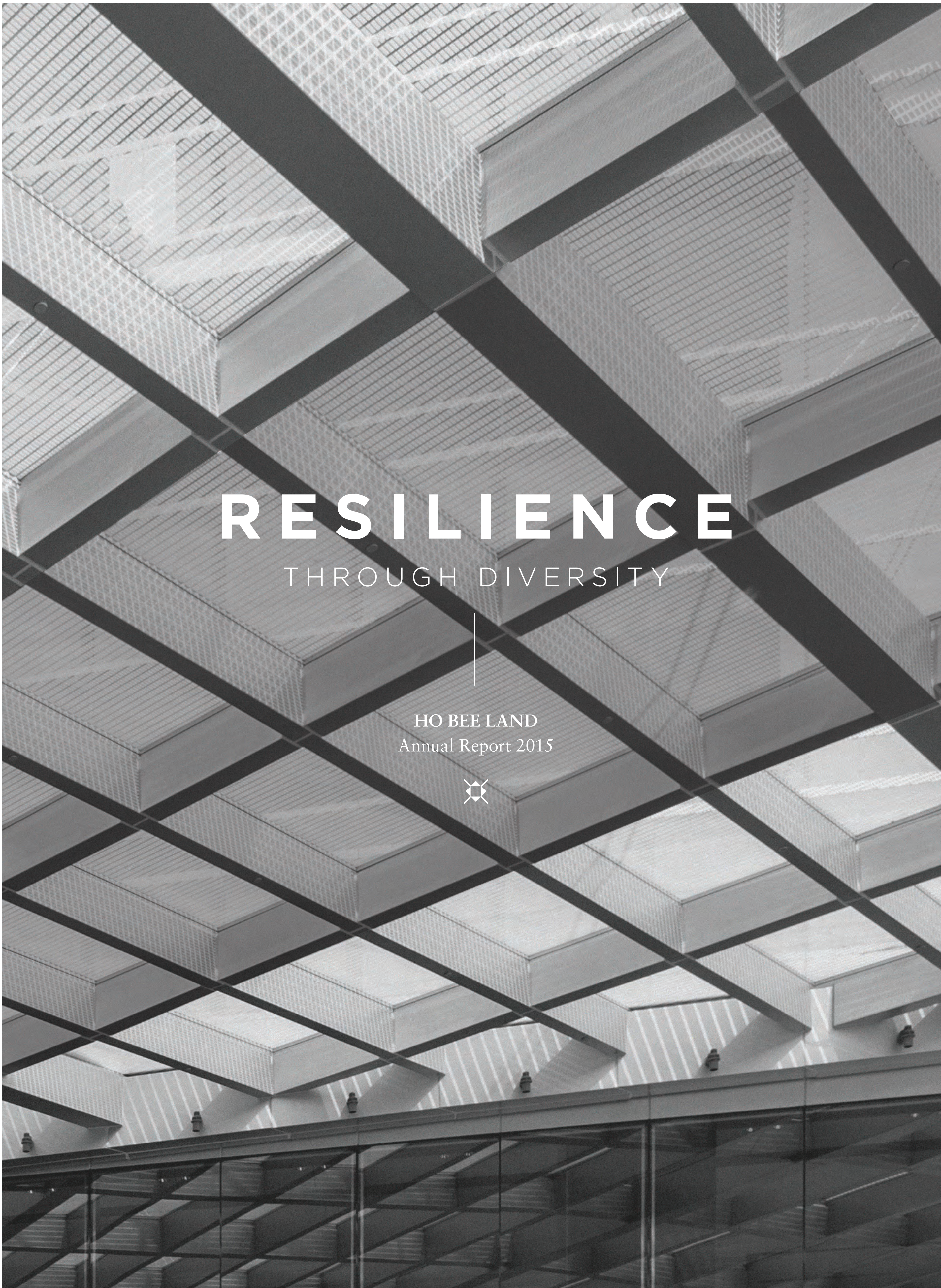


# RESILIENCE

## THROUGH DIVERSITY

**HO BEE LAND**

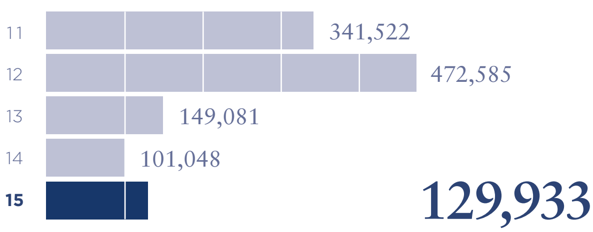
Annual Report 2015

## CONTENTS

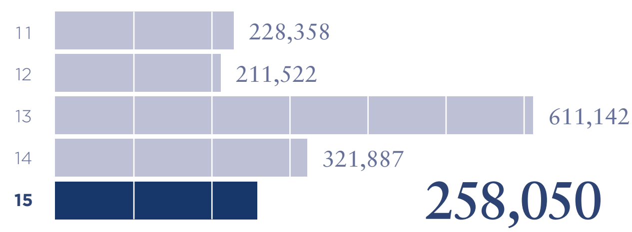
Over the years, Ho Bee has transformed itself into a well-respected international business conglomerate with footprints in diverse markets globally. At a time when many companies are riding on rough seas, we can face the storm with confidence because of our strong foundations. We will be relentless in our endeavour to bring higher returns for our stakeholders by capitalising on opportunities, maximising returns and setting new benchmarks in the industry.

# FINANCIALS AT A GLANCE

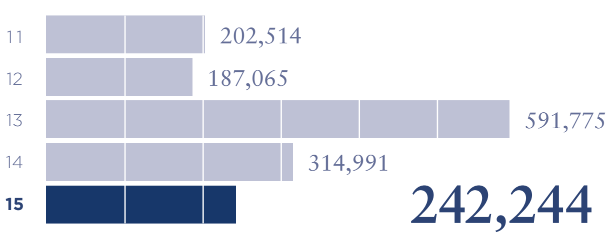
## TURNOVER*
(S$'000)



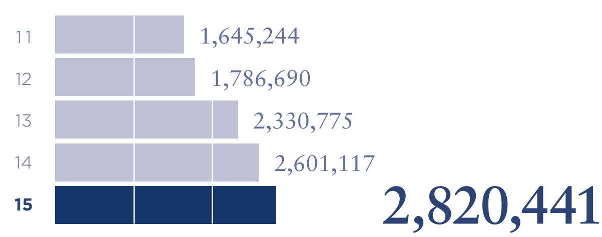

## PROFIT BEFORE INCOME TAX*
(S$'000)




## PROFIT ATTRIBUTABLE TO SHAREHOLDERS
(S$'000)



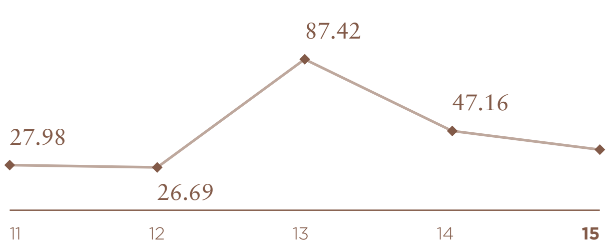

## SHAREHOLDERS' EQUITY
(S$'000)




** For year 2011 to 2014, figures include continuing and discontinued operations*

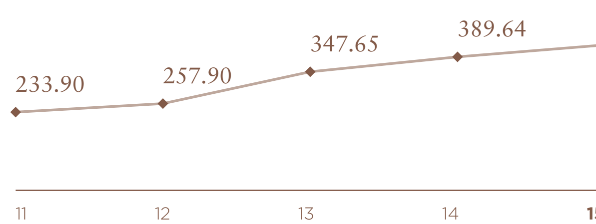
## EARNINGS PER SHARE
(cents)

36.33



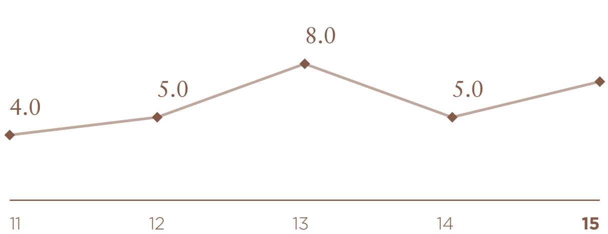

## NET ASSETS PER SHARE
(cents)

423.34



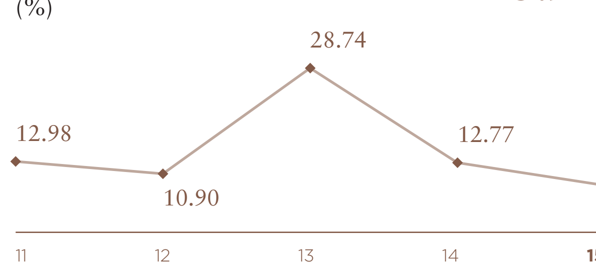

## DIVIDENDS PER SHARE
(cents)

7.0



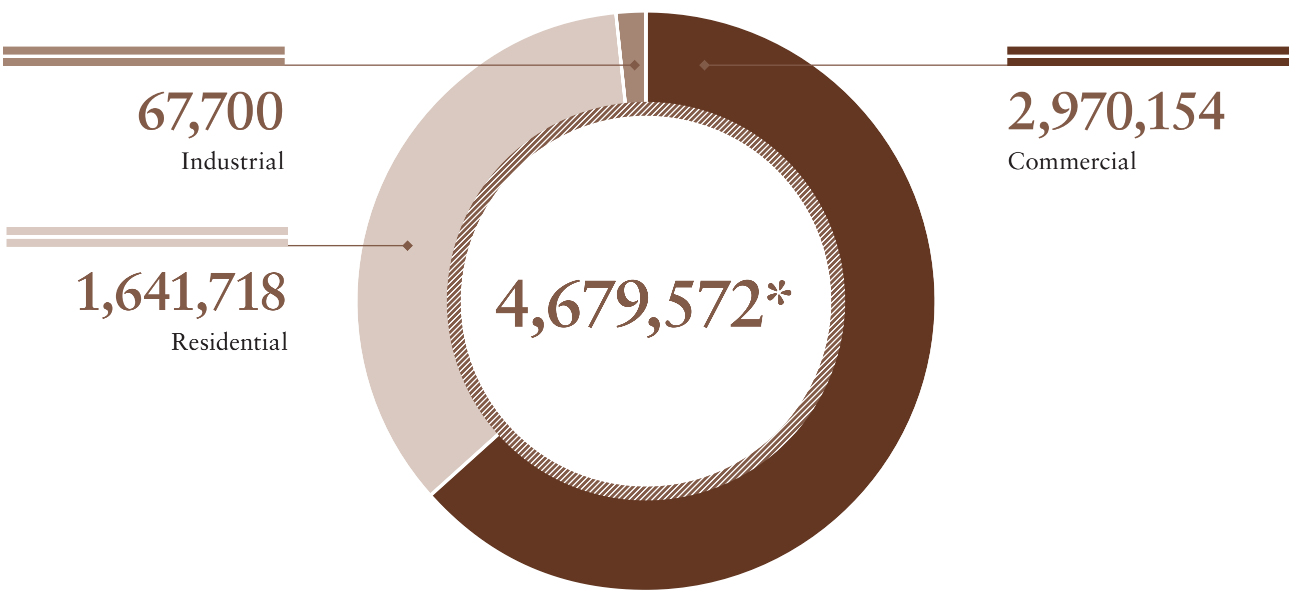

## RETURN ON EQUITY
(%)

8.94



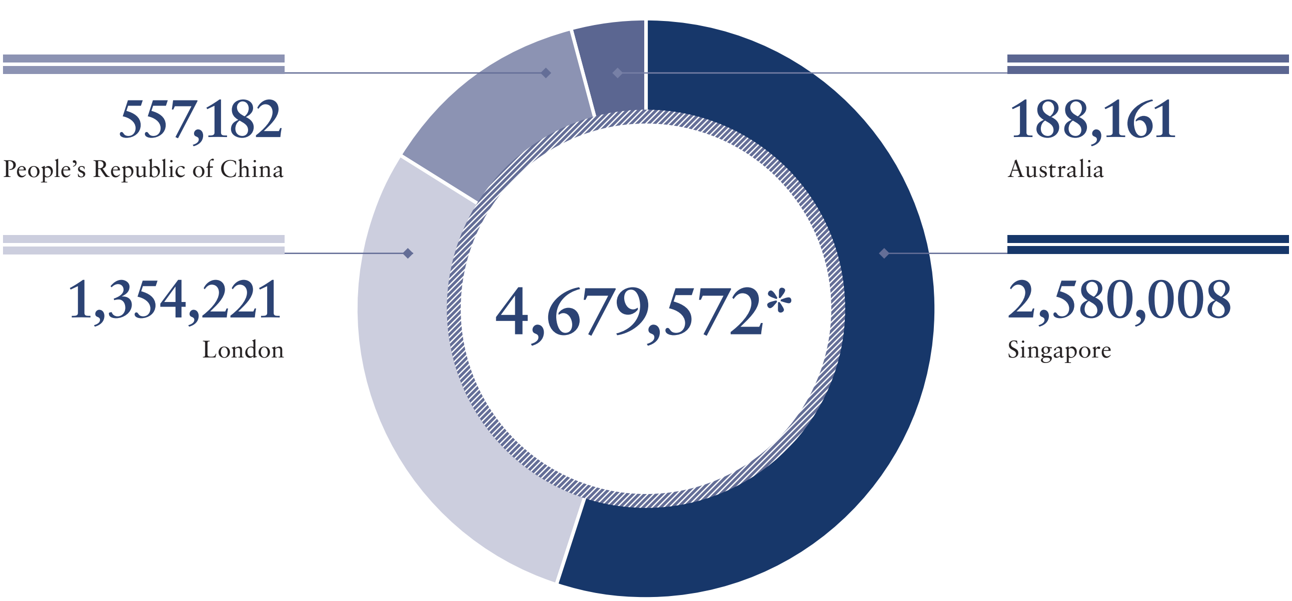
**PROPERTY INVESTMENTS BY SECTOR**

(S$'000)




**PROPERTY INVESTMENTS BY REGION**

(S$'000)




* *Includes property investments held by jointly-controlled entities and associates*

# Building on our Legacy

# CHAIRMAN'S STATEMENT

**DEAR SHAREHOLDERS,**

2015 was a very challenging year for the property market in Singapore with declining property prices and sales volume in almost all sectors of the market. Despite the tough times, I am pleased to report that Ho Bee Group has achieved another set of good results for the financial year ended 31st December 2015.

