/our proxy/proxies to attend and to vote for me/us on my/our behalf and, if necessary, to demand a poll at the 19th annual general meeting of the Company to be held at 12 Tannery Road #10-01, HB Centre, Singapore 347722 on Wednesday, 25 April 2007 at 10.30 a.m. and at any adjournment thereof.

(Please indicate with an "X" in the spaces provided whether you wish your vote(s) to be cast for or against the resolutions as set out in the notice of annual general meeting. In the absence of specific directions, the proxy/proxies will vote or abstain as he/they may think fit, as he/they will on any other matter arising at the annual general meeting.)

No.	Resolutions	For	Against
1	Adoption of audited financial statements and reports		
2(a)	Declaration of final dividend		
2(b)	Declaration of special dividend		
3	Approval of directors' fees		
4(a)	Re-appointment of Mr Ch'ng Jit Koon as director		
4(b)	Re-appointment of Mr Tan Eng Bock as director		
4(c)	Re-election of Mr Desmond Woon Choon Leng as director		
4(d)	Re-election of Mr Ong Chong Hua as director		
4(e)	Re-election of Mr Bobby Chin Yoke Choong as director		
5	Re-appointment of KPMG as auditors		
6(a)	Authority for directors to allot and issue shares and convertible securities		
6(b)	Authority for directors to offer and grant options and allot and issue shares under the Ho Bee Investment Ltd Share Option Scheme		

Dated this .... day of 2007

Total Number of Shares Held

....

Signature(s) of Member(s) or Common Seal

IMPORTANT
PLEASE READ NOTES OVERLEAF

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, Cap. 50), you should insert that number. If you have shares registered in your name in the Register of Members of the Company, you should insert that number. 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. If no number is inserted, this form of proxy will be deemed to relate to all the shares held by you.

2 A member entitled to attend and vote at a meeting of the Company is entitled to appoint not more than two proxies to attend and vote on his behalf. A proxy need not be a member of the Company.

3 The instrument appointing a proxy or proxies must be deposited at the Company's registered office at 12 Tannery Road #10-01, HB Centre, Singapore 347722 not less than 48 hours before the time appointed for the meeting.

4 Where a member appoints more than one proxy, he shall specify the proportion of his shareholding to be represented by each proxy. If no such proportion or number is specified the first named proxy may be treated as representing 100% of the shareholding and any second named proxy as an alternate to the first named.

5 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 under its common seal or under the hand of its attorney duly authorised.

6 Where an instrument appointing a proxy or proxies is signed on behalf of the appointor by an attorney, the power of attorney (or other authority) or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument of proxy, failing which the instrument may be treated as invalid.

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, Cap. 50.

8 The Company shall be entitled to reject an instrument of proxy which is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified on the instrument of proxy. In addition, in the case of shares entered in the Depository Register, the Company may reject an instrument of proxy 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.

HO BEE INVESTMENT LTD 12 Tannery Road #10-01 HB Centre Singapore 347722 Tel: 67490833 Fax: 67459167 Website: www.hobee.com Company Registration No. 198702381M