DAWN OF A NEW ERA

HO BEE ANNUAL REPORT 2011

CONTENTS

Cover: The Metropolis

DAWN OF A NEW ERA

Standing on the verge of a new era where whole new possibilities to live, work, learn and play abound, we also stand ready to make the most of the future by thinking ahead and dreaming boldly.

A new dawn is breaking and we are ready to catch the first light.

A NEW LEVEL OF SUCCESS BEGINS HERE

We are excited.
Not just about our impending move to our new headquarters at The Metropolis - our very own twin-tower office development strategically located along North Buona Vista Road - but also on the promise of new ventures that will propel us to a whole new level of success.

Arrival Plaza, The Metropolis

WHERE EACH STEP LEADS TO GREATER HEIGHTS

There are no short-cuts to success and we know it. Step by step, bold yet cautious, we have built a name as one of Singapore's leading developers. And no, we are not stopping here.

The Met Plaza, The Metropolis

AND EVERY DOORWAY IS AN OPPORTUNITY

We are always on the lookout for new opportunities. This is how the company maintains its long-standing reputation as one that is valued for its stability and profitability.

Tower 1 Lobby, The Metropolis

CHAIRMAN'S STATEMENT

Dear Shareholders,

It is my pleasure to present to you, on behalf of the Board of Directors, the Group's performance for the financial year ended 31st December 2011.

FINANCIAL REVIEW

Group turnover for FY2011 decreased 43% from S$600.4 million to S$341.5 million.

In line with lower turnover, profit before tax for FY2011 declined 43%, from S$402.1 million in FY2010 to S$228.4 million. The decrease in pretax profit was also due to the lower gain arising from the change in fair value of investment properties amounting to S$41.3 million (FY2010: S$66.5 million) and the lower share of profit of jointly-controlled entities of S$44.9 million (FY2010: S$51.6 million).

Despite the fall in turnover, the Group achieved a satisfactory return on equity of 13%. Profit attributable to shareholders amounted to S$202.5 million, giving an earnings per share of 28 cents.

During the year, the Group bought back 32,568,000 shares from the open-market at an average price of S$1.33 per share. Total shareholders' funds as at financial year ended 31st December 2011 rose to S$1.645 billion, representing a net asset value per share of S$2.34, an increase of 33 cents over the preceding financial year.

PROPOSED DIVIDEND

The Board is recommending a first and final dividend of 4 cents per share for the financial year ended 31st December 2011. Subject to shareholders' approval at the Annual General Meeting of the Company to be held on 27 April 2012, the final dividend will be paid on 31 May 2012.

Total shareholders' funds as at financial year ended 31st December 2011 rose to S$1.645 billion, representing a net asset value per share of S$2.34, an increase of 33 cents over the preceding financial year.

BUSINESS REVIEW

Property Development

Turnover for property development for the year under review amounted to S$316.3 million, contributing about 93% to total turnover. This is 44% lower than the S$568.1 million achieved in the previous year.

The decline in turnover was primarily due to the higher revenue recognized in the preceding year with the completion of Turquoise and The Orange Grove residential projects.

Construction works for the Group's industrial, residential and office development projects are progressing well. One Pemimpin, the 115-unit industrial project located at Jalan Pemimpin, is expected to be completed by the second quarter of 2012. Residential projects, Trilight, located at Newton Road, comprising 205 units and Parvis, located at Holland Hill, comprising 248 units will be completed by the third quarter of 2012. The 1.2 million sq ft office development at One-North, The Metropolis, will be targeting for completion by the third quarter of 2013.

Property Investment

Revenue from property investment for FY2011 amounting to 5% of total turnover decreased 32% over the preceding year to S$17.1 million. The decrease was due mainly to the sale of industrial building, Platinum 28 and the office space at Samsung Hub. These sales were undertaken to rationalize the Group's investment property portfolio following the development of the 1.2 million sq ft office development, The Metropolis at One-North.

BUSINESS PROSPECTS

The Additional Buyers' Stamp Duty on the private residential properties effective from 8 December 2011 will have an impact on the Group's residential projects.

Notwithstanding the above, the Group's earnings for 2012 will continue to be positive with the expected completion of industrial project, One Pemimpin and residential projects, Parvis and Trilight.

The office development project at One-North is expected to significantly increase the Group's rental income upon full tenancy being achieved after completion in 2013.

The joint venture residential projects in Tangshan, Shanghai and Zhuhai, PRC are expected to contribute to the Group's earnings over the next five years. The Group will continue to look out for investment opportunities in Singapore and overseas to further its growth.

ACKNOWLEDGEMENTS

On behalf of the Board of Directors, I would like to thank our loyal shareholders, customers, business associates and suppliers for their invaluable support.

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 contributions to the Group.

Chua Thian Poh
Chairman & CEO

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 other appointments, he is the President of Singapore Federation of Chinese Clan Associations, Immediate Past President of the Singapore Chinese Chamber of Commerce and Industry, Chairman of Business China, President of Singapore Hokkien Huay Kuan and the Chairman of the Bishan East Citizens' Consultative Committee. Mr Chua is also the Trustee cum Chairman of the Finance and Establishment Committee of the Chinese Development Assistance Council as well as the Chairman of Ren Ci Hospital.

In August 2004, Mr Chua was conferred The Public Service Star (BBM) by former Singapore President S R Nathan. He has held the appointment of Justice of the Peace since 2005. In March 2007, Mr Chua was being conferred The 2006 Businessman of the Year in the Singapore Business Awards 2007 jointly organized by The Business Times and DHL.

Mr Desmond Woon Choon Leng
Executive Director

Mr Woon 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 the post of Finance and Administration Manager at two of Indonesia's leading electronics companies.

Mr Ong Chong Hua
Executive Director

Mr Ong 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 Singapore as well as overseas. In addition, he directs the project management team that drives the construction of the Group's various development projects in Singapore.

Mr Ong has more than 30 years of experience in the real estate sector. He began 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 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 Limited. 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 Ch'ng Jit Koon
Independent Director

Mr Ch'ng was appointed to the Board in November 1999. He also sits on the board of a few 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, when he retired in February 1997. An appointed Justice of the Peace, Mr Ch'ng currently serves in several community organisations.

Mr Jeffery Chan Cheow Tong
Independent Director

Mr Chan was appointed to the Board in October 2002. He is also an Independent Director of AXA Insurance Pte 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 Tan Eng Bock
Independent Director

Mr Tan has been a member of the Board since October 2002. Mr Tan has been instrumental in the development of sports in Singapore since 1970. He had, among other capacities, served as the Deputy President of the Singapore Swimming Association and Chairman of the River Valley Constituency Sports Club. He was a Member of the Technical Water Polo Committee of the World Swimming Body FINA as well as Vice Chairman of the Asian Amateur Swimming Federation. He also serves on the Board of several private companies. Mr Tan's career saw him spent close to four decades in the Singapore Police Force where he held various positions including Director of Public Affairs and Director of Criminal Investigation Department (CID). He retired from the Singapore Police Force as an Assistant Police Commissioner. For his many contributions to the nation, Mr Tan was awarded The Public Service Star (BBM) in 1986.

Mr Bobby Chin Yoke Choong
Independent Director

Mr Bobby Chin was appointed to the Board in November 2006. He was the Managing Partner of KPMG Singapore from 1992 until his retirement in September 2005. He is a Fellow of the Institute of Certified Public Accountants of Singapore, and an associate member of the Institute of Chartered Accountants in England and Wales. Mr Chin served as a Board member of Urban Redevelopment Authority from 1997 to 2006 and was its Chairman from 2001 to 2006. He is currently the Chairman of Singapore Totalisator Board and a member of the Competition Commission of Singapore, Singapore Labour Foundation and Board of Trustees of Singapore Indian Development Association. He was appointed as a member of the Council of Presidential Advisers in January 2010. Mr Chin serves on the Boards of several listed companies including Oversea-Chinese Banking Corporation Limited, Yeo Hiap Seng Limited, Neptune Orient Lines Limited, AV Jennings Limited and Sembcorp Industries Ltd.

THE MANAGEMENT TEAM

Chong Hock Chang
Associate Director

Hock Chang first joined the Ho Bee Group in 1995 as the Manager in charge of marketing and business development. Elevated to the position as Associate Director of the Company in 2011, 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 in 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 council member on the Management Committee of the Real Estate Developers Association of Singapore.

Nicholas Chua
Associate Director

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. He was promoted to Associate Director in January 2011.

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

Soh Hwee Cheow
General Manager, Projects

Hwee Cheow joined the Group in 1995 as Divisional Manager in charge of project and property management. Currently, he holds the position of General Manager of Projects, where he is responsible for implementing 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.

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.

Lum Hon Chew
Deputy General Manager, Projects

Hon Chew was promoted to Deputy General Manager (Projects) in January 2012. Prior to joining the Group in 2000, 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 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.

PROPERTY PORTFOLIO UPDATE

THE METROPOLIS

COMPLETING IN Q3 2013

This project is a twin-tower office development strategically located along North Buona Vista Road, placing it at the doorstep of the MRT Circle Line, East-West Line and all major expressways. An architectural marvel, it offers expansive and flexible column-free space to meet the demanding needs of modern businesses.

The 23-storey Tower 1 and 21-storey Tower 2 offer spacious floor plates of approximately 30,000 and 28,000 square feet respectively. High specifications and great linkages provide for optimum and undisrupted business operations while the exclusive Sky Gardens and inspiring vistas of the city make this the most conducive of locations to work and for businesses to grow. Marketing campaign for lease of the project has just begun and the project will be completed by Q3 2013.

ONE PEMIMPIN

COMPLETING IN Q2 2012

A high-tech industrial development located within the Pemimpin Industrial Estate, One Pemimpin is only a short walk away from the Bishan and Marymount MRT Stations and minutes from major expressways. This new development is a sleek and modern 12-storey building with an office-like environment to specially match the needs of light industries. Comprises a total of 115 units of strata industrial space, each with an average size of about 1,200 square feet, the development will be ready in Q2 2012. The project is fully sold.

PARVIS

COMPLETING IN Q3 2012

Parvis is a freehold luxurious development situated on a quiet hillside enclave off Holland Road. The gleaming façade features generous use of full-height glass doors and windows, balconies and glass balustrades to emphasize the openness and maximize the external views.

It features 248 exquisitely appointed units, with a wide selection of two, three and four bedroom apartments as well as luxury penthouses, all finished with top-of-the-line interior finishes. The full condominium facilities include a 50 metres infinity-edge lap pool, a tennis court, gymnasium, a three-storey clubhouse, and BBQ area.

The development is only a 5-minute walk to the new Holland Village MRT Station with great shopping and a plethora of gastronomic delights at Holland Village, Dempsey Hill and Orchard Road only minutes' drive away.

The development is fully sold and will be completed by Q3 2012.

TRILIGHT

COMPLETING IN Q3 2012

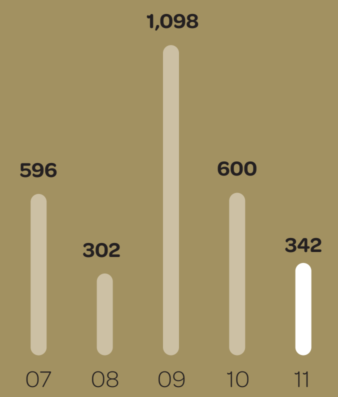
Quietly sited at the highest point in Newton, Trilight comprises two 30-storey towers offering a limited collection of luxury residences that represent a unique take on contemporary design. Within minutes from the bustling city center, this sanctuary nestled within a forest of trees, providing residents with a sense of peace and calm.

Its unique three pointed star design makes for a façade that stands out from the rest, while the elegant blending of balconies, bay windows and protruding features marks this as a true masterpiece of contemporary architecture.

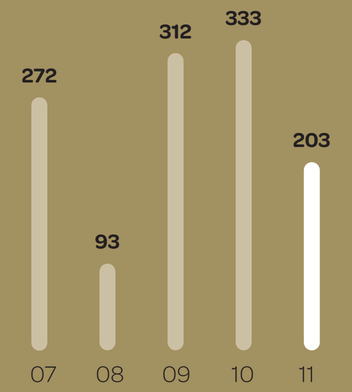
Each of the 205 units offers its own stunning panoramic view of the city. The development's pristine location is only a 5 minutes' walk from Newton MRT Station and within minutes from prestigious schools such as Anglo Chinese Junior School and Anglo-Chinese Primary school.

The project is 95% sold and will be completed in Q3 2012.

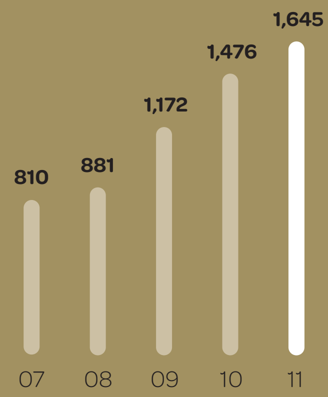
FIVE-YEAR FINANCIAL SUMMARY



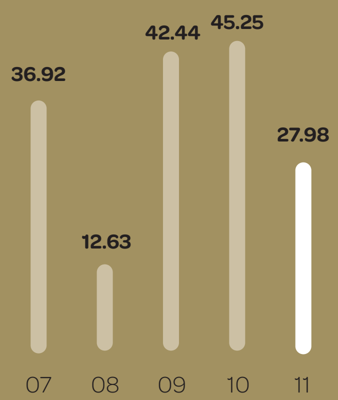
Turnover
($ million)



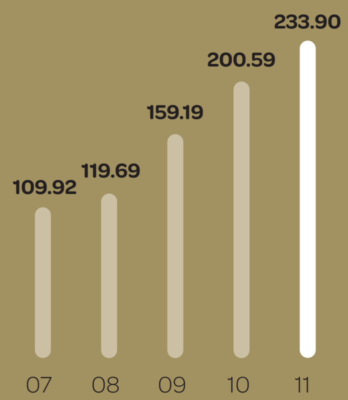
Profit Attributable to Shareholders
($ million)



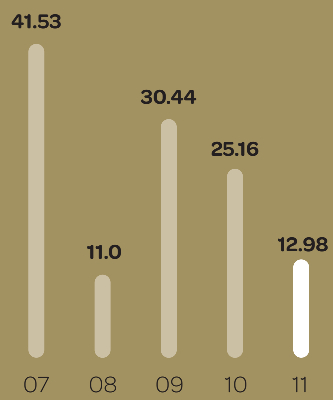
Shareholders' Equity
($ million)



Earnings Per Share
(cents)



Net Tangible Assets Per Share
(cents)



Return on Equity
(%)

		2007	**2008**	**2009 Restated**	**2010 Restated**	**2011**
Turnover	($'000)	596,143	302,081	1,097,851	600,396	341,522
Profit Before Taxation & Minority Interest	($'000)	330,225	125,219	415,161	402,122	228,358
Profit Attributable to Shareholders	($'000)	272,201	93,066	312,350	333,049	202,514
Shareholders' Equity	($'000)	810,452	880,909	1,171,580	1,476,306	1,645,244
Earnings Per Share	(cents)	36.92	12.63	42.44	45.25	27.98
Net Tangible Assets Per Share	(cents)	109.92	119.69	159.19	200.59	233.90
Gross Dividends Per Share	(cents)	3.0	2.0	4.0	4.0	4.0
Return on Equity	(%)	41.53	11.0	30.44	25.16	12.98

CORPORATE STRUCTURE

HO BEE INVESTMENT LTD

- 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%)**
  - Ho Bee (One-North) Pte. Ltd. **(100%)**
- HBO Investments Pte Ltd* **(100%)**
- Pacific Rover Pte Ltd **(100%)**
- Ho Bee Homes Pte. Ltd.* **(100%)**
- HB Australia Pty Ltd [AU] **(100%)**
- Ho Bee Cove Pte. Ltd. **(90%)**
- HB Investments (China) Pte. Ltd. **(80%)**
  - Yanlord Ho Bee Investments Pte. Ltd. **(50%)**
    - Yanlord Ho Bee Property Development (Tangshan) Co., Ltd. [PRC] **(100%)**
- HBS Investments Pte Ltd **(70%)**
  - Parliament View Developments Limited [UK] **(100%)**
    - Parliament View Management Company Limited [UK] **(100%)**
- Calne Pte. Ltd. **(50%)**
- Seaview (Sentosa) Pte. Ltd. **(50%)**
- Rivershore Pte. Ltd. **(50%)**
- Shanghai Yanlord Hongqiao Property Co., Ltd. [PRC] **(40%)**
- Pinnacle (Sentosa) Pte. Ltd. **(35%)**
- Hasidon Holdings Pte Ltd# **(31.67%)**
- Zhuhai Yanlord Heyou Land Co., Ltd. [PRC] **(20%)**
- Zhuhai Yanlord Youmei Land Co., Ltd. [PRC] **(20%)**

Notes

[AU]	Incorporated in Australia
[PRC]	Incorporated in The People's Republic of China
[UK]	Incorporated in United Kingdom
*	In the process of liquidation
#	Divestment in FY2012

CORPORATE GOVERNANCE

Ho Bee Investment Ltd is committed to adopting high standards of corporate governance and transparency in conducting the Group's businesses. The Board ensures that an effective self-regulatory and monitoring mechanism exists and is practised. This report outlines the main corporate governance practices that are in place, with specific reference to the guidelines of Singapore's Code of Corporate Governance 2005 (the Code).

BOARD MATTERS

The Board's conduct of affairs (Principle 1)

Role of the Board

The principal role of the Board is to review and approve 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) and Remuneration Committee (RC) which are governed by specific terms of reference.

The Board currently holds four scheduled meetings each year. 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 2011 is as follows:-

	Board meeting		AC meeting		NC meeting		RC meeting	
Name of director	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	5	5	NA	NA	1	1	NA	NA
Desmond Woon Choon Leng	5	5	NA	NA	NA	NA	NA	NA
Ong Chong Hua	5	5	NA	NA	NA	NA	NA	NA
Tan Keng Boon	5	4	4	4	1	1	NA	NA
Ch'ng Jit Koon	5	5	4	4	1	1	NA	NA
Jeffery Chan Cheow Tong	5	5	4	4	NA	NA	2	2
Tan Eng Bock	5	4	NA	NA	NA	NA	2	2
Bobby Chin Yoke Choong	5	5	4	4	1	1	2	2

Note: NA means not applicable.

CORPORATE GOVERNANCE

Matters Requiring Board Approval

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

- annual budget;
- quarterly and full year results announcements;
- annual report and accounts;
- declaration of dividends;
- strategic plans; 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.

In 2011, the Company held a training session conducted by its legal advisers, Allen & Gledhill LLP for the directors on changes to the SGX listing rules which came into effect on 29 September 2011, as well as the proposed changes to the Code and the Companies Act, Cap. 50, including the implications of the various changes on the Group. In addition, a training session was conducted by its external auditors, KPMG LLP on the new and revised accounting standards effective for annual periods beginning on or after 1 January 2011.

The directors can also attend at the Company's expenses, other appropriate conferences and seminars including programmes conducted by the Singapore Institute of Directors. Each year the Company conducts an annual business retreat for the directors. Presentations and briefings are conducted at the annual business retreat by the senior management on the Group's operations, followed by discussion sessions on the Group's operations and strategies.

CORPORATE GOVERNANCE

Board Composition and Guidance (Principle 2)

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: 63	8 Aug 1987	NA	NA	Chairman & CEO	NC-Member	
Desmond Woon Choon Leng Age: 56	11 Aug 1995	29 Apr 2010	NA	Executive director		
Ong Chong Hua Age: 57	11 Aug 1995	26 Apr 2011	Masters Degree in Town & Regional Planning	Executive director		
Tan Keng Boon Age: 66	12 Nov 1999	29 Apr 2010	Honours Degree in Engineering	Lead independent non-executive director	NC-Chairman AC-Member	• EnGro Corporation Limited • Sunvic Chemical Holdings Ltd (Resigned on 24 Apr 2009)
Ch'ng Jit Koon Age: 78	12 Nov 1999	26 Apr 2011	Degree in Economics & Political Science	Independent non-executive director	AC-Member NC-Member	• Pan-United Corporation Ltd • Progen Holdings Ltd • Santak Holdings Ltd • Tung Lok Restaurant (2000) Ltd • Cortina Holdings Limited (Resigned on 31 Mar 2010) • Eastern Asia Technology Limited (Resigned on 9 Feb 2011) • Ban Leong Technologies Ltd (Resigned on 28 Jul 2011)

CORPORATE GOVERNANCE

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)
Jeffery Chan Cheow Tong Age: 63	15 Oct 2002	26 Apr 2011	FCA (Institute of Chartered Accountants in England & Wales)	Independent non-executive director	RC-Chairman AC-Member	
Tan Eng Bock Age: 75	15 Oct 2002	26 Apr 2011	NA	Independent non-executive director	RC-Member	• Ban Leong Technologies Ltd
Bobby Chin Yoke Choong Age: 60	29 Nov 2006	29 Apr 2009	Bachelor in Accountancy, ACA (Institute of Chartered Accountants in England & Wales)	Independent non-executive director	AC-Chairman NC-Member RC-Member	• Oversea-Chinese Banking Corporation Limited • AV Jennings Limited • Yeo Hiap Seng Ltd • Neptune Orient Lines Limited • Sembcorp Industries Ltd • The Straits Trading Company Ltd (Resigned on 24 Apr 2008)

Notes:
1) Information on directors' shareholdings in the Company and its related corporations is set out in the directors' report on pages 38 to 42.
2) NA means not applicable.

CORPORATE GOVERNANCE

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 NC 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 and Chief Executive Officer (Principle 3)

There is no separation of roles between the Chairman and 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 of the Company 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 has appointed Mr Tan Keng Boon, an independent non-executive director, to be the lead independent director of the Company since 26 February 2007.

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
- ensuring that proper procedures are set up to comply with the Code.

CORPORATE GOVERNANCE

Board membership (Principle 4)

Nominating Committee

The NC consists of three 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
4. Bobby Chin Yoke Choong

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 representation is able to and has been adequately carrying out his duties as director of the Company;
- review internal guidelines 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;
- decide on how the Board's performance may be evaluated and recommend objective performance criteria to the Board;

CORPORATE GOVERNANCE

- 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.

Process for selection and appointment of new directors to the Board

In the selection process for any new director, the NC will evaluate the balance of skills, knowledge and experience on the Board, and determine the role and desirable competencies for any new appointment to enhance the existing Board composition. Such evaluation could arise from the Board's annual evaluation process. The NC may meet with the potential candidate to assess his/her suitability and availability. The selection process will take into account the candidate's honesty, integrity, reputation, competence, capability and financial soundness. The NC will then make a recommendation to the Board for approval.

Board Performance (Principle 5)

The Board has implemented a process which is carried out by the NC for assessing the effectiveness of the Board as a whole. A Board performance evaluation questionnaire is completed by the Board members on an annual basis.

The evaluation questionnaire includes such factors as Board composition, access to information, Board processes, accountability, monitoring of strategy, consideration of shareholders' value, committee effectiveness, risk management, succession planning and comparison with industry peers.

Based on the performance evaluation results, the NC will assess and discuss the performance of the Board as a whole, and recommend to the Board on key areas for improvement and follow-up actions. The Board will review the feedback collectively, decide and agree on action plans.

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 individual director include the attendance record at Board and committee meetings, the extent of participations and contributions.

Access to information (Principle 6)

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.

CORPORATE GOVERNANCE

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.

REMUNERATION MATTERS

Procedures for developing remuneration policies (Principle 7)

Remuneration Committee

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

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;
- review 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 by the RC and the Board.

CORPORATE GOVERNANCE

Level and Mix of Remuneration (Principle 8)

The Company's remuneration mix framework for executive directors and senior management is made up of salary, bonus and allowances/benefits. The annual salary review is carried out in December each year. In setting remuneration packages, the Company takes into account the pay and employment conditions within the industry and in comparable companies, as well as the profitability of the Group as a whole.

The framework for determining non-executive directors' fees in 2011 is as follows:

Non-executive director	Chairman Member Lead independent director	NA $40,000 per annum $10,000 per annum
Audit committee	Chairman Member	$20,000 per annum $10,000 per annum
Nominating and remuneration committees	Chairman Member	$10,000 per annum $5,000 per annum

Note: NA means not applicable.

Disclosure on Remuneration (Principle 9)

Remuneration of Directors and Key Executives

The remuneration of directors and key executives for the year ended 31 December 2011 is set out in the tables below:

1) Summary compensation table for directors in bands of $250,000:

Name of director	Salary	Bonus	Fees*	Allowances and other benefits	Total
Above $5,000,000 and up to $5,250,000					
Chua Thian Poh Chairman & CEO	12%	86%		2%	100%
Above $1,000,000 and up to $1,250,000					
Ong Chong Hua Executive director	27%	69%		4%	100%
Above $750,000 and up to $1,000,000					
Desmond Woon Choon Leng Executive director	29%	68%		3%	100%

CORPORATE GOVERNANCE

Name of director	Salary	Bonus	Fees*	Allowances and other benefits	Total
$250,000 and below					
Tan Keng Boon Non-executive director			100%		100%
Ch'ng Jit Koon 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%

* Directors' fees are subject to shareholders' approval at the annual general meeting.

2) Summary compensation table for top five key executives (who are not also directors) in bands of $250,000:

Name of key executive	Salary	Bonus	Fees	Allowances and other benefits	Total
Above $500,000 and up to $750,000					
Chong Hock Chang	39%	61%			100%
Above $250,000 and up to $500,000					
Soh Hwee Cheow	46%	54%			100%
Caroline Ee-Lee	55%	45%			100%
Chua Wee-Chern*	40%	60%			100%
$250,000 and below					
Mark Khoo Chee Meng	72%	28%			100%

* Mr Chua Wee-Chern is the son of the Chairman & CEO, Mr Chua Thian Poh.

CORPORATE GOVERNANCE

ACCOUNTABILITY AND AUDIT

Accountability (Principle 10)

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.

Audit Committee (Principle 11)

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

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

The AC meets 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 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 controls;

- review the quarterly and annual financial statements 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; and

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

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.

CORPORATE GOVERNANCE

The AC has 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.

The Guidebook for Audit Committees in Singapore issued by the Audit Committee Guidance Committee has been provided to all AC members. In carrying out their responsibilities, the AC would refer to the guidebook as appropriate.

Internal Controls, Internal Audit and Risk Management (Principles 12 and 13)

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

The internal auditors report 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.

The Company has in place a risk management framework setting out the various risk monitoring and escalation mechanisms. The key risks facing the Company have been identified and action plans are in place to mitigate these risks. Ownership of risk treatments is established and risk awareness is fostered across the organisation.

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

Based on the work performed by the internal auditors during the financial year, as well as the statutory audit conducted by external auditors, the Board, through the AC is satisfied that the financial, operational and compliance controls, and the risk management system, are adequate to meet the Group's needs in its current business environment.

However, the Board notes that all internal control systems contain inherent limitations and no system of internal controls could provide absolute assurance against the occurrence of material errors, poor judgement in decision making, human error, losses, fraud or other irregularities.

Whistle-blowing policy

The Company has in place a whistle-blowing policy 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 either to the General Manager, HR & Corporate Affairs or the Chairman of the AC.

CORPORATE GOVERNANCE

Professional Conduct and Discipline

The Company has in place various staff policies on conduct, confidentiality, internet usage, safeguard of official information, intellectual property and software use. Staff are required to conduct and carry themselves in a professional manner while at work, and undertake to observe and comply with the policies.

COMMUNICATION WITH SHAREHOLDERS (Principles 14 and 15)

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, annual reports and media releases 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 the AC, NC and RC 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. The Company allows shareholders who hold shares through their CPF approved nominees to attend the AGM as observers.

Securities Transactions

The Company has its own internal Code of Best Practices on Securities Transactions. Under the internal code, officers of the Group are not allowed to deal in the Company's securities during the periods commencing two weeks before the announcement of the Company's results for each of the first three quarters of its financial year and one 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. They are also discouraged from dealing in the Company's securities on short-term consideration. The Company has complied with the best practices set out in the Listing Manual of the Singapore Exchange Securities Trading Limited.

CORPORATE GOVERNANCE

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 2011 are as follows:

Name of interested person	Aggregate value of all IPT (excluding transactions less than $100,000 and 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 (excluding transactions less than $100,000)
Hin Lung Credit Pte Ltd Purchase of vehicle	$222,800	NA

Notes:
1) NA means not applicable.
2) The above IPT was done on normal commercial terms and was 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

AUDIT COMMITTEE

Mr Bobby Chin Yoke Choong
Chairman

Mr Tan Keng Boon

Mr Jeffery Chan Cheow Tong

Mr Ch'ng Jit Koon

NOMINATING COMMITTEE

Mr Tan Keng Boon
Chairman

Mr Ch'ng Jit Koon

Mr Chua Thian Poh

Mr Bobby Chin Yoke Choong

REMUNERATION COMMITTEE

Mr Jeffery Chan Cheow Tong
Chairman

Mr Tan Eng Bock

Mr Bobby Chin Yoke Choong

MANAGEMENT TEAM

Mr Chong Hock Chang
Associate Director

Mr Nicholas Chua Wee Chern
Associate Director

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 Lum Hon Chew
Deputy General Manager (Projects)

Mr Low Lai Sai
Senior Finance Manager

Mr Choong Kar Fai
Senior Project Manager

Mr Hong Leng Guan
Project Manager

Ms Vivian Ng Lay Yen
Marketing Manager

COMPANY SECRETARY

Ms Tan Sock Kiang

REGISTERED OFFICE

12 Tannery Road #10-01
HB Centre I
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

EXTERNAL AUDITORS

KPMG LLP
Public Accountants and Certified
Public Accountants Singapore
(Partner-In-Charge:
Mr Tay Puay Cheng since 2007)
16 Raffles Quay #22-00
Hong Leong Building
Singapore 048581

INTERNAL AUDITORS

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

COMPANY REGISTRATION NO.

198702381M

FINANCIAL CONTENTS

DIRECTORS' REPORT

The directors 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 2011.

Directors

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

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

Directors' interests in shares or debentures

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:

	Holdings in the name of the director, spouse or infant children		Other holdings in which the director is deemed to have an interest	
Name of director and corporation in which interests are held	**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	–	–	478,081,000	480,681,000
Immediate and ultimate holding company				
Ho Bee Holdings (Pte) Ltd				
- ordinary shares	19,070,000	19,070,000	–	–
Subsidiaries				
HBS Investments Pte Ltd				
- ordinary shares	–	–	700,000	700,000
Ho Bee Cove Pte. Ltd.				
- ordinary shares	–	–	900,000	900,000

DIRECTORS' REPORT

	Holdings in the name of the director, spouse or infant children		Other holdings in which the director is deemed to have an interest	
Name of director and corporation in which interests are held	**At beginning of the year**	**At end of the year**	**At beginning of the year**	**At end of the year**
Chua Thian Poh (cont'd)				
<u>Subsidiaries</u>				
HB Investments (China) Pte. Ltd.				
- ordinary shares	–	–	80,000	80,000
Parliament View Developments Limited				
- ordinary shares of £1 each	–	–	50,000	50,000
Parliament View Management Company Limited				
- ordinary shares of £1 each	–	–	1	1
<u>Related corporations</u>				
Absolutecar E-Services Pte Ltd				
- ordinary shares	–	–	300,000	300,000
Absolutecar Services Pte Ltd				
- ordinary shares	–	–	2	2
Airjet Auto-care Pte Ltd				
- ordinary shares	–	–	500,000	500,000
Airjet Automotive Pte Ltd				
- ordinary shares	–	–	200,000	200,000
HB Media Holdings Pte Ltd				
- ordinary shares	–	–	13,894,164	13,894,164
Hin Lung Credit Pte. Ltd.				
- ordinary shares	–	–	3,530,000	3,530,000
Ho Bee Capital Pte Ltd				
- ordinary shares	–	–	15,000,000	15,000,000
Ho Bee Print Pte Ltd				
- ordinary shares	–	–	5,680,000	5,680,000
Spencorp Limited				
- ordinary shares	–	–	26,550	26,550
Zen Property Management Pte Ltd				
- ordinary shares	–	–	1,000,000	1,000,000

DIRECTORS' REPORT

	Holdings in the name of the director, spouse or infant children		Other holdings in which the director is deemed to have an interest	
Name of director and corporation in which interests are held	**At beginning of the year**	**At end of the year**	**At beginning of the year**	**At end of the year**
Desmond Woon Choon Leng				
The Company				
- ordinary shares	2,100,000	2,100,000	–	–
Ong Chong Hua				
The Company				
- ordinary shares	1,800,000	1,800,000	–	–
Tan Keng Boon				
The Company				
- ordinary shares	500,000	500,000	–	–
Ch'ng Jit Koon				
The Company				
- ordinary shares	400,000	420,000	–	–
Jeffery Chan Cheow Tong				
The Company				
- ordinary shares	370,000	370,000	–	–
Bobby Chin Yoke Choong				
The Company				
- ordinary shares	131,000	131,000	–	–

By virtue of Section 7 of the Act, Mr 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 other 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 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 2012.

DIRECTORS' REPORT

Arrangements to enable directors to acquire shares and debentures

Neither at the end of the financial year nor at any time during the financial year did there subsist any arrangement to which the Company is a party, being arrangements 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.

Directors' contractual benefits

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 30 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

During the financial year, there were:

(i) no options granted by the Company or its subsidiaries to any person to take up unissued shares in the Company or its subsidiaries; and

(ii) no shares issued by virtue of any exercise of option to take up unissued shares of the Company or its subsidiaries.

At the end of the financial year, there were no unissued shares of the Company or its subsidiaries under option.

Audit Committee

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

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

The Audit Committee performs the functions specified in Section 201B of the 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.

DIRECTORS' REPORT

The Audit Committee also reviewed the following:

- assistance provided by the Company's officers to the internal and external auditors;
- quarterly financial information and annual financial statements of the Group and the Company prior to their submission to the Board of 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 LLP, be nominated for re-appointment as auditors at the forthcoming Annual General Meeting of the Company.

In appointing auditors for the Company, its subsidiaries and significant associated companies, the Company has complied with Rules 712, 715 and 716 of the SGX Listing Manual.

Auditors

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

On behalf of the Board of Directors

Chua Thian Poh
Chairman

Desmond Woon Choon Leng
Director

21 March 2012

STATEMENT BY DIRECTORS

In our opinion:

(a) the financial statements set out on pages 45 to 103 are drawn up so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2011 and the results, 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
Chairman

Desmond Woon Choon Leng
Director

21 March 2012

INDEPENDENT AUDITORS' REPORT

Members of the Company
Ho Bee Investment Ltd

Report on the financial statements

We have audited the accompanying financial statements of Ho Bee Investment Ltd (the Company) and its subsidiaries (the Group), which comprise the statements of financial position of the Group and the Company as at 31 December 2011, the income statement and statement of comprehensive income, statement of changes in equity and statement of cash flows of the Group for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 45 to 103.

Management's responsibility for the financial statements

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

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 about whether the financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the consolidated financial statements of the Group and the statement of financial position 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 2011 and the results, changes in equity and cash flows of the Group for the year ended on that date.

Report on other legal and regulatory requirements

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

KPMG LLP
Public Accountants and
Certified Public Accountants

Singapore
21 March 2012

STATEMENTS OF FINANCIAL POSITION

As at 31 December 2011

		Group		Company	
	Note	2011 $'000	2010 $'000 Restated	2011 $'000	2010 $'000
Non-current assets					
Property, plant and equipment	4	112,734	102,455	401	254
Investment properties	5	648,520	636,953	–	–
Subsidiaries	6	–	–	43,286	43,176
Associates	7	368,770	300,473	361,194	311,170
Jointly-controlled entities	8	10,853	(3,707)	1,500	1,500
Other assets	9	9,875	4,744	–	–
Financial assets	10	5,816	5,525	–	–
Other receivables	11	564,860	602,548	493,028	578,867
Deferred tax assets	12	728	807	–	–
		1,722,156	1,649,798	899,409	934,967
Current assets					
Inventories		18	18	–	–
Development properties	13	418,282	599,771	–	–
Investment properties	5	–	46,433	–	–
Associate held for sale	7	3,134	–	729	–
Trade and other receivables	14	106,367	54,923	216,742	93,898
Financial assets	10	96	120	46	59
Cash and cash equivalents	15	57,247	75,280	8,527	127
		585,144	776,545	226,044	94,084
Total assets		2,307,300	2,426,343	1,125,453	1,029,051
Equity attributable to equity holders of the Company					
Share capital	16	205,133	205,133	205,133	205,133
Reserves	17	1,440,111	1,271,173	537,247	348,057
		1,645,244	1,476,306	742,380	553,190
Non-controlling interests		21,001	23,376	–	–
Total equity		1,666,245	1,499,682	742,380	553,190
Non-current liabilities					
Loans and borrowings	18	390,873	608,500	77,573	85,000
Other liabilities	19	29,938	17,460	–	–
Deferred tax liabilities	12	7,910	12,756	–	–
Deferred income	20	2,784	3,766	–	–
		431,505	642,482	77,573	85,000
Current liabilities					
Trade and other payables	21	44,719	73,314	273,676	360,651
Loans and borrowings	18	117,914	141,700	31,614	30,000
Deferred income	20	982	982	–	–
Current tax payable		45,935	68,183	210	210
		209,550	284,179	305,500	390,861
Total liabilities		641,055	926,661	383,073	475,861
Total equity and liabilities		2,307,300	2,426,343	1,125,453	1,029,051

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

CONSOLIDATED INCOME STATEMENT

Year ended 31 December 2011

	Note	2011 $'000	2010 $'000 Restated
Revenue	22	341,522	600,396
Cost of sales		(214,372)	(328,189)
Gross profit		127,150	272,207
Other income	23	79,449	110,248
Administrative expenses		(17,509)	(22,366)
Other expenses		(3,847)	(7,484)
Results from operating activities		185,243	352,605
Finance costs	25	(2,511)	(2,289)
Share of profits, net of tax, of:			
- associates		699	185
- jointly-controlled entities		44,927	51,621
Profit before income tax		228,358	402,122
Income tax expense	26	(24,447)	(58,385)
Profit for the year	27	203,911	343,737
Profit attributable to:			
Owners of the Company		202,514	333,049
Non-controlling interests		1,397	10,688
Profit for the year		203,911	343,737
Earnings per share			
Basic earnings per share (cents)	28	27.98	45.25
Diluted earnings per share (cents)	28	27.98	45.25

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2011

	2011 $'000	2010 $'000 Restated
Profit for the year	203,911	343,737
Other comprehensive income		
Foreign currency translation differences relating to foreign operations	1,180	(5,955)
Share of foreign currency translation differences of equity-accounted investee	19,979	(12,054)
Surplus on revaluation of property, plant and equipment	10,804	10,526
Other comprehensive income/(expense) for the year, net of income tax	31,963	(7,483)
Total comprehensive income for the year	235,874	336,254
Attributable to:		
Owners of the Company	234,249	326,805
Non-controlling interests	1,625	9,449
Total comprehensive income for the year	235,874	336,254

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2011

	Attributable to owners of the Company								
	Share capital $'000	Reserve for own shares $'000	Capital reserve $'000	Re-valuation reserve $'000	Foreign currency translation reserve $'000	Retained earnings $'000	Total $'000	Non-controlling interests $'000	Total equity $'000
Group									
At 1 January 2010, as previously reported	205,133	(659)	2,230	47,269	1,813	940,454	1,196,240	26,395	1,222,635
Effect of adoption of INT FRS 115	–	–	–	–	–	(24,660)	(24,660)	(1,732)	(26,392)
At 1 January 2010, as restated	205,133	(659)	2,230	47,269	1,813	915,794	1,171,580	24,663	1,196,243
Total comprehensive income for the year									
Profit for the year	–	–	–	–	–	333,049	333,049	10,688	343,737
Other comprehensive income/(expense)									
Foreign currency translation differences relating to foreign operations	–	–	–	–	(4,716)	–	(4,716)	(1,239)	(5,955)
Share of foreign currency translation differences of equity-accounted investee	–	–	–	–	(12,054)	–	(12,054)	–	(12,054)
Surplus on revaluation of property, plant and equipment	–	–	–	10,526	–	–	10,526	–	10,526
Total other comprehensive income/(expense)	–	–	–	10,526	(16,770)	–	(6,244)	(1,239)	(7,483)
Total comprehensive income/(expense) for the year	–	–	–	10,526	(16,770)	333,049	326,805	9,449	336,254
Transactions with owners of the Company, recognised directly in equity									
Contributions by and distributions to owners of the Company									
Dividend paid to minority shareholders	–	–	–	–	–	–	–	(10,260)	(10,260)
Return of capital to minority shareholders	–	–	–	–	–	–	–	(476)	(476)
Final tax exempt dividend paid of 2 cents per share in respect of 2009	–	–	–	–	–	(14,719)	(14,719)	–	(14,719)
Interim tax exempt dividend paid of 1 cent per share in respect of 2010	–	–	–	–	–	(7,360)	(7,360)	–	(7,360)
Total contributions by and distributions to owners of the Company	–	–	–	–	–	(22,079)	(22,079)	(10,736)	(32,815)
At 31 December 2010	205,133	(659)	2,230	57,795	(14,957)	1,226,764	1,476,306	23,376	1,499,862

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2011

	Attributable to owners of the Company								
	Share capital $'000	Reserve for own shares $'000	Capital reserve $'000	Re-valuation reserve $'000	Foreign currency translation reserve $'000	Retained earnings $'000	Total $'000	Non-controlling interests $'000	Total equity $'000
Group									
At 1 January 2011	205,133	(659)	2,230	57,795	(14,957)	1,226,764	1,476,306	23,376	1,499,682
Total comprehensive income for the year									
Profit for the year	–	–	–	–	–	202,514	202,514	1,397	203,911
Other comprehensive income									
Foreign currency translation differences relating to foreign operations	–	–	–	–	952	–	952	228	1,180
Share of foreign currency translation differences of equity-accounted investee	–	–	–	–	19,979	–	19,979	–	19,979
Surplus on revaluation of property, plant and equipment	–	–	–	10,804	–	–	10,804	–	10,804
Total other comprehensive income	–	–	–	10,804	20,931	–	31,735	228	31,963
Total comprehensive income for the year	–	–	–	10,804	20,931	202,514	234,249	1,625	235,874
Transactions with owners of the Company, recognised directly in equity									
Contributions by and distributions to owners of the Company									
Dividend paid to minority shareholders	–	–	–	–	–	–	–	(4,000)	(4,000)
Final tax exempt dividend paid of 3 cents per share in respect of 2010	–	–	–	–	–	(21,993)	(21,993)	–	(21,993)
Purchase of treasury shares	–	(43,318)	–	–	–	–	(43,318)	–	(43,318)
Total contributions by and distributions to owners of the Company	–	(43,318)	–	–	–	(21,993)	(65,311)	(4,000)	(69,311)
At 31 December 2011	205,133	(43,977)	2,230	68,599	5,974	1,407,285	1,645,244	21,001	1,666,245

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2011

	2011 $'000	2010 $'000 Restated
Cash flows from operating activities		
Profit for the year	203,911	343,737
Adjustments for:		
Depreciation of property, plant and equipment	1,958	1,536
Gain on disposal of property, plant and equipment	(44)	–
Unrealised exchange loss	552	2,666
Interest income	(4,570)	(8,067)
Dividend income	(8)	(511)
Distribution income from financial assets designated at fair value through profit or loss	(322)	(277)
Finance costs	2,511	2,289
Fair value gain of investment properties	(41,300)	(66,525)
Net changes in fair value of financial assets at fair value through profit or loss	(325)	(401)
Net changes in fair value of financial derivatives	–	(467)
Gain on disposal of investment properties	(32,427)	(31,614)
Share of profits of:		
- associates	(699)	(185)
- jointly-controlled entities	(44,927)	(51,621)
Income tax expense	24,447	58,385
	108,757	248,945
Changes in working capital:		
Development properties	182,730	185,498
Inventories	–	(2)
Trade and other receivables	(2,530)	(12,387)
Trade and other payables	(21,930)	12,873
Cash generated from operations	267,027	434,927
Income taxes paid	(51,462)	(114,230)
Net cash generated from operating activities carried forward	215,565	320,697

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2011

	Note	2011 $'000	2010 $'000 Restated
Net cash generated from operating activities brought forward		215,565	320,697
Cash flows from investing activities			
Net repayments from/(advances to) jointly-controlled entities		3,603	(176,688)
Purchase of property, plant and equipment		(1,786)	(74)
Proceeds from disposal of property, plant and equipment		397	–
Proceeds from disposal of investment properties		162,427	183,535
Additional costs incurred on investment property under development		(47,240)	(427,286)
Investment in associate		(50,753)	(310,442)
Interest received		3,233	2,086
Dividend received		26,008	511
Purchase of financial assets designated at fair value through profit or loss		(662)	(325)
Advances to an investee company		(7,520)	(6,204)
Repayment of amount due from an investee company		–	5,769
Distributions from financial assets designated at fair value through profit or loss		1,127	985
Purchase of other assets		(5,131)	(1,220)
Net cash generated from/(used in) investing activities		83,703	(729,353)
Cash flows from financing activities			
Amount due to a minority shareholder (non-trade)		4,771	11,107
Proceeds from bank loans		112,590	822,475
Repayment of bank loans		(355,154)	(481,775)
Interest paid		(10,206)	(6,735)
Purchase of treasury shares		(43,318)	–
Dividends paid		(21,993)	(22,079)
Dividend paid to minority shareholders		(4,000)	(10,260)
Return of capital to minority shareholders		–	(476)
Net cash (used in)/generated from financing activities		(317,310)	312,257
Net decrease in cash and cash equivalents		(18,042)	(96,399)
Cash and cash equivalents at 1 January		75,280	171,747
Effect of exchange rate fluctuations on cash held		9	(68)
Cash and cash equivalents at 31 December	15	57,247	75,280

NOTES TO THE 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 21 March 2012.

1 Domicile and activities

Ho Bee Investment Ltd (the Company) is incorporated in the Republic of Singapore. The address of the Company's registered office is 12 Tannery Road, #10-01 HB Centre 1, Singapore 347722.

The financial statements of the Company as at and for the year ended 31 December 2011 comprise the Company and its subsidiaries (together referred to as the "Group" and individually as "Group entities") and the Group's interests in associates and jointly-controlled entities.

The Group is primarily involved in property development, property investment, hotel ownership and management, and investment holding. The immediate and ultimate holding company during the financial year is Ho Bee Holdings (Pte) Ltd, incorporated in the Republic of Singapore.

2 Basis of preparation

2.1 Statement of compliance

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

2.2 Basis of measurement

The financial statements have been prepared on the historical cost basis except as otherwise described below.

2.3 Functional and presentation currency

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.

2.4 Use of estimates and judgements

The preparation of financial statements in conformity with FRS 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 estimates are revised and in any future periods affected.

Information about critical judgements in applying accounting policies and assumptions and estimation uncertainties that have the most significant effect on the amounts recognised in the financial statements or have a significant risk of resulting in a material adjustment within the next financial year are included in the following notes:

- Note 33 – valuation of financial instruments
- Note 35 – accounting estimates and judgements

NOTES TO THE FINANCIAL STATEMENTS

2 Basis of preparation (cont'd)

2.5 Changes in accounting policies

Measurement of non-controlling interests in business combinations

From 1 January 2011, the Group has applied the amendments to FRS 103 Business Combinations resulting from the Improvements to FRSs 2010 in measuring at the acquisition date, non-controlling interests that are not present ownership interests and do not entitle their holders to a proportionate share of the acquiree's net assets in the event of liquidation. Such non-controlling interests are now measured at fair value.

Previously, the Group has elected on a transaction-by-transaction basis whether to measure non-controlling interests that are not present ownership interests and do not entitle holders to proportionate share of the acquiree's net assets on liquidation at fair value, or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets, at the acquisition date.

This change in accounting policy has been applied prospectively to new business combinations occurring on or after 1 January 2011 and has no material impact on earnings per share.

Identification of related party relationships and related party disclosures

From 1 January 2011, the Group has applied the revised FRS 24 Related Party Disclosures (2010) to identify parties that are related to the Group and to determine the disclosures to be made on transactions and outstanding balances, including commitments, between the Group and its related parties. FRS 24 (2010) improved the definition of a related party in order to eliminate inconsistencies and ensure symmetrical identification of relationships between two parties.

The adoption of FRS 24 (2010) has resulted in additional parties being identified as related to the Group. Transactions and outstanding balances, including commitments, with these related parties for the current and comparative years have been disclosed accordingly in note 30 to the financial statements.

The adoption of FRS 24 (2010) affects only the disclosures made in the financial statements. There is no financial effect on the results and financial position of the Group for the current and previous financial years. Accordingly, the adoption of FRS 24 (2010) has no impact on earnings per share.

Agreements for the construction of real estate

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

Before 1 January 2011, the Group's accounting policy for its property development projects was to recognise revenue using POC method which is an allowed alternative under Recommended Accounting Practice (RAP) 11 – Pre-completion Contracts for the Sale of Development Property. Following the adoption of INT FRS 115 on 1 January 2011, RAP 11 was withdrawn.

On the adoption of INT FRS 115, the Group continues to recognise revenue and profit based on POC method for sale of development properties under the progressive payment scheme in Singapore. For the commercial or industrial projects and residential projects under deferred payment scheme in Singapore, the revenue and expenses will be accounted for under the completion of construction method as stipulated in INT FRS 115, where applicable.

For overseas development properties which have yet to be launched, the Group will take into consideration the legal framework and the industry practices in the country of operation to implement INT FRS 115.

NOTES TO THE FINANCIAL STATEMENTS

2 Basis of preparation (cont'd)

2.5 Changes in accounting policies (cont'd)

Agreements for the construction of real estate (cont'd)

This change of accounting policy was applied retrospectively. The following table summarises the transitional adjustments made to the statement of financial position upon the adoption of INT FRS 115:

	Development properties $'000	Retained earnings $'000	Deferred tax liabilities $'000	Non-controlling interests $'000
Group				
Balance as reported at 1 January 2010	845,082	940,454	21,268	26,395
Effect of adoption of INT FRS 115 on 1 January 2010	(31,798)	(24,660)	(5,406)	(1,732)
Restated balance at 1 January 2010	813,284	915,794	15,862	24,663

The adoption of the INT FRS 115 has no financial effect on the statement of financial position of the Group as at 31 December 2010.

The effects on the income statement are as follows:

	2011 $'000	2010 $'000
(Decrease)/Increase in revenue	(47,146)	61,400
(Decrease)/Increase in cost of sales	(25,464)	29,602
(Decrease)/Increase in income tax expense	(3,686)	5,406
(Decrease)/Increase in profit for the year	(17,996)	26,392

	2011	2010
(Decrease)/Increase in basic earnings per share (cents)	(2.49)	3.35
(Decrease)/Increase in diluted earnings per share (cents)	(2.49)	3.35

NOTES TO THE FINANCIAL STATEMENTS

3 Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements, and have been applied consistently by Group entities, except as explained in note 2.5, which addresses changes in accounting policies.

Certain comparatives have been reclassified (see note 36).

3.1 Basis of consolidation

Business combinations

Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the Group. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, the Group takes into consideration potential voting rights that are currently exercisable.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Costs related to the acquisition, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

Any contingent consideration payable is recognised at fair value at the acquisition date. If the contingent consideration is classified as equity, it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes to the fair value of the contingent consideration are recognised in profit or loss.

For non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the acquiree's net assets in the event of liquidation, the Group elects on a transaction-by-transaction basis whether to measure them at fair value, or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets, at the acquisition date. All other non-controlling interests are measured at acquisition-date fair value or, when applicable, on the basis specified in another standard.

When share-based payment awards (replacement awards) are required to be exchanged for awards held by the acquiree's employees (acquiree's awards) and relate to past services, then all or a portion of the amount of the acquirer's replacement awards is included in measuring the consideration transferred in the business combination. This determination is based on the market-based value of the replacement awards compared with the market-based value of the acquiree's awards and the extent to which the replacement awards relate to past and/or future service.

Subsidiaries

Subsidiaries are entities controlled by the Group. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Group. Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

NOTES TO THE FINANCIAL STATEMENTS

3 Significant accounting policies (cont'd)

3.1 Basis of consolidation (cont'd)

Loss of control

Upon the loss of control, the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently, it is accounted for as an equity-accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

Investments in associates and jointly-controlled entities (equity-accounted investees)

Associates are those entities in which the Group has significant influence, but not control, over the financial and operating policies of these entities. Significant influence is presumed to exist when the Group holds between 20% and 50% of the voting power of another entity. 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.

Investments in associates and jointly-controlled entities are accounted for using the equity method (equity-accounted investees) and are recognised initially at cost. The cost of the investments includes transaction costs.

The consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of the equity-accounted investees, after adjustments to align the accounting policies of the equity-accounted investees 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 equity-accounted investee, 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 transactions, 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 associates and jointly-controlled entities 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 joint ventures are stated in the Company's statement of financial position at cost less accumulated impairment losses.

3.2 Foreign currency

Foreign currency transactions

Transactions in foreign currencies are translated to 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 end of the reporting date are translated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortised cost in foreign currency translated at the exchange rate at the end of the year.

NOTES TO THE FINANCIAL STATEMENTS

3 Significant accounting policies (cont'd)

3.2 Foreign currency (cont'd)

Foreign currency transactions (cont'd)

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items in a foreign currency that are measured in terms of historical cost are translated using the exchange rate at the date of the transaction. Foreign currency differences arising on translation are recognised in profit or loss except for differences arising on the translation of available-for-sale equity instruments, which are recognised in other comprehensive income.

Foreign operations

The assets and liabilities of foreign operations are translated to Singapore dollars at exchange rates at the end of the reporting period. The income and expenses of foreign operations, excluding foreign operations in hyper inflationary economies, are translated to Singapore dollars at exchange rates at the dates of the transactions. Goodwill and fair value adjustments are treated as assets and liabilities of the foreign operation and translated at the closing rate.

Foreign currency differences are recognised in other comprehensive income, and presented in the foreign currency translation reserve (translation reserve) in equity. However, if the foreign operation is a non-wholly-owned subsidiary, then the relevant proportionate share of the translation difference is allocated to the non-controlling interests. When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Group disposes of only part of its investment in an associate or jointly-controlled entity that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, foreign exchange gains and losses arising from such a monetary item are considered to form part of a net investment in a foreign operation. These are recognised in other comprehensive income, and are presented in the translation reserve in equity.

3.3 Financial instruments

Non-derivative financial assets

The Group initially recognises loans and receivables and deposits on the date that they are originated. All other financial assets (including assets designated at fair value through profit or loss) are recognised initially on the trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Group is recognised as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Group classifies non-derivative financial assets into the following categories: financial assets at fair value through profit or loss, loans and receivables and available-for-sale financial assets.

NOTES TO THE FINANCIAL STATEMENTS

3 Significant accounting policies (cont'd)

3.3 Financial instruments (cont'd)

Financial assets at fair value through profit or loss

An instrument is classified as at fair value through profit or loss if it is acquired principally for the purpose of selling in the short term 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 in accordance with the Group's documented risk management and investment strategies. Upon initial recognition, attributable transaction costs are recognised in profit or loss when incurred. Financial instruments at fair value through profit or loss are measured at fair value, and changes therein are recognised in profit or loss.

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 3.2), are recognised in other comprehensive income and presented within equity in the fair value reserve. When an investment is derecognised, the cumulative gain or loss in other comprehensive income is transferred to profit or loss.

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 losses if the probabilities of the various estimates cannot be reasonably assessed.

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses.

Loans and receivables comprise cash and cash equivalents, and trade and other receivables.

Non-derivative financial liabilities

The Group initially recognises financial liabilities (including liabilities designated at fair value through profit or loss) initially on the trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial liability when its contractual obligations are discharged, cancelled or when they expire.

Non-derivative financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method.

Other financial liabilities comprise loans and borrowings, trade and other payables and other liabilities.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

NOTES TO THE FINANCIAL STATEMENTS

3 Significant accounting policies (cont'd)

3.3 Financial instruments (cont'd)

Impairment of financial assets

A financial asset is considered to be impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event has a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets (including equity securities) are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Group on terms that the Group would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, adverse changes in the payment status of borrowers or issuers in the Group, economic conditions that correlate with defaults or the disappearance of an active market for a security. In addition, for an investment in an equity security, a significant or prolonged decline in its fair value below its cost is objective evidence of impairment.

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 profit or loss. Any cumulative loss in respect of an available-for-sale financial asset recognised previously in equity is transferred to profit or loss.

Impairment losses in respect of financial assets measured at amortised cost are reversed if the subsequent increase in fair value can be related objectively to an event occurring after the impairment loss was recognised.

Impairment losses once recognised in profit or loss in respect of available-for-sale equity securities are not reversed through profit or loss. Any subsequent increase in fair value of such assets is recognised directly in equity.

Intra-group financial guarantees

Financial guarantees are financial instruments issued by the Group that require the issuer to make specified payments to reimburse the holder for the loss it incurs because a specified debtor fails to meet payment when due in accordance with the original or modified terms of a debt instrument.

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.

NOTES TO THE FINANCIAL STATEMENTS

3 Significant accounting policies (cont'd)

3.3 Financial instruments (cont'd)

Share capital

Ordinary shares are classified as equity.

Costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

Where share capital recognised as equity is repurchased (treasury shares), the amount of the consideration paid, including directly attributable costs, net of any tax effects, is recognised as a deduction from equity. Repurchased shares are classified as treasury shares and are presented in the reserve for own share account. Where such shares are subsequently reissued, sold or cancelled, the consideration received is recognised as a change in equity. No gain or loss is recognised in profit or loss.

3.4 Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses except for land and buildings, which are stated at their revalued amounts. The revalued amount is the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations are carried out by independent professional valuers regularly such that the carrying amount of these assets does not differ materially from that which would be determined using fair values at the balance sheet date.

Any increase in the revaluation amount is credited to the revaluation reserve unless it offsets a previous decrease in value of the same asset that was recognised in profit or loss. A decrease in value is recognised in profit or loss where it exceeds the increase previously recognised in the revaluation reserve. Upon disposal, any related revaluation reserve is transferred from the revaluation reserve to accumulated profits and is not taken into account in arriving at the gain or loss on disposal.

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, and the cost of dismantling and removing the items and restoring the site on which they are located and capitalised borrowing costs. When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

The gain or loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and is recognised net within other income/other expense in profit or loss.

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

Freehold land and property under construction are not depreciated. Depreciation on other property, plant and equipment is recognised in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment.

NOTES TO THE FINANCIAL STATEMENTS

3 Significant accounting policies (cont'd)

3.4 Property, plant and equipment (cont'd)

The estimated useful lives for the current and comparative years are as follows:

Building	30 years
Leasehold improvements	5 to 10 years
Furniture, fittings and office equipment	5 years
Motor vehicles	5 years

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

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

3.5 Goodwill

Goodwill and negative goodwill arise on the acquisition of subsidiaries, associates and jointly-controlled entities.

Goodwill represents the excess of:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree,

over the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

Goodwill is measured at cost less accumulated impairment losses. In respect of equity-accounted investees, the carrying amount of goodwill is included in the carrying amount of the investment, and an impairment loss on such an investment is not allocated to any asset, including goodwill, that forms part of the carrying amount of the equity-accounted investee.

3.6 Investment properties

Investment property is property held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes.

Investment property is measured at fair value with any change therein recognised in profit or loss. Rental income from investment properties is accounted for in the manner described in note 3.13.

When the use of a property changes such that it is reclassified as property, plant and equipment, or development properties, its fair value at the date of reclassification becomes its cost for subsequent accounting.

Property that is being constructed for future use as investment property is accounted for at fair value.

Where a property is expected to be sold within the foreseeable future, it is reclassified to current assets in the statement of financial position. The property is measured at fair value with any change recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

3 Significant accounting policies (cont'd)

3.7 Leases

When the entities within the Group are lessors of an operating lease

Assets subject to operating leases are included in investment properties and are stated at fair value and not depreciated. Rental income (net of any incentives given to lessees) is recognised on a straight-line basis over the lease term.

When the entities within the Group are lessees of an operating lease

Where the Group has the use of assets under operating leases, payments made under the leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised in profit or loss as an integral part of the total lease.

3.8 Impairment – non-financial assets

The carrying amounts of the Group's non-financial assets, other than investment properties, 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, the 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 estimated 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 profit or loss 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.

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.

3.9 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 is the estimated selling price less costs to be incurred in selling the properties.

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.

NOTES TO THE FINANCIAL STATEMENTS

3 Significant accounting policies (cont'd)

3.9 Development properties (cont'd)

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 is the estimated selling price less costs to be incurred in selling the properties. The cost of properties held for sale comprises the cost of purchase of properties and associated costs.

3.10 Inventories

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

3.11 Employee benefits

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an employee benefit expense in profit or loss in the periods during which services are rendered by employees.

Short-term employee benefits

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

A liability 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.

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

Loans to subsidiaries and associate

Interest-free loans to subsidiaries and associate 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 and associate in the 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 profit or loss over the expected repayment period.

Intra-group balances between the Company and its subsidiaries are eliminated in full in the Group's consolidated financial statements.

NOTES TO THE FINANCIAL STATEMENTS

3 Significant accounting policies (cont'd)

3.13 Revenue recognition

Sale of development properties in Singapore

Where property is under development and agreement has been reached to sell such property when construction is complete, the Group considers whether the contract comprise a contract to construct a property or a contract for the sale of a completed property.

Where a contract is judged to be for the construction of a property, revenue is recognised using percentage of completion method as construction progresses. Under the percentage of completion method, the percentage of completion is measured by reference to the work performed, based on the stage of completion certified by an architect or a quantity surveyor. Profits are recognised only in respect of finalised sales agreements to the extent that such profits relate to the progress of the construction work.

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

Sale of development properties overseas

For overseas property development projects, 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.

Rental income

Rental income receivable under operating leases is recognised in profit or loss 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 recognised as it accrues, using the effective interest method.

Distribution income

Distribution received from investment in private equity fund which constitute a return of capital is treated as a return of investment and is set off against the carrying value of the investment. Any other distributions are taken to profit or loss.

Management fee income

Fee from the provision of management services are recognised when the services have been rendered.

NOTES TO THE FINANCIAL STATEMENTS

3 Significant accounting policies (cont'd)

3.14 Finance costs

Borrowing costs are recognised in profit or loss 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 TOP issued by the relevant authority.

3.15 Income tax

Income tax expense comprises current and deferred tax. Income tax expense is recognised in profit or loss 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 or receivable on the taxable income or loss 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 in respect of 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 assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, and differences relating to investments in subsidiaries and jointly-controlled entities to the extent that it is probable that they will not reverse in the foreseeable future. In addition, deferred tax is not recognised for taxable temporary differences arising on the initial recognition of goodwill. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they 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.

In the ordinary course of business, there are many transactions and calculations for which the ultimate tax treatment is uncertain. Therefore, the Group recognises tax liabilities based on estimates of whether additional taxes and interest will be due. These tax liabilities are recognised when the Group believes that certain positions may not be fully sustained upon review by tax authorities, despite the Group's belief that its tax return positions are supportable. The Group believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of multifaceted judgements about future events. New information may become available that causes the Group to change its judgement regarding the adequacy of existing tax liabilities, such changes to tax liabilities will impact tax expense in the period that such a determination is made.

NOTES TO THE FINANCIAL STATEMENTS

3 Significant accounting policies (cont'd)

3.16 Government grants

Jobs Credit Scheme

Cash grants received from the government in relation to the Jobs Credit Scheme are recognised as other income upon receipt, except for those that are capitalised as part of the cost of the development property until the completion of development.

3.17 Earnings per share

The Group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period, adjusted for own shares held. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares.

3.18 Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are reviewed regularly by the Group's CEO to make decisions about resources to be allocated to the segment and assess its performance.

3.19 New standards and interpretations not adopted

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 January 2012, and have not been applied in preparing these financial statements. None of these are expected to have a significant effect on the financial statements of the Group and the Company.

NOTES TO THE FINANCIAL STATEMENTS

4 Property, plant and equipment

	Freehold land and building $'000	Leasehold improvements $'000	Furniture, fittings and office equipment $'000	Motor vehicles $'000	Total $'000
Group					
Cost/Valuation	**Valuation**	**Cost**	**Cost**	**Cost**	
At 1 January 2010	92,400	622	1,254	1,690	95,966
Additions	–	3	71	–	74
Surplus on revaluation	10,526	–	–	–	10,526
Reversal of depreciation on revaluation	(1,326)	–	–	–	(1,326)
Disposals	–	–	(21)	–	(21)
At 31 December 2010	101,600	625	1,304	1,690	105,219
Additions	–	–	404	1,382	1,786
Surplus on revaluation	10,804	–	–	–	10,804
Reversal of depreciation on revaluation	(1,404)	–	–	–	(1,404)
Disposals	–	–	(139)	(1,069)	(1,208)
At 31 December 2011	111,000	625	1,569	2,003	115,197
Accumulated depreciation and impairment losses					
At 1 January 2010	–	611	1,031	933	2,575
Depreciation charge for the year	1,326	1	116	93	1,536
Reversal of depreciation on revaluation	(1,326)	–	–	–	(1,326)
Disposals	–	–	(21)	–	(21)
At 31 December 2010	–	612	1,126	1,026	2,764
Depreciation charge for the year	1,404	12	183	359	1,958
Reversal of depreciation on revaluation	(1,404)	–	–	–	(1,404)
Disposals	–	–	(124)	(731)	(855)
At 31 December 2011	–	624	1,185	654	2,463
Carrying amount					
At 1 January 2010	92,400	11	223	757	93,391
At 31 December 2010	101,600	13	178	664	102,455
At 31 December 2011	111,000	1	384	1,349	112,734

NOTES TO THE FINANCIAL STATEMENTS

4 Property, plant and equipment (cont'd)

	Furniture, fittings and office equipment $'000	Motor vehicles $'000	Total $'000
Company			
Cost			
At 1 January 2010	212	476	688
Additions	18	–	18
Disposals	(15)	–	(15)
At 31 December 2010	215	476	691
Additions	40	222	262
Disposals	–	(175)	(175)
At 31 December 2011	255	523	778
Accumulated depreciation and impairment losses			
At 1 January 2010	201	171	372
Depreciation charge for the year	10	70	80
Disposals	(15)	–	(15)
At 31 December 2010	196	241	437
Depreciation charge for the year	14	76	90
Disposals	–	(150)	(150)
At 31 December 2011	210	167	377
Carrying amount			
At 1 January 2010	11	305	316
At 31 December 2010	19	235	254
At 31 December 2011	45	356	401

Freehold land and building of the Group are revalued as at 31 December 2011 by Colliers International Consultancy & Valuation (Singapore) Pte Ltd ("Colliers"), a firm of independent professional valuers, at open market value on an existing use basis. The surplus on revaluation of the property amounting to $10,804,000 (2010: $10,526,000) was recognised in the revaluation reserve of the Group.

As at 31 December 2011, the carrying amount of freehold land and building of the Group would have been $41,147,000 (2010: $41,849,000) had the freehold land and building been carried at cost less accumulated depreciation and impairment losses.

Security

At 31 December 2011, freehold land and building with a carrying amount of $111,000,000 (2010: $101,600,000) are pledged to secure bank facilities granted to the Group (see note 18).

NOTES TO THE FINANCIAL STATEMENTS

5 Investment properties

	Group	
	2011 $'000	**2010 $'000 Restated**
Freehold properties		
At 1 January	134,900	112,000
Disposals	(35,200)	–
Transfer to development properties	–	(6,500)
Changes in fair value	39,200	29,400
At 31 December	138,900	134,900
Leasehold properties		
At 1 January	121,200	193,320
Disposals	(94,800)	(147,173)
Transfer from development properties	–	37,928
Changes in fair value	2,100	37,125
At 31 December	28,500	121,200
Leasehold property under development		
At 1 January	427,286	–
Additions	53,834	427,286
At 31 December	481,120	427,286
Total investment properties	648,520	683,386
Investment properties (non-current)	648,520	636,953
Investment properties (current)	–	46,433
Total investment properties	648,520	683,386
Interest capitalised during the year	6,594	1,080

Investment properties are stated at fair value based on desktop valuations carried out by Colliers. The fair values are based on market values, being the estimated amount for which a property could be exchanged on the date of the valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing, wherein the parties had each acted knowledgeably, prudently and without compulsion.

The valuers have considered valuation techniques including the direct comparison method, and investment method in arriving at the open market value as at the balance sheet date. The direct comparison method involves the analysis of comparable sales of similar properties and adjusting the sale prices to that reflective of the investment properties. The investment method involves the estimation and projection of an income stream over a period, using market rates on vacancy and expenses.

Investment properties comprise a number of commercial properties that are leased to third party customers. Each of the leases contains an initial non-cancellable period of 1 to 3 years. Subsequent renewals are negotiated with the lessee. No contingent rents are charged.

Certain investment properties with carrying value amounting to $483,821,000 (2010: $611,386,000) have been pledged to secure banking facilities granted to the Group (see note 18).

NOTES TO THE FINANCIAL STATEMENTS

6 Subsidiaries

	Company	
	2011 $'000	2010 $'000
Equity investments, at cost	41,599	41,599
Discount implicit in interest-free loans to subsidiaries	2,687	2,577
Impairment loss	(1,000)	(1,000)
	43,286	43,176

Details of the subsidiaries are as follows:

	Name of subsidiary	Country of incorporation	Effective equity held by the Group	
			2011 %	2010 %
@	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
@	Ho Bee Realty Pte Ltd	Singapore	100	100
1	Ho Bee (Sentosa) Pte Ltd	Singapore	100	100
@	Ho Bee (One North) Pte. Ltd.	Singapore	100	100
@	Pacific Rover Pte Ltd	Singapore	100	100
2	Soon Wing Properties Pte Ltd	Singapore	100	100
3	HBO Investments Pte Ltd	Singapore	100	100
@	HB Properties International Pte Ltd	Singapore	100	100
@	HB Venture Capital Pte Ltd	Singapore	100	100
4	Ho Bee Homes Pte Ltd	Singapore	100	100
@	Ho Bee Cove Pte. Ltd.	Singapore	90	90
@	HB Investments (China) Pte. Ltd.	Singapore	80	80
5	HB Australia Pty Ltd	Australia	100	100
@	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 LLP, Singapore.
* Audited by a member firm of KPMG International.
** Not required to be audited in its country of incorporation.
1 Ho Bee (Sentosa) Pte Ltd has filed for members' voluntary liquidation on 9 Feburary 2011.
2 Soon Wing Properties Pte Ltd has filed for members' voluntary liquidation on 23 September 2010.
3 HBO Investments Pte Ltd has filed for members' voluntary liquidation on 29 December 2011.
4 Ho Bee Homes Pte Ltd has filed for members' voluntary liquidation on 13 October 2011.
5 The subsidiary had applied for relief with the Australian Securities & Investments Commission from the requirement to prepare and lodge audited financial statements for the financial year ended 31 December 2011.

KPMG LLP are the auditors of all significant Singapore-incorporated subsidiaries. Other member firms of KPMG International are auditors of significant foreign-incorporated subsidiaries.

NOTES TO THE FINANCIAL STATEMENTS

7 Associates

The Group's associates include share of the associates' post-acquisition profits of $2,057,000 (2010: $1,358,000) and an implicit discount in respect of interest-free loan to an associate of $408,000 (2010: $408,000).

The associate, Hasidon Holdings Pte Ltd, is presented as an associate held for sale pursuant to the sale and purchase agreement entered into by the Group on 17 November 2011 to divest its entire interests in the associate. As at 31 December 2011, the carrying amount of the associate is $3,134,000.

Details of the associates are as follows:

	Name of associates	Country of incorporation	Effective equity held by the Group	
			2011 %	2010 %
*	Hasidon Holdings Pte Ltd	Singapore	32	32
^	Shanghai Yanlord Hongqiao Property Co., Ltd	China	40	40
@	Zhuhai Yanlord Heyou Land Co., Ltd	China	20	–
@	Zhuhai Yanlord Youmei Land Co., Ltd	China	20	–

* Audited by Chan-Soh & Co. The entity is not considered a significant associate of the Group.
^ Audited by 上海中惠会计师事务所. The entity is considered a significant associate of the Group.
@ The associates were incorporated on 15 November 2011 and auditors have not been appointed as at 31 December 2011.

The summarised financial information is not adjusted for the percentage of ownership held by the Group. Summarised financial information on the associates is set out below:

	2011 $'000	2010 $'000
Results		
Revenue	1,167	1,281
Profit after taxation	2,687	620
Assets and liabilities		
Total assets	1,120,035	806,412
Total liabilities	50,892	35,651
Group's share of contingent liabilities	1,514	1,717

NOTES TO THE FINANCIAL STATEMENTS

8 Jointly-controlled entities

	Group		Company	
	2011 $'000	2010 $'000	2011 $'000	2010 $'000
Investments in jointly-controlled entities	10,853	(3,707)	1,500	1,500

Included in the Company's investments in jointly-controlled entities are impairment losses amounting to $350,000 (2010: $350,000).

Details of the jointly-controlled entities are as follows:

	Name of jointly-controlled entities	Country of incorporation	Effective equity held by the Group	
			2011 %	2010 %
@	Calne Pte Ltd	Singapore	50	50
@	Seaview (Sentosa) Pte Ltd	Singapore	50	50
@	Rivershore Pte Ltd	Singapore	50	50
@	Pinnacle (Sentosa) Pte Ltd	Singapore	35	35
1	Yanlord Ho Bee Investment Pte. Ltd.	Singapore	40	40

@ Audited by KPMG LLP, Singapore.

1 The jointly-controlled entity is audited by Deloitte & Touche LLP Singapore. The entity is not considered a significant jointly-controlled entity of the Group.

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

	2011 $'000	2010 $'000
Results		
Income	184,391	288,352
Expenses	(139,464)	(236,731)
Profit after income tax	44,927	51,621
Assets and liabilities		
Current assets	879,943	898,745
Current liabilities	(76,989)	(37,728)
Non-current liabilities	(792,101)	(864,724)
Net assets / (liabilities)	10,853	(3,707)
Group's share of jointly-controlled entities' capital commitments	94,626	149,242

NOTES TO THE FINANCIAL STATEMENTS

9 Other assets

	Group	
	2011 **$'000**	**2010** **$'000**
At cost		
Club membership	150	150
Other investments	9,725	4,594
	9,875	4,744

10 Financial assets

	Group		Company	
	2011 **$'000**	**2010** **$'000** **Restated**	**2011** **$'000**	**2010** **$'000**
Non-current assets				
Investments designated at fair value through profit or loss				
Investments in private equity funds	4,403	4,139	–	–
Available-for-sale investments				
Unquoted equity investments	1,413	1,386	–	–
	5,816	5,525	–	–
Current assets				
Investments held for trading				
Quoted equity investments	96	120	46	59
Total financial assets	5,912	5,645	46	59

Investments designated at fair value through profit or loss are those that the Group intends to hold for the medium term and represent investments in companies that are strategic and are involved in emerging technologies.

NOTES TO THE FINANCIAL STATEMENTS

11 Other receivables

	Group		Company	
	2011 $'000	2010 $'000 Restated	2011 $'000	2010 $'000
Non-current assets				
Amounts due from subsidiaries (non-trade)				
- interest-bearing	–	–	–	53,806
- non-interest bearing	–	–	72,737	57,957
	–	–	72,737	111,763
Amounts due from jointly-controlled entities (non-trade)				
- interest-bearing	477,673	523,035	477,673	523,035
- non-interest bearing	58,576	57,465	–	–
Impairment losses	–	–	(57,382)	(57,382)
	536,249	580,500	420,291	465,653
Amount due from associate (non-trade)				
- non-interest bearing	–	1,451	–	1,451
Amount due from an investee company (non-trade)				
- non-interest bearing	28,611	20,597	–	–
	564,860	602,548	493,028	578,867

The above amounts are unsecured and are not expected to be repaid within the next 12 months.

Included in non-interest bearing amounts due from subsidiaries is an amount of $69,806,000 (2010: $54,507,000) for which settlement is neither planned nor likely to occur in the foreseeable future. As this amount is, in substance, a part of the Company's net investment in the subsidiary, it is stated at cost less accumulated impairment losses.

The settlement for the non-interest bearing amounts due from jointly-controlled entities of $58,576,000 (2010: $57,465,000) is neither planned nor likely to occur in the foreseeable future. As this amount is, in substance, a part of the Group's net investment in the jointly-controlled entity, it is stated at cost less accumulated impairment losses.

The amount due from an investee company is unsecured and do not have fixed terms of repayment. They represent, in substance, the Group's net investment in the investee company, and is stated at cost less accumulated impairment losses.

NOTES TO THE FINANCIAL STATEMENTS

11 Other receivables (cont'd)

Terms and conditions of the above outstanding amounts (excluding those amounts whereby, in substance, are part of the Group's and the Company's net investment in subsidiaries and jointly-controlled entities) are as follows:

	Effective interest rate %	Expected year of maturity	2011 Face value $'000	2011 Carrying amount $'000	2010 Face value $'000	2010 Carrying amount $'000
Group						
Amounts due from jointly-controlled entities	0.91 – 2.05	2014	477,673	477,673	523,035	523,035
Amount due from associate	4.75*	2011	–	–	1,520	1,451
			477,673	477,673	524,555	524,486
Company						
Amounts due from subsidiaries						
- interest-bearing	2.25 – 3.50	2011	–	–	53,806	53,806
- non-interest bearing	3.50 – 4.75*	2013	3,156	2,931	3,649	3,450
			3,156	2,931	57,455	57,256
Amounts due from jointly-controlled entities	1.27 – 3.37	2012	477,673	477,673	523,035	523,035
Amount due from associate	4.75*	2011	–	–	1,520	1,451
			477,673	477,673	524,555	524,486
			480,829	480,605	582,010	581,742

* The effective interest rates are the prevailing market interest rates of similar loans, which are used to discount the loans to subsidiaries and associate to arrive at their fair values at inception.

NOTES TO THE FINANCIAL STATEMENTS

12 Deferred tax

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

	At 1 January 2010 $'000 Restated	Recognised in income statement (note 26) $'000 Restated	At 31 December 2010 $'000	Recognised in income statement (note 26) $'000	At 31 December 2011 $'000
Group					
Deferred tax liabilities					
Development properties	21,160	(13,815)	7,345	408	7,753
Property, plant and equipment	4	–	4	49	53
Income not remitted into Singapore	104	–	104	–	104
Investment properties	–	5,303	5,303	(5,303)	–
Total	21,268	(8,512)	12,756	(4,846)	7,910
Deferred tax assets					
Property, plant and equipment	(8)	8	–	–	–
Tax loss carried forward	–	–	–	(88)	(88)
Deferred income	–	(807)	(807)	167	(640)
Total	(8)	(799)	(807)	79	(728)

13 Development properties

	Note	Group 2011 $'000	Group 2010 $'000 Restated
Properties held for sale		5,523	4,913
Properties under development:			
- Costs incurred and attributable profits		2,342,593	1,175,245
- Progress billings		(1,929,834)	(580,387)
		412,759	594,858
Total development properties		418,282	599,771
Interest capitalised during the year	25	1,161	1,620

The finance costs have been capitalised at rates ranging from 0.71% to 1.28% (2010: 0.84% to 2.95%) per annum for development properties.

Certain development properties with carrying value amounting to $351,602,000 (2010: $597,535,000) have been pledged to secure banking facilities granted to the Group (see note 18).

NOTES TO THE FINANCIAL STATEMENTS

14 Trade and other receivables

	Group		Company	
	2011 $'000	2010 $'000	2011 $'000	2010 $'000
Trade receivables	18,387	19,566	–	–
Impairment losses	(36)	(89)	–	–
Net receivables	18,351	19,477	–	–
Other deposits	245	227	1	15
Amounts due from:				
- subsidiaries (non-trade)				
- interest-bearing	–	–	54,786	–
- non-interest bearing	–	–	87,640	87,640
- jointly-controlled entities (non-trade)				
- interest-bearing	53,512	–	53,512	–
- non-interest bearing	17	6,135	–	6,119
- associate (non-trade)	1,520	–	1,520	–
- joint venture partner (non-trade)	31,583	–	19,254	–
Goods and services tax recoverable	–	28,791	–	–
Other receivables	890	164	3	102
Loans and receivables	106,118	54,794	216,716	93,876
Prepayments	249	129	26	22
	106,367	54,923	216,742	93,898

Amounts due from subsidiaries are unsecured and repayable within the next twelve months. For the interest-bearing amounts due from subsidiaries, interest rates are charged at 1.25% (2010: 2.25%) per annum.

Amounts due from jointly-controlled entities are unsecured and repayable within the next twelve months. For the interest-bearing amounts due from jointly-controlled entities, interest rates are charged at 1.4% (2010: 0.9%) per annum.

Amount due from joint venture partner is unsecured and interest-free, and is repayable within the next twelve months.

15 Cash and cash equivalents

	Group		Company	
	2011 $'000	2010 $'000	2011 $'000	2010 $'000
Cash at banks and in hand	16,947	20,718	8,527	127
Fixed deposits	40,300	54,562	–	–
	57,247	75,280	8,527	127

Included in cash and cash equivalents of the Group are amounts held under the Housing Developers (Project Account) (Amendment) Rules 1997, totalling $43,268,000 (2010: $72,103,000), the use of which is subject to restrictions imposed by the aforementioned rules.

The weighted average effective interest rates relating to fixed deposits at the balance sheet date for the Group is 0.12% (2010: 0.1%) per annum. Interest rates reprice at intervals of one, three or six months.

NOTES TO THE FINANCIAL STATEMENTS

16 Share capital

	Group and Company	
	2011 Number of shares ('000)	2010 Number of shares ('000)
Fully paid ordinary shares, with no par value:		
At 1 January and 31 December	737,338	737,338

As at 31 December 2011, included in the total number of ordinary shares was 33,931,000 (2010: 1,363,000) shares purchased by the Company (the "Treasury Shares") by way of market acquisition at an average price of $1.30 per share. The Treasury Shares were deducted from total equity (see note 17).

The holders of ordinary shares (excluding treasury 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 (excluding treasury shares) rank equally with regard to the Company's residual assets.

Capital management

The Board's policy is to maintain an adequate capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business.

The Board of Directors monitors the return on capital, which the Group defines as net operating income divided by total shareholders' equity, excluding non-controlling interests. The Board of Directors also monitors the level of dividends to ordinary shareholders. The Group funds its operations and growth through a mix of equity and debts. This includes the maintenance of adequate lines of credit and assessing the need to raise additional equity where required.

From time to time, the Group may undertake share purchases or acquisitions under its approved Share Purchase Mandate if and when circumstances permit, as part of the Group's management mechanism to facilitate the return of surplus cash over and above its ordinary capital requirements, in an expedient and cost-efficient manner. The purchases or acquisitions of its shares seek to increase shareholder' values and provide greater flexibility over the Group's share capital structure.

There were no changes in the Group's approach to capital management during the year.

The Company and its subsidiaries are not subject to externally imposed capital requirements.

The gearing ratio is calculated as net debt divided by total equity (excluding non-controlling interests). Net debt is calculated as borrowings less cash and cash equivalents.

	Group		Company	
	2011 $'000	2010 $'000	2011 $'000	2010 $'000
Net debt	451,540	674,920	100,660	114,873
Total equity (excluding non-controlling interests)	1,645,244	1,476,306	742,380	553,190
Gearing ratio	0.27	0.46	0.14	0.21

The Group and the Company are in compliance with all borrowing covenants for the financial years ended 31 December 2010 and 31 December 2011.

NOTES TO THE FINANCIAL STATEMENTS

17 Capital and reserves

	Group		Company	
	2011 $'000	2010 $'000	2011 $'000	2010 $'000
Reserve for own shares	(43,977)	(659)	(43,977)	(659)
Capital reserve	2,230	2,230	187	187
Foreign currency translation reserve	5,974	(14,957)	–	–
Revaluation reserve	68,599	57,795	–	–
Retained earnings	1,407,285	1,226,764	581,037	348,529
	1,440,111	1,271,173	537,247	348,057

Reserve for own shares

Reserve for own shares comprises the cost of the Company's shares held by the Group.

Capital reserve

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

Foreign currency translation reserve

The currency translation reserve comprises all 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.

Revaluation reserve

The revaluation reserve comprises the surpluses arising from the revaluation of freehold land and building.

Retained earnings

Included in retained earnings is a net accumulated profit of $46,916,000 (2010: accumulated profit of $1,290,000) representing share of post acquisition results of associates and jointly-controlled entities.

NOTES TO THE FINANCIAL STATEMENTS

18 Loans and borrowings

	Group		Company	
	2011 $'000	2010 $'000	2011 $'000	2010 $'000
Non-current liabilities				
Secured bank loans	390,873	608,500	77,573	85,000
Current liabilities				
Secured bank loans	117,914	141,700	31,614	30,000
	508,787	750,200	109,187	115,000

The bank loans are secured on the following assets:

		Group	
	Note	2011 $'000	2010 $'000 Restated
Property, plant and equipment	4	111,000	101,600
Investment properties	5	483,821	611,386
Development properties	13	351,602	597,535
Carrying amounts		946,423	1,310,521

In addition, the Group's 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:

			2011		2010	
	Effective interest rate %	Expected year of maturity	Face value $'000	Carrying amount $'000	Face value $'000	Carrying amount $'000
Group						
Secured bank loans						
- floating rate	1.28 – 2.95	2012 – 2014	508,787	508,787	750,200	750,200
Company						
Secured bank loans						
- floating rate	2.01 – 2.30	2012 – 2013	109,187	109,187	115,000	115,000

NOTES TO THE FINANCIAL STATEMENTS

18 Loans and borrowings (cont'd)

Intra-group guarantees

Intra-group financial guarantees comprise guarantees granted by the Company to banks in respect of banking facilities amounting to $596,886,000 (2010: $947,689,000) extended to its subsidiaries, associates and jointly-controlled entities. The periods in which the financial guarantees expire are as follows:

	Group		Company	
	2011 $'000	**2010 $'000**	**2011 $'000**	**2010 $'000**
Less than 1 year	1,514	–	87,814	116,700
Between 1 and 5 years	195,773	197,489	509,072	830,989
	197,287	197,489	596,886	947,689

19 Other liabilities

	Group	
	2011 $'000	**2010 $'000**
Amount due to a minority shareholder (non-trade)	19,141	14,370
Non-current retention sums payable	10,797	3,090
	29,938	17,460

Amount due to a minority shareholder (non-trade) is unsecured and interest-free, and does not have fixed terms of repayment. As the amount represents, in substance, the minority shareholder's net investment in the Group, it is stated at cost.

20 Deferred income

	Group	
	2011 $'000	**2010 $'000**
Deferred gain:		
- current	982	982
- non-current	2,784	3,766
	3,766	4,748

Deferred gain relates to the excess of sales proceeds over the fair value of the leasehold property disposed of under a sale and leaseback arrangement in 2010. Deferred gain is released to profit or loss on a straight-line basis over the leaseback period of 5 years.

NOTES TO THE FINANCIAL STATEMENTS

21 Trade and other payables

	Group		Company	
	2011 $'000	2010 $'000	2011 $'000	2010 $'000
Trade payables	190	143	–	–
Deposits and advances from customers	1,913	1,988	–	–
Rental deposits	3,979	4,990	–	–
Accrued operating expenses and development expenditure	36,236	43,051	7,841	11,759
Amounts due to subsidiaries (non-trade)				
- interest bearing	–	–	20,813	56,431
- non-interest bearing	–	–	245,001	292,236
Other payables	861	3,192	–	181
Goods and services tax payable	1,380	17,435	21	44
Retention sums payable	160	2,515	–	–
	44,719	73,314	273,676	360,651

Amounts due to subsidiaries are unsecured and repayable on demand. For interest-bearing amounts due to subsidiaries, interest is charged at 0.8% (2010: 0.8%) per annum.

22 Revenue

Revenue represents property development 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	
	2011 $'000	2010 $'000 Restated
Gross proceeds from properties sold	315,673	566,202
Rental income and service charges	17,748	27,214
Gross proceeds from hotel operations	8,101	6,980
	341,522	600,396

Included in rental income and service charges is lease income generated from investment properties of $17,139,000 (2010: $25,290,000).

NOTES TO THE FINANCIAL STATEMENTS

23 Other income

	Group	
	2011 $'000	**2010 $'000**
Interest income	4,570	8,067
Gross dividend income from:		
- quoted equity investments	8	36
- unquoted equity investments	–	475
Gain on disposal of investment properties	32,427	31,614
Gain on disposal of property, plant and equipment	44	–
Fair value gain on investment properties	41,300	66,525
Distribution income from financial assets designated at fair value through profit or loss	322	277
Forfeiture income	–	1,392
Management fee income	64	629
Government grants received under Jobs Credit Scheme	1	21
Net change in fair value of financial derivatives	–	467
Fair value gain on financial assets at fair value through profit or loss	325	401
Others	388	344
	79,449	110,248

Included in interest income is an amount arising from the unwinding of discount implicit in the interest-free amount due from an associate amounting to $69,000 (2010: $66,000).

24 Directors' remuneration

Number of directors in remuneration bands:

	2011 Number of Directors	**2010 Number of Directors**
$500,000 and above	3	3
$250,000 to $499,999	–	–
Below $250,000	5*	5*
Total	8	8

* Includes 5 (2010: 5) independent directors.

NOTES TO THE FINANCIAL STATEMENTS

25 Finance costs

		Group	
	Note	2011 $'000	2010 $'000 Restated
Interest expenses on loans and borrowings		10,266	4,989
Finance costs capitalised in properties under development	13	(1,161)	(1,620)
Finance costs capitalised in investment property under construction	5	(6,594)	(1,080)
		2,511	2,289

26 Income tax expense

	Group	
	2011 $'000	2010 $'000 Restated
Current tax expense		
Current year	29,918	67,962
Adjustments for prior years	(704)	(266)
	29,214	67,696
Deferred tax expense		
Movements in temporary differences	(4,767)	(9,261)
Adjustments for prior years	–	(50)
	(4,767)	(9,311)
Income tax expense	24,447	58,385

NOTES TO THE FINANCIAL STATEMENTS

26 Income tax expense (cont'd)

Reconciliation of effective tax rate

	Group	
	2011	**2010**
	$'000	**$'000**
		Restated
Profit for the year	203,911	343,737
Total income tax expense	24,447	58,385
Profit excluding income tax	228,358	402,122
Tax calculated using Singapore tax rate of 17% (2010: 17%)	38,821	68,361
Expenses not deductible for tax purposes	2,041	6,697
Tax exempt revenue	(104)	(190)
Income not subject to tax	(15,224)	(15,523)
Effect of different tax rates in other countries	2	8
Tax incentives	(385)	(652)
Adjustments for prior years	(704)	(316)
	24,447	58,385

27 Profit for the year

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

		Group	
		2011	**2010**
	Note	**$'000**	**$'000**
Direct operating expenses from investment properties		2,488	3,244
Audit fees paid to auditors of the Company		227	238
Non-audit fees paid to auditors of the Company		126	119
Depreciation of property, plant and equipment		1,958	1,536
Exchange (gain)/loss, net		(1,392)	2,298
Amortisation of deferred gain on sale of leasehold property under a sale and leaseback arrangement	20	982	164
Staff costs		7,885	8,204
Contributions to defined contribution plans included in staff costs		400	389
Allowance for impairment loss made on trade receivables		9	5

NOTES TO THE FINANCIAL STATEMENTS

28 Earnings per share

	Group	
	2011 $'000	2010 $'000
Basic earnings per share is based on:		
Net profit attributable to ordinary shareholders	202,514	333,049

	Group	
	2011 Number of shares '000	2010 Number of shares '000
Ordinary shares in issue at beginning of the year	737,338	737,338
Effect of own shares held	(13,631)	(1,363)
Weighted average number of ordinary shares in issue during the year	723,707	735,975

The Company does not have any dilutive potential ordinary shares in existence for the current and previous financial years.

29 Dividends

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

	Group and Company	
	2011 $'000	2010 $'000
Proposed final tax-exempt dividend of 4 cents (2010: 3 cents) per share	28,136	22,080

NOTES TO THE FINANCIAL STATEMENTS

30 Significant related party transactions

For the purposes of these financial statements, parties are considered to be related to the Group if the Group 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 Group and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

Key management personnel compensation

Key management personnel of the Group are those persons having the authority and responsibility for planning, directing and controlling activities of the Group. The Directors of the Group are considered as key management personnel.

Key management personnel compensation comprises:

	Group	
	2011 $'000	**2010 $'000**
Directors' fees	300	300
Directors' remuneration:		
- short-term employee benefits	7,026	11,866
	7,326	12,166

Other related party transactions

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

		Group	
		2011 $'000	**2010 $'000**
Related corporations			
Rental income		23	23
Operating expenses incurred		136	117
Purchase of motor vehicle		223	–
Directors and their immediate families			
Sale of properties by a jointly-controlled entity		–	15,006
Other related parties			
Sale of properties	(i)	1,555	–
Donations made	(ii)	1,500	2,000

(i) The Group sold two units of its development properties to a company owned by a key management personnel of the Group and her spouse.

(ii) By virtue of Mr Chua Thian Poh's shareholdings in Ho Bee Holdings (Pte) Ltd, the immediate and ultimate holding company, he is deemed to have control over the financial and operating policies of the Company. Mr Chua is also a director and a key management personnel of Ho Bee Foundation.

NOTES TO THE FINANCIAL STATEMENTS

31 Commitments

As at 31 December 2011, commitments for expenditure which have not been provided for in the financial statements were as follows:

	Group	
	2011 $'000	**2010 $'000**
Authorised and contracted for:		
- development expenditure	57,525	106,338
- subscription for additional interest in private equity funds	888	1,514
- shareholder's loans	–	2,606

The Group leases out its investment properties, property, plant and equipment and certain properties held for sale. Non-cancellable operating lease rentals are receivable as follows:

	Group	
	2011 $'000	**2010 $'000**
Within 1 year	9,894	16,288
After 1 year but within 5 years	10,181	10,674
After 5 years	855	1,539
	20,930	28,501

32 Financial risk management

Overview

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. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities.

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers and financial assets. The Group has procedures in place to manage credit risk and exposure to such risk is monitored on an ongoing basis.

The Group establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables. This allowance is a specific loss component that relates to individually significant exposures. The allowance account in respect of trade and other receivables is used to record impairment losses unless the Group is satisfied that no recovery of the amount owing is possible. At that point, the financial asset is considered irrecoverable and the amount charged to the allowance account is written off against the carrying amount of the impaired financial asset.

Cash and fixed deposits are placed with banks and financial institutions which are regulated. Investments and transactions involving derivative financial instruments are restricted with counterparties who meet the appropriate credit criteria and/or are of high credit standing. As such, management does not expect any counterparty to fail to meet its obligations.

NOTES TO THE FINANCIAL STATEMENTS

32 Financial risk management (cont'd)

Financial guarantee

The principal risk to which the Company is exposed to 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, associate and jointly-controlled entities.

There are no terms and conditions attached to the guarantee contracts that would have a material effect on the amount, timing and uncertainty 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.

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 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.

Market risk

Market risk is the risk that changes in market prices, such as interest rates, foreign exchange rates and equity prices, will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

Interest rate risk

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, to minimise its exposure to interest rate volatility.

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

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, the Chinese Renminbi and the Australia dollar. 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.

NOTES TO THE FINANCIAL STATEMENTS

33 Financial instruments

Credit risk

Exposure to credit risk

The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statement of financial position.

The Group's credit risk is primarily attributable to trade and other receivables and financial assets. The Group's historical experience in the collection of accounts receivable falls within the recorded allowances. Due to these factors, management believes that no additional credit risk is inherent in the Group's trade receivables.

At the balance sheet date, the Group has receivables due from jointly-controlled entities amounting to $589,778,000 (2010: $586,635,000) representing 88% (2010: 89%) of total gross trade and other receivables. Except for these receivables, there was no concentration of credit risk.

The majority of the Group's exposure to credit risk for trade receivables at the reporting date is from residential customers and this accounts for 99% (2010: 97%) of the Group's trade receivables as at 31 December 2011.

Impairment losses

The ageing of trade receivables at the reporting date was:

	Gross 2011 $'000	Impairment losses 2011 $'000	Gross 2010 $'000	Impairment losses 2010 $'000
Group				
Past due 0 – 30 days	17,894	–	13,905	–
Past due 31 – 120 days	363	–	6	–
More than 120 days past due	130	36	5,655	89
	18,387	36	19,566	89

The movements in impairment loss in respect of trade receivables during the year are as follows:

	Group 2011 $'000	Group 2010 $'000
At 1 January	89	86
Impairment loss made	9	5
Impairment loss utilised	(62)	(2)
At 31 December	36	89

Based on historical default rates and the Group's assessment on the recoverability of amounts due from specific customers, the Group believes that no impairment allowance is necessary in respect of trade receivables not past due or past due more than 30 days.

Receivables that were past due but not impaired relate to a wide range of customers for whom there has not been a significant change in the credit quality. Based on past experience, management believes that no impairment allowance is necessary and the balances are still considered fully recoverable.

NOTES TO THE FINANCIAL STATEMENTS

33 Financial instruments (cont'd)

Liquidity risk

The following are the expected contractual undiscounted cash inflows/(outflows) of financial liabilities, including interest payments and excluding the impact of netting agreements:

	Carrying amount	Cash flows			
	$'000	Contractual cash flows $'000	Within 1 year $'000	Within 2 to 5 years $'000	More than 5 years $'000
Group					
2011					
Non-derivative financial liabilities					
Secured bank loans	508,787	(533,594)	(128,759)	(404,835)	–
Retention sums payable	10,957	(10,957)	(160)	(10,797)	–
Trade and other payables ^	38,667	(38,667)	(38,667)	–	–
	558,411	(583,218)	(167,586)	(415,632)	–
2010					
Non-derivative financial liabilities					
Secured bank loans	750,200	(786,543)	(148,787)	(637,756)	–
Retention sums payable	5,605	(5,605)	(2,515)	(3,090)	–
Trade and other payables ^	63,821	(63,821)	(63,821)	–	–
	819,626	(855,969)	(215,123)	(640,846)	–
Company					
2011					
Non-derivative financial liabilities					
Secured bank loans	109,187	(113,365)	(34,201)	(79,164)	–
Amounts due to subsidiaries	265,814	(265,981)	(265,981)	–	–
Trade and other payables ^	7,862	(7,862)	(7,862)	–	–
	382,863	(387,208)	(308,044)	(79,164)	–
2010					
Non-derivative financial liabilities					
Secured bank loans	115,000	(118,773)	(31,486)	(87,287)	–
Amounts due to subsidiaries	348,667	(348,667)	(348,667)	–	–
Trade and other payables ^	11,984	(11,984)	(11,984)	–	–
	475,651	(479,424)	(392,137)	(87,287)	–

^ Excludes deposits and advances from customers and rental deposits.

The Group is not exposed to liquidity risk on the non-current amount due to a minority shareholder as the settlement of such amount is neither planned nor likely to occur in the foreseeable future.

NOTES TO THE FINANCIAL STATEMENTS

33 Financial instruments (cont'd)

Currency risk

Exposure to currency risk

The Group's exposures to foreign currencies other than the Company's functional currency are as follows:

	31 December 2011				31 December 2010			
	Pound Sterling $'000	US dollar $'000	Chinese Renminbi $'000	Australia dollar $'000	Pound Sterling $'000	US dollar $'000	Chinese Renminbi $'000	Australia dollar $'000
Group								
Financial assets	–	5,816	–	–	–	5,525	–	–
Trade and other receivables	115	60,195	–	1	100	20,597	17	–
Cash and cash equivalents	110	328	1	5	445	726	2	3
Trade and other payables	(590)	–	–	–	(639)	(1)	–	–
	(365)	66,339	1	6	(94)	26,847	19	3
Company								
Trade and other receivables	–	19,254	–	–	–	–	–	–

Sensitivity analysis

The foreign currency which the Group is significantly exposed to is the US dollar. A strengthening of the Singapore dollar against the US dollar at the reporting date would decrease profit before income tax by amounts shown below. This analysis assumes that all other variables, in particular, interest rates, remain constant.

	Group Profit before income tax $'000
31 December 2011	
US dollar (10% strengthening)	(6,634)
31 December 2010	
US dollar (10% strengthening)	(2,685)

	Company Profit before income tax $'000
31 December 2011	
US dollar (10% strengthening)	(1,925)

A weakening of the Singapore dollar against the above currency would have had the equal but opposite effect to the amounts shown above, on the basis that all other variables remain constant.

NOTES TO THE FINANCIAL STATEMENTS

33 Financial instruments (cont'd)

Interest rate risk

Profile

At the reporting date, the interest rate profile of the interest-bearing financial instruments was:

	Group Carrying Amount		Company Carrying Amount	
	2011 $'000	**2010 $'000**	**2011 $'000**	**2010 $'000**
Fixed rate instruments				
Financial assets	40,300	54,562	54,786	53,806
Variable rate instruments				
Financial assets	531,185	523,035	473,803	465,653
Financial liabilities	(508,787)	(750,200)	(109,187)	(115,000)
	22,398	(227,165)	364,616	350,653

Sensitivity analysis

For the interest rate swap and the other variable rate financial assets and liabilities, a change of 100 bp in interest rate at the reporting date would increase/(decrease) amounts capitalised or credited to the statement of financial position and amounts charged or credited to the income statement as shown below. This analysis assumes that all other variables, in particular, foreign currency rates, remain constant.

	Profit before income tax in income statement		Statement of financial position	
	100 bp increase $'000	**100 bp decrease $'000**	**100 bp increase $'000**	**100 bp decrease $'000**
Group				
31 December 2011				
Variable rate instruments	1,189	(1,189)	965	(965)
31 December 2010				
Variable rate instruments	2,490	(2,490)	4,762	(4,762)
Company				
31 December 2011				
Variable rate instruments	3,646	(3,646)	–	–
31 December 2010				
Variable rate instruments	3,507	(3,507)	–	–

NOTES TO THE FINANCIAL STATEMENTS

33 Financial instruments (cont'd)

Interest rate risk (cont'd)

Sensitivity analysis (cont'd)

Amounts that would be capitalised or credited to the statement of financial position on variable rate instruments relate to interest payable on loans funding a development property capitalised, on a specific identification basis, as part of the cost of development property. Under the percentage of completion method, such cost is brought into the income statement only in respect of sales procured and to the extent that such cost relates to the progress of construction work.

Estimation of fair values

The following summarises the significant methods and assumptions used in estimating the fair values of financial instruments of the Group and the Company.

Financial assets

The fair value of the Group's and the Company's financial assets designated at fair value through profit or loss, and available-for-sale financial assets is determined by reference to their quoted bid price at the balance sheet date. If a quoted market price is not available, the fair value of the financial assets is estimated using valuation techniques. Valuation techniques include recent arm's length prices, comparisons to similar instruments for which market observable prices exist, valuation models or discounted cash flow techniques.

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

It is not practicable to reliably estimate the fair value of unquoted available-for-sale financial assets due to the lack of quoted market prices in an active market, significant range of reasonable fair value estimates, and the inability to reasonably assess the probabilities of the various estimates.

Amounts due from/to subsidiaries, associate, jointly-controlled entities and minority shareholders

The carrying values of amounts due from/to subsidiaries, associate, jointly-controlled entities and minority shareholders that reprice within six months of the balance sheet date approximate their fair values. Fair value is calculated based on discounted expected future principal and interest cash flows. For non-interest bearing amounts, the prevailing market interest rates of similar loans are used to discount the loans to subsidiaries and associate to arrive at their fair values.

Interest-bearing bank loans (secured)

The carrying values of interest-bearing bank loans that reprice within six months of the balance sheet date 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) approximate their fair values because of the short period to maturity. All other financial assets and liabilities are discounted to determine their fair values.

NOTES TO THE FINANCIAL STATEMENTS

33 Financial instruments (cont'd)

Interest rates used in determining fair values

The interest rates used to discount estimated cash flows, where applicable, are as follows:

	2011 %	2010 %
Financial liabilities	1.3 – 3.0	0.9 – 3.0
Receivables	0.9 – 2.1	1.3 – 3.4
Payables	1.3 – 3.0	0.9 – 3.0

Fair values versus carrying amounts

The carrying amounts of the Group's and the Company's financial instruments carried at cost or amortised cost are not materially different from their fair values as at 31 December 2011 and 2010.

Fair value hierarchy

The table below analyses financial instruments carried at fair value by valuation method. The different levels have been defined as follows:

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

	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Group				
31 December 2011				
Financial assets designated				
at fair value through profit or loss	–	–	4,403	4,403
Financial assets held for trading	96	–	–	96
	96	–	4,403	4,499
31 December 2010				
Financial assets designated				
at fair value through profit or loss	–	–	4,139	4,139
Financial assets held for trading	120	–	–	120
	120	–	4,139	4,259

NOTES TO THE FINANCIAL STATEMENTS

33 Financial instruments (cont'd)

Fair value hierarchy (cont'd)

Assets measured at fair value based on level 3 fair value measurement as at 31 December 2011:

	Financial assets at fair value through profit or loss $'000
Group	
1 January 2011	4,139
Fair value changes	349
Distribution income	322
Exchange gain recognised in profit or loss	58
Purchases	662
Settlements	(1,127)
31 December 2011	4,403
Total gain for the year included in profit or loss for assets held as at 31 December 2011	729
1 January 2010	4,560
Fair value changes	379
Distribution income	277
Exchange loss recognised in profit or loss	(417)
Purchases	325
Settlements	(985)
31 December 2010	4,139
Total gain for the year included in profit or loss for assets held as at 31 December 2010	239

Gain/(Loss) included in profit or loss for the year (above) is presented in other income/other expenses as follows:

	2011 $'000	2010 $'000
Other income		
Fair value gain	349	379
Distribution income	322	277
	671	656
Other expense		
Exchange gain/(loss) recognised	58	(417)
Total gain included in profit or loss for the year	729	239

NOTES TO THE FINANCIAL STATEMENTS

33 Financial instruments (cont'd)

Fair value hierarchy (cont'd)

The fair value of financial assets designated at fair value through profit or loss has been measured at cost less accumulated impairment losses. Because of the inherent uncertainty of valuations of financial assets, the estimated values may differ significantly from the values that would have been used had a ready market for the securities existed, and the differences could be material. As such, these investments are valued at cost until occurrence of a valuation event as defined below:

(a) Buy-out/later stage investments for which subsequent rounds of financing are not anticipated: once the investment has been held in the portfolio for one year, an analysis of the fair market value of the investment will be performed. The analysis will typically be based on a discounted multiple of earnings, revenues, earnings before interest and taxes (EBIT) or EBIT adjusted for certain non-cash changes (EBITDA) (depending on what is appropriate for that particular company/industry). Valuations may also be based on pending sale or initial public offering prices.

(b) Private equity investments are initially valued based upon transaction price, with subsequent adjustments to values which reflect the consideration of available market data, including primarily observations of the trading multiples of public companies considered comparable to the privately held companies being valued. Valuations are also adjusted to give consideration to the financial condition and operating results specific to the issuer. Any investment in a privately-held company, suffering a permanent impairment in its value is written down to anywhere from 75% to 100% of the carrying value of the investment depending on the severity of the situation.

(c) Public stocks, not restricted to sale or transfer, are valued at the bid price on their principal exchange as of the valuation date. If any listed security was not traded on such date, then the mean of the high bid and low ask prices as of the close of such date is used. Public stocks restricted as to sale or transfer are discounted by analyzing the nature and length of the restriction and the relative volatility of the market prices of such security.

Accordingly, the use of different factors or estimation methodologies may not be indicative of the amounts the private equity funds could realise in a current market. However, these differences on the estimated fair values will not lead to a significant effect on the Group's financial statements.

NOTES TO THE FINANCIAL STATEMENTS

33 Financial instruments (cont'd)

Financial instruments by category

	Loans and receivables $'000	Financial assets at fair value through profit or loss $'000	Available-for-sale financial assets $'000	Financial liabilities at amortised cost $'000	Total $'000
Group					
31 December 2011					
Available-for-sale financial assets	–	–	1,413	–	1,413
Financial assets held for trading	–	96	–	–	96
Trade and other receivables*	583,546	–	–	–	583,546
Financial assets at fair value through profit or loss	–	4,403	–	–	4,403
Cash and cash equivalents	57,247	–	–	–	57,247
Loans and borrowings	–	–	–	(508,787)	(508,787)
Trade and other payables^	–	–	–	(49,624)	(49,624)
	640,793	4,499	1,413	(558,411)	88,294
31 December 2010					
Available-for-sale financial assets	–	–	1,386	–	1,386
Financial assets held for trading	–	120	–	–	120
Trade and other receivables*	579,053	–	–	–	579,053
Financial assets at fair value through profit or loss	–	4,139	–	–	4,139
Cash and cash equivalents	75,280	–	–	–	75,280
Loans and borrowings	–	–	–	(750,200)	(750,200)
Trade and other payables^	–	–	–	(69,426)	(69,426)
	654,333	4,259	1,386	(819,626)	(159,648)

NOTES TO THE FINANCIAL STATEMENTS

33 Financial instruments (cont'd)

Financial instruments by category (cont'd)

	Loans and receivables $'000	Financial assets at fair value through profit or loss $'000	Financial liabilities at amortised cost $'000	Total $'000
Company				
31 December 2011				
Financial assets held for trading	–	46	–	46
Trade and other receivables*	639,937	–	–	639,937
Cash and cash equivalents	8,527	–	–	8,527
Trade and other payables^	–	–	(273,676)	(273,676)
Loans and borrowings	–	–	(109,187)	(109,187)
	648,464	46	(382,863)	265,647
31 December 2010				
Financial assets held for trading	–	59	–	59
Trade and other receivables*	618,221	–	–	618,221
Cash and cash equivalents	127	–	–	127
Trade and other payables^	–	–	(360,651)	(360,651)
Loans and borrowings	–	–	(115,000)	(115,000)
	618,348	59	(475,651)	142,756

* Excludes deposits, prepayments and amounts whereby, in substance, are part of the Group's and the Company's net investment in subsidiaries and jointly-controlled entities.

^ Excludes deposits and advances from customers, rental deposits and amount due to minority shareholder which, in substance, is part of the minority shareholder's net investment in the Group.

34 Operating segments

The Group has three reportable segments, as described below, which are the Group's strategic business units. The strategic business units offer different products and services, and are managed separately because they require different marketing strategies. For each of the strategic business units, the Group's CEO reviews internal management reports on at least a quarterly basis. The following summary describes the operations in each of the Group's reportable segments:

- Property investment : Investment in properties.
- Property development : The development and trading in properties.
- Hotel : The ownership and management of a hotel

Other operations include investing in quoted and unquoted securities and private equity funds. None of these segments meets any of the quantitative thresholds for determining reportable segments in 2011 or 2010.

Information regarding the results of each reportable segment is included below. Performance is measured based on segment gross profit, as included in the internal management reports that are reviewed by the Group's CEO. Segment gross profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

NOTES TO THE FINANCIAL STATEMENTS

34 Operating segments (cont'd)

(a) Operating segments

	Property investment $'000	Property development $'000	Hotel $'000	Others $'000	Total $'000
2011					
Revenue from external customers	17,139	316,282	8,101	–	341,522
Reportable segment gross profit	11,396	108,486	7,268	–	127,150
Other operating income					74,879
Other operating expenses					(21,356)
Profit from operations					180,673
Interest income					4,570
Finance costs					(2,511)
Share of profits of associates					699
Share of profits of jointly-controlled entities					44,927
Profit before income tax					228,358
Other material non-cash items:					
- Fair value changes on investment properties	41,300	–	–	–	41,300
- Depreciation of property, plant and equipment	–	–	(1,404)	–	(1,404)
Reportable segment assets	651,272	481,003	112,673	34,523	1,279,471
Investments in associate and jointly-controlled entities	3,134	379,623	–	–	382,757
Reportable segment liabilities	313,300	210,573	–	4,055	527,928
2010					
Revenue from external customers	25,290	568,126	6,980	–	600,396
Reportable segment gross profit	20,350	245,693	6,164	–	272,207
Other operating income					102,181
Other operating expenses					(29,850)
Profit from operations					344,538
Interest income					8,067
Finance costs					(2,289)
Share of profits of associates					185
Share of profits of jointly-controlled entities					51,621
Profit before income tax					402,122
Other material non-cash items:					
- Fair value changes on investment properties	66,525	–	–	–	66,525
- Depreciation of property, plant and equipment	–	–	(1,326)	–	(1,326)
Reportable segment assets	683,506	648,224	101,734	26,186	1,459,650
Investments in associate and jointly-controlled entities	2,139	294,627	–	–	296,766
Reportable segment liabilities	434,800	327,986	–	1,784	764,570

NOTES TO THE FINANCIAL STATEMENTS

34 Operating segments (cont'd)

(a) Operating segments (cont'd)

Reconciliations of reportable segment assets and liabilities and other material items

	2011 $'000	2010 $'000
Assets		
Total assets for reportable segments	1,244,948	1,433,464
Other assets	34,523	26,186
Investments in equity accounted investees	382,757	296,766
Other unallocated amounts	645,072	669,927
Consolidated total assets	2,307,300	2,426,343
Liabilities		
Total liabilities for reportable segments	523,873	762,786
Other liabilities	4,055	1,784
Other unallocated amounts	113,127	162,091
Consolidated total liabilities	641,055	926,661

Other material items	Reportable segment totals $'000	Unallocated amounts $'000	Consolidated totals $'000
2011			
Capital expenditure	–	1,786	1,786
Depreciation of property, plant and equipment	1,404	554	1,958
2010			
Capital expenditure	–	74	74
Depreciation of property, plant and equipment	1,326	210	1,536

NOTES TO THE FINANCIAL STATEMENTS

34 Operating segments (cont'd)

(b) Geographical segments

The Group operates principally in Singapore.

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.

	Singapore $'000	China $'000	Others $'000	Consolidated total $'000
2011				
Revenue	341,377	–	145	341,522
Non-current assets*	783,425	367,327	–	1,150,752
2010				
Revenue	600,139	–	257	600,396
Non-current assets*	742,346	298,572	–	1,040,918

*Excludes financial assets, other receivables and deferred tax assets.

The Group has a large and diversified customer base which consists of individuals and corporations. There was no single customer that contributed 10% or more to the Group's revenue.

35 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.

The Group believes the following critical accounting policies involved the most significant judgements and estimates used in the preparation of the financial statements.

Impairment loss on trade receivables

The Group evaluates whether there is any objective evidence that trade receivables are impaired, and determines the amount of impairment loss as a result of the inability of the debtors to make required payments. The Group bases the estimates on the ageing of the trade receivables balance, credit-worthiness of the debtors and historical write-off experience. If the financial conditions of the debtors were to deteriorate, actual write-offs would be higher than the amount estimated.

Assessment of stage of completion and estimated total construction costs of development properties

The Group recognises profits on development projects using the percentage of completion method for development properties sold under normal payment scheme. The progress of construction is determined based on the certification by an architect or a quantity surveyor of the stage of completion of the development project.

The estimation of total project costs is based on historical experience and contractual arrangements with contractors/suppliers. The estimated total costs for each project is reviewed on a regular basis by the Group to determine whether any allowance for foreseeable loss is required to be set up. Actual costs could differ from the estimates.

NOTES TO THE FINANCIAL STATEMENTS

35 Accounting estimates and judgements (cont'd)

Income taxes

Significant judgement is required in determining the capital allowances, taxability of certain income and deductibility of certain expenses during the estimation of the provision for income taxes and deferred tax liabilities.

The Group exercises significant judgement to determine that the deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which temporary differences can be utilised.

36 Comparative information

Property under construction with a carrying amount of $427,286,000 has been reclassified from development property to investment property in the comparative amounts of the financial statements so as to reflect more appropriately the Group's intent for the property. The above reclassification does not have an impact on the statement of financial position as at 31 December 2009.

The Group has extended a shareholder's loan to an investee company with a carrying amount of $28,611,000 (2010: $20,597,000). The shareholder's loan was previously classified under financial assets in the statement of financial position as at 31 December 2010. During the current financial year, the comparative amount was reclassified to other receivables in the statement of financial position so as to reflect more appropriately the classification of the loan to the investee company.

ADDITIONAL INFORMATION

As at 31 December 2011

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
1	Trilight Newton Road	205-unit condominium	Freehold	70%	10,327	28,917	September 2012 *	100%
2	One Pemimpin Pemimpin Drive	115-unit high-tech industrial building	Leasehold - 999 yrs	80%	5,336	13,341	May 2012 *	100%
3	The Metropolis North Buona Vista Drive	Two office towers with retail component	Leasehold - 99 years	25%	18,247	115,395	September 2013 *	100%
4	Parvis Holland Hill	248-unit condominium	Freehold	75%	22,863	36,589	August 2012 *	50%
5	Seascape Cove way, Sentosa Cove	151-unit condominium	Leasehold - 99 years	100%	14,596	31,381	February 2011	50%
6	Pinnacle Collection Cove way, Sentosa Cove	302-unit condominium	Leasehold - 99 years	30%	21,523	55,960	September 2013 *	35%

* Expected date of completion

Developed Properties

	Location	Description	Land Tenure	Type of Development	Net Lettable/ Saleable Area (Sq m)	Group's effective interest
1	The Orange Grove Orange Grove Road	19 units of apartment	Freehold	Residential	4,507	100%
2	Turquoise Cove Drive, Sentosa Cove	48 units of apartment	Leasehold - 99 years	Residential	11,438	90%

ADDITIONAL INFORMATION

As at 31 December 2011

Investment Properties & Hotel

	Location	Description	Land Tenure	Lettable Area (sq m)	Group's effective interest
1	623A Bukit Timah Rd	SPC petrol station	Leasehold - 999 yrs	1,857	100%
2	Hotel Windsor 401 Macpherson Rd	225-room hotel with commercial space	Freehold	14,400	100%
3	Eastwood Centre 20 Eastwood Road	2 units of retail space	Leasehold - 99 yrs	972	100%
4	HB Centre I 12 Tannery Road	A block of 10-storey high-tech industrial building	Freehold	7,662	100%
5	HB Centre 2 31 Tannery Lane	A block of 8-storey light industry building	Freehold	3,216	100%
6	One Tannery 1 Tannery Road	A block of 9-storey light industry building	Freehold	6,208	100%
7	Forte 29 New Industrial Road	A block of 8-storey high-tech industrial building	Freehold	9,128	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%
	London				
1	Parliament View 1 Albert Embankment London SE 1	4 units of apartments	Freehold	489	70%

SHAREHOLDINGS STATISTICS

as at 29 February 2012

SHARE CAPITAL

Class of shares - Ordinary shares with equal voting rights @
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 29 February 2012, 29.26%** 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	10	0.10	2,975	0.00
1,000 - 10,000	8,340	85.73	28,797,013	3.91
10,001 - 1,000,000	1,349	13.87	57,235,830	7.76
1,000,001 and above	29	0.30	651,302,182	88.33
	9,728	100.00	737,338,000	100.00

TOP 20 SHAREHOLDERS

No.	Name of Shareholder	No. of Shares	%**
1	Ho Bee Holdings (Pte) Ltd	480,681,000	68.34
2	Citibank Nominees Singapore Pte Ltd	35,857,166	5.10
3	DBS Nominees Pte Ltd	17,140,726	2.44
4	Raffles Nominees (Pte) Ltd	12,039,849	1.71
5	HSBC (Singapore) Nominees Pte Ltd	10,650,403	1.51
6	DBSN Services Pte Ltd	7,918,198	1.13
7	Estate Of Chua Pin Chong, Deceased	6,610,000	0.94
8	Maybank Kim Eng Securities Pte Ltd	5,479,079	0.78
9	United Overseas Bank Nominees Pte Ltd	4,272,200	0.61
10	BNP Paribas Nominees Singapore Pte Ltd	3,897,750	0.55
11	Chua Thiam Chok	3,459,000	0.49
12	Yap Boh Sim	3,300,000	0.47
13	DB Nominees (S) Pte Ltd	2,254,141	0.32
14	Lee Pineapple Company Pte Ltd	2,150,000	0.31
15	Woon Choon Leng Desmond	2,100,000	0.30
16	Hong Leong Finance Nominees Pte Ltd	1,915,000	0.27
17	Bank Of Singapore Nominees Pte Ltd	1,882,000	0.27
18	Hexacon Construction Pte Ltd	1,865,000	0.27
19	Ong Chong Hua	1,800,000	0.26
20	Lee Seak Sung @ Lee Seak Song	1,720,000	0.24
		606,991,512	86.31

@ Ordinary shares purchased and held as treasury shares by the Company will have no voting rights. As at 29 February 2012, the Company has 33,931,000 ordinary shares held as treasury shares and this represents approximately 4.82% against the total number of issued ordinary shares excluding treasury shares as at that date.

** The percentage is calculated based on the number of issued ordinary shares of the Company as at 29 February 2012, excluding 33,931,000 ordinary shares held as treasury shares as at that date.

SHAREHOLDINGS STATISTICS

as at 29 February 2012

SUBSTANTIAL SHAREHOLDERS

	Direct Interest		Deemed Interest	
Substantial Shareholders	**No. of Shares**	**% (1)**	**No. of Shares**	**% (1)**
Ho Bee Holdings (Pte) Ltd[2]	480,681,000	68.34	-	-
Mr Chua Thian Poh [2][3][4]	-	-	480,681,000	68.34
Mdm Ng Noi Hinoy [2][3]	-	-	480,681,000	68.34
Mr Chua Kong Chian[2][4]	-	-	480,681,000	68.34

Notes:

(1) The percentage is calculated based on the number of issued ordinary shares of the Company as at 29 February 2012, excluding 33,931,000 ordinary shares held as treasury shares as at that date.

(2) Mr Chua Thian Poh, Mdm Ng Noi Hinoy and Mr Chua Kong Chian have a deemed interest in the 480,681,000 shares held by Ho Bee Holdings (Pte) Ltd.

(3) Mr Chua Thian Poh and Mdm Ng Noi Hinoy are husband and wife.

(4) Mr Chua Thian Poh and Mr Chua Kong Chian are brothers.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the 24th annual general meeting of the Company will be held at 12 Tannery Road #10-01, HB Centre 1, Singapore 347722 on Friday, 27 April 2012 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 2011 and the reports of the directors and auditors thereon. **(Resolution 1)**

2 To declare a one-tier tax exempt first and final dividend of 4 cents per share for the year ended 31 December 2011. **(Resolution 2)**

3 To approve directors' fees of S$300,000 for the year ended 31 December 2011. (2010: S$300,000) **(Resolution 3)**

4 To re-appoint Mr Ch'ng Jit Koon pursuant to Section 153(6) of the Companies Act, Cap. 50 as a director to hold such office from the date of this annual general meeting 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 of the audit committee and a member of the nominating committee. **(Resolution 4)**

5 To re-appoint Mr Tan Eng Bock pursuant to Section 153(6) of the Companies Act, Cap. 50 as a director to hold such office from the date of this annual general meeting until the next annual general meeting of the Company.

Note: Mr Tan Eng Bock is an independent non-executive director. If re-appointed, he will remain a member of the remuneration committee. **(Resolution 5)**

6 To re-elect Mr Desmond Woon Choon Leng, a director 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. **(Resolution 6)**

7 To re-elect Mr Bobby Chin Yoke Choong, a director 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.

Note: Mr Bobby Chin Yoke Choong is an independent non-executive director. If re-elected, he will remain the chairman of the audit committee, and a member of the nominating and remuneration committees. **(Resolution 7)**

8 To re-appoint KPMG LLP as auditors of the Company and to authorise the directors to fix their remuneration. **(Resolution 8)**

Special Business

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

9 That authority be and is hereby given to the directors of the Company to:-

(1) (a) issue shares in the Company (**"Shares"**) whether by way of rights, bonus or otherwise; and/or

(b) make or grant offers, agreements or options (collectively, **"Instruments"**) that might or would require Shares to be issued during the continuance of this authority or thereafter, including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures or other instruments convertible into Shares,

at any time and upon such terms and conditions and for such purposes and to such persons as the directors may, in their absolute discretion, deem fit; and

NOTICE OF ANNUAL GENERAL MEETING

(2) issue Shares in pursuance of any Instrument made or granted by the directors while such authority was in force (notwithstanding that such issue of Shares pursuant to the Instruments may occur after the expiration of the authority contained in this resolution),

Provided that:-

(3) the aggregate number of the Shares to be issued pursuant to such authority (including the Shares to be issued in pursuance of Instruments made or granted pursuant to such authority), does not exceed 50% of the total number of issued Shares (as calculated in accordance with paragraph (4) below), and provided further that where shareholders of the Company with registered addresses in Singapore are not given the opportunity to participate in the same on a pro-rata basis, then the Shares to be issued under such circumstances (including the Shares to be issued in pursuance of Instruments made or granted pursuant to such authority) shall not exceed 20% of the total number of issued Shares (as calculated in accordance with paragraph (4) below);

(4) subject to such manner of calculation as may be prescribed by the Singapore Exchange Securities Trading Limited (the **"SGX-ST"**) for the purpose of determining the aggregate number of the Shares that may be issued under paragraph (3) above, the total number of issued Shares shall be based on the total number of issued Shares (excluding treasury shares) at the time such authority was conferred, after adjusting for:-

(a) new Shares arising from the conversion or exercise of any convertible securities;

(b) new Shares arising from exercising share options or the vesting of share awards which are outstanding or subsisting at the time such authority was conferred; and

(c) any subsequent bonus issue, consolidation or subdivision of the Shares;

and, in relation to an Instrument, the number of Shares shall be taken to be that number as would have been issued had the rights therein been fully exercised or effected on the date of the making or granting of the Instrument;

(5) in exercising the authority conferred by this resolution, the Company shall comply with the provisions of the Listing Manual of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the Articles of Association for the time being of the Company; and

(6) unless revoked or varied by the Company in general meeting, the authority so conferred 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. **(Resolution 9)**

10 That:

(1) for the purposes of the Companies Act, Cap. 50 (**"Companies Act"**), the exercise by the directors of the Company of all the powers of the Company to purchase or otherwise acquire the ordinary shares in the capital of the Company (**"Shares"**) not exceeding in aggregate the Prescribed Limit (as hereinafter defined), at such price(s) as may be determined by the directors of the Company from time to time up to the Maximum Price (as hereinafter defined), whether by way of:

(a) market purchase(s) (each a "**Market Purchase**") on the Singapore Exchange Securities Trading Limited (**"SGX-ST"**); and/or

(b) off-market purchase(s) (each an **"Off-Market Purchase"**) effected otherwise than on the SGX-ST in accordance with any equal access schemes as may be determined or formulated by the directors of the Company as they consider fit, which schemes shall satisfy all the conditions prescribed by the Companies Act,

NOTICE OF ANNUAL GENERAL MEETING

and otherwise in accordance with all other laws and regulations, including but not limited to, the provisions of the Companies Act and listing rules of the SGX-ST as may for the time being be applicable, be and is hereby authorised and approved generally and unconditionally (the "**Share Buyback Mandate**");

(2) unless varied or revoked by the Company in general meeting, the authority conferred on the directors of the Company pursuant to the Share Buyback Mandate may be exercised by the directors at any time and from time to time during the period commencing from the date of passing of this resolution and expiring on the earlier of:

(a) the date on which the next annual general meeting of the Company is held or required by law to be held;

(b) the date on which the purchases or acquisitions of Shares by the Company pursuant to the Share Buyback Mandate are carried out to the full extent mandated; or

(c) the date on which the authority conferred by the Share Buyback Mandate is varied or revoked by the shareholders in a general meeting;

(3) in this resolution:

"Average Closing Price" means the average of the closing market prices of a Share over the last five market days on which the transactions of the Shares are recorded on the SGX-ST, preceding the day of the Market Purchase, and deemed to be adjusted for any corporate action that occurs after the relevant five-day period;

"day of the making of the offer" means the day on which the Company announces its intention to make an offer for the purchase of Shares from shareholders of the Company stating the purchase price (which shall not be more than the Maximum Price calculated on the basis herein stated) for each Share and the relevant terms of the equal access scheme for effecting the Off-Market Purchase;

"Highest Last Dealt Price" means the highest price transacted for a Share recorded on the Market Day on which there were trades in the Shares immediately preceding the day of the making of the offer pursuant to the Off-Market Purchase;

"Maximum Price" in relation to a Share to be purchased or acquired, means the purchase price (excluding brokerage, stamp duties, applicable goods and services tax and other related expenses) not exceeding:

(a) in the case of a Market Purchase, 105% of the Average Closing Price; and

(b) in the case of an Off-Market Purchase, 120% of the Highest Last Dealt Price;

"Prescribed Limit" means the number of Shares representing 10% of the total number of issued Shares of the Company as at the date of the last annual general meeting or the date of the passing of this resolution, whichever is higher, unless the Company has effected a reduction of the share capital of the Company in accordance with the applicable provisions of the Companies Act, at any time during the Relevant Period (as hereinafter defined), in which event the total number of issued Shares of the Company shall be taken to be the total number of issued Shares of the Company as altered (excluding any treasury shares that may be held by the Company from time to time);

"Relevant Period" means the period commencing from the date of the last annual general meeting of the Company held before the passing of this resolution, expiring on the date on which the next annual general meeting is held or is required by law to be held, whichever is the earlier, after the date of this resolution; and

NOTICE OF ANNUAL GENERAL MEETING

(4) the directors of the Company and/or any of them be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) as they and/or he may consider expedient or necessary to give effect to the transactions contemplated and/or authorised by this resolution. **(Resolution 10)**

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

NOTICE IS ALSO HEREBY GIVEN that the transfer book and register of members of the Company will be closed on 15 May 2012 for the purpose of determining members' entitlements to the one-tier tax exempt first and final dividend for the year ended 31 December 2011.

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 14 May 2012 will be registered before entitlements to the one-tier tax exempt first and final dividend are determined.

Members whose securities accounts with The Central Depository (Pte) Limited are credited with shares at 5.00 p.m. on 14 May 2012 will be entitled to the one-tier tax exempt first and final dividend.

The one-tier tax exempt first and final dividend, if approved by the members at the Company's 24th annual general meeting to be held on 27 April 2012, will be paid on 31 May 2012.

By Order of the Board

Tan Sock Kiang
Company Secretary

Singapore
23 March 2012

Notes

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 1, 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 proposed in Resolution 9 is to empower the directors from the date of Resolution 9 being passed until the date of the next annual general meeting of the Company, or the date by which the next annual general meeting is required by law to be held or when varied or revoked by the Company in general meeting, whichever is the earlier, to issue Shares or make or grant Instruments and to issue Shares in pursuance of such Instruments. The maximum number of Shares and Instruments which the directors may issue under this Resolution 9 shall not exceed the quantum set out in this resolution.

The ordinary resolution proposed in Resolution 10 is to renew the Share Buyback Mandate, which was originally approved by shareholders on 29 April 2008 and was last renewed at the extraordinary general meeting of the Company held on 26 April 2011. Please refer to the Appendix to this Notice of Annual General Meeting for details.

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HO BEE INVESTMENT LTD

(Incorporated in the Republic of Singapore)

Company Registration No. 198702381M

PROXY FORM

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.

I/We ____ , NRIC/Passport no. ______________________

of ____

being a member/members of Ho Bee Investment Ltd (the "Company") hereby appoint:

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

as my/our proxy/proxies to attend and to vote on my/our behalf and, if necessary, to demand a poll at the 24th annual general meeting of the Company to be held at 12 Tannery Road #10-01, HB Centre 1, Singapore 347722 on Friday, 27 April 2012 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
	Ordinary Business		
1	To receive and adopt the audited financial statements for the year ended 31 December 2011 and the reports of the directors and auditors thereon.		
2	To declare a one-tier tax exempt first and final dividend of 4 cents per share for the year ended 31 December 2011.		
3	To approve directors' fees of S$300,000 for the year ended 31 December 2011 (2010: S$300,000).		
4	To re-appoint Mr Ch'ng Jit Koon as director.		
5	To re-appoint Mr Tan Eng Bock as director.		
6	To re-elect Mr Desmond Woon Choon Leng as director.		
7	To re-elect Mr Bobby Chin Yoke Choong as director.		
8	To re-appoint KPMG LLP as auditors and to authorise the directors to fix their remuneration.		
	Special Business		
9	To approve the authority to issue shares and make or grant instruments convertible into shares.		
10	To approve the renewal of the Share Buyback Mandate.		

Dated this ______ day of ______________ 2012

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 1, 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 1
Singapore 347722
Tel. 65 6749 0833 Fax. 65 6745 9167
www.hobee.com

Company Registration No.: 198702381M