## FINANCIAL REVIEW

Last year, the Group continued to derive its revenue solely from rental income. This is the result of our strategic shift five years ago to grow our recurrent income. This source of income is more sustainable and stable especially in times of economic uncertainty.

Group turnover for FY2015 rose 30% from S$99.6 million to S$129.9 million due to higher rental contributions from the Group's commercial properties.

In Singapore, rental income for *The Metropolis* increased 27% as a result of higher occupancy. For our London properties, we enjoyed a full year income recognition for *1 St Martin's Le Grand* and *60 St Martin's Lane* which were acquired in the first and fourth quarter of 2014 respectively. The two newly acquired properties in the third quarter of 2015, *39 Victoria Street* and *110 Park Street* also contributed to the rise in rental income.

Profit attributable to owners of the Company decreased 23% from S$315 million in the same period last year to S$242.2 million, resulting in a drop in earnings per share of 10.9 cents to 36.3 cents. This was due mainly to the lower fair value gain of investment properties amounting to S$186.4 million (FY2014: S$281.7 million). We have also made provisions for impairment loss on the Group's 35% interest in the residential project, *Cape Royale*, in Sentosa in view of the difficult operating environment for the residential market. Despite the fall in profit, the Group has achieved a satisfactory return on equity of 8.9%.

Because of our three new acquisitions in London last year, our gearing ratio rose from 0.35 times to 0.55 times.

Total shareholders' fund as at end of December 2015 amounted to S$2.82 billion, representing a net asset value of S$4.23 per share, an increase of S$0.33 per share from the end of 2014.

## BUSINESS REVIEW

I will now give a brief overview of the performance of the Group's investments in our four geographical areas of operation in 2015.

### *Singapore*

Contribution to the Group's revenue from Singapore operations last year was about 69%. Our flagship office development, *The Metropolis*, accounted for 60% of this revenue. The development had continued to perform well last year and it is currently fully let. The rest of the contributions were from other industrial buildings and residential projects.

On the residential front, the Group's exposure is limited to the balance units in *Turquoise*, and the joint venture projects in *Seascape* and *Cape Royale*. Weighed down by the cooling measures introduced by the Government, in particular the hefty additional buyer's stamp duty, we have adopted an interim strategy of leasing these units out. *Turquoise* and *Seascape* are about 80% leased while occupancy in *Cape Royale* is at 60%.

Separately, the Group sold a block of 8-storey hi-tech industrial building, *Forte*, in New Industrial Road and the sale was completed in August 2015. Total profit amounted to S$37.9 million, including S$31 million recognised as fair value gains in the previous years.

### *London*

During the year, the Group acquired three more commercial properties in London to further enhance its recurrent income stream. These were *39 Victoria Street*, *110 Park Street* and *Apollo & Lunar House, Croydon*. With these acquisitions, our total investments in London for all the six commercial properties amounted to approximately GBP600 million.

Contributions to the Group's total rental income from London last year was 31%. Except for *110 Park Street*, the rest of the five commercial properties are fully let. The occupancy at *110 Park Street*, is now at 82% as we embarked on some upgrading works on the remaining space to achieve higher rental.

### *Australia*

Construction work for the two Australian residential projects, *Rhapsody* in Gold Coast and *Pearl* in Melbourne, are in an advanced stage. *Rhapsody* will be completed in first quarter 2016, while completion for *Pearl* will follow closely behind in early second quarter.

Sales for these two projects have been encouraging. To-date, about 70% out of 223 units at *Rhapsody* and 85% out of 185 units at *Pearl* were sold.

Last year, the Group continued to derive its revenue solely from rental income. This is the result of our strategic shift five years ago to grow our recurrent income.

In addition, the Group has invested jointly in a development project, *Eporo Tower*, to build a 44-storey residential tower in Melbourne CBD. This project, consisting of 307 units, is fully sold. Construction work is in progress and completion is expected by early 2017.

*China*

In Shanghai, Phase One of our joint venture project comprising 776 units was completed last year. 353 units were handed over to purchasers and the Group had recognised after-tax profit of approximately S$18 million in FY2015 for its 40% interest in the project. To-date, about 50% of the total 1,470 units in the project have been sold and full completion is expected by end of this year.

In Tangshan, Phase One of our joint venture project comprising 845 units will be completed in end 2016. The residential market for third tier cities in China continues to be challenging and to-date, we had only sold 29%. In FY2015 we had recognised an impairment loss of S$3.6 million for our 50% share. Until the market recovers, we had capped our exposure by deferring the construction work for subsequent phases.

For the Zhuhai project, in which the Group has a 20% interest, construction work for the first phase consisting 924 units is in progress and will complete within this year. Currently, 94% of this phase have been sold. The total number of units in this development is about 3,500 and it will be completed in phases over the next few years.

## BUSINESS PROSPECTS

In Singapore, the effects of the government cooling measures and the general weak business outlook present an uncertain year ahead. The situation is further aggravated by challenges in the global market.

Fortunately, we have built a solid and stable recurring income stream to navigate through these headwinds. Our portfolio of investment properties will continue to generate substantial revenue for the Group.

Our total assets under management both in Singapore and London are slightly over two million square feet. With high occupancies, this portfolio will generate about S$135 million in annual rental income. This should put us in good stead to weather the storm ahead. Moreover, with the completion of our residential projects in Australia and China, our bottom-line for FY2016 will be further boosted by the recognition of development profits.

We will continue to enhance our robust business model built on a solid recurring income base and supplemented by development income to capitalise on opportunities within our key markets.

## PROPOSED DIVIDEND

The Group has delivered a good set of financial results in FY2015 under very tough operating environment. To reward shareholders, we are proposing a total dividend of 7 cents per share comprising a first and final dividend of 5 cents per share and a special dividend of 2 cents per share.

Subject to shareholders' approval at the Annual General Meeting of the Company to be held on 28 April 2016, the dividends will be paid on 27 May 2016.

## ACKNOWLEDGEMENTS

I would like to thank my fellow directors for their invaluable advice and guidance which have contributed greatly to the growth of the Group.

As part of the Board renewal process, our Lead Independent Director, Mr. Tan Keng Boon, who has served the Board since the listing of the Company in 1999, has decided not to seek for re-election when he retires at the forthcoming Annual General Meeting. I would like to take this opportunity to record our deepest gratitude to him for his past contributions to the Group.

To the management and staff of the Group, I wish to express my sincere appreciation for their commitment and dedication during the course of the year.

Last but not least, I would also like to convey my thanks to our shareholders, tenants, business partners and suppliers for their invaluable support throughout the years.

**CHUA THIAN POH**
*Chairman & CEO*

# BOARD OF DIRECTORS

**MR CHUA THIAN POH**
*Chairman and CEO*

Mr Chua Thian Poh is the founder of Ho Bee Group. He was appointed the Chairman and Chief Executive Officer of the Group in 1999. Mr Chua is responsible for the Group's strategic planning and direction, as well as its financial and investment decisions.

Mr Chua serves on the boards of several other companies and community organisations. He is the President of Singapore Federation of Chinese Clan Associations, Board Chairman of Business China, Honorary President of Singapore Chinese Chamber of Commerce & Industry, Chairman of Ren Ci Hospital, President of Singapore Hokkien Huay Kuan, Chairman of Board of Trustee of the Chinese Development Assistance Council, and Chairman of Bishan East Citizens' Consultative Committee. Mr Chua is also a board member of Ascendas-Singbridge Pte. Ltd.

In recognition of his contributions towards the local community and society, Mr Chua was conferred the Public Service Star (BBM) in 2004 and appointed Justice of the Peace in 2005. He was conferred the Distinguished Service Order (Darjah Utama Bakti Cemerlang) in 2014. In September 2015, Mr Chua was appointed as the Non-Resident High Commissioner of Singapore to the Republic of Maldives. Mr Chua was appointed as a member of the Constitutional Commission for the review of Elected Presidency in February 2016.

Besides being an active community leader, Mr Chua is a notable philanthropist. In November 2012, he was honoured with The President's Award for Philanthropy (Individual). Mr Chua was chosen by Forbes Asia in its Heroes of Philanthropy honour roll in 2014. An outstanding business leader, he was awarded the 2006 Businessman of the Year by the Singapore Business Awards.

**MR DESMOND WOON CHOON LENG**
*Executive Director*

Mr Desmond Woon joined the Group in 1987 as a Manager responsible for the Group's financial, investment and marketing initiatives. He was appointed as an Executive Director in August 1995. Mr Woon directs the Group's corporate finance, accounting, tax, legal, risk management, corporate governance and investor relations, and oversees these functions across the Group. He played a leading role in the Company's initial public offering in 1999.

Prior to joining 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 Chong Hua joined the Group in August 1995 as an Executive Director. He works with the Chairman in charting the Group's investment, development and marketing strategies for Singapore as well as overseas. In addition to his strategic role, Mr Ong directs the project management team that drives the construction of the Group's various development projects in Singapore. He also oversees the property management of the Group's investment portfolio both locally and overseas.

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 Keng Boon 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 Jit Koon was appointed to the Board in November 1999. Mr Ch'ng is the Chairman of Pan-United Corporation Ltd since April 1997. He also sits on the boards of other public listed companies which currently include 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 also serves in several community organisations. Mr Ch'ng holds a Bachelor of Arts Degree in Economics and Political Science from Nanyang University, Singapore (now Nanyang Technological University).

**MR JEFFERY CHAN CHEOW TONG**
*Independent Director*

Mr Jeffery 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. Mr Chan is a Fellow Member of the Institute of Chartered Accountants in England and Wales as well as the Institute of Singapore Chartered Accountants.

**MR TAN ENG BOCK**
*Independent Director*

Mr Tan Eng Bock has been a member of the Board since October 2002. Mr Tan has been instrumental in the development of sports in Singapore since 1970. 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 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 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 currently the Chairman of NTUC Fairprice Co-operative Ltd, Chairman of NTUC Fairprice Foundation Ltd, and Deputy Chairman of NTUC Enterprise Co-Operative Limited. He is also the Deputy Chairman of the Housing and Development Board. Mr Chin serves as a member of the Council of Presidential Advisers. He is also a board member of Temasek Holdings (Private) Ltd, Frasers Centrepoint Asset Management Ltd and Singapore Labour Foundation. Mr Chin also sits on the boards of several listed companies including, Yeo Hiap Seng Ltd, AV Jennings Limited, Sembcorp Industries Ltd and Singapore Telecommunications Limited.

# THE MANAGEMENT TEAM

**CHONG HOCK CHANG**
*Associate Director*

Mr Chong Hock Chang joined the Group in 1995 as a Manager of marketing and business development. He was appointed as Associate Director in January 2011. In his role, Mr Chong steers the marketing of the Group's investment and development properties, and develops new business ventures for the Group. He also engages in the Group's overseas development projects. Mr Chong started his career as a Valuer at the Inland Revenue Authority of Singapore. He then joined Jones Lang Wootton (now known as Jones Lang Lasalle) as a Consultant and undertook major research, feasibility studies and formulated marketing strategies for clients. Mr Chong holds a Bachelor of Science Degree (Honours) in Estate Management from the National University of Singapore, and is a member of the Singapore Institute of Surveyors and Valuers. He currently serves as a council member on the Management Committee of the Real Estate Developers Association of Singapore.

**NICHOLAS CHUA**
*Associate Director*

Mr Nicholas Chua joined the Group in 2002 as a Manager in charge of business development and marketing. He was appointed as Associate Director in January 2011. Mr Chua is responsible for identifying and evaluating business opportunities for the Group, and marketing of the Group's investment and development properties. He also engages in the Group's overseas development projects. Before joining the Group, Mr Chua was with DBS Group Holdings Ltd. He graduated with a Bachelor of Science in Finance and Marketing from the University of Oregon.

**LUM HON CHEW**
*General Manager, Special Projects*

Mr Lum Hon Chew joined the Group in 2000 as a Project Manager. He was appointed as General Manager (Special Projects) in January 2015. Mr Lum is in charge of property management for the Group's local investment portfolio, and project management for local development assignments. Before joining the Group, he served in the Development Control Division of the Urban Redevelopment Authority, and was also a Project Development Manager with a private property development firm. Mr Lum holds a Bachelor Degree in Business Administration from Royal Melbourne Institute of Technology, a Diploma in Management Studies from Singapore Institute of Management, and a Diploma in Architectural Technology from Singapore Polytechnic.

# Extending farther afield

**39 VICTORIA STREET**
*London SW1*

This freehold property is situated in Victoria, one of West End's most established office location. It is also within walking distance to Victoria Station, the second busiest in London.

PROPERTY DETAILS

Gross Floor Area
98,000 sq ft
Grade A Office Space

Office
Property Type

100 %
Occupancy

£144 million
Total Commitment

Freehold

The freehold property is situated in Victoria, one of the West End's most established office markets. Completed in 2014, the building provides 98,000 sq. ft. of Grade A office and retail space arranged over basement, ground and nine upper floors.

The location is exceptionally well connected, providing excellent transport connections to Central London, the south-east of England and beyond. It is within short distance to Victoria Station – the second busiest station in London and a major London Underground interchange, providing access to both the Victoria and Circle and District lines. It also provides easy access to Westminster and St James's Park Underground stations.

**110 PARK STREET**
*London W1*

Situated in Mayfair, London's most prestigious West End location, 110 Park Street is synonymous to some of the world's most luxurious amenities.

**PROPERTY DETAILS**

Gross Floor Area
28,000 sq ft
Grade A Office Space

Office
Property Type

82 %
Occupancy

£45.8 million
Total Commitment

125 years
Leasehold

110 Park Street is a 5-storey building which provides 28,000 square feet of Grade A office accommodation on lower ground, ground and four upper floors. The building was re-constructed behind its original Victorian façades in 1990/1991. It recently underwent a comprehensive high specification refurbishment.

The location benefits from excellent transport connectivity, with Bond Street (Central & Jubilee Lines), Marble Arch (Central Line), Oxford Circus and Green Park underground stations a short walk away. It is also within walking distance to the Crossrail Station in Bond Street which is due for completion in 2018.

**APOLLO AND LUNAR HOUSE**
*London CR9*

Situated in the heart of Croydon Town Centre, and a short distance between the East and West Croydon Railway Stations. It enjoys excellent public transport connectivity with the Tramlink and subway links nearby.

**PROPERTY DETAILS**

Gross Floor Area

442,000 sq ft

Office Space

Office

Property Type

100 %

Occupancy

£99 million

Total Commitment

Freehold

The Property comprises two office buildings of 20 storeys and 22 storeys, providing total 442,000 square feet of office accommodation. The buildings were constructed in the late 1960s and underwent a phased refurbishment programme in 1995 and 2000. Both buildings enjoy excellent natural light and impressive views across the Croydon skyline.

Croydon is the largest of the London boroughs in terms of population and is the sixth largest business and commercial centre in the U.K. It has excellent connectivity to both Central London and Gatwick International Airport. Croydon is an important part of the Greater London office market which houses 12,000 local, national and international businesses.

The town centre is currently undergoing significant expansion and rejuvenation.

The Property is situated in the heart of Croydon Town Centre, and is a short distance between the East and West Croydon Railway Stations. It enjoys excellent public transport connectivity with the Tramlink and subway links nearby.

# Steadfast in Vision

Ho Bee Land Limited (**the Company**) 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 principles of the Code of Corporate Governance 2012 (**the Code**).

The Company also refers to the disclosure guide issued by the Singapore Exchange (**SGX Disclosure Guide**) in January 2015 and has incorporated answers to the questions set out in the SGX Disclosure Guide in this report. Specific references are made to the Code's guidelines set out in the SGX Disclosure Guide.

***SGX Disclosure Guide:***

*(a) Has the Company complied with all the principles and guidelines of the Code? If not, please state the specific deviations and the alternative corporate governance practices adopted by the Company in lieu of the recommendations in the Code.*

*(b) In what respect do these alternative corporate governance practices achieve the objectives of the principles and conform to the guidelines in the Code?*

The Company has adhered to most of the principles and guidelines of the Code. Where there are deviations from the recommendations of the Code, we have provided the reason and explanation on the Company's practices, where appropriate.

## BOARD MATTERS

### THE BOARD'S CONDUCT OF AFFAIRS (PRINCIPLE 1)

*Role of the Board and Board responsibility*

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's 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.

Pursuant to SGX Listing Rule 720(1), all directors had signed an undertaking in the prescribed form to use their best endeavours to comply with the Listing Rules and to procure that the Company also complies.

*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 and an annual business review meeting 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 (including the annual business review meeting and an ad hoc ARC meeting) for the financial year ended 31 December 2015 (**FY2015**) is as follows:-

| Name of directors | 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. | 1 | 1 | 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 | 5 | 5 | 1 | 1 | N.A. | N.A. |
| Ch'ng Jit Koon | 5 | 5 | 5 | 5 | 1 | 1 | N.A. | N.A. |
| Jeffery Chan Cheow Tong | 5 | 5 | 5 | 5 | 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 | 5 | 5 | 1 | 1 | 2 | 2 |

*Note: N.A. means not applicable.*

*Matters requiring Board's approval (Guideline 1.5)*

***SGX Disclosure Guide:***
*What are the types of material transactions which require approval from the Board?*

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

- annual budget;
- quarterly and full year results announcements;
- annual report and financial statements;
- declaration of dividends;
- strategic plans; and
- major acquisitions / disposals.

During the year, the Board formalised its policy on delegation of authority and set authorisation limits delegated to the management for specific types of transactions.

*Training for directors (Guideline 1.6)*

***SGX Disclosure Guide:***
*(a) Are new directors given formal training? If not, please explain why.*
*(b) What are the types of information and training provided to (i) new directors and (ii) existing directors to keep them up-to-date?*

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.

The directors can attend, at the Company's expense, relevant conferences and seminars including programmes conducted by the Singapore Institute of Directors.

The Company arranges for directors' training program each year based on the recommendations of the NC. In addition, the Company arranges for professional briefings when necessary to update the directors on any new regulatory development which has an impact on the Group.

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.

The directors are also regularly briefed by the external auditors on new regulations and key changes to financial reporting standards.

In 2015, the directors were updated on the changes to the Companies Act, Chapter 50 (**the Companies Act**) which took effect in two phases from 1 July 2015 and 3 January 2016 respectively. This directors' briefing session was conducted by a corporate lawyer from Allen & Gledhill LLP. It was a third briefing organised by the Company since the release of the Report of Steering Committee for Review of the Companies Act in June 2011.

During the year, the Company also organised a directors' briefing session, conducted by a management consultant from KPMG Services Pte Ltd, on the personal data provisions under the Personal Data Protection Act 2012 which came into force from 2 July 2014.

*Induction and orientation for new directors*

There was no training for new directors in 2015 as there was no new appointment of directors.

For any new director appointed to the Board, he/she will be briefed and issued with a director pack comprising the followings:-

(1) a letter of appointment which sets out the terms of appointment;

(2) a general guide on the duties and liabilities of a director of a listed company under the Companies Act and the SGX Listing Manual;

(3) a set of the Company's corporate manual which contains all Company policies approved by the Board; and

(4) an overview presentation by senior management on the Group's business and operations.

### BOARD COMPOSITION AND GUIDANCE (PRINCIPLE 2)

*Members of the Board*

The Board comprises eight members, of whom five are independent non-executive directors. The Board comprises individuals with diverse skills, qualifications and backgrounds which include accounting, audit, banking, investment, government and business experience. All the directors have real estate experience, having been on the Board for a number of years, and also from their experience gained from other boards or organisations. Details on the profile of the directors are set out on pages 9 to 10 of the Annual Report.

### *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: 67

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***<br>Nil<br>***Other principal commitments***[1]<br>(1) Singapore Federation of Chinese Clan Associations (President)<br>(2) Singapore Clan Foundation (Chairman)<br>(3) Singapore Chinese Cultural Centre Limited (Chairman)<br>(4) Singapore Hokkien Huay Kuan (President)<br>(5) Singapore Hokkien Huay Kuan Affiliated School Management Committee (Chairman)<br>(6) The Hokkien Foundation Management Committee (Chairman)<br>(7) Yunnan Realty Pte Ltd (Chairman)<br>(8) Singapore Hokkien Huay Kuan Cultural Academy (Chairman)<br>(9) Singapore Chinese Chamber of Commerce & Industry (Honorary President)<br>(10) Business China (Chairman)<br>(11) Ren Ci Hospital (Chairman)<br>(12) Bishan East Citizens' Consultative Committee (Chairman)<br>(13) Chinese Development Assistance Council Board of Trustee (Chairman)<br>(14) National Integration Council (Member)<br>(15) National Steering Committee on Racial & Religious Harmony (Member)<br>(16) Nalanda Library Fund Limited (Director)<br>(17) Ho Bee Foundation (Member/Chairman)<br>(18) Ascendas-Singbridge Pte. Ltd. (Independent Director)<br>(19) Ministry of Foreign Affairs (Non-Resident High Commissioner to the Republic of Maldives)<br>(20) Constitutional Commission (Member) | Nil |

[1] *Besides the principal commitments listed above, Mr Chua Thian Poh holds directorships in a number of related corporations, associated companies and jointly controlled entities of the Company.*

**DESMOND WOON CHOON LENG**
*Executive Director*
Age: 60
Date of first appointment as director: 11 August 1995
Date of last re-appointment as director: 28 April 2015

| 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***<br>Nil<br>***Other principal commitments***[(1)]<br>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: 61
Date of first appointment as director: 11 August 1995
Date of last re-appointment as director: 28 April 2014

| 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***<br>Nil<br>***Other principal commitments***[(1)]<br>(1) Kingdom Investment Holdings Pte. Ltd. (Director)<br>(2) FNA Group International Pte. Ltd. (Director)<br>(3) Focus Network Agencies (Singapore) Pte. Ltd. (Director) | Nil |

(1) *Besides the principal commitments listed above, Mr Ong Chong Hua holds directorships in a number of related corporations, associated companies and jointly controlled entities of the Company.*

**TAN KENG BOON**

*Independent Non-Executive Director and Lead Independent Director*

Age: 70

Date of first appointment as director: 12 November 1999

Date of last re-appointment as director: 30 April 2013[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 |
|---|---|---|---|
| Nominating Committee (Chairman)<br><br>Audit & Risk Committee (Member) | Honours Degree in Engineering<br><br>Diploma in Business Administration | ***Other listed companies***<br>Nil<br>***Other principal commitments***<br>(1) Seavi Advent Venture Management Pte Ltd (Managing Director)<br>(2) Seavi Venture Management (Bermuda) Ltd (Managing Director)<br>(3) Seavi Advent Partners Limited (Director)<br>(4) SEAVI Advent Corporation Ltd (Director)<br>(5) SEAVI Advent Management Ltd (Director)<br>(6) SEAVI Advent Holdings Limited (Director)<br>(7) Seavi Advent Ocean Private Equity Limited (Director)<br>(8) Seavi Advent Equity Pte Ltd (Director)<br>(9) Seavi Management (S) Pte Ltd (Director)<br>(10) Seavi Advent Partners (III) Ltd (Director)<br>(11) Seavi Advent Management Pte Ltd (Director)<br>(12) Ho Bee Foundation (Member/Director) | Nil |

(1) *Mr Tan Keng Boon is retiring by rotation under Article 104 of the Company's Constitution at the 28th Annual General Meeting (AGM). He has given notice to the Company that he is not seeking re-election at the AGM. His retirement from the Board will take effect upon the conclusion of the AGM. Upon the retirement, Mr Tan will cease to be the Lead Independent Director, Chairman of the Nominating Committee and a member of the Audit & Risk Committee.*

**BOBBY CHIN YOKE CHOONG**
*Independent Non-Executive Director*
Age: 64
Date of first appointment as director: 29 November 2006
Date of last re-appointment as director: 28 April 2015

| 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)<br><br>Nominating Committee (Member)[1]<br><br>Remuneration Committee (Member) | ACA (Institute of Chartered Accountants in England & Wales) | ***Other listed companies***<br>(1) AV Jennings Limited (Independent Director)<br>(2) Yeo Hiap Seng Ltd (Independent Director)<br>(3) Sembcorp Industries Ltd (Independent Director)<br>(4) Singapore Telecommunications Limited (Independent Director)<br>***Other principal commitments***<br>(1) Frasers Centrepoint Asset Management Ltd (Independent Director)<br>(2) Singapore Labour Foundation (Independent Director)<br>(3) Council of Presidential Advisers (Member)<br>(4) NTUC Enterprise Co-operative Limited (Deputy Chairman)<br>(5) NTUC Fairprice Co-operative Ltd (Chairman)<br>(6) NTUC Fairprice Foundation Ltd (Chairman)<br>(7) Temasek Holdings (Private) Ltd (Independent Director)<br>(8) Housing and Development Board (Deputy Chairman) | Oversea-Chinese Banking Corporation Limited |

(1) *Mr Bobby Chin Yoke Choong stepped down as a member of the Nominating Committee on 1 January 2016.*

**CH'NG JIT KOON**

*Independent Non-Executive Director*

Age: 82

Date of first appointment as director: 12 November 1999

Date of last re-appointment as director: 28 April 2015

Date of next re-appointment as director: 28 April 2016[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)<br><br>Nominating Committee (Member) | Degree in Economics and Political Science | ***Other listed companies***<br>(1) Pan-United Corporation Ltd (Non-Executive Chairman)<br>(2) Progen Holdings Limited (Independent Director)<br>(3) Santak Holdings Limited (Independent Director)<br>***Other principal commitments***<br>(1) Chinese Development Assistance Council Board of Trustees (Member)<br>(2) Singapore Hokkien Huay Kuan Board of Governors (Member)<br>(3) Ho Bee Foundation (Member/Director) | Tung Lok Restaurants (2000) Ltd |

[1] *Mr Ch'ng Jit Koon is retiring under Section 153(6) of the Companies Act, Chapter 50 which was in force immediately before 3 January 2016 at the 28th 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 (as defined in the Code).*

**JEFFERY CHAN CHEOW TONG**

*Independent Non-Executive Director*

Age: 67

Date of first appointment as director: 15 October 2002

Date of last re-appointment as director: 28 April 2014

| 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)<br><br>Audit & Risk Committee (Member) | Fellow Chartered Accountant of Singapore<br><br>FCA (Institute of Chartered Accountants in England & Wales) | ***Other listed companies***<br>Nil<br>***Other principal commitments***<br>(1) AXA Insurance Singapore Pte Ltd (Independent Director)<br>(2) Goodhope Asia Holdings Ltd (Independent Director) | Nil |

**TAN ENG BOCK**
*Independent Non-Executive Director*
Age: 79
Date of first appointment as director: 15 October 2002
Date of last re-appointment as director: 28 April 2015
Date of next re-appointment as director: 28 April 2016[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)<br><br>Nominating Committee (Member)[2] | N.A. | ***Other listed companies***<br>(1) Ban Leong Technologies Ltd (Independent Director)<br>***Other principal commitments***<br>(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 which was in force immediately before 3 January 2016 at the 28th 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 (as defined in the Code).*

[(2)] *Mr Tan Eng Bock was appointed as a member of the Nominating Committee on 1 January 2016.*

Notes:
(1) Information on directors' shareholdings in the Company and its related corporations is set out in the Directors' Statement on pages 51 to 54 of the Annual Report.

(2) N.A. means not applicable.

### *Independence of Directors*
### *Proportion of independent directors (Guideline 2.1)*

> ***SGX Disclosure Guide:***
> *Does the Company comply with the guideline on the proportion of independent directors on the Board? If not, please state the reasons for the deviation and the remedial action taken by the Company.*

There are five independent directors, constituting more than 50% of the Board and the Company complies with the guideline of the Code. The independent directors of the Company are:-

1. Tan Keng Boon (Lead Independent Director)
2. Ch'ng Jit Koon
3. Jeffery Chan Cheow Tong
4. Tan Eng Bock
5. Bobby Chin Yoke Choong

### *Determining independence of independent directors (Guideline 2.3)*

> ***SGX Disclosure Guide:***
> *(a) Is there any director who is deemed to be independent by the Board, notwithstanding the existence of a relationship as stated in the Code that would otherwise deem him not to be independent? If so, please identify the director and specify the nature of such relationship.*
> *(b) What are the Board's reasons for considering him independent? Please provide a detailed explanation.*

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

Each independent director is required to make a declaration annually to confirm that there is no relationship as stated in the Code that would otherwise deem him not to be independent. The NC has reviewed the declarations of independence by the independent directors for FY2015, and is satisfied that all independent directors are suitable to be considered as independent for the purpose of Principle 2 of the Code.

### *Independent directors with more than 9-year tenure (Guideline 2.4)*

> ***SGX Disclosure Guide:***
> *Has any independent director served on the Board for more than nine years from the date of his first appointment? If so, please identify the director and set out the Board's reasons for considering him independent.*

The Company has implemented a Board Assessment Framework since 2012 which includes a robust process for reviewing directors' independence.

For FY2015, the independent directors who have reached 9-year tenure were rigorously assessed by the NC and the Board to determine if they possess positive personal attributes such as independent thinking and keen observation, and if they had demonstrated the ability to maintain integrity and strong principles.

Based on the directors' performance assessment and the rigorous review process for FY2015, 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, Mr Tan Eng Bock and Mr Bobby Chin Yoke Choong, have continued to maintain independence in their oversight role and they have continued to add value to the Company. The Board is also of the view that a director's independence cannot be determined on the basis of a set tenure. Each independent director had recused himself in the determination of his own independence.

To enable progressive renewal of the Board, the Lead Independent Director, Mr Tan Keng Boon has given notice that he is not seeking re-election at the annual general meeting this year. The Board values continuity and stability and has recommended that the remaining independent directors continue to serve the Board.

### *Determining Board's composition (Guideline 2.6)*

> ***SGX Disclosure Guide:***
> *(a) What is the Board's policy with regard to diversity in identifying director nominees?*
> *(b) Please state whether the current composition of the Board provides diversity on each of the following – skills, experience, gender and knowledge of the Company, and elaborate with numerical data where appropriate.*
> *(c) What steps has the Board taken to achieve the balance and diversity necessary to maximise its effectiveness?*

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.

The Board is of the view that there is sufficient diversity in skills, experience and knowledge of the Company in its current Board composition to maximise effectiveness. The Board will take into consideration the skill sets and experience including gender diversity for any future Board appointments.

### 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 a lead independent director (currently Mr Tan Keng Boon), 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 (Guideline 4.1)*

The NC consists of three independent non-executive directors and one executive director. The chairman of the NC is the Company's lead independent director. The current members of the NC are as follows:-

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

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.

*Guideline on multiple board representations (Guideline 4.4)*

***SGX Disclosure Guide:***

*(a) What is the maximum number of listed company board representations that the Company has prescribed for its directors? What are the reasons for this number?*

*(b) If a maximum number has not been determined, what are the reasons?*

*(c) What are the specific considerations in deciding on the capacity of directors?*

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.

In determining the maximum limit, the NC considers the average time requirement for directors to attend meetings, site visits and briefings. The NC also considers the general limit set by other companies.

In its review of directors with multiple board representation, the NC considers whether (i) a director has given sufficient time and attention to the affairs of the Company; and (ii) is able to and has been adequately carrying out his duties as a director of the Company.

*Process for selection, appointment of new directors, and re-appointment to the Board (Guideline 4.6)*

> ***SGX Disclosure Guide:***
> *Please describe the board nomination process for the Company in the last financial year for (i) selecting and appointing new directors and (ii) re-electing incumbent directors.*

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 will also consider gender diversity in seeking any new appointment to the Board. The NC will then make a recommendation to the Board for approval.

There was no new appointment of director in 2015 as there was no vacancy arising from director resignation and no recommendation for additional director.

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

## BOARD PERFORMANCE (PRINCIPLE 5)

*Board evaluation (Guideline 5.1)*

> ***SGX Disclosure Guide:***
> *(a) What was the process upon which the Board reached the conclusion on its performance for the financial year?*
> *(b) Has the Board met its performance objectives?*

The Ho Bee Board Assessment Framework was developed with the assistance of the Company's consultant, KPMG Services Pte Ltd. The framework was established and approved for use by the Board to ascertain the effectiveness of 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 structure; Board strategy and performance; Board function and team dynamics; Board's access to information; Board procedures; Board's standard of conducts; governance; risk management and internal controls; and Board's communication with shareholders. The annual assessment is carried out using a Board performance evaluation form which is completed by each director. The results of the assessment are provided to the NC to assess and discuss the performance of the Board as a whole, and recommend to the Board key areas for improvement and follow-up actions. For the financial year under review, the Board was of the view that it had satisfactorily met its performance objectives.

The effectiveness of the Board committees is assessed annually. Each Board committee member completes a relevant performance evaluation form. The results of which are assessed by the NC and the Board. Areas for improvement are subsequently provided to the various committees.

The elements for assessing the performance of the ARC include financial reporting; internal financial controls; internal audit process; external audit process; risk management systems, framework, policies and strategy; identification, managing and monitoring of risks; employee risk culture and awareness training; and whistle-blowing process.

The NC is assessed on the process for selection and appointment of new directors; nomination of directors for re-election; independence of directors; Board performance evaluation; succession planning; assessment of directors with multiple Board representation; and directors' training.

The elements for assessing the RC include the Company's remuneration framework and remuneration disclosure.

The Board Chairman is assessed annually by the independent directors during a meeting of independent directors, the results of which are provided to the Board Chairman immediately after the meeting. The Board Chairman is assessed on attributes such as leadership; ethics and values; knowledge; interaction and communication skills.

Individual directors are assessed annually using a director performance evaluation form. For FY2015, the evaluation was carried out collectively by the Board members during the NC meeting. Each director had recused himself in his own evaluation. The performance indicators for assessing the individual directors include director's duties, leadership, strategy, risk management, Board contribution, knowledge, interaction and communication skills.

Upon the NC's recommendation, the Board adopted a new set of performance evaluation forms in 2015 for evaluating the effectiveness of the Board, Board committees, individual directors and Board Chairman. The NC made reference to samples found in the Nominating Committee Guide published by the Singapore Institute of Directors in August 2015 during the process.

### 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.

#### *Additional information for independent directors (Guideline 6.1)*

> ***SGX Disclosure Guide:***
> *What types of information does the Company provide to independent directors to enable them to understand its business, the business and financial environment as well as the risks faced by the Company? How frequently is the information provided?*

At each quarterly meeting, the independent directors are briefed by the executive directors and senior management on the Group's business, finance and risks. They are also briefed on key developments in the real estate industry both locally and overseas.

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 seek independent legal and professional advice, if necessary, at the Company's expense, to enable them to fulfill their duties and responsibilities.

## REMUNERATION MATTERS

### PROCEDURES FOR DEVELOPING REMUNERATION POLICIES (PRINCIPLE 7)

*Remuneration Committee (Guideline 7.1)*

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

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

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;
- review service contracts for the directors and key management personnel; and
- ensure that there is a fair compensation system 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.

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. The Company conducted a further benchmarking exercise on Chairman and CEO compensation in 2014.

In 2015, the Company carried out a sampling exercise on the compensation for independent directors. In view of the added responsibilities of the ARC, including overseeing risk management, the sampling exercise also included review of fees for the chairman and members of the ARC.

Executive directors do not receive directors' fees. The Board Chairman and CEO, Mr Chua Thian Poh is entitled to profit sharing incentives under his service agreement with the Company.

There was no overly generous termination clause in the service contract of executive directors and key management personnel.

The RC has reviewed the Code's recommendation on the use of contractual provisions to reclaim incentive components of remuneration of executive directors and key management personnel, and considered it irrelevant in the Company's context.

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 for FY2015 is as follows:-

| Basic retainer fee for non-executive directors | |
|---|---|
| Board Chairman | N.A. |
| Board Member | S$50,000 per annum |
| **Additional fee for other appointments** | |
| Lead Independent Director | S$10,000 per annum |
| Audit & Risk Committee Chairman<br>Audit & Risk Committee Member | S$30,000 per annum<br>S$15,000 per annum |
| Nominating Committee Chairman<br>Nominating Committee Member | S$10,000 per annum<br>S$5,000 per annum |
| Remuneration Committee Chairman<br>Remuneration Committee Member | S$10,000 per annum<br>S$5,000 per annum |

*Note: N.A. means not applicable.*

### DISCLOSURE ON REMUNERATION (PRINCIPLE 9)

The remuneration of directors and key management personnel for FY2015 is set out in the tables below:-

*Remuneration of directors and CEO (Guideline 9.2)*

> ***SGX Disclosure Guide:***
> *Has the Company disclosed each director's and the CEO's remuneration as well as a breakdown (in percentage or dollar terms) into base/fixed salary, variable or performance-related income/bonuses, benefits in kind, stock options granted, share-based incentives and awards, and other long-term incentives? If not, what are the reasons for not disclosing so?*

### 1) Summary remuneration table for directors and the CEO in bands of S$250,000

| Name of directors | Directors' Fees [1] | Base / Fixed Salary | Variable / Bonuses | Benefits / Allowances | Share-Based | Total |
|---|---|---|---|---|---|---|
| ***Above S$9,000,000 and up to S$9,250,000*** | | | | | | |
| Chua Thian Poh<br>Chairman & CEO | - | 10% | 88% | 2% | - | 100% |
| ***Above S$1,500,000 and up to S$1,750,000*** | | | | | | |
| Ong Chong Hua<br>Executive Director | - | 24% | 72% | 4% | - | 100% |
| ***Above S$1,000,000 and up to S$1,250,000*** | | | | | | |
| Desmond Woon Choon Leng<br>Executive Director | - | 27% | 70% | 3% | - | 100% |
| ***S$250,000 and below*** | | | | | | |
| Tan Keng Boon<br>Non-Executive Director | 100% | - | - | - | - | 100% |
| Ch'ng Jit Koon<br>Non-Executive Director | 100% | - | - | - | - | 100% |
| Jeffery Chan Cheow Tong<br>Non-Executive Director | 100% | - | - | - | - | 100% |
| Tan Eng Bock<br>Non-Executive Director | 100% | - | - | - | - | 100% |
| Bobby Chin Yoke Choong<br>Non-Executive Director | 100% | - | - | - | - | 100% |

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

The remuneration of each individual director and the CEO is disclosed, on a named basis, in bands of S$250,000 with a breakdown in percentage terms of the remuneration earned through base/fixed salary, variable or performance-related income/bonuses and benefits-in- kind/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.

There were no termination, retirement and post-employment benefits granted to the directors and the CEO.

*Remuneration of key management personnel (Guideline 9.3)*

> ***SGX Disclosure Guide:***
> *(a) Has the Company disclosed each key management personnel's remuneration, in bands of S$250,000 or in more detail, as well as a breakdown (in percentage or dollar terms) into base/fixed salary, variable or performance-related income/bonuses, benefits in kind, stock options granted, share-based incentives and awards, and other long-term incentives? If not, what are the reasons for not disclosing so?*
> *(b) Please disclose the aggregate remuneration paid to the top five key management personnel (who are not directors or the CEO).*

**2) Summary remuneration table for top five key management personnel (who are not directors or the CEO) [1] in bands of S$250,000**

| Name of key management personnel | Base / Fixed Salary | Variable / Bonuses | Benefits / Allowances | Share-Based | Total |
|---|---|---|---|---|---|
| ***Above S$500,000 and up to S$750,000*** | | | | | |
| Chong Hock Chang | 35% | 65% | - | - | 100% |
| Chua Wee-Chern [2] | 35% | 65% | - | - | 100% |
| ***Above S$250,000 and up to S$500,000*** | | | | | |
| Lum Hon Chew | 40% | 60% | - | - | 100% |
| ***Below S$250,000*** | | | