

THE BIG MOVE

HO BEE LAND ANNUAL REPORT 2013



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1 ST MARTIN'S LE GRAND, LONDON

Ho Bee Land believes in being bold when we see unique opportunities and hidden gems. Our bold steps in diversification led to the acquisition of 1 St Martin's Le Grand, a premium property in the City of London that once served as the General Post Office. This is our second major office acquisition in London.

276,792 sq ft
of Grade A office space

100_m
north of the London Stock Exchange



WE BELIEVE
FORTUNE
FAVOURS
THE BOLD..



..AND OUR
BRAND HAS
EVOLVED WITH
THAT BOLDNESS





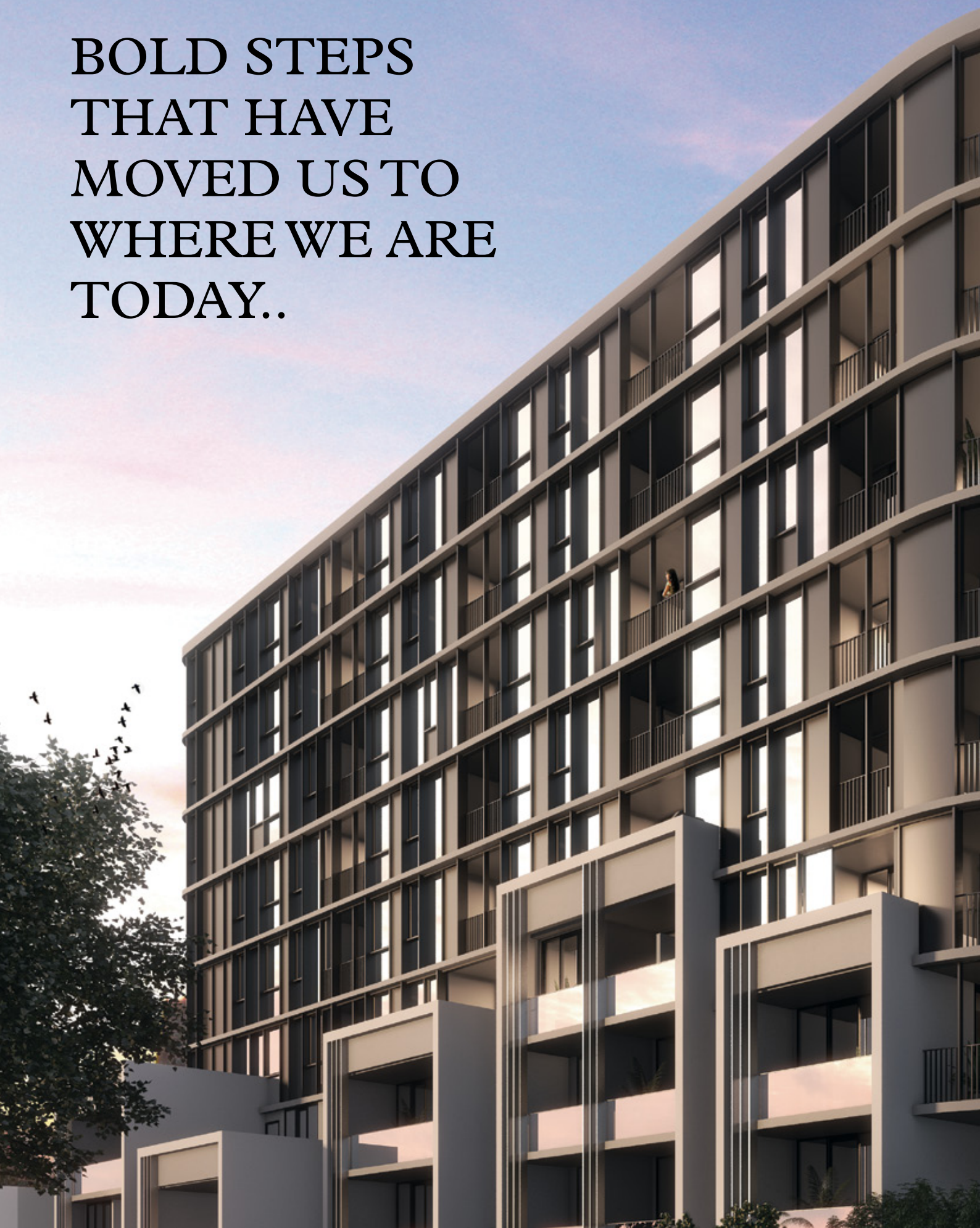
THE METROPOLIS, SINGAPORE

With our bold vision also comes our ability to see the big picture. This is why our organisation and brand have grown and evolved over time, becoming what they are today. The Metropolis is an icon of our vision, reflecting not only our stance as an organisation, but also our continuing determination to be at the forefront of our field.

94%
leased

1.2 million sq ft
of total gross floor area

BOLD STEPS
THAT HAVE
MOVED US TO
WHERE WE ARE
TODAY..





PEARL, MELBOURNE

The steps we have taken exhibit our journey as an ever-growing organisation. At Ho Bee Land, we dare to tread on uncharted territory, and we dare to make a difference. Pearl showcases our ability to create new and unique experiences, bringing together different ingredients that work as a stronger whole.

185
apartments

2
natural creeks with parklands
to connect with nature

RHAPSODY, GOLD COAST

At Ho Bee Land, we've always thought big, and we've always believed in strategy, foresight and decisiveness. This is reflected in Rhapsody, the first high-rise residential development by Ho Bee Land in the Gold Coast. The development is set to become nothing less than an architectural icon at the new Surfers North precinct.

1ST

**high-rise residential development
by Ho Bee Land in Gold Coast**

41

storeys of beachfront living



..AND TO
WHERE WE
WILL BE
TOMORROW



CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the Board of Directors, I am delighted to present you the Group's strong performance for the financial year ended 31 December 2013.

Financial Performance

The Group achieved a record net profit after tax and non-controlling interest of S\$592 million for the full year ended 31 December 2013, up 216% from last year. This was despite a 70% drop in Group turnover due to lower recognition of income from property development.

The result for the year was boosted by fair value changes in investment properties amounting to S\$493 million, out of which S\$490 million was from the newly completed office development, The Metropolis. The gain on disposal of shares in Chongbang Holdings (International) Limited amounting to S\$33 million (net of non-controlling interest) was another contributing factor to the sharp increase in attributable profits.

Earnings per share rose substantially from 26.7 cents in the preceding financial year to 87.4 cents.

The Group ended the year with total shareholders fund of S\$2.33 billion, representing a NTA of S\$3.48 per share, an increase of 35% over the previous year. Net gearing decreased from 0.17 times as at the end of 2012 to 0.15 times.



The Group achieved a record net profit after tax and non-controlling interest of S\$592 million for the full year ended 31 December 2013

Proposed Dividend

The Board is pleased to recommend a first and final dividend of 5 cents per share and a special dividend of 3 cents per share. Subject to shareholders' approval at the Annual General Meeting of the Company to be held on 28 April 2014, the first and final

dividend and special dividend will be paid on 30 May 2014.

Business Review

Property Development

Turnover for property development for FY2013 was S\$114 million, 75% lower than the previous year. This was

due to higher revenue recognition in FY2012 as the Trilight residential project and One Pemimpin industrial project were completed.

Cape Royale, the joint-venture project at Sentosa Cove obtained Temporary Occupation Permit in August 2013.

Due to the current weak market condition for high-end residential properties as a result of the various government cooling measures, we are leasing the apartments in the interim for rental income.

Property Investment

Revenue from the Group's property investment continued to register strong growth for FY2013. It rose 136% from S\$11 million in the

preceding year to S\$26 million. This was mainly attributed to the recognition of rental income from the completion of The Metropolis in the second half of 2013 and the office building in London, Rose Court which was acquired in mid-2013.

Business Prospects

Over the last five years, the Group has strategically built up its investment properties portfolio. The investment income will help smoothen out our earnings and more importantly, act as a stabiliser in times of crisis. With the challenging residential property market in Singapore, the earnings for 2014 will be underpinned by the contributions from The Metropolis

and the two office buildings in London, Rose Court and the recently acquired 1 St Martin's Le Grand. The strong recurrent income will act as a backdrop for earnings growth during the next two to three difficult years. This robust investment growth engine that we have conscientiously built will complement our existing development engine, where we expect development income from China and Australia to boost our earnings from 2015/2016.

We are in a good position to seize opportunities with our low gearing. We will chart our future growth from this position of strength and continue to source for investment and development opportunities both locally and overseas.

A note of thanks

I would like to thank our customers, business associates and suppliers for their invaluable support throughout the years.

I would also like to convey my deep appreciation to our Board of Directors for their continued guidance and support which have contributed greatly to the Group.

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

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

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 boards of numerous civic and business organisations. Among his other appointments, he is the President of Singapore Federation of Chinese Clan Associations, Chairman of the Board of Trustee of the Chinese Development Assistance Council, Chairman of Business China, President of Singapore Hokkien Huay Kuan, Chairman of the Bishan East Citizens' Consultative Committee as well as the Chairman of Ren Ci Hospital.

In August 2004, Mr Chua was conferred The Public Service Star (BBM) by the state. 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 organised by The Business Times and DHL. In November 2012, Mr Chua was conferred The President's Award for Philanthropy (Individual).

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 and private equity funds managed by Seavi Advent, a group of fund management companies. Mr Tan has served as an independent director on the boards of many listed companies over the last 25 years. To concentrate on his own business, Mr Tan has stepped down from all of them, except for his directorship in Ho Bee Land Limited. Mr Tan's career highlights include serving as the Chairman of the Singapore Venture Capital and Private Equity 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 boards of public listed companies of Pan-United Corporation Ltd, Progen Holdings Limited and Santak Holdings Limited. 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 January 1997. He currently also 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 Singapore Pte Ltd and Goodhope Asia Holdings Ltd. He is a Fellow of the Institute of Chartered Accountants in England and Wales and of the Institute of Singapore Chartered Accountants.

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 boards 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. 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 Chartered Accountant 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 also served as the Chairman of Singapore Totalisator Board from 2006 to 2012. Mr Chin is the Deputy Chairman of NTUC Enterprise Co-Operative Limited and a board member of Singapore Labour Foundation. He serves as a member of the Council of Presidential Advisers. He also sits on the boards of several listed companies including Oversea-Chinese Banking Corporation Limited, Yeo Hiap Seng Ltd, AV Jennings Limited, Sembcorp Industries Ltd and Singapore Telecommunications Limited.

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. In August 2012, Caroline was conferred The Public Service Medal (PBM).

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, SINGAPORE

Strategically located along North Buona Vista Drive, The Metropolis is the prestigious gateway to one-north, Singapore's iconic hub for the region's finest research facilities and business parks.

With more than 90% of the commercial space leased, the development's two soaring office towers will serve as headquarters for leading multinational corporations. In total, the two towers have a total gross floor area of 1.2 million sq ft.

A true architectural marvel, The Metropolis, which has earned the BCA Green Mark Platinum Award, boasts 27,000 and 30,000 sq ft floor plates and column-free spaces, providing the flexibility and efficiency that 21st century businesses demand.

The Metropolis was completed in November 2013, and sits next to the Buona Vista MRT Interchange. It is also linked to the rest of the island through major expressways and arterial roads.



**The Metropolis is
the prestigious
gateway to
one-north**



PROPERTY PORTFOLIO UPDATE

RHAPSODY, GOLD COAST

Designed to be an icon of the new Surfers North precinct at the Gold Coast, Rhapsody is slated to become an architectural landmark that rises impressively over the beach.

The 41-storey development occupies a freehold site that has a land area of 25,640 sq ft, and sits on the new G-Link tram route, allowing convenient access to Griffith University, as well as the designer boutiques of Surfers Paradise.

Other amenities and attractions near Rhapsody include the Marriott Hotel, the famous Tedder Avenue strip in Main Beach, the beautiful Macintosh Park, the quaint Budds Beach, and the exciting annual Gold Coast 600 V8 motorsport event.

**Rhapsody is
slated to become
an architectural
landmark that
rises impressively
over the beach**





PROPERTY PORTFOLIO UPDATE

PEARL, MELBOURNE

A residential experience like no other, Pearl combines luxurious city living with the idyllic recreation that only nature can provide.

Located in the heart of Doncaster, Pearl is adjacent to the sprawling Westfield Shopping Centre, one of Melbourne's most popular and fashionable premium retail destinations.

The upmarket development's unique landscape design also enables its residents to interact with the JW Thompson reserve, a vibrant green pocket that is part of Pearl's recreation area. Koonung and Ruffey Creeks are nearby as well, allowing Pearl's residents to truly connect with nature.

Besides exceptional amenity, Pearl's access to the Eastern Freeway brings the city within easy reach, giving its residents the best of both worlds.





1 ST MARTIN'S LE GRAND, LONDON

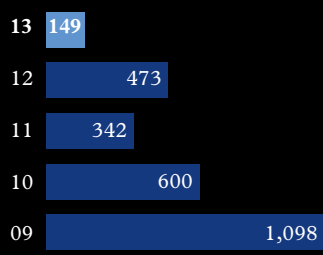
Established on a prominent island site in the City of London's western core, 1 St Martin's Le Grand showcases 276,792 sq ft of Grade A office space.

The freehold commercial property – acquired in March 2014 – stands beside the historical banking address of Gresham Street, and is about 100m north of the London Stock Exchange.

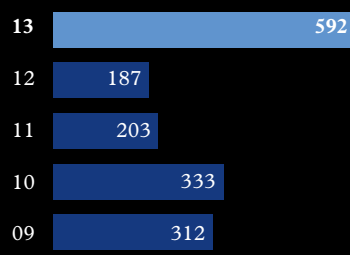
This prime location has a number of international financial and professional occupiers, as well as easy access to many underground and mainline stations.

FIVE-YEAR FINANCIAL SUMMARY

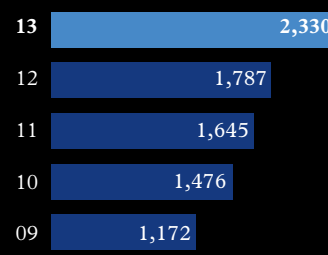
Turnover (\$ million)



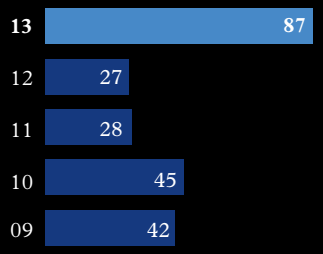
Profit Attributable to Shareholders (\$ million)



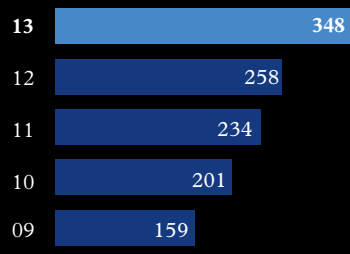
Shareholders' Equity (\$ million)



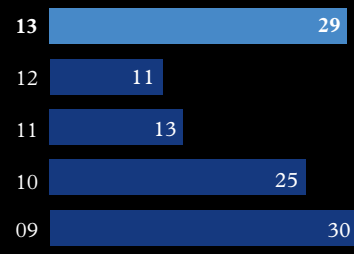
Earnings Per Share (cents)



Net Assets Value Per Share (cents)



Return on Equity (%)



		2009 Restated	2010 Restated	2011*	2012*	2013*
Turnover	(\$'000)	1,097,851	600,396	341,522	472,585	149,081
Profit Before Taxation	(\$'000)	415,161	402,122	228,358	211,522	611,142
Profit Attributable to Shareholders	(\$'000)	312,350	333,049	202,514	187,065	591,775
Shareholders' Equity	(\$'000)	1,171,580	1,476,306	1,645,244	1,786,690	2,330,775
Earnings Per Share	(cents)	42.44	45.25	27.98	26.69	87.42
Net Assets Value Per Share	(cents)	159.19	200.59	233.9	257.9	347.65
Dividends Per Share	(cents)	4.0	4.0	4.0	5.0	8.0
Return on Equity	(%)	30.44	25.16	12.98	10.90	28.74

* includes continuing and discontinued operations

CORPORATE STRUCTURE

HO BEE LAND LIMITED

HB Properties
International Pte Ltd
100%

HB Venture Capital Pte Ltd
100%

Ho Bee Developments Pte Ltd
100%

Pacific Rover Pte Ltd
100%

Grandiose Investments Pte. Ltd.
100%

HB Le Grand Pte. Ltd.
100%

HB Australia Pty Ltd [AU]
100%

HB Ferny Pty Ltd [AU]
100%

HB Oracle Pty Ltd [AU]
100%

HB Doncaster Pty Ltd [AU]
100%

Ho Bee Cove Pte. Ltd.
90%

HB Investments (China)
Pte. Ltd.
80%

HBS Investments Pte Ltd
70%

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%

Zhuhai Yanlord Heyou Land
Co., Ltd. [PRC]
20%

Zhuhai Yanlord Youmei Land
Co., Ltd. [PRC]
20%

Ho Bee Realty Pte Ltd
100%

Ho Bee (Eastwood Park) Pte Ltd
100%

Ho Bee (Pasir Ris) Pte Ltd
100%

Ho Bee (One-North) Pte. Ltd.
100%

Yanlord Ho Bee
Investments Pte. Ltd.
50%

Parliament View Developments
Limited [UK]
100%

Parliament View Management
Company Limited [UK]
100%

Yanlord Ho Bee Property
Development (Tangshan) Co.,
Ltd. [PRC]
100%

Tangshan Yanlord Property
Management Co., Ltd. [PRC]
100%

Notes

[AU]	Incorporated in Australia
[PRC]	Incorporated in The People's Republic of China
[UK]	Incorporated in United Kingdom

CORPORATE GOVERNANCE REPORT

Ho Bee Land Limited is committed to adopting high standards of corporate governance and transparency in conducting the Group's businesses. The board of directors of the Company (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 the Code of Corporate Governance 2012 (the Code).

The Company has adhered to most of the principles and guidelines of the Code. The deviation from the Code, which is minimal and pertains to remuneration disclosure, is disclosed and explained at the remuneration disclosure section of this report.

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 Company, and supervise executive management to achieve optimal shareholders' value.

The Board undertakes the following duties and responsibilities in line with the Code:-

- provide entrepreneurial leadership, set strategic objectives, and ensure that the necessary financial and human resources are in place for the Company to meet its objectives;
- establish a framework of prudent and effective controls which enables risks to be assessed and managed, including safeguarding of shareholders' interests and the Company's assets;
- review management performance;
- identify the key stakeholder groups and recognise that their perceptions affect the Company's reputation;
- set the Company's values and standards (including ethical standards) and ensure that obligations to shareholders and other stakeholders are understood and met; and
- consider sustainability issues such as environmental and social factors, as part of its strategic formulation.

Board processes

The Board has established various Board committees to assist in fulfilling its duties and responsibilities. These committees are the Audit & Risk Committee (ARC), 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 Board committee meetings for the financial year ended 31 December 2013 is as follows:-

CORPORATE GOVERNANCE REPORT

Name of director	Board meeting		ARC meeting		NC meeting		RC meeting	
	No. of meetings held while a member	No. of meetings attended	No. of meetings held while a member	No. of meetings attended	No. of meetings held while a member	No. of meetings attended	No. of meetings held while a member	No. of meetings attended
Chua Thian Poh	5	5	N.A.	N.A.	2	2	N.A.	N.A.
Desmond Woon Choon Leng	5	5	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Ong Chong Hua	5	5	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Tan Keng Boon	5	5	4	4	2	2	N.A.	N.A.
Ch'ng Jit Koon	5	5	4	4	2	2	N.A.	N.A.
Jeffery Chan Cheow Tong	5	5	4	4	N.A.	N.A.	2	2
Tan Eng Bock	5	5	N.A.	N.A.	N.A.	N.A.	2	2
Bobby Chin Yoke Choong	5	5	4	4	2	2	2	2

Note: N.A. means not applicable.

Matters requiring Board's approval

The following is a list of key matters that require Board's 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 2013, the directors attended a briefing session on sustainability conducted by KPMG Services Pte. Ltd. and a briefing session on corporate law changes conducted by RHTLaw Taylor Wessing LLP. The directors were also updated on key changes to regulatory requirements and reporting standards by the external auditors, KPMG LLP, during a quarterly meeting.

The directors can 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 review meeting for the directors. Presentations and briefings are conducted at the annual business review meeting by the senior management on the Group's operations, followed by discussion sessions on matters relating to operations and strategies.

Board composition and guidance (Principle 2)

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

CORPORATE GOVERNANCE REPORT

The Board comprises individuals with diverse qualifications and backgrounds which include accounting, audit, banking, government and business experience. As all the directors have been on the Board for a number of years, they have gained real estate experience during their service and also on other boards.

Key information on the directors

The key information on the directors is set out in the following tables:-

CHUA THIAN POH

Chairman and Chief Executive Officer

Age: 65

Date of first appointment as director: 8 August 1987

Date of last re-appointment as director: N.A.

Board committee(s) served on	Academic and professional qualification(s)	Current directorships in other listed companies and other principal commitments	Past directorships in other listed companies held over preceding three years
Nominating Committee (Member)	N.A.	Other listed companies Nil Other principal commitments⁽¹⁾ (1) Singapore Federation of Chinese Clan Associations (President) (2) Singapore Clan Foundation (Chairman) (3) Singapore Chinese Cultural Centre Limited (Chairman) (4) Singapore Hokkien Huay Kuan (President) (5) Singapore Hokkien Huay Kuan Affiliated School Management Committee (Chairman) (6) The Hokkien Foundation Management Committee (Chairman) (7) Yunnan Realty Pte Ltd (Chairman) (8) Singapore Hokkien Huay Kuan Cultural Academy (Chairman) (9) Singapore Chinese Chamber of Commerce & Industry (Honorary President) (10) Business China (Chairman) (11) Ren Ci Hospital (Chairman) (12) Bishan East Citizens' Consultative Committee (Chairman) (13) Chinese Development Assistance Council Board of Trustee (Chairman) (14) National Integration Council (Member) (15) National Steering Committee on Racial & Religious Harmony (Member) (16) Nalanda Library Fund Limited (Director)	Nil

⁽¹⁾ Mr Chua Thian Poh holds directorships in a number of related corporations, associated companies and jointly controlled entities of the Company.

CORPORATE GOVERNANCE REPORT

DESMOND WOON CHOON LENG

Executive Director

Age: 58

Date of first appointment as director: 11 August 1995

Date of last re-appointment as director: 27 April 2012

Board committee(s) served on	Academic and professional qualification(s)	Current directorships in other listed companies and other principal commitments	Past directorships in other listed companies held over preceding three years
N.A.	N.A.	Other listed companies Nil Other principal commitments⁽¹⁾ Nil	Nil

⁽¹⁾ Mr Desmond Woon Choon Leng holds directorships in a number of related corporations, associated companies and jointly controlled entities of the Company.

ONG CHONG HUA

Executive Director

Age: 59

Date of first appointment as director: 11 August 1995

Date of last re-appointment as director: 26 April 2011

Date of next re-election as director: 28 April 2014 ⁽¹⁾

Board committee(s) served on	Academic and professional qualification(s)	Current directorships in other listed companies and other principal commitments	Past directorships in other listed companies held over preceding three years
N.A.	Masters Degree in Town and Regional Planning	Other listed companies Nil Other principal commitments⁽²⁾ (1) Kingdom Investment Holdings Pte. Ltd. (Director) (2) FNA Group International Pte. Ltd. (Director) (3) Focus Network Agencies (Singapore) Pte. Ltd. (Director)	Nil

⁽¹⁾ Mr Ong Chong Hua is retiring under Article 104 of the Company's Articles of Association at the 26th annual general meeting and he has offered himself for re-election. There is no relationship (including immediate family relationship) between Mr Ong and the other directors of the Company.

⁽²⁾ Mr Ong Chong Hua holds directorships in a number of related corporations, associated companies and jointly controlled entities of the Company. Mr Ong also sits on the boards of the three companies listed above as other principal commitments. These three companies are related to or associated with Ho Bee Holdings (Pte) Ltd, a 10% shareholder (as defined in the Code).

CORPORATE GOVERNANCE REPORT

TAN KENG BOON

Independent Non-Executive Director and Lead Independent Director

Age: 68

Date of first appointment as director: 12 November 1999

Date of last re-appointment as director: 30 April 2013

Board committee(s) served on	Academic and professional qualification(s)	Current directorships in other listed companies and other principal commitments	Past directorships in other listed companies held over preceding three years
Nominating Committee (Chairman)	Honours Degree in Engineering	Other listed companies Nil	EnGro Corporation Limited
Audit & Risk Committee (Member)	Diploma in Business Administration	Other principal commitments (1) Seavi Advent Venture Management Pte Ltd (Managing Director) (2) Seavi Venture Management (Bermuda) Ltd (Managing Director) (3) Seavi Venture Services Pte Ltd (Managing Director) (4) Seavi Advent Partners Limited (Director) (5) SEAVI Advent Corporation Ltd (Director) (6) SEAVI Advent Management Ltd (Director) (7) SEAVI Advent Holdings Limited (Director) (8) Seavi Advent Ocean Private Equity Limited (Director) (9) Seavi Advent Equity Pte Ltd (Director) (10) Seavi Management (S) Pte Ltd (Director) (11) Seavi Advent Management (Cayman) Ltd (Director) (12) Seavi Advent Partners (III) Ltd (Director)	

CORPORATE GOVERNANCE REPORT

BOBBY CHINYOKE CHOONG

Independent Non-Executive Director

Age: 62

Date of first appointment as director: 29 November 2006

Date of last re-appointment as director: 27 April 2012

Board committee(s) served on	Academic and professional qualification(s)	Current directorships in other listed companies and other principal commitments	Past directorships in other listed companies held over preceding three years
Audit & Risk Committee (Chairman)	Fellow Chartered Accountant of Singapore	Other listed companies (1) Oversea-Chinese Banking Corporation Limited (Independent Director) (2) AV Jennings Limited (Independent Director) (3) Yeo Hiap Seng Ltd (Independent Director) (4) Sembcorp Industries Ltd (Independent Director) (5) Singapore Telecommunications Limited (Independent Director)	Neptune Orient Lines Limited
Nominating Committee (Member)	ACA (Institute of Chartered Accountants in England & Wales)		
Remuneration Committee (Member)		Other principal commitments (1) Singapore Power Limited (Independent Director) (2) Frasers Centrepoint Asset Management Ltd (Independent Director) (3) Singapore Labour Foundation (Director) (4) Council of Presidential Advisers (Member) (5) NTUC Enterprise Co-operative Limited (Deputy Chairman) (6) NTUC Fairprice Co-operative Ltd (Director)	

CORPORATE GOVERNANCE REPORT

CH'NG JIT KOON

Independent Non-Executive Director

Age: 80

Date of first appointment as director: 12 November 1999

Date of last re-appointment as director: 30 April 2013

Date of next re-appointment as director: 28 April 2014⁽¹⁾

Board committee(s) served on	Academic and professional qualification(s)	Current directorships in other listed companies and other principal commitments	Past directorships in other listed companies held over preceding three years
Audit & Risk Committee (Member) Nominating Committee (Member)	Degree in Economics and Political Science	Other listed companies (1) Pan-United Corporation Ltd (Non-Executive Chairman) (2) Progen Holdings Limited (Independent Director) (3) Santak Holdings Limited (Independent Director) Other principal commitments (1) Chinese Development Assistance Council (Member, Board of Trustees) (2) Singapore Hokkien Huay Kuan (Member, Board of Governors)	(1) Eastern Asia Technology Limited (2) Ban Leong Technologies Ltd (3) Tung Lok Restaurants (2000) Ltd

⁽¹⁾ Mr Ch'ng Jit Koon is retiring under Section 153(6) of the Companies Act, Chapter 50 at the 26th annual general meeting and he has offered himself for re-appointment. There is no relationship (including immediate family relationship) between Mr Ch'ng and the other directors, the Company or its 10% shareholders.

JEFFERY CHAN CHEOW TONG

Independent Non-Executive Director

Age: 65

Date of first appointment as director: 15 October 2002

Date of last re-appointment as director: 26 April 2011

Date of next re-election as director: 28 April 2014⁽¹⁾

Board committee(s) served on	Academic and professional qualification(s)	Current directorships in other listed companies and other principal commitments	Past directorships in other listed companies held over preceding three years
Remuneration Committee (Chairman) Audit & Risk Committee (Member)	Fellow Chartered Accountant of Singapore FCA (Institute of Chartered Accountants in England & Wales)	Other listed companies Nil Other principal commitments (1) AXA Insurance Singapore Pte Ltd (Independent Director) (2) Goodhope Asia Holdings Ltd (Independent Director)	Nil

⁽¹⁾ Mr Jeffery Chan Cheow Tong is retiring under Article 104 of the Company's Articles of Association at the 26th annual general meeting and he has offered himself for re-election. There is no relationship (including immediate family relationship) between Mr Chan and the other directors, the Company or its 10% shareholders.

CORPORATE GOVERNANCE REPORT

TAN ENG BOCK

Independent Non-Executive Director

Age: 77

Date of first appointment as director: 15 October 2002

Date of last re-appointment as director: 30 April 2013

Date of next re-appointment as director: 28 April 2014⁽¹⁾

Board committee(s) served on	Academic and professional qualification(s)	Current directorships in other listed companies and other principal commitments	Past directorships in other listed companies held over preceding three years
Remuneration Committee (Member)	N.A.	Other listed companies (1) Ban Leong Technologies Ltd (Independent Director) Other principal commitments (1) Kyowa Security Guard & General Services Pte Ltd (Director)	Nil

⁽¹⁾ Mr Tan Eng Bock is retiring under Section 153(6) of the Companies Act, Chapter 50 at the 26th annual general meeting and he has offered himself for re-appointment. There is no relationship (including immediate family relationship) between Mr Tan and the other directors, the Company or its 10% shareholders.

Notes:

(1) Information on directors' shareholdings in the Company and its related corporations is set out in the Directors' Report on pages 46 to 49 of the Annual Report.

(2) N.A. means not applicable.

Determining Board's composition

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

- the Board should comprise a majority of non-executive directors, with independent directors making up at least half of the Board as the Chairman and Chief Executive Officer (CEO) of the Company is the same person;
- 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 is 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.

CORPORATE GOVERNANCE REPORT

Assessing directors' independence

The NC assesses the independence of the independent directors annually based on the guidelines set out in the Code.

The Company has implemented a Board Assessment Framework since 2012 which includes a robust process for reviewing directors' independence. Based on the directors' performance assessment for 2013, the NC and the Board are satisfied that the directors who have reached 9-year tenure, namely Mr Tan Keng Boon, Mr Ch'ng Jit Koon, Mr Jeffery Chan Cheow Tong and Mr Tan Eng Bock, have continued to maintain independence in their oversight role and they have continued to add value to the Company. The Board values continuity and stability and recommends that they continue to serve the Board. Each independent director has recused himself in the determination of his own independence.

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:-

- leading the Board to ensure its effectiveness on all aspects of its role;
- creating the conditions for overall Board and individual director effectiveness;
- demonstrating ethical leadership;
- setting clear expectations concerning the Company's culture, values and behaviours;
- setting the Board agenda in consultation with the executive directors, and ensuring that adequate time is available for discussion of all agenda items, in particular strategic issues;
- ensuring that all Board members are furnished with complete, high-quality and timely information;
- ensuring effective communication with shareholders;
- ensuring that proper procedures are set up to comply with the Code; and
- promoting high standards of corporate governance.

Board membership (Principle 4)

Nominating Committee

The NC consists of three independent non-executive directors and one executive director. The chairman of the NC is the

CORPORATE GOVERNANCE REPORT

Company's lead independent 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 key duties and responsibilities of the NC are as follows:-

- make recommendations on all Board and Board committee appointments and re-appointments;
- determine the performance criteria and evaluation process for assessing the performance of the Board, the Board committees and individual directors;
- review the size and composition of the Board to ensure the right mix to promote Board effectiveness;
- determine directors' independence;
- review succession plans for directors and key management personnel;
- set guideline on multiple board representations; and
- review and recommend training and professional development programs for directors.

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 may arise from the Board's annual evaluation process. When necessary, the NC may seek the help of external consultant to carry out the search 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 Board shall also consider gender diversity in seeking any new appointment to the Board. The NC will then make a recommendation to the Board for approval.

Guideline on multiple board representations

The Board has adopted an internal guideline recommended by the NC to address the competing time commitments that may be faced by a director holding multiple board appointments. The guideline provides that, as a general rule, the maximum limit is one other listed company board representation for each executive director; three other listed company board representations for each non-executive director with full time employment; and six other listed company board representations for each non-executive director without full time employment. The guideline is reviewed by the NC annually.

Board performance (Principle 5)

The Ho Bee Board Assessment Framework was developed with the assistance of the Company's consultant, KPMG Services Pte. Ltd. The framework has been established and approved for use by the Board to ascertain the effectiveness of

CORPORATE GOVERNANCE REPORT

the Board as a whole, its Board committees and the contribution by the Chairman and each director to the effectiveness of the Board. The framework integrates the assessment of the Board, Board committees, Chairman and individual directors. This framework is reviewed and refined annually, when required, to incorporate better practices to enable an effective and relevant assessment process.

The Board review incorporates factors such 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. The results of the annual assessment is provided to the NC who will assess and discuss the performance of the Board as a whole, and recommend to the Board, key areas for improvement and follow-up actions.

The effectiveness of the Board committees is assessed annually, the results of which are assessed by the NC and the Board. Areas for improvement are subsequently provided to the committees.

Individual directors are assessed on how they continue to contribute effectively and demonstrate their commitment to the role as a director. It also recognises how individual strengths complement each other, utilising criteria such as leadership, communication skills, industry experience, risk management, time commitment and professionalism.

Eligibility of directors for re-election is reviewed by the NC based on the individual director's performance.

Access to information (Principle 6)

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

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

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

CORPORATE GOVERNANCE REPORT

The key duties and responsibilities of the RC are as follows:-

- ensure that the level and structure of remuneration is aligned with the long term interest and risk policies of the Company;
- review management's proposal and recommend to the Board on the general remuneration framework and specific remuneration packages for the directors and key management personnel;
- review all benefits and long-term incentive schemes (including share schemes) and compensation packages for the directors and key management personnel; and
- review service contracts for the directors and key management personnel.

Level and mix of remuneration (Principle 8)

The Company's remuneration mix framework for executive directors and key management personnel is made up of a base/fixed salary, variable or performance-related bonuses and benefits/allowances. Performance measure for the executive directors and key management personnel is based on key performance indicators set each year for the individuals towards achievement of the Company's objectives. 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, and individual performance.

In 2013, Mercer (Singapore) Pte Ltd (Mercer), an independent remuneration consultant, was engaged to carry out a benchmarking exercise on the remuneration for executive directors and key management personnel. Mercer has no relationship with the Company.

Non-executive directors are paid directors' fees, subject to the approval of shareholders at the annual general meeting. The framework for determining non-executive directors' fees in 2013 is as follows:-

Non-Executive Director	Chairman	N.A.
	Member	\$40,000 per annum
	Lead Independent Director	\$10,000 per annum
Audit & Risk Committee	Chairman	\$20,000 per annum
	Member	\$10,000 per annum
Nominating Committee	Chairman	\$10,000 per annum
	Member	\$5,000 per annum
Remuneration Committee	Chairman	\$10,000 per annum
	Member	\$5,000 per annum

Note: N.A. means not applicable.

CORPORATE GOVERNANCE REPORT

Disclosure on remuneration (Principle 9)

Remuneration of directors and key management personnel

The remuneration of directors and key management personnel for the year ended 31 December 2013 is set out in the tables below:-

1) Summary remuneration table for directors in bands of \$250,000

Name of director	Directors' Fees ⁽¹⁾ %	Base / Fixed Salary %	Variable or Bonuses %	Benefits or Allowances %	Share-Based %	Total %
Above \$6,250,000 and up to \$6,500,000						
Chua Thian Poh Chairman & CEO	-	11%	87%	2%	-	100%
Above \$1,250,000 and up to \$1,500,000						
Ong Chong Hua Executive director	-	24%	73%	3%	-	100%
Above \$1,000,000 and up to \$1,250,000						
Desmond Woon Choon Leng Executive director	-	25%	72%	3%	-	100%
\$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%

⁽¹⁾ Directors' fees are subject to shareholders' approval at the annual general meeting.

CORPORATE GOVERNANCE REPORT

2) Summary remuneration table for top five key management personnel (who are not directors or the CEO) in bands of \$250,000

Name of key management personnel	Base/ Fixed Salary	Variable or Bonuses	Benefits or Allowances	Share- Based	Total %
Above \$500,000 and up to \$750,000					
Chong Hock Chang	34%	66%	-	-	100%
Above \$250,000 and up to \$500,000					
Soh Hwee Cheow	41%	59%	-	-	100%
Caroline Ee-Lee	50%	50%	-	-	100%
Chua Wee-Chern ⁽¹⁾	34%	66%	-	-	100%
Lum Hon Chew	39%	61%	-	-	100%

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

The remuneration of each individual director and the CEO is disclosed, on a named basis, in bands of \$250,000 with a breakdown in percentage terms of the remuneration earned through base/fixed salary, variable or performance-related bonuses and benefits/allowances. There was no stock option granted, share-based incentive/award, and other long term incentives. The Board is of the view that such disclosure provides adequate information on the remuneration of the directors and the CEO.

The remuneration of the top five key management personnel (who are not directors or the CEO) is disclosed, on a named basis, in bands of \$250,000 with a breakdown in percentage terms of the remuneration earned through base/fixed salary, variable or performance-related bonuses and benefits/allowances. There was no stock option granted, share-based incentive/award, and other long term incentives. The Board is of the view that such disclosure provides adequate information on the remuneration of the key management personnel.

The aggregate total remuneration paid to the top five key management personnel (who are not directors or the CEO) for the financial year ended 31 December 2013 is \$2,186,665.00.

There are no termination, retirement and post-employment benefits granted to the directors, the CEO or the top five key management personnel.

Besides Mr Chua Wee-Chern, who is son of the Chairman and CEO, Mr Chua Thian Poh, and whose salary is disclosed in the above remuneration table for the top five key management personnel, the following employees are immediate family members of a director or the CEO whose remuneration exceeds \$50,000 in 2013:-

Name of employee	Remuneration Band
Ng Noi Hinoy ⁽¹⁾	\$250,000 and below
Chua Kong Chian ⁽²⁾	\$250,000 and below

(1) Mdm Ng Noi Hinoy is the spouse of the Chairman & CEO, Mr Chua Thian Poh.

(2) Mr Chua Kong Chian is brother of the Chairman & CEO, Mr Chua Thian Poh.

CORPORATE GOVERNANCE REPORT

The Company's Share Option Scheme approved at the extraordinary general meeting held on 30 May 2001 (2001 Scheme) had expired on 29 May 2011. There has been no new share option scheme or share scheme since the expiry of the 2001 Scheme.

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.

Risk Management and Internal Controls (Principle 11)

The Group has in place an Enterprise Risk Management (ERM) Framework, which governs the risk management process in the Group. Through this Framework, risk capabilities and competencies are continuously enhanced. The ERM Framework also enables the identification, prioritisation, assessment, management and monitoring of key risks to the Group's business. The risk management process in place covers, inter alia, financial, operational, information technology and compliance risks faced by the Group. The key risks of the Group are deliberated by the Management and reported to the ARC twice a year. The ARC reviews the adequacy and effectiveness of the ERM Framework against leading practices in risk management and vis-à-vis the external and internal environment which the Group operates in.

The Group has established risk appetite statements with tolerance limits to monitor shifts in its significant risks and to proactively manage them within acceptable levels. These risk appetite statements have been reviewed and approved by the Board and are monitored on a quarterly basis.

Complementing the ERM Framework is a Group-wide system of internal controls, which includes documented policies and procedures, proper segregation of duties, approval procedures and authorities, as well as checks-and-balances built into the business processes.

To ensure that internal controls and risk management processes are adequate and effective, the ARC is assisted by various independent professional service providers. External auditors provide assurance over the risk of material misstatements in the Group's financial statements. Internal auditors provide assurance that controls over the key risks of the Group are adequate and effective.

The Board acknowledges that it is responsible for the overall internal control framework, but recognises that no cost effective internal control system will preclude all errors and irregularities, as a system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can provide only reasonable and not absolute assurance against material misstatement or loss.

The Board has received assurance from the CEO and the Finance Director that the Group's financial records have been properly maintained and the financial statements give a true and fair view of the Group's operations and finances; and the effectiveness of the Group's risk management and internal control systems.

CORPORATE GOVERNANCE REPORT

Based on the internal controls established and maintained by the Group, work performed by independent external third parties, and reviews performed by and assurance from the Management, various Board Committees and the Board, the Board with the concurrence of the ARC is of the opinion that the Group's system of risk management and internal controls, addressing financial, operational, compliance and information technology risks, were adequate as at 31 December 2013.

The systems of internal controls and risk management established by the Group provide reasonable, but not absolute assurance that the Group will not be adversely affected by any event that can be reasonably foreseen as it strives to achieve its business objectives. However, the Board also notes that no system of internal controls and risk management can provide absolute assurance in this regard, or absolute assurance against the occurrence of material errors, poor judgement in decision making, human error, losses, fraud or other irregularities.

Audit & Risk Committee (Principle 12)

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

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

The ARC meets regularly to perform the following functions:-

- review the Company's quarterly and annual financial statements, and any announcements relating to the Company's financial performance;
- review related party transactions and interested person transactions to ensure compliance with the regulations set out in the Listing Manual;
- review the audit plan and audit report of the external auditors, their evaluation of the system of internal accounting controls, and management's responses to the recommendations;
- review the scope and results of the external audits, their cost effectiveness, and the independence and objectivity of the external auditors;
- nominate external auditors for appointment or re-appointment, and approve the remuneration and terms of engagement of the external auditors;
- review the internal audit programme including the scope and results of the internal audit procedures, and management responses to the recommendations;
- review the independence and resource capability of the internal auditors, and the adequacy and effectiveness of internal audits;

CORPORATE GOVERNANCE REPORT

- approve the appointment or re-appointment, evaluation and remuneration of the internal auditors;
- review the Company's level of risk tolerance, its risk strategy and risk policies; and ensure that the Company sets a process for the accurate and timely monitoring of large exposures and certain risk types of critical importance;
- review the Company's overall risk assessment process and risk assessment framework; and review the parameters used in these measures and the methodology adopted;
- review risk reports on the Company and review and monitor management's responsiveness to the findings;
- review the Company's procedures for detecting fraud, including the whistle-blowing policy; and ensure that these arrangements allow proportionate and independent investigation of such matters and appropriate follow up action; and
- review and report to the Board on the adequacy and effectiveness of the Company's internal controls including financial, operational, compliance and information technology controls, and risk management systems.

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

The ARC has reviewed the nature of all 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 total fees paid to the external auditors, KPMG LLP for the financial year ended 31 December 2013, are as disclosed in the table below:-

External auditor fees for FY2013	\$'000	% of total audit fees
Total Audit Fees	274	
Total Non-Audit Fees	138	33%
Total Fees Paid	412	

The Guidebook for Audit Committees in Singapore issued by the Audit Committee Guidance Committee and the Risk Governance Guidance for Listed Boards issued by the Corporate Governance Council have been provided to all ARC members. In carrying out their responsibilities, the ARC members refer to these guidelines as appropriate. In addition, the ARC members have access to financial and legal bulletins and resources to keep themselves abreast of changes to accounting standards and issues which may have a direct impact on financial statements.

CORPORATE GOVERNANCE REPORT

Whistle-blowing policy

The Company has in place a whistle-blowing policy. The objectives of the whistle-blowing policy are to:-

- communicate the Company's expectations of employees of the Group in detecting fraudulent activities, malpractices or improprieties;
- guide employees on the course of action when addressing their concerns or suspicions of fraudulent activities, malpractices or improprieties;
- provide a process for investigations and management reporting; and
- establish policies for protecting whistle-blowers against reprisal by any person internal or external to the Group.

The Company encourages its officers and employees of the Group to observe the highest standards of business and personal ethics in the conduct of their duties and responsibilities.

In the pursuit of good corporate governance, the Company encourages its officers, employees, vendors/contractors, consultants, suppliers and/or any other parties with whom the Group has a relationship to provide information that evidences unsafe, unlawful, unethical, fraudulent or wasteful practices.

To ensure independent investigation and appropriate follow up action, all whistle-blowing reports are submitted either to the General Manager (Human Resources & Corporate Affairs) or the Chairman of the ARC.

All whistle-blower reports, including anonymous complaints are brought up to the ARC for review and reported to the Board.

Internal audit (Principle 13)

The Company's current internal auditors are Nexia TS Risk Advisory Pte. Ltd. The internal auditors report directly to the Chairman of the ARC on audit matters and to the management on administrative matters. The ARC reviews the internal audit reports and assesses the effectiveness of the internal auditors by examining the followings:-

- the internal audit plan to ensure that the internal auditors have adequate resources to perform their audit;
- the scope of the internal audit work to ensure that majority of the identified risks are audited by cycle;
- the quality of the internal audit report to ensure the effectiveness of the internal auditors; and
- the independence of the internal auditors.

The internal auditors have confirmed that all their team members are corporate members of the Institute of Internal Auditors (IIA) and are equipped with and practising the recommended standards by the IIA.

CORPORATE GOVERNANCE REPORT

SHAREHOLDER RIGHTS AND RESPONSIBILITIES

Shareholder rights, communication with shareholders and conduct of shareholder meetings (Principles 14, 15 and 16)

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 under the "Investor Relations" section of the Company's website at <http://www.hobee.com>.

The Company notifies investors of the date of release of its financial results through an SGXNet announcement about three weeks in advance. Results for the first three quarters are released via SGXNet announcement to shareholders not later than 45 days after the quarter end and full year results are announced within 60 days from the financial year end. Each quarterly and full year financial result announcement is accompanied by a media release.

The Group's annual report together with the notice of annual general meeting is despatched to all shareholders at least 14 clear days before the meeting. The notice of annual general meeting is also advertised in the newspapers and announced via SGXNet.

Shareholders are encouraged to attend the annual general meeting 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 respective chairmen of the ARC, NC and RC are available to answer any question or issue regarding the Company. In addition, the Finance Director meets regularly with analysts and fund managers to facilitate shareholders' and investors' communication.

Any member of the Company who is unable to attend the annual general meeting 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 annual general meeting as observers.

SECURITIES TRANSACTIONS

The Company has its own internal Code of Best Practices on Securities Transactions. Under the internal code, the Company and its officers 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. The Company and its officers are also not allowed to deal in the Company's securities while in possession of undisclosed material information of the Company. Officers of the Company 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 REPORT

INTERESTED PERSON TRANSACTIONS

The Company has adopted a set of procedures for reporting and approving interested person transactions. Details of the interested person transactions for the year ended 31 December 2013 are as follows:

Name of interested person	Aggregate value of all interested person transactions (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 interested person transactions conducted under a shareholders' mandate pursuant to Rule 920 of the Listing Manual (excluding transactions less than \$100,000)
N.A.	N.A.	N.A.

Notes:

- (1) N.A. means not applicable.
- (2) All interested person transactions conducted during the financial year were less than \$100,000 for each transaction. The interested person transactions were carried out on normal commercial terms and were not prejudicial to the interests of the Company and its minority shareholders.

PROFESSIONAL CONDUCT AND DISCIPLINE

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

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 & RISK 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 Lum Hon Chew

Deputy General Manager (Projects)

Mr Low Lai Sai

Senior Finance Manager

Ms Vivian Ng Lay Yen

Senior Marketing Manager

Mr Hong Leng Guan

Project Manager

COMPANY SECRETARY

Ms Tan Sock Kiang

REGISTERED OFFICE

9 North Buona Vista Drive
#11-01 The Metropolis Tower 1
Singapore 138588
Tel: (65) 6704 0888
Fax: (65) 6704 0800
Website: www.hobee.com

SHARE REGISTRAR

M & C Services Private Limited

112 Robinson Road #05-01
Singapore 068902

EXTERNAL AUDITORS

KPMG LLP

Public Accountants and Chartered
Accountants Singapore
Partner-In-Charge:
Mr Ong Pang Thye (since 2012)
16 Raffles Quay #22-00
Hong Leong Building
Singapore 048581

INTERNAL AUDITORS

Nexia TS Risk Advisory Pte. Ltd.

100 Beach Road
#30-00 Shaw Tower
Singapore 189702

COMPANY REGISTRATION NO.

198702381M

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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 2013.

Change of name

On 23 October 2013, the Company changed its name from Ho Bee Investment Ltd to Ho Bee Land Limited.

Directors

The directors of the Company 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, particulars of interests of directors who held office at the end of the financial year in shares and debentures in the Company and in related corporations (other than wholly-owned subsidiaries) are as follows:

Name of director and corporation in which interests are held	Holdings in the name of the director, spouse or infant children		Other holdings in which the director is deemed to have an interest	
	At beginning of the year	At end of the year	At beginning of the year	At end of the year
Chua Thian Poh				
The Company				
- ordinary shares	—	—	480,681,000	483,400,000
<u>Immediate and ultimate holding company</u>				
Ho Bee Holdings (Pte) Ltd				
- ordinary shares	19,070,000	19,070,000	—	—
<u>Subsidiaries</u>				
HBS Investments Pte Ltd				
- ordinary shares	—	—	700,000	700,000
Ho Bee Cove Pte. Ltd.				
- ordinary shares	—	—	900,000	900,000

DIRECTORS' REPORT

Name of director and corporation in which interests are held	Holdings in the name of the director, spouse or infant children		Other holdings in which the director is deemed to have an interest	
	At beginning of the year	At end of the year	At beginning of the year	At end of the year
Chua Thian Poh (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	—	—	3,000,000	3,000,000
Absolutecar Services Pte Ltd				
- ordinary shares	—	—	2	2
Airjet Investments 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 Auto Pte. Ltd.				
- ordinary shares	—	—	3,530,000	3,530,000
HLC Leasing Pte. Ltd.				
- ordinary shares	—	—	10,000	10,000
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

DIRECTORS' REPORT

Name of director and corporation in which interests are held	Holdings in the name of the director, spouse or infant children		Other holdings in which the director is deemed to have an interest	
	At beginning of the year	At end of the year	At beginning of the year	At end of the year
Chua Thian Poh (cont'd)				
<u>Related corporations</u>				
Kingdom Investment Holdings Pte. Ltd.				
- ordinary shares	—	—	62,400,000	62,400,000
Zen Property Management Pte Ltd				
- ordinary shares	—	—	1,000,000	1,000,000
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	—	—
<u>Related corporation</u>				
Kingdom Investment Holdings Pte. Ltd.				
- ordinary shares	1,625,000	1,625,000	—	—
Tan Keng Boon				
The Company				
- ordinary shares	500,000	500,000	—	—
Ch'ng Jit Koon				
The Company				
- ordinary shares	420,000	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	—	—

DIRECTORS' REPORT

Name of director and corporation in which interests are held	Holdings in the name of the director, spouse or infant children		Other holdings in which the director is deemed to have an interest	
	At beginning of the year	At end of the year	At beginning of the year	At end of the year
Bobby Chin Yoke Choong (cont'd)				
<u>Related corporation</u>				
Kingdom Investment Holdings Pte. Ltd.				
- ordinary shares	975,000	975,000	—	—

By virtue of Section 7 of the Companies Act, Chapter 50, Mr Chua Thian Poh is deemed to have an interest in all the other wholly-owned subsidiaries of Ho Bee Land Limited, 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 was no change in any of the abovementioned interests in the Company or in related corporations between the end of the financial year and 21 January 2014.

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 expenses, 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 32 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.

DIRECTORS' REPORT

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

Audit & Risk Committee

The members of the Audit & Risk Committee 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 & Risk Committee performs the functions specified in Section 201B(5) of the Companies Act, Chapter 50, the SGX-ST Listing Manual and the Singapore Code of Corporate Governance. These functions include a review of the financial statements of the Company and of the Group for the financial year and the auditors' report thereon.

Besides overseeing accountability and audit, the Audit & Risk Committee also assists the Board with risk governance and overseeing the Company's risk management framework and policies.

The Audit & Risk Committee has undertaken a review of the nature and extent of non-audit services provided by the firm acting as the auditors. In the opinion of the Audit & Risk Committee, these services would not affect the independence of the auditors.

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

In appointing the auditors of the Company and its subsidiaries, the Group has complied with Rule 712 and Rule 715 of the SGX-ST Listing Manual. The Group has no significant associated companies.

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

20 March 2014

STATEMENT BY DIRECTORS

In our opinion:

- (a) the financial statements set out on pages 54 to 122 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 2013 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

20 March 2014

INDEPENDENT AUDITORS' REPORT

Members of the Company
Ho Bee Land Limited
(formerly known as Ho Bee Investment Ltd)

Report on the financial statements

We have audited the accompanying financial statements of Ho Bee Land Limited (formerly known as 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 2013, 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 54 to 122.

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.

INDEPENDENT AUDITORS' REPORT

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 2013 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
Chartered Accountants*

Singapore

20 March 2014

STATEMENTS OF FINANCIAL POSITION

As at 31 December 2013

		Group		Company	
	Note	2013	2012	2013	2012
		\$'000	\$'000	\$'000	\$'000
Non-current assets					
Property, plant and equipment	4	21,054	16,656	2,430	322
Investment properties	5	1,540,709	761,182	–	–
Subsidiaries	6	–	–	70,639	39,758
Associates	7	444,842	413,291	437,055	431,733
Jointly-controlled entities	8	202,554	5,244	225,500	1,500
Other assets	9	150	150	–	–
Financial assets	10	4,518	3,438	–	–
Other receivables	11	400,788	601,834	412,832	594,277
Deferred tax assets	12	473	582	–	–
		<u>2,615,088</u>	<u>1,802,377</u>	<u>1,148,456</u>	<u>1,067,590</u>
Current assets					
Inventories		21	44	–	–
Development properties	13	207,940	282,182	–	–
Trade and other receivables	14	51,878	56,783	37,500	30,720
Financial assets	10	–	1,433	–	58
Cash and cash equivalents	15	117,557	162,508	85,683	125,462
Assets held for sale	16	–	135,700	–	–
		<u>377,396</u>	<u>638,650</u>	<u>123,183</u>	<u>156,240</u>
Total assets		<u>2,992,484</u>	<u>2,441,027</u>	<u>1,271,639</u>	<u>1,223,830</u>
Equity attributable to equity holders of the Company					
Share capital	17	156,048	205,133	156,048	205,133
Reserves	18	2,174,727	1,581,557	974,619	619,265
		<u>2,330,775</u>	<u>1,786,690</u>	<u>1,130,667</u>	<u>824,398</u>
Non-controlling interests		16,976	19,512	–	–
Total equity		<u>2,347,751</u>	<u>1,806,202</u>	<u>1,130,667</u>	<u>824,398</u>
Non-current liabilities					
Loans and borrowings	19	98,831	275,800	–	–
Other liabilities	20	15,213	29,287	–	–
Deferred tax liabilities	12	1,515	12,536	–	–
Deferred income	21	819	1,801	–	–
		<u>116,378</u>	<u>319,424</u>	<u>–</u>	<u>–</u>
Current liabilities					
Trade and other payables	22	113,226	82,292	45,955	259,285
Loans and borrowings	19	370,703	186,106	94,903	139,937
Deferred income	21	1,003	982	–	–
Current tax payable		43,423	46,021	114	210
		<u>528,355</u>	<u>315,401</u>	<u>140,972</u>	<u>399,432</u>
Total liabilities		<u>644,733</u>	<u>634,825</u>	<u>140,972</u>	<u>399,432</u>
Total equity and liabilities		<u>2,992,484</u>	<u>2,441,027</u>	<u>1,271,639</u>	<u>1,223,830</u>

CONSOLIDATED INCOME STATEMENT

Year ended 31 December 2013

	Note	2013 \$'000	2012 \$'000
Revenue	23	139,344	461,649
Cost of sales		(93,205)	(309,972)
Gross profit		46,139	151,677
Other income	24	80,940	29,270
Fair value gain on investment properties	5	493,084	17,600
Administrative expenses		(16,597)	(14,681)
Other expenses		(3,163)	(2,463)
Results from operating activities		600,403	181,403
Finance costs	26	(5,274)	(3,656)
Share of (loss)/profits, net of tax, of:			
- associates		(1,239)	(484)
- jointly-controlled entities		13,355	29,492
Profit before income tax		607,245	206,755
Income tax expense	27	(4,263)	(23,533)
Profit from continuing operations		602,982	183,222
Discontinued operation			
Profit from discontinued operation (net of tax)	28	3,234	3,723
Profit for the year	29	606,216	186,945
Profit attributable to:			
Owners of the Company		591,775	187,065
Non-controlling interests		14,441	(120)
Profit for the year		606,216	186,945
Earnings per share			
Basic earnings per share (cents)	30	87.42	26.69
Diluted earnings per share (cents)	30	87.42	26.69

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2013

	2013 \$'000	2012 \$'000
Profit for the year	606,216	186,945
Other comprehensive income		
Items that will not be reclassified to profit or loss:		
Surplus on revaluation of property, plant and equipment	–	26,077
Items that are or may be reclassified subsequently to profit or loss:		
Foreign currency translation differences relating to foreign operations	3,453	(4,473)
Share of foreign currency translation differences of equity-accounted investee	27,468	(25,535)
Net gain on hedge of net investment in foreign operations	(1,700)	2,602
	29,221	(27,406)
Other comprehensive income for the year, net of income tax	29,221	(1,329)
Total comprehensive income for the year	635,437	185,616
Attributable to:		
Owners of the Company	620,773	186,105
Non-controlling interests	14,664	(489)
Total comprehensive income for the year	635,437	185,616

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2013

Group	Attributable to owners of the Company								Non-controlling interests \$'000	Total equity \$'000
	Share capital \$'000	Reserve for own shares \$'000	Capital reserve \$'000	Revaluation reserve \$'000	Foreign currency translation reserve \$'000	Retained earnings \$'000	Total \$'000			
At 1 January 2012	205,133	(43,977)	2,230	68,599	5,974	1,407,285	1,645,244	21,001	1,666,245	
Total comprehensive income for the year										
Profit for the year	–	–	–	–	–	187,065	187,065	(120)	186,945	
Other comprehensive income										
Foreign currency translation differences relating to foreign operations	–	–	–	–	(4,104)	–	(4,104)	(369)	(4,473)	
Share of foreign currency translation differences of equity-accounted investee	–	–	–	–	(25,535)	–	(25,535)	–	(25,535)	
Net gain on hedge of net investment in foreign operations	–	–	–	–	2,602	–	2,602	–	2,602	
Surplus on revaluation of property, plant and equipment	–	–	–	26,077	–	–	26,077	–	26,077	
Total other comprehensive income	–	–	–	26,077	(27,037)	–	(960)	(369)	(1,329)	
Total comprehensive income for the year	–	–	–	26,077	(27,037)	187,065	186,105	(489)	185,616	
Transactions with owners of the Company, recognised directly in equity										
Contributions by and distributions to owners of the Company										
Dividend paid to non-controlling shareholders	–	–	–	–	–	–	–	(1,000)	(1,000)	
Final tax exempt dividend paid of 4 cents per share in respect of 2011	–	–	–	–	–	(28,136)	(28,136)	–	(28,136)	
Purchase of treasury shares	–	(16,523)	–	–	–	–	(16,523)	–	(16,523)	
Total contributions by and distributions to owners of the Company	–	(16,523)	–	–	–	(28,136)	(44,659)	(1,000)	(45,659)	
At 31 December 2012	205,133	(60,500)	2,230	94,676	(21,063)	1,566,214	1,786,690	19,512	1,806,202	

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONT'D)

Year ended 31 December 2013

Group	Attributable to owners of the Company						Total \$'000	Non- controlling interests \$'000	Total equity \$'000
	Share capital \$'000	Reserve for own shares \$'000	Capital reserve \$'000	Revaluation reserve \$'000	Foreign currency translation reserve \$'000	Retained earnings \$'000			
At 1 January 2013	205,133	(60,500)	2,230	94,676	(21,063)	1,566,214	1,786,690	19,512	1,806,202
Total comprehensive income for the year									
Profit for the year	—	—	—	—	—	591,775	591,775	14,441	606,216
Other comprehensive income									
Foreign currency translation differences relating to foreign operations	—	—	—	—	3,230	—	3,230	223	3,453
Share of foreign currency translation differences of equity-accounted investee	—	—	—	—	27,468	—	27,468	—	27,468
Net gain on hedge of net investment in foreign operations	—	—	—	—	(1,700)	—	(1,700)	—	(1,700)
Reversal of revaluation of property, plant and equipment	—	—	—	(94,676)	—	94,676	—	—	—
Total other comprehensive income	—	—	—	(94,676)	28,998	94,676	28,998	223	29,221
Total comprehensive income for the year	—	—	—	(94,676)	28,998	686,451	620,773	14,664	635,437
Transactions with owners of the Company, recognised directly in equity									
Contributions by and distributions to owners of the Company									
Dividend paid to non- controlling shareholders	—	—	—	—	—	—	—	(17,200)	(17,200)
Final tax exempt dividend paid of 5 cents per share in respect of 2012	—	—	—	—	—	(33,838)	(33,838)	—	(33,838)
Cancellation of treasury shares	(49,085)	49,085	—	—	—	—	—	—	—
Purchase of treasury shares	—	(42,850)	—	—	—	—	(42,850)	—	(42,850)
Total contributions by and distributions to owners of the Company	(49,085)	6,235	—	—	—	(33,838)	(76,688)	(17,200)	(93,888)
At 31 December 2013	156,048	(54,265)	2,230	—	7,935	2,218,827	2,330,775	16,976	2,347,751

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2013

	2013 \$'000	2012 \$'000
Cash flows from operating activities		
Profit for the year	606,216	186,945
Adjustments for:		
Depreciation of property, plant and equipment	866	1,761
Loss on disposal of property, plant and equipment	–	2
Unrealised exchange gain	(5,014)	(1,564)
Interest income	(4,674)	(4,841)
Dividend income	(38)	(21)
Distribution income from financial assets designated at fair value through profit or loss	(247)	(570)
Finance costs	5,274	3,656
Fair value gain of investment properties	(493,084)	(17,600)
Net changes in fair value of financial assets at fair value through profit or loss	(1,137)	352
Gain on disposal of investment properties	–	(17,946)
Gain on sale of associate	–	(2,166)
Gain on disposal of freehold land and hotel building	(25,927)	–
Gain on sale of investee company	(47,194)	–
Gain on sale of quoted equity	(7)	–
Share of profits of:		
- associates	1,239	484
- jointly-controlled entities	(13,355)	(29,492)
Income tax expense	4,925	24,577
	<u>27,843</u>	<u>143,577</u>
Changes in working capital:		
Development properties	69,036	136,417
Inventories	23	(26)
Trade and other receivables	(25,025)	11,659
Trade and other payables	15,223	35,003
Cash generated from operations	<u>87,100</u>	<u>326,630</u>
Income taxes paid	<u>(18,480)</u>	<u>(19,719)</u>
Net cash generated from operating activities carried forward	<u>68,620</u>	<u>306,911</u>

CONSOLIDATED STATEMENT OF CASH FLOWS (CONT'D)

Year ended 31 December 2013

	Note	2013 \$'000	2012 \$'000
Net cash generated from operating activities brought forward		68,620	306,911
Cash flows from investing activities			
Net repayments from jointly-controlled entities		(13,785)	2,561
Purchase of property, plant and equipment		(5,737)	(5,583)
Proceeds from disposal of investment properties		–	46,717
Proceeds from disposal of associate		–	6,819
Proceeds from disposal of freehold land and hotel building (net of transaction costs)		161,836	–
Proceeds from sale of investee company		79,147	–
Proceeds from sale of quoted equity		114	–
Proceeds from sale of property, plant and equipment		271	–
Additional costs incurred on investment properties		(133,086)	(117,117)
Investment in associate		(5,321)	(70,539)
Interest received		741	1,224
Dividend received		37,400	32,007
Purchase of financial assets designated at fair value through profit or loss		(97)	(347)
Purchase of investment properties		(138,707)	–
Advances to an investee company		–	(3,850)
Distributions from financial assets designated at fair value through profit or loss		609	1,294
Net cash used in investing activities		(16,615)	(106,814)
Cash flows from financing activities			
Amount due to a non-controlling shareholder (non-trade)		(5,384)	1,456
Amount due to jointly-controlled entities (non-trade)		6,700	–
Proceeds from bank loans		198,638	141,059
Repayment of bank loans		(191,288)	(180,418)
Interest paid		(11,626)	(11,292)
Purchase of treasury shares		(42,850)	(16,523)
Dividends paid		(33,838)	(28,136)
Dividend paid to non-controlling shareholders		(17,200)	(1,000)
Net cash used in financing activities		(96,848)	(94,854)
Net (decrease)/increase in cash and cash equivalents		(44,843)	105,243
Cash and cash equivalents at 1 January		162,508	57,247
Effect of exchange rate fluctuations on cash held		(108)	18
Cash and cash equivalents at 31 December	15	117,557	162,508

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 20 March 2014.

1 Domicile and activities

Ho Bee Land Limited (formerly known as Ho Bee Investment Ltd) (the Company) is incorporated in the Republic of Singapore. The address of the Company's registered office is 9 North Bouna Vista Drive, #11-01 The Metropolis Tower 1, Singapore 138588.

The financial statements of the Company as at and for the year ended 31 December 2013 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 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 35 – valuation of financial instruments
- Note 38 – accounting estimates and judgements

NOTES TO THE FINANCIAL STATEMENTS

2 Basis of preparation (cont'd)

2.5 Changes in accounting policy

Fair value measurement

FRS 113 establishes a single framework for measuring fair value and making disclosures about fair value measurements, when such measurements are required or permitted by other FRSs. In particular, it unifies the definition of fair value as the price at which an orderly transaction to sell an asset or to transfer a liability would take place between market participants at the measurement date. It also replaces and expands the disclosure requirements about fair value measurements in other FRSs, including FRS 107 Financial Instruments: Disclosures.

From 1 January 2013, in accordance with the transitional provisions of FRS 113, the Group has applied the new fair value measurement guidance prospectively, and has not provided any comparative information for new disclosures. Notwithstanding the above, the change had no significant impact on the measurements of the Group's assets and liabilities. The additional disclosures necessary as a result of the adoption of this standard has been included in note 37.

Presentation of items of other comprehensive income

From 1 January 2013, as a result of the amendments to FRS 1, the Group has modified the presentation of items of other comprehensive income in its statement of comprehensive income, to present separately items that would be reclassified to profit or loss in the future from those that would never be. Comparative information has also been re-presented accordingly.

The adoption of the amendment to FRS 1 has no impact on the recognised assets, liabilities and comprehensive income of the Group.

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 change in accounting policy.

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

3 Significant accounting policies (cont'd)

3.1 Basis of consolidation (cont'd)

Business combinations (cont'd)

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.

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.

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.

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

3 Significant accounting policies (cont'd)

3.1 Basis of consolidation (cont'd)

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

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

3 Significant accounting policies (cont'd)

3.2 Foreign currency (cont'd)

Foreign currency transactions (cont'd)

Foreign currency differences arising on retranslation are recognised in profit or loss, except for the following differences which are recognised in other comprehensive income arising on the retranslation of:

- available-for-sale equity instruments (except on impairment in which case foreign currency differences that have been recognised in other comprehensive income are reclassified to profit or loss);
- a financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective; or
- qualifying cash flow hedges to the extent the hedge is effective.

Foreign operations

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

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.

Hedge of a net investment in foreign operation

The Group applies hedge accounting to foreign currency differences arising between the functional currency of the foreign operation and the Company's functional currency (Singapore dollars), regardless of whether the net investment is held directly or through an intermediate parent.

NOTES TO THE FINANCIAL STATEMENTS

3 Significant accounting policies (cont'd)

3.2 Foreign currency (cont'd)

Hedge of a net investment in foreign operation (cont'd)

Foreign currency differences arising on the retranslation of a financial liability designated as a hedge of a net investment in a foreign operation are recognised in other comprehensive income to the extent that the hedge is effective, and are presented within equity in the foreign currency translation reserve. To the extent that the hedge is ineffective, such differences are recognised in profit or loss. When the hedged net investment is disposed of, the relevant amount in the foreign currency translation reserve is transferred to profit or loss as part of the gain or loss on disposal.

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 an unconditional and legally enforceable 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.

Financial assets at fair value through profit or loss

An instrument is classified 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.

NOTES TO THE FINANCIAL STATEMENTS

3 Significant accounting policies (cont'd)

3.3 Financial instruments (cont'd)

Available-for-sale financial assets (cont'd)

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 an unconditional and legally enforceable right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Impairment of financial assets

A financial asset is 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.

NOTES TO THE FINANCIAL STATEMENTS

3 Significant accounting policies (cont'd)

3.3 Financial instruments (cont'd)

Impairment of financial assets (cont'd)

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 asset's 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.

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 and the resulting surplus or deficit on the transaction is presented in non-distributable capital reserve.

NOTES TO THE FINANCIAL STATEMENTS

3 Significant accounting policies (cont'd)

3.4 Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses except for hotel 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.

Paintings and sculptures, 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.

Depreciation is recognised from the date that the property, plant and equipment are installed and are ready for use, or in respect of internally constructed assets, from the date that the asset is completed and ready for use.

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

Freehold property	50 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.

NOTES TO THE FINANCIAL STATEMENTS

3 Significant accounting policies (cont'd)

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 cost on initial recognition and subsequently at fair value with any change therein recognised in profit or loss. At each year end, the Group's investment property portfolio is valued by an external, independent valuation company, having appropriate recognised professional qualifications. Rental income from investment properties is accounted for in the manner described in note 3.14.

Cost includes expenditure that is directly attributable to the acquisition of the investment property. The cost of self-constructed investment property includes the cost of materials and direct labour, any other costs directly attributable to bringing the investment property to a working condition for their intended use and capitalised borrowing costs.

Any gain or loss on disposal of an investment property (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in profit or loss. When an investment property that was previously classified as property, plant and equipment is sold, any related amount included in the revaluation reserve is transferred to retained earnings.

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.

NOTES TO THE FINANCIAL STATEMENTS

3 Significant accounting policies (cont'd)

3.9 Development properties (cont'd)

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

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

Properties held for sale are those properties which are acquired as completed properties and are stated at the lower of cost and net realisable value. Net realisable value 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 Assets held for sale

Non-current assets, or disposal groups comprising assets and liabilities, that are expected to be recovered primarily through sale rather than through continuing use, are classified as held for sale. Immediately before classification as held for sale, the assets, or components of a disposal group, are remeasured in accordance with the Group's accounting policies. Thereafter, the assets, or disposal group, are generally measured at the lower of their carrying amount and fair value less costs to sell. Any impairment loss on a disposal group is first allocated to goodwill, and then to remaining assets and liabilities on pro rata basis, except that no loss is allocated to inventories, financial assets, deferred tax assets, employee benefit assets, investment property and biological assets, which continue to be measured in accordance with the Group's accounting policies. Impairment losses on initial classification as held for sale and subsequent gains or losses on remeasurement are recognised in profit or loss. Gains are not recognised in excess of any cumulative impairment loss.

Intangible assets and property, plant and equipment once classified as held for sale or distribution are not amortised or depreciated. In addition, equity accounting of associates and jointly controlled entities ceases once classified as held for sale or distribution.

3.12 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.

NOTES TO THE FINANCIAL STATEMENTS

3 Significant accounting policies (cont'd)

3.12 Employee benefits (cont'd)

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.

3.13 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.

3.14 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 sale 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.

NOTES TO THE FINANCIAL STATEMENTS

3 Significant accounting policies (cont'd)

3.14 Revenue recognition (cont'd)

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.

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.

3.15 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.

3.16 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.

NOTES TO THE FINANCIAL STATEMENTS

3 Significant accounting policies (cont'd)

3.16 Income tax (cont'd)

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: temporary differences on 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, temporary 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, and taxable temporary differences arising on initial recognition of goodwill.

The measurement of deferred taxes reflects the tax consequences that would follow the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. 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 determining the amount of current and deferred tax, the Group takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. 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 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.

3.17 Discontinued operations

A discontinued operation is a component of the Group's business that represents a separate major line of business or geographical area of operations that has been disposed of or is held for sale, or is a subsidiary acquired exclusively with a view to resale. Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale, if earlier. When an operation is classified as a discontinued operation, the comparative income statement is re-presented as if the operation had been discontinued from the start of the comparative year.

NOTES TO THE FINANCIAL STATEMENTS

3 Significant accounting policies (cont'd)

3.18 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.

3.19 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.

3.20 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 2013, 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

	Note	Freehold land and building \$'000	Freehold property \$'000	Leasehold improvements \$'000	Paintings and sculptures \$'000	Furniture, fittings and office equipment \$'000	Motor vehicles \$'000	Total \$'000
Group								
Cost/Valuation		Valuation	Cost	Cost	Cost	Cost	Cost	
At 1 January 2012		111,000	–	625	9,725	1,569	2,003	124,922
Additions		–	2,248	–	3,321	14	–	5,583
Surplus on revaluation		26,077	–	–	–	–	–	26,077
Reversal of depreciation on revaluation		(1,377)	–	–	–	–	–	(1,377)
Reclassification to assets held for sale	16	(135,700)	–	–	–	–	–	(135,700)
Disposals		–	–	–	–	(19)	–	(19)
At 31 December 2012		–	2,248	625	13,046	1,564	2,003	19,486
Additions		–	–	–	2,975	2,762	–	5,737
Disposals		–	–	–	–	(410)	–	(410)
Effect of movement in exchange rate		–	(270)	–	–	–	–	(270)
At 31 December 2013		–	1,978	625	16,021	3,916	2,003	24,543
Accumulated depreciation and impairment losses								
At 1 January 2012		–	–	624	–	1,185	654	2,463
Depreciation charge for the year		1,377	44	1	–	106	233	1,761
Reversal of depreciation on revaluation		(1,377)	–	–	–	–	–	(1,377)
Disposals		–	–	–	–	(17)	–	(17)
At 31 December 2012		–	44	625	–	1,274	887	2,830
Depreciation charge for the year		–	42	–	–	595	229	866
Disposals		–	–	–	–	(200)	–	(200)
Effect of movement in exchange rate		–	(7)	–	–	–	–	(7)
At 31 December 2013		–	79	625	–	1,669	1,116	3,489
Carrying amount								
At 1 January 2012		111,000	–	1	9,725	384	1,349	122,459
At 31 December 2012		–	2,204	–	13,046	290	1,116	16,656
At 31 December 2013		–	1,899	–	16,021	2,247	887	21,054

NOTES TO THE FINANCIAL STATEMENTS

4 Property, plant and equipment (cont'd)

	Furniture, fittings and office equipment \$'000	Motor vehicles \$'000	Painting \$'000	Total \$'000
Company				
Cost				
At 1 January 2012	255	523	–	778
Additions	14	–	–	14
Disposals	(10)	–	–	(10)
At 31 December 2012	259	523	–	782
Additions	2,745	–	3	2,748
Disposals	(5)	–	–	(5)
At 31 December 2013	2,999	523	3	3,525
Accumulated depreciation and impairment losses				
At 1 January 2012	210	167	–	377
Depreciation charge for the year	16	77	–	93
Disposals	(10)	–	–	(10)
At 31 December 2012	216	244	–	460
Depreciation charge for the year	564	76	–	640
Disposals	(5)	–	–	(5)
At 31 December 2013	775	320	–	1,095
Carrying amount				
At 1 January 2012	45	356	–	401
At 31 December 2012	43	279	–	322
At 31 December 2013	2,224	203	3	2,430

NOTES TO THE FINANCIAL STATEMENTS

5 Investment properties

	Note	Group 2013 \$'000	2012 \$'000
Freehold properties			
At 1 January		125,300	138,900
Additions		147,645	671
Disposals		–	(28,771)
Changes in fair value		1,300	14,500
At 31 December		274,245	125,300
Leasehold properties			
At 1 January		31,600	28,500
Transfer from leasehold property under development		743,080	–
Changes in fair value		491,784	3,100
At 31 December		1,266,464	31,600
Leasehold property under development			
At 1 January		604,282	481,120
Additions		138,798	123,162
Transfer to leasehold properties		(743,080)	–
At 31 December		–	604,282
Total investment properties		1,540,709	761,182
Interest capitalised during the year	26	5,712	6,716

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 \$1,537,245,569 (2012: \$682,182,000) have been pledged to secure banking facilities granted to the Group (see note 19).

Investment properties are stated at fair value based on valuations carried out by Colliers International Consultancy & Valuation (Singapore) Pte Ltd (“Colliers”), a firm of independent professional valuers. 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.

In 2013, the Group recognised a fair value gain of \$493,084,000 (2012: \$17,600,000) on its investment properties, out of which, \$489,583,000 (2012: \$nil) relate to the revaluation of The Metropolis. The Metropolis was also reclassified from leasehold properties under development to leasehold properties following its completion in 2013. See note 37 – Determination of fair values for disclosure on the valuation techniques used by Colliers.

NOTES TO THE FINANCIAL STATEMENTS

6 Subsidiaries

	Company	
	2013	2012
	\$'000	\$'000
Equity investments, at cost	69,366	38,599
Discount implicit in interest-free loans to subsidiaries	2,273	2,159
Impairment loss	(1,000)	(1,000)
	<u>70,639</u>	<u>39,758</u>

Details of the significant subsidiaries are as follows:

Name of subsidiary	Country of incorporation	Effective equity held by the Group	
		2013	2012
		%	%
Ho Bee Developments Pte Ltd	Singapore	100	100
Ho Bee Realty Pte Ltd	Singapore	100	100
Ho Bee (One North) Pte. Ltd.	Singapore	100	100
Pacific Rover Pte Ltd	Singapore	100	100
Ho Bee Cove Pte Ltd	Singapore	90	90
HB Investments (China) Pte. Ltd.	Singapore	80	80
Grandiose Investments Pte Ltd	Singapore	100 ¹	–

¹ *Grandiose Investments Pte Ltd was incorporated on 5 March 2013.*

KPMG LLP are the auditors of all significant Singapore-incorporated subsidiaries.

NOTES TO THE FINANCIAL STATEMENTS

7 Associates

The Group's associates include share of the associates' post-acquisition losses of \$2,072,000 (2012: post-acquisition losses of \$833,000).

Details of significant associates are as follows:

Name of associates	Country of incorporation	Effective equity held by the Group	
		2013 %	2012 %
[^] Shanghai Yanlord Hongqiao Property Co., Ltd	China	40	40
[@] Zhuhai Yanlord Heyou Land Co., Ltd	China	20	20
[@] Zhuhai Yanlord Youmei Land Co., Ltd	China	20	20
[^] Audited by 上海中惠会计师事务所, a CPA firm, China.			
[@] Audited by 珠海德鸿会计师事务所有限公司, a CPA firm, China.			

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:

	2013 \$'000	2012 \$'000
Results		
Loss after taxation	(4,581)	(1,476)
Assets and liabilities		
Total assets	1,609,992	1,384,280
Total liabilities	156,221	63,468

NOTES TO THE FINANCIAL STATEMENTS

8 Jointly-controlled entities

	Group		Company	
	2013	2012	2013	2012
	\$'000	\$'000	\$'000	\$'000
Investments in jointly-controlled entities	202,554	5,244	225,500	1,500

The Group's share of profits in its jointly-controlled entities for the year was \$13,355,000 (2012: \$29,492,000).

In 2013, the Group received dividends of \$37,400,000 (2012: \$32,000,000) from its investments in jointly-controlled entities.

Included in the Company's investments in jointly-controlled entities are impairment losses amounting to \$350,000 (2012: \$350,000).

Details of significant jointly-controlled entities are as follows:

Name of jointly-controlled entities	Country of incorporation	Effective equity held by the Group	
		2013	2012
		%	%
@ Calne Pte Ltd	Singapore	50	50
@ Seaview (Sentosa) 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.

NOTES TO THE FINANCIAL STATEMENTS

8 Jointly-controlled entities (cont'd)

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

	2013 \$'000	2012 \$'000
Results		
Income	20,433	38,765
Expenses	(7,078)	(9,273)
Profit after income tax	13,355	29,492
Assets and liabilities		
Current assets	832,230	874,139
Non-current assets	48,628	–
Current liabilities	(78,467)	(65,596)
Non-current liabilities	(599,837)	(803,299)
Net assets	202,554	5,244
Group's share of jointly-controlled entities' capital commitments	–	8,700

9 Other assets

	Group	
	2013 \$'000	2012 \$'000
At cost		
Club membership	150	150

NOTES TO THE FINANCIAL STATEMENTS

10 Financial assets

	Group		Company	
	2013	2012	2013	2012
	\$'000	\$'000	\$'000	\$'000
Non-current assets				
Investments designated at fair value through profit or loss				
Investments in private equity funds	4,518	3,438	–	–
Current assets				
Investments held for trading				
Quoted equity investments	–	107	–	58
Available-for-sale investments				
Unquoted equity investment	–	1,326	–	–
	–	1,433	–	58
Total financial assets	4,518	4,871	–	58

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.

As at 31 December 2012, the available-for-sale unquoted equity investment refers to the Group's investment in an investee company. In 2013, the Group entered into a share repurchase agreement and completed the sale of its entire investment in the investee company back to the investee company for a consideration of \$48.1 million. The gain from the sale of the investment is \$47.2 million and is included in the profit for the financial year ended 31 December 2013. The gain attributable to the owners of the Company is \$33.0 million.

NOTES TO THE FINANCIAL STATEMENTS

11 Other receivables

	Group		Company	
	2013	2012	2013	2012
	\$'000	\$'000	\$'000	\$'000
Non-current assets				
Amounts due from subsidiaries (non-trade)				
- interest bearing	–	–	1,296	1,714
- non-interest bearing	–	–	137,099	114,490
	–	–	138,395	116,204
Amounts due from jointly-controlled entities (non-trade)				
- interest-bearing	331,070	534,706	331,070	534,706
- non-interest bearing	69,718	67,128	–	–
Impairment losses	–	–	(56,633)	(56,633)
	400,788	601,834	274,437	478,073
	400,788	601,834	412,832	594,277

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

Group

The settlement for the non-interest bearing amounts due from jointly-controlled entities of \$69,718,000 (2012: \$67,128,000) 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.

Interest bearing amounts due from jointly-controlled entities of \$331,070,000 (2012: \$534,706,000) have no fixed terms of repayment and are charged at rates of 1.20% to 1.45% per annum.

Company

The settlement for the non-interest bearing amounts due from subsidiaries of \$137,099,000 (2012: \$114,490,000) 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.

Interest bearing amounts due from subsidiaries of \$1,296,000 (2012: \$1,714,000) have no fixed terms of repayment and are charged at a rate of 2.40% per annum.

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 2012 \$'000	Recognised in income statement (note 27) \$'000	At 31 December 2012 \$'000	Recognised in income statement (note 27) \$'000	At 31 December 2013 \$'000
Group					
Deferred tax liabilities					
Development properties	7,753	4,626	12,379	(12,249)	130
Property, plant and equipment	53	–	53	–	53
Income not remitted into Singapore	104	–	104	–	104
Advanced rental receipts	–	–	–	1,228	1,228
Total	7,910	4,626	12,536	(11,021)	1,515
Deferred tax assets					
Tax loss carried forward	(88)	(21)	(109)	109	–
Deferred income	(640)	167	(473)	–	(473)
Total	(728)	146	(582)	109	(473)

13 Development properties

	Note	Group 2013 \$'000	2012 \$'000
Properties held for sale		149,753	150,454
Properties under development:			
- Costs incurred and attributable profits		58,187	696,154
- Progress billings		–	(564,426)
		58,187	131,728
Total development properties		207,940	282,182
Interest capitalised during the year	26	–	398

In previous year, the finance costs was capitalised at rates ranging from 1.18% to 1.32% per annum for development properties.

Certain development properties with carrying value amounting to \$nil (2012: \$145,527,000) were pledged to secure banking facilities granted to the Group (see note 19).

NOTES TO THE FINANCIAL STATEMENTS

14 Trade and other receivables

	Group		Company	
	2013	2012	2013	2012
	\$'000	\$'000	\$'000	\$'000
Trade receivables	20,729	311	–	–
Impairment losses	(16)	(28)	–	–
Net receivables	20,713	283	–	–
Other deposits	4,906	374	49	1
Amounts due from:				
- subsidiaries (non-trade)				
- non-interest bearing	–	–	18,329	12,563
- jointly-controlled entities (non-trade)				
- non-interest bearing	16	16	–	–
- joint venture partner (non-trade)	18,760	18,063	18,760	18,063
- an investee company (non-trade)	–	30,628	–	–
Goods and services tax recoverable	4,247	6,299	106	–
Other receivables	442	873	228	67
	49,084	56,536	37,472	30,694
Prepayments	2,794	247	28	26
	51,878	56,783	37,500	30,720

Amounts due from subsidiaries, jointly-controlled entities and joint venture partner are unsecured and repayable within the next twelve months.

Amount due from an investee company as at 31 December 2012 has been fully repaid upon the Group's disposal of its entire stake in the investee company during the financial year.

15 Cash and cash equivalents

	Group		Company	
	2013	2012	2013	2012
	\$'000	\$'000	\$'000	\$'000
Cash at banks and in hand	19,901	111,500	347	90,462
Fixed deposits	97,656	51,008	85,336	35,000
	117,557	162,508	85,683	125,462

Included in cash and cash equivalents of the Group are amounts held under the Housing Developers (Project Account) (Amendment) Rules 1997, totalling \$8,544,000 (2012: \$17,727,000), 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 0.73% (2012: 0.72%) per annum. Interest rates reprice at intervals of one, three or six months.

NOTES TO THE FINANCIAL STATEMENTS

16 Assets held for sale

As at 31 December 2012, the Group's freehold land and hotel building were presented as assets held for sale pursuant to the option to purchase agreement exercised by an external buyer on 29 October 2012 to buy the freehold land and hotel building from the Group. The carrying amount of the freehold land and hotel building held for sale as at 31 December 2012 was \$135,700,000.

In 2013, the sale of the freehold land and hotel building was completed and a net gain of \$25,927,000 was recognised in the profit for the year.

17 Share capital

	Group and Company	
	2013	2012
	Number	Number
	of shares	of shares
	('000)	('000)
Fully paid ordinary shares, with no par value:		
At 1 January and 31 December	703,338	737,338

During the year, there was a cancellation of 34,000,000 treasury shares. As at 31 December 2013, included in the total number of ordinary shares was 32,895,000 (2012: 44,561,000) shares purchased by the Company (the "Treasury Shares") by way of market acquisition at an average price of \$1.65 (2012: \$1.36) per share. The Treasury Shares were deducted from total equity (see note 18).

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.

NOTES TO THE FINANCIAL STATEMENTS

17 Share capital (cont'd)

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	
	2013	2012	2013	2012
	\$'000	\$'000	\$'000	\$'000
Net debt	351,977	299,398	9,220	14,475
Total equity (excluding non-controlling interests)	2,330,775	1,786,690	1,130,667	824,398
Gearing ratio	0.15	0.17	0.01	0.02

The Group and the Company are in compliance with all borrowing covenants for the financial years ended 31 December 2012 and 31 December 2013.

18 Capital and reserves

	Group		Company	
	2013	2012	2013	2012
	\$'000	\$'000	\$'000	\$'000
Reserve for own shares	(54,265)	(60,500)	(54,265)	(60,500)
Capital reserve	2,230	2,230	187	187
Foreign currency translation reserve	7,935	(21,063)	–	–
Revaluation reserve	–	94,676	–	–
Retained earnings	2,218,827	1,566,214	1,028,697	679,578
	2,174,727	1,581,557	974,619	619,265

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.

NOTES TO THE FINANCIAL STATEMENTS

18 Capital and reserves (cont'd)

Revaluation reserve

As at 31 December 2012, the revaluation reserve comprised of the surpluses arising from the revaluation of freehold land and hotel building.

In 2013, the Group completed the sale of its freehold land and hotel building. The revaluation reserve amounting to \$94,676,000 was transferred to retained earnings.

Retained earnings

Included in retained earnings is a net accumulated profit of \$18,640,000 (2012: \$43,924,000) representing share of post acquisition results of associates and jointly-controlled entities.

19 Loans and borrowings

	Group		Company	
	2013	2012	2013	2012
	\$'000	\$'000	\$'000	\$'000
Non-current liabilities				
Secured bank loans	98,831	275,800	–	–
Current liabilities				
Secured bank loans	370,703	186,106	94,903	139,937
	<u>469,534</u>	<u>461,906</u>	<u>94,903</u>	<u>139,937</u>

The bank loans are secured on the following assets:

	Note	Group	
		2013	2012
		\$'000	\$'000
Investment properties	5	1,537,246	682,182
Development properties	13	–	145,527
Carrying amounts		<u>1,537,246</u>	<u>827,709</u>

In addition, the Group's bank loans are secured by legal assignment of sales and rental proceeds.

NOTES TO THE FINANCIAL STATEMENTS

19 Loans and borrowings (cont'd)

Terms and debt repayment schedule

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

	Effective interest rate %	Expected year of maturity	2013 Face value \$'000	2013 Carrying amount \$'000	2012 Face value \$'000	2012 Carrying amount \$'000
Group						
Secured bank loans						
- floating rate	1.62 – 3.72	2014 – 2018	469,534	469,534	461,906	461,906
Company						
Secured bank loans						
- floating rate	1.62 – 3.72	2014	94,903	94,903	139,937	139,937

Intra-group guarantees

Intra-group financial guarantees comprise guarantees granted by the Company to banks in respect of banking facilities amounting to \$570,404,000 (2012: \$517,742,000) extended to its subsidiaries, associates and jointly-controlled entities. The periods in which the financial guarantees expire are as follows:

	Group		Company	
	2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000
Less than 1 year	195,773	–	471,573	46,169
Between 1 and 5 years	–	195,773	98,831	471,573
	195,773	195,773	570,404	517,742

20 Other liabilities

	Group	
	2013 \$'000	2012 \$'000
Amount due to a non-controlling shareholder (non-trade)	15,213	15,213
Non-current retention sums payable	–	14,074
	15,213	29,287

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

NOTES TO THE FINANCIAL STATEMENTS

21 Deferred income

	Group	
	2013	2012
	\$'000	\$'000
Deferred gain:		
- current	1,003	982
- non-current	819	1,801
	<u>1,822</u>	<u>2,783</u>

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.

22 Trade and other payables

	Group		Company	
	2013	2012	2013	2012
	\$'000	\$'000	\$'000	\$'000
Trade payables	53	64	—	—
Deposits and advances from customers	2,873	1,883	—	—
Rental deposits	14,842	6,130	—	—
Accrued operating expenses and development expenditure	75,700	59,222	10,180	9,459
Amounts due to subsidiaries (non-trade)	—	—	29,075	249,811
Amount due to non-controlling shareholder (non-trade)	—	5,384	—	—
Amount due to jointly-controlled entities (non-trade)	6,700	—	6,700	—
Other payables	684	546	—	—
Sales option fees received	—	8,150	—	—
Goods and services tax payable	594	913	—	15
Retention sums payable	11,780	—	—	—
	<u>113,226</u>	<u>82,292</u>	<u>45,955</u>	<u>259,285</u>

Amounts due to subsidiaries are unsecured, interest-free and repayable on demand.

Amount due to non-controlling shareholder was unsecured, interest-free and repayable within the next twelve months.

Amount due to jointly-controlled entities is unsecured, interest-free and repayable within the next twelve months.

NOTES TO THE FINANCIAL STATEMENTS

23 Revenue

Revenue represents property development income, and rental income and service charges, 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	
	2013	2012
	\$'000	\$'000
Gross proceeds from properties sold	108,646	447,213
Rental income and service charges	30,698	14,436
	<u>139,344</u>	<u>461,649</u>

Included in rental income and service charges is lease income generated from investment properties of \$23,468,000 (2012: \$8,788,000).

24 Other income

	Group	
	2013	2012
	\$'000	\$'000
Interest income	4,674	4,841
Gross dividend income from:		
- quoted equity investments	1	7
- unquoted equity investments	37	14
Gain on disposal of investment properties	–	17,946
Gain on disposal of associate company	–	2,166
Gain on disposal of freehold land and hotel building	25,927	–
Gain on sale of quoted equity	7	–
Gain on sale of investee company	47,194	–
Exchange (loss)/gain, net	(369)	1,963
Distribution income from financial assets designated at fair value through profit or loss	247	570
Forfeiture income	–	1,222
Management fee income	1,569	705
Government grants received under Jobs Credit Scheme	–	1
Fair value gain/(loss) on financial assets at fair value through profit or loss	1,137	(352)
Others	516	187
	<u>80,940</u>	<u>29,270</u>

NOTES TO THE FINANCIAL STATEMENTS

25 Directors' remuneration

Number of directors in remuneration bands:

	2013 Number of Directors	2012 Number of Directors
\$500,000 and above	3	3
\$250,000 to \$499,999	–	–
Below \$250,000	5*	5*
Total	8	8

* Includes 5 (2012: 5) independent directors.

26 Finance costs

	Note	Group 2013 \$'000	Group 2012 \$'000
Interest expenses on loans and borrowings		10,986	10,770
Finance costs capitalised in properties under development	13	–	(398)
Finance costs capitalised in investment property under construction	5	(5,712)	(6,716)
		5,274	3,656

27 Income tax expense

	Group 2013 \$'000	Group 2012 \$'000
Current tax expense		
Current year	20,330	21,143
Overprovision of tax in prior years	(4,493)	(1,338)
	15,837	19,805
Deferred tax expense		
Movements in temporary differences	(10,912)	4,772
Income tax expense	4,925	24,577
Income tax expense from continuing operations	4,263	23,533
Income tax expense from discontinued operations	662	1,044
Total income tax expense	4,925	24,577

NOTES TO THE FINANCIAL STATEMENTS

27 Income tax expense (cont'd)

Reconciliation of effective tax rate

	Group	
	2013	2012
	\$'000	\$'000
Profit for the year	606,216	186,945
Total income tax expense	4,925	24,577
Profit excluding income tax	611,141	211,522
Tax calculated using Singapore tax rate of 17% (2012: 17%)	103,894	35,959
Expenses not deductible for tax purposes	4,227	2,921
Tax exempt revenue	(157)	(130)
Income not subject to tax	(98,457)	(12,617)
Effect of different tax rates in other countries	297	44
Tax incentives	(386)	(262)
Overprovision of tax in prior years	(4,493)	(1,338)
	4,925	24,577

28 Discontinued operations

In October 2012, the Group entered into option to purchase agreement with a third party customer to sell its freehold land and hotel building. Following the reclassification of the freehold land and hotel building to assets held for sale, the Group's hotel operations were discontinued.

In May 2013, the Group completed the sale of its freehold land and hotel building. A net gain of \$25,927,000 was recognised in the income statement for the financial year ended 31 December 2013. Following the sale in May 2013, the Group then signed an agreement with the purchaser to continue with the hotel operation as part of the transitional arrangement. The arrangement will expire on 27 March 2014.

The income statement has been presented to show the discontinued operations separately from continuing operations.

	Group	
	2013	2012
	\$'000	\$'000
Results of discontinued operation		
Revenue	9,737	10,936
Expenses	(5,841)	(6,169)
Results from operating activities	3,896	4,767
Tax	(662)	(1,044)
Profit for the year	3,234	3,723
Basic earnings per share (cents)	0.48	0.53
Diluted earnings per share (cents)	0.48	0.53

NOTES TO THE FINANCIAL STATEMENTS

28 Discontinued operations (cont'd)

The profit from discontinued operation of \$3,234,000 (2012: \$3,723,000) is attributable entirely to the owners of the Company.

Of the profit from continuing operations of \$602,982,000 (2012: \$183,222,000), an amount of \$588,541,000 is attributable to the owners of the Company (2012: \$183,342,000).

Cash flows from discontinued operations

	Group	
	2013	2012
	\$'000	\$'000
Net cash from operating activities	3,432	6,138
Net cash flows for the year	3,432	6,138

29 Profit for the year

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

		Group	
	Note	2013	2012
		\$'000	\$'000
Direct operating expenses from investment properties		6,995	3,303
Audit fees paid to auditors of the Company		274	284
Non-audit fees paid to auditors of the Company		138	189
Depreciation of property, plant and equipment	4	866	1,761
Amortisation of deferred gain on sale of leasehold property under a sale and leaseback arrangement	21	(961)	(982)
Staff costs		8,878	8,572
Contributions to defined contribution plans included in staff costs		398	429
Allowance for impairment loss reversed on trade receivables		(12)	(8)
Loss on disposal of property, plant and equipment		–	2

NOTES TO THE FINANCIAL STATEMENTS

30 Earnings per share

	Group	
	2013	2012
	\$'000	\$'000
Basic earnings per share is based on:		
Net profit attributable to ordinary shareholders	591,775	187,065
	Group	
	2013	2012
	Number	Number
	of shares	of shares
	'000	'000
Ordinary shares in issue at beginning of the year	737,338	737,338
Less : Cancelled	(34,000)	–
Effect of own shares held	(26,388)	(36,492)
Weighted average number of ordinary shares in issue during the year	676,950	700,846

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

31 Dividends

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

	Group and Company	
	2013	2012
	\$'000	\$'000
Proposed final tax-exempt dividend of 8 cents (2012: 5 cents) per share	53,635	34,639

32 Significant related party transactions

Key management personnel

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	
	2013	2012
	\$'000	\$'000
Directors' fees	317	300
Directors' remuneration:		
- short-term employee benefits	8,622	7,834
	8,939	8,134

NOTES TO THE FINANCIAL STATEMENTS

32 Significant related party transactions (cont'd)

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	
	2013	2012
	\$'000	\$'000
Related corporations		
Rental income	25	21
Other operating expenses:		
- insurance	58	61
- printing	32	70
- others	41	30
Other related parties		
Donations made (i)	1,500	1,500

- (i) The donation of \$1,500,000 was made to Ho Bee Foundation, the philanthropic arm of the Group. 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.

33 Commitments

As at 31 December 2013, commitments for expenditure which have not been provided for in the financial statements were as follows:

	Group	
	2013	2012
	\$'000	\$'000
Authorised and contracted for:		
- development expenditure	320	164,677
- subscription for additional interest in private equity funds	366	490

NOTES TO THE FINANCIAL STATEMENTS

33 Commitments (cont'd)

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	
	2013	2012
	\$'000	\$'000
Within 1 year	40,766	13,619
After 1 year but within 5 years	93,413	25,131
After 5 years	1,577	4,331
	<u>135,756</u>	<u>43,081</u>

34 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. 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.

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.

NOTES TO THE FINANCIAL STATEMENTS

34 Financial risk management (cont'd)

Credit risk (cont'd)

Financial guarantee (cont'd)

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 with subsidiaries 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.

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 United States dollar (USD), British pounds (GBP) and Australian dollar (AUD). 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

34 Financial risk management (cont'd)

Foreign currency risk (cont'd)

The Group's non-current amount owing from a jointly-controlled entity, amounting to \$69,718,000 (2012: \$67,128,000), which is denominated in USD is hedged by a USD-denominated bank loan, which mitigates the currency translation risk arising from the jointly-controlled entity. The loan is designated as a net investment hedge.

35 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 \$400,804,000 (2012: \$601,850,000) representing 89% (2012: 91%) of total gross trade and other receivables. Except for these receivables, there was no concentration of credit risk.

Impairment losses

The ageing of trade receivables at the reporting date was:

	Impairment		Impairment	
	Gross	losses	Gross	losses
	2013	2013	2012	2012
Group	\$'000	\$'000	\$'000	\$'000
Past due 0 – 30 days	20,541	–	148	–
Past due 31 – 120 days	75	–	98	–
More than 120 days past due	113	16	65	28
	<u>20,729</u>	<u>16</u>	<u>311</u>	<u>28</u>

NOTES TO THE FINANCIAL STATEMENTS

35 Financial instruments (cont'd)

Credit risk (cont'd)

Impairment losses (cont'd)

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

	Group	
	2013	2012
	\$'000	\$'000
At 1 January	28	36
Impairment loss reversed	(12)	(8)
At 31 December	16	28

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

35 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			
		Contractual cash flows	Within 1 year	Within 2 to 5 years	More than 5 years
Group	\$'000	\$'000	\$'000	\$'000	\$'000
2013					
Non-derivative financial liabilities					
Secured bank loans	469,534	(487,438)	(380,950)	(106,488)	—
Retention sums payable	11,780	(11,780)	(11,780)	—	—
Amount due to jointly-controlled entities	6,700	(6,700)	(6,700)	—	—
Trade and other payables	94,746	(94,746)	(94,746)	—	—
	582,760	(600,664)	(494,176)	(106,488)	—
2012					
Non-derivative financial liabilities					
Secured bank loans	461,906	(475,987)	(194,587)	(281,400)	—
Retention sums payable	14,074	(14,074)	—	(14,074)	—
Trade and other payables	82,292	(82,292)	(82,292)	—	—
	558,272	(572,353)	(276,879)	(295,474)	—
Company					
2013					
Non-derivative financial liabilities					
Secured bank loans	94,903	(95,118)	(95,118)	—	—
Amounts due to subsidiaries	29,075	(29,075)	(29,075)	—	—
Amount due to jointly-controlled entities	6,700	(6,700)	(6,700)	—	—
Trade and other payables	10,180	(10,180)	(10,180)	—	—
	140,858	(141,073)	(141,073)	—	—
2012					
Non-derivative financial liabilities					
Secured bank loans	139,937	(141,632)	(141,632)	—	—
Amounts due to subsidiaries	249,811	(249,811)	(249,811)	—	—
Trade and other payables	9,474	(9,474)	(9,474)	—	—
	399,222	(400,917)	(400,917)	—	—

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

NOTES TO THE FINANCIAL STATEMENTS

35 Financial instruments (cont'd)

Currency risk

Exposure to currency risk

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

	USD	2013	AUD	USD	2012	AUD
	\$'000	GBP	\$'000	\$'000	GBP	\$'000
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Group						
Financial assets	4,518	–	–	4,763	–	–
Trade and other receivables	18,760	–	50,232	48,691	–	53,637
Cash and cash equivalents	294	2,549	731	104	–	47
Loans and borrowings	–	(146,776)	(46,958)	(139,937)	–	(46,169)
	<u>23,572</u>	<u>(144,227)</u>	<u>4,005</u>	<u>(86,379)</u>	<u>–</u>	<u>7,515</u>
Company						
Trade and other receivables	18,760	–	50,232	18,063	–	53,638
Cash and cash equivalents	1	–	–	–	–	–
Loans and borrowings	–	(47,945)	(46,958)	(139,937)	–	–
	<u>18,761</u>	<u>(47,945)</u>	<u>3,274</u>	<u>(121,874)</u>	<u>–</u>	<u>53,638</u>

NOTES TO THE FINANCIAL STATEMENTS

35 Financial instruments (cont'd)

Currency risk (cont'd)

Sensitivity analysis

The foreign currencies which the Group is significantly exposed to are USD, GBP and AUD. A strengthening of the Singapore dollar against these foreign currencies at the reporting date would increase/(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 2013	
USD (10% strengthening of Singapore dollar)	(2,357)
GBP (10% strengthening of Singapore dollar)	14,423
AUD (10% strengthening of Singapore dollar)	<u>(401)</u>
31 December 2012	
USD (10% strengthening of Singapore dollar)	8,638
GBP (10% strengthening of Singapore dollar)	–
AUD (10% strengthening of Singapore dollar)	<u>(752)</u>
	Company Profit before income tax \$'000
31 December 2013	
USD (10% strengthening of Singapore dollar)	(1,876)
GBP (10% strengthening of Singapore dollar)	4,795
AUD (10% strengthening of Singapore dollar)	<u>(328)</u>
31 December 2012	
USD (10% strengthening of Singapore dollar)	12,187
GBP (10% strengthening of Singapore dollar)	–
AUD (10% strengthening of Singapore dollar)	<u>(5,364)</u>

A weakening of the Singapore dollar against the above currencies 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

35 Financial instruments (cont'd)

Interest rate risk

Profile

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

	Group		Company	
	Carrying Amount		Carrying Amount	
	2013	2012	2013	2012
	\$'000	\$'000	\$'000	\$'000
Fixed rate instruments				
Financial assets	97,656	51,008	85,336	35,000
Variable rate instruments				
Financial assets	331,070	534,706	331,070	534,706
Financial liabilities	(469,534)	(461,906)	(94,903)	(139,937)
	(138,464)	72,800	236,167	394,769

Sensitivity analysis

Fixed rate instruments

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss, and the Group does not designate derivatives (interest rate swaps) as hedging instruments under a fair value hedge accounting model. Therefore a change in interest rates at the reporting date would not affect profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

35 Financial instruments (cont'd)

Interest rate risk (cont'd)

Variable rate instruments

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 equity 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		Equity	
	100 bp increase \$'000	100 bp decrease \$'000	100 bp increase \$'000	100 bp decrease \$'000
Group				
31 December 2013				
Variable rate instruments	(1,055)	1,055	–	–
31 December 2012				
Variable rate instruments	2,285	(2,285)	1,557	(1,557)
Company				
31 December 2013				
Variable rate instruments	2,362	(2,362)	–	–
31 December 2012				
Variable rate instruments	3,948	(3,948)	–	–

Amounts that would be capitalised or credited to equity 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 for financial assets and liabilities

A number of the Group's accounting policies and disclosures require the determination of fair value for financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

NOTES TO THE FINANCIAL STATEMENTS

35 Financial instruments (cont'd)

Estimation of fair values for financial assets and liabilities (cont'd)

Valuation processes applied by the Group

The Group has an established control framework with respect to the measurement of fair values. This framework includes a finance team that reports directly to the Chief Financial Officer, and has overall responsibility for all significant fair value measurements, including level 3 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 non-controlling shareholders

The carrying values of amounts due from/to subsidiaries, associate, jointly-controlled entities and non-controlling 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

35 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:

	2013 %	2012 %
Financial liabilities	1.6 – 4.3	1.1 – 4.7
Receivables	1.2 – 1.5	1.2 – 2.1
Payables	1.6 – 4.3	1.1 – 4.7

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 2013 and 2012.

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
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Financial assets carried at fair value

Group

31 December 2013

Financial assets designated at fair value through profit or loss	–	–	4,518	4,518
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31 December 2012

Financial assets designated at fair value through profit or loss	–	–	3,438	3,438
Financial assets held for trading	107	–	–	107
	107	–	3,438	3,545

NOTES TO THE FINANCIAL STATEMENTS

35 Financial instruments (cont'd)

Fair value hierarchy (cont'd)

Level 3 fair values

The following table shows a reconciliation from the beginning balances to the ending balances for fair value measurements in Level 3 of the fair value hierarchy:

	Financial assets at fair value through profit or loss \$'000
Group	
1 January 2013	3,438
Fair value changes	1,137
Distribution income	247
Exchange gain recognised in profit or loss	208
Purchases	97
Settlements	(609)
31 December 2013	<u>4,518</u>
Total gain for the year included in profit or loss for assets held as at 31 December 2013	<u>1,592</u>
1 January 2012	4,403
Fair value changes	(363)
Distribution income	570
Exchange loss recognised in profit or loss	(225)
Purchases	347
Settlements	(1,294)
31 December 2012	<u>3,438</u>
Total loss for the year included in profit or loss for assets held as at 31 December 2012	<u>(18)</u>

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

	2013 \$'000	2012 \$'000
Other income		
Fair value gain/(loss)	1,137	(363)
Distribution income	247	570
Dividend income	23	–
	<u>1,407</u>	<u>207</u>
Other expense		
Exchange gain/(loss) recognised	185	(225)
Total gain/(loss) included in profit or loss for the year	<u>1,592</u>	<u>(18)</u>

NOTES TO THE FINANCIAL STATEMENTS

35 Financial instruments (cont'd)

Fair value hierarchy (cont'd)

Level 3 fair values (cont'd)

The fair value of financial assets designated at fair value through profit or loss has been measured at fair value as determined by the investment manager or fund manager. 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/late 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 an 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

35 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 2013					
Trade and other receivables*	380,154	—	—	—	380,154
Financial assets at fair value through profit or loss	—	4,518	—	—	4,518
Cash and cash equivalents	117,557	—	—	—	117,557
Loans and borrowings	—	—	—	(469,534)	(469,534)
Trade and other payables^	—	—	—	(113,226)	(113,226)
	<u>497,711</u>	<u>4,518</u>	<u>—</u>	<u>(582,760)</u>	<u>(80,531)</u>
31 December 2012					
Available-for-sale financial assets	—	—	1,326	—	1,326
Financial assets held for trading	—	107	—	—	107
Trade and other receivables*	591,242	—	—	—	591,242
Financial assets at fair value through profit or loss	—	3,438	—	—	3,438
Cash and cash equivalents	162,508	—	—	—	162,508
Loans and borrowings	—	—	—	(461,906)	(461,906)
Trade and other payables^	—	—	—	(96,366)	(96,366)
	<u>753,750</u>	<u>3,545</u>	<u>1,326</u>	<u>(558,272)</u>	<u>200,349</u>

NOTES TO THE FINANCIAL STATEMENTS

35 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 2013				
Trade and other receivables*	313,205	—	—	313,205
Cash and cash equivalents	85,683	—	—	85,683
Trade and other payables^	—	—	(45,955)	(45,955)
Loans and borrowings	—	—	(94,903)	(94,903)
	<u>398,888</u>	<u>—</u>	<u>(140,858)</u>	<u>258,030</u>
31 December 2012				
Financial assets held for trading	—	58	—	58
Trade and other receivables*	510,481	—	—	510,481
Cash and cash equivalents	125,462	—	—	125,462
Trade and other payables^	—	—	(259,285)	(259,285)
Loans and borrowings	—	—	(139,937)	(139,937)
	<u>635,943</u>	<u>58</u>	<u>(399,222)</u>	<u>236,779</u>

* Excludes 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 amount due to non-controlling shareholder (non-current) which, in substance, is part of the non-controlling shareholder's net investment in the Group.

NOTES TO THE FINANCIAL STATEMENTS

36 Operating segments

The Group has two 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 monthly basis. The following summary describes the operations in each of the Group's reportable segments:

- Property investment : The investment in properties.
- Property development : The development and trading in properties.

Other segments include investing in quoted and unquoted securities and private equity funds and the discontinued operations of the hotel. These segments do not meet any of the quantitative thresholds for determining reportable segments in 2013 or 2012.

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 believe 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

36 Operating segments (cont'd)

(a) Operating segments

	Property investment \$'000	Property development \$'000	Others \$'000	Total \$'000
2013				
Revenue from external customers	25,737	113,607	–	139,344
Reportable segment gross profit	18,742	27,397	–	46,139
Other operating income				569,350
Other operating expenses				(19,760)
Profit from operations				595,729
Interest income				4,674
Finance costs				(5,274)
Share of profits of associates				(1,239)
Share of profits of jointly-controlled entities				13,355
Income tax expense				(4,263)
Profit from continuing operations, net of tax				602,982
Profit from discontinued operations, net of tax				3,234
Profit for the year				606,216
Other material non-cash items:				
- Fair value changes on investment properties	493,084	–	–	493,084
Reportable segment assets	1,562,232	216,588	4,518	1,783,338
Investments in associate and jointly-controlled entities	–	647,396	–	647,396
Reportable segment liabilities	422,579	62,171	–	484,750

NOTES TO THE FINANCIAL STATEMENTS

36 Operating segments (cont'd)

(a) Operating segments (cont'd)

	Property investment \$'000	Property development \$'000	Others \$'000	Total \$'000
2012				
Revenue from external customers	10,975	450,674	–	461,649
Reportable segment gross profit	7,624	144,054	–	151,678
Other operating income				42,028
Other operating expenses				(17,144)
Profit from operations				176,562
Interest income				4,841
Finance costs				(3,656)
Share of profits of associates				(484)
Share of profits of jointly-controlled entities				29,492
Income tax expense				(23,533)
Profit from continuing operations, net of tax				183,222
Profit from discontinued operations, net of tax				3,723
Profit for the year				186,945
Other material non-cash items:				
- Fair value changes on investment properties	17,600	–	–	17,600
Reportable segment assets	767,466	300,167	35,499	1,103,132
Investments in associate and jointly-controlled entities	–	418,535	–	418,535
Reportable segment liabilities	321,969	155,151	12,563	489,683

NOTES TO THE FINANCIAL STATEMENTS

36 Operating segments (cont'd)

(a) Operating segments (cont'd)

Reconciliations of reportable segment assets and liabilities and other material items

	2013 \$'000	2012 \$'000
Assets		
Total assets for reportable segments	1,778,820	1,067,633
Other assets	4,518	35,499
Investments in equity accounted investees	647,396	418,535
Total assets for discontinued operations	1,148	137,310
Other unallocated amounts	560,602	782,050
Consolidated total assets	<u>2,992,484</u>	<u>2,441,027</u>

Liabilities		
Total liabilities for reportable segments	484,750	477,120
Other liabilities	–	12,563
Other unallocated amounts	159,983	145,142
Consolidated total liabilities	<u>644,733</u>	<u>634,825</u>

	Reportable segment totals \$'000	Unallocated amounts \$'000	Consolidated totals \$'000
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Other material items

2013

Capital expenditure	–	5,737	5,737
Depreciation of property, plant and equipment	–	866	866

2012

Capital expenditure	–	5,583	5,583
Depreciation of property, plant and equipment	1,377	385	1,762

NOTES TO THE FINANCIAL STATEMENTS

36 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	United Kingdom \$'000	Australia \$'000	Consolidated total \$'000
2013					
Revenue	142,194	21	6,779	87	149,081
Non-current assets*	1,618,471	441,293	147,646	1,899	2,209,309
2012					
Revenue	470,395	–	2,130	60	472,585
Non-current assets*	783,285	411,034	–	2,204	1,196,523

* 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.

37 Determination of fair values

A number of the Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

Financial assets and liabilities

The valuation techniques and the inputs used in the fair value measurements of the financial assets and financial liabilities for measurement and/or disclosure purposes are set out in note 35.

Investment property

Investment properties are stated at fair value. An external, independent valuation company, having appropriate recognised professional qualifications and recent experience in the location and category of property being valued, values the Group's investment property portfolio at each year end.

NOTES TO THE FINANCIAL STATEMENTS

37 Determination of fair values (cont'd)

Investment property (cont'd)

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. Such valuation is based on price per square metre for the buildings derived from observable market data from an active and transparent market.

In the absence of a price per square metre for similar buildings with comparable lease terms in an active market, the valuations are prepared by considering the estimated rental value of the property (i.e. the income approach). A market yield is applied to the estimated rental value to arrive at the gross property valuation. When actual rents differ materially from the estimated rental value, adjustments are made to reflect actual rents.

Valuations reflect, when appropriate, the type of tenants actually in occupation or responsible for meeting lease commitments or likely to be in occupation after letting vacant accommodation, the allocation of maintenance and insurance responsibilities between the Group and the lessee, and the remaining economic life of the property. When rent reviews or lease renewals are pending with anticipated reversionary increases, it is assumed that all notices, and when appropriate counter-notices, have been served validly and within the appropriate time.

Investment property under construction is valued using the residual method by estimating the fair value of the completed investment property and then deducting from that amount the estimated costs to complete construction, financing costs and a reasonable profit margin on construction and development.

In 2013, The Metropolis was reclassified from leasehold properties under development to leasehold properties following its completion in 2013. The valuation techniques considered by the external independent valuer in arriving at the open market value reflects the selection of a valuation technique based on the maximum available observable inputs given the stage of development of The Metropolis. As a result of the development project's completion and the commencement of rental tenure in 2013, a change in valuation technique was used by the valuer and the Group recognised a fair value gain of \$489,583,000 for The Metropolis during the year as compared to \$nil in 2012.

The fair value gain on the Metropolis building makes up 99% (2012: 0%) of the Group's total fair value gain of \$493,084,000 (2012: \$17,600,000) on its investment properties (see note 5). The remaining 1% relates to the revaluation of existing completed investment properties, where the fair values as at 31 December 2013 and 2012 were estimated by an external, independent valuation company through the same valuation techniques.

NOTES TO THE FINANCIAL STATEMENTS

37 Determination of fair values (cont'd)

Fair value hierarchy

Fair value and fair value hierarchy information on financial instruments are disclosed in note 35.

The table below analyses recurring non-financial assets carried at fair value. The different levels are 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
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Non-financial assets carried at fair value

Group

31 December 2013

Investment property	–	–	1,540,709	1,540,709
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31 December 2012

Investment property	–	–	761,182	761,182
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Level 3 fair values

The following table shows a reconciliation from the beginning balances to the ending balances for Level 3 fair value measurements.

	Investment Property \$'000
Group	
1 January 2013	761,182
Additions	286,443
Gains and losses for the year	
Changes in fair value	493,084
At 31 December 2013	1,540,709

NOTES TO THE FINANCIAL STATEMENTS

37 Determination of fair values (cont'd)

Fair value hierarchy (cont'd)

Level 3 fair values (cont'd)

The following table shows the key unobservable inputs used in the valuation models for deriving Level 3 fair values as at 31 December 2013:

Type	Key unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
Investment Property		
Commercial properties for leasing when comparable prices per square foot for comparable buildings and leases are not available	Prices per square feet are S\$5.00 to S\$7.60 for commercial and S\$6.50 to S\$16.00 for retail. Investment property yields for commercial and retail from 4.5% to 5.5%	The estimated fair value increases the lower the yields.

38 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 and allowance for foreseeable loss on 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

38 Accounting estimates and judgements (cont'd)

Assessment of stage of completion and estimated total construction costs of development properties and allowance for foreseeable loss on development properties (cont'd)

Where necessary, allowance for foreseeable loss would be set up for estimated losses which may result from deterioration in the estimated market values for unsold development properties. The Group estimates the level of allowance based on the prevailing selling prices of the development properties or similar development properties within the vicinity at the reporting date. In the absence of current prices in an active market, valuations are obtained from an external and independent property valuer.

Valuation of investment properties

The fair values of investment properties are estimated based on valuations carried out by an external and independent property valuer, having appropriate recognised professional qualifications and recent experience in the location and category of property being valued. The valuations reflect when appropriate, comparable sales of similar properties or estimated market values based on projection of income and expense streams over period of leases, using market rates of return.

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.

39 Subsequent events

In March 2014, the Group entered into a sale and purchase agreement with Nomura Properties Plc to acquire a freehold property known as 1 St Martin's Le Grand in London for a total purchase consideration of £171million. The completion date has been scheduled for 28 March 2014.

ADDITIONAL INFORMATION

As at 31 December 2013

Development Properties

	Location	Description	Land Tenure	Stage of completion	Site area (Sq m)	Gross Floor Area (Sq m)	Expected Date of Completion	Group's effective interest
	<u>Australia</u>							
1	Surfers Paradise, Gold Coast	223 apartments	Freehold	5%	2,382	17,627	December 2015	100%
2	Broadbeach, Gold Coast	Mixed use site	Freehold	-	11,342	73,723	-	100%
3	Ferny Avenue, Gold Coast	Residential site	Freehold	-	1,055	6,858	-	100%
4	Doncaster, Melbourne	185 apartments	Freehold	-	5,475	18,766	-	100%

Developed Properties

	Location	Description	Land Tenure	Type of Development	Net Lettable/ Saleable Area (Sq m)	Group's effective interest
	<u>Singapore</u>					
1	Turquoise Cove Drive, Sentosa Cove	48 apartments	Leasehold - 99 yrs	Residential	11,438	90%
2	Seascape Cove way, Sentosa Cove	103 apartments	Leasehold - 99 yrs	Residential	26,209	50%
3	Cape Royale Cove way, Sentosa Cove	302 apartments	Leasehold - 99 yrs	Residential	64,934	35%

ADDITIONAL INFORMATION

As at 31 December 2013

Investment Properties

Location	Description	Land Tenure	Lettable Area (sq m)	Group's effective interest
<u>Singapore</u>				
1 623A Bukit Timah Rd	SPC petrol station	Leasehold - 999 yrs	1,857	100%
2 Eastwood Centre 20 Eastwood Road	2 retail units	Leasehold - 99 yrs	972	100%
3 HB Centre 1 12 Tannery Road	A block of 10-storey high-tech industrial building	Freehold	7,662	100%
4 HB Centre 2 31 Tannery Lane	A block of 8-storey light industry building	Freehold	3,216	100%
5 Forte 29 New Industrial Road	A block of 8-storey high-tech industrial building	Freehold	9,128	100%
6 The Metropolis 9 & 11 North Buona Vista Drive	Two office towers of 21 and 23 storeys with retail component	Leasehold - 99 yrs	100,396	100%
<u>London</u>				
1 Rose Court 2 Southwark Bridge Road London SE 1	A block of 11-storey office building	Freehold	14,623	100%

Properties held for Sale

Location	Description	Land Tenure	Saleable Area (sq m)	Group's effective interest
<u>Shanghai</u>				
1 Changyuan 888 Yu Yuan Road, Shanghai	1 apartment	Leasehold - 70 yrs	190	100%
<u>London</u>				
1 Parliament View 1 Albert Embankment London SE 1	2 apartments	Freehold	271	70%

SHAREHOLDINGS STATISTICS

as at 17 March 2014

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 17 March 2014, 24.84% 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	18	0.25	4,036	0.00
1,000 - 10,000	6,333	87.87	19,331,823	2.75
10,001 - 1,000,000	832	11.55	45,243,346	6.43
1,000,001 and above	24	0.33	638,758,795	90.82
	7,207	100.00	703,338,000	100.00

TOP 20 SHAREHOLDERS

No.	Name of Shareholder	No. of Shares	%**
1	Ho Bee Holdings (Pte) Ltd	483,400,000	72.41
2	Citibank Nominees Singapore Pte Ltd	29,556,818	4.43
3	HSBC (Singapore) Nominees Pte Ltd	14,750,038	2.21
4	DBSN Services Pte Ltd	11,318,429	1.70
5	DBS Nominees Pte Ltd	8,443,792	1.26
6	Estate Of Chua Pin Chong, Deceased	6,610,000	0.99
7	Lee Pineapple Company Pte Ltd	5,275,000	0.79
8	DB Nominees (S) Pte Ltd	4,424,711	0.66
9	Chua Thiam Chok	4,251,000	0.64
10	BNP Paribas Nominees Singapore Pte Ltd	4,047,750	0.61
11	Nanyang Gum Benjamin Manufacturing (Pte) Ltd	3,988,000	0.60
12	United Overseas Bank Nominees Pte Ltd	3,447,961	0.52
13	Yap Boh Sim	3,300,000	0.49
14	Phillip Securities Pte Ltd	3,205,000	0.48
15	Maybank Kim Eng Securities Pte Ltd	2,922,000	0.44
16	Lee Seak Sung @ Lee Seak Song	2,168,000	0.32

SHAREHOLDINGS STATISTICS

as at 17 March 2014

TOP 20 SHAREHOLDERS (CONT'D)

No.	Name of Shareholder	No. of Shares	%**
17	Woon Choon Leng Desmond	2,100,000	0.31
18	Chua Wee-Chern	2,052,000	0.31
19	Hexacon Construction Pte Ltd	1,865,000	0.28
20	Ong Chong Hua	1,800,000	0.27
		<u>598,925,499</u>	<u>89.72</u>

@ Ordinary shares purchased and held as treasury shares by the Company will have no voting rights. As at 17 March 2014, the Company has 35,777,000 shares held as treasury shares and this represents approximately 5.36% against the total number of issued 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 17 March 2014, excluding 35,777,000 shares held as treasury shares as at that date.

SUBSTANTIAL SHAREHOLDERS

Substantial Shareholders	Direct Interest		Deemed Interest	
	No. of Shares	% ⁽¹⁾	No. of Shares	% ⁽¹⁾
Ho Bee Holdings (Pte) Ltd ⁽²⁾	483,400,000	72.41	-	-
Mr Chua Thian Poh ⁽²⁾	-	-	483,400,000	72.41

Notes:-

⁽¹⁾ The percentage is calculated based on the number of issued ordinary shares of the Company as at 17 March 2014, excluding 35,777,000 ordinary shares held as treasury shares as at that date.

⁽²⁾ Mr Chua Thian Poh has a deemed interest in the 483,400,000 shares held by Ho Bee Holdings (Pte) Ltd.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the 26th annual general meeting of Ho Bee Land Limited (the “**Company**”) will be held at 9 North Buona Vista Drive #11-01, The Metropolis Tower 1, Singapore 138588 on Monday, 28 April 2014 at 10.30 a.m. to transact the following business:-

Ordinary Business

1. To receive and adopt the audited financial statements for the financial year ended 31 December 2013 and the reports of the directors and the auditors thereon. **(Resolution 1)**
2. To declare a first and final one-tier tax exempt dividend of 5 cents per share and a special one-tier tax exempt dividend of 3 cents per share for the financial year ended 31 December 2013. **(Resolution 2)**
3. To approve directors’ fees of S\$300,000 for the financial year ended 31 December 2013. (2012: S\$300,000) **(Resolution 3)**
4. To re-appoint Mr Ch’ng Jit Koon pursuant to Section 153(6) of the Companies Act, Chapter 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. **(Resolution 4)**
5. To re-appoint Mr Tan Eng Bock pursuant to Section 153(6) of the Companies Act, Chapter 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. **(Resolution 5)**
6. To re-elect Mr Ong Chong Hua, 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 Jeffery Chan Cheow Tong, 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 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:-
 - (a) (i) issue shares in the capital of the Company (“**shares**”) whether by way of rights, bonus or otherwise; and/or
 - (ii) make or grant offers, agreements or options (collectively, “**instruments**”) that might or would require shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures or other instruments convertible into shares,

NOTICE OF ANNUAL GENERAL MEETING

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

- (b) (notwithstanding the authority conferred by this resolution may have ceased to be in force) issue shares in pursuance of any instrument made or granted by the directors while this resolution was in force,

provided that:-

- (1) the aggregate number of the shares to be issued pursuant to this resolution (including shares to be issued in pursuance of instruments made or granted pursuant to this resolution), does not exceed 50% of the total number of issued shares (excluding treasury shares) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of shares to be issued other than on a pro rata basis to shareholders of the Company (including shares to be issued in pursuance of instruments made or granted pursuant to this resolution) does not exceed 20% of the total number of issued shares (excluding treasury shares) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below);
- (2) (subject to such manner of calculation as may be prescribed by the Singapore Exchange Securities Trading Limited (“**SGX-ST**”)) for the purpose of determining the aggregate number of shares that may be issued under sub-paragraph (1) above, the percentage of issued shares shall be based on the total number of issued shares (excluding treasury shares) in the capital of the Company at the time this resolution is passed, after adjusting for:-
 - (i) new shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which are outstanding or subsisting at the time this resolution is passed; and
 - (ii) any subsequent bonus issue, consolidation or subdivision of shares;
- (3) in exercising the authority conferred by this resolution, the Company shall comply with the provisions of the Listing Manual of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the Articles of Association for the time being of the Company; and
- (4) (unless revoked or varied by the Company in general meeting) the authority conferred by this resolution 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:-

- (a) for the purposes of Sections 76C and 76E of the Companies Act, Chapter 50 (the “**Companies Act**”), the exercise by the directors of the Company of all the powers of the Company to purchase or otherwise acquire issued 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:-
 - (i) on-market purchase(s) (each a “**Market Purchase**”) transacted through the trading system of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”); and/or

NOTICE OF ANNUAL GENERAL MEETING

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

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**”);

(b) 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:-

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

(ii) 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

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

(c) 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:-

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

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

“**Prescribed Limit**” means the number of shares representing 5% of the total number of issued shares of the Company as at the date of passing of this resolution (excluding any shares which are held as treasury shares as at that date); and

NOTICE OF ANNUAL GENERAL MEETING

- (d) 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 any other business as may properly be transacted at an annual general meeting.

By Order of the Board
Desmond Woon
Executive Director
Ho Bee Land Limited
10 April 2014

Explanatory Notes and Statement Pursuant to Article 64 of the Company's Articles of Association

Ordinary Resolution 3: This resolution is to seek approval for the payment of a total sum of S\$300,000 as directors' fees for the financial year ended 31 December 2013 to be paid to the non-executive directors.

Ordinary Resolution 4: Mr Ch'ng Jit Koon will, upon re-appointment, remain a member of the Audit & Risk Committee and a member of the Nominating Committee. He is considered an independent director. Key information on Mr Ch'ng is set out on page 30 of the Annual Report.

Ordinary Resolution 5: Mr Tan Eng Bock will, upon re-appointment, remain a member of the Remuneration Committee. He is considered an independent director. Key information on Mr Tan is set out on page 31 of the Annual Report.

Ordinary Resolution 6: Mr Ong Chong Hua is an executive director. Key information on Mr Ong is set out on page 27 of the Annual Report.

Ordinary Resolution 7: Mr Jeffery Chan Cheow Tong will, upon re-election, remain as the chairman of the Remuneration Committee and a member of the Audit & Risk Committee. He is considered an independent director. Key information on Mr Chan is set out on page 30 of the Annual Report.

Ordinary Resolution 9: This resolution is to empower the directors from the date of this resolution 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 to make or grant instruments convertible into shares, and to issue shares in pursuance of such instruments. The maximum number of shares and instruments which the directors may issue shall not exceed the quantum set out in this resolution.

Ordinary Resolution 10: This resolution is to renew the Share Buyback Mandate, which was originally approved by shareholders on 29 April 2008 and was last renewed at the annual general meeting of the Company held on 30 April 2013. Please refer to the Appendix to this Notice of Annual General Meeting for details.

NOTICE OF ANNUAL GENERAL MEETING

Books Closure Date and Payment Date for Dividends

Subject to the approval of the shareholders for the proposed first and final one-tier tax exempt dividend and the proposed special one-tier tax exempt dividend being obtained at the 26th annual general meeting, the register of members and the transfer book of the Company will be closed on 15 May 2014 for the purpose of determining shareholders' entitlements to the proposed dividends for the financial year ended 31 December 2013.

Duly completed transfers received by the Company's Share Registrar, M & C Services Private Limited at 112 Robinson Road #05-01, Singapore 068902 up to 5.00 p.m. on 14 May 2014 will be registered before entitlements to the proposed dividends are determined.

Shareholders whose securities accounts with The Central Depository (Pte) Limited are credited with shares at 5.00 p.m. on 14 May 2014 will be entitled to the proposed dividends.

The proposed dividends, if approved by shareholders at the 26th annual general meeting will be paid on 30 May 2014.

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 office of the Company's Share Registrar, M & C Services Private Limited at 112 Robinson Road #05-01, Singapore 068902 not less than 48 hours before the time appointed for the meeting.

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

ANNUAL GENERAL MEETING PROXY FORM

IMPORTANT

1. For investors who have used their CPF monies to buy Ho Bee Land Limited'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.
3. CPF investors who wish to vote should contact their CPF approved nominees.

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

being a member/members of Ho Bee Land Limited (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 vote for me/us on my/our behalf and, if necessary, to demand a poll at the 26th annual general meeting of the Company to be held at 9 North Buona Vista Drive #11-01, The Metropolis Tower 1, Singapore 138588 on Monday, 28 April 2014 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 financial year ended 31 December 2013 and the reports of the directors and the auditors thereon.		
2	To declare a first and final one-tier tax exempt dividend of 5 cents per share and a special one-tier tax exempt dividend of 3 cents per share for the financial year ended 31 December 2013.		
3	To approve directors' fees of S\$300,000 for the financial year ended 31 December 2013. (2012: 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 Ong Chong Hua as director.		
7	To re-elect Mr Jeffery Chan Cheow Tong 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 _____ 2014

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, Chapter 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 office of the Company's Share Registrar, M & C Services Private Limited at 112 Robinson Road #05-01, Singapore 068902 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, Chapter 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 LAND LIMITED

(Company Registration No. 198702381M)

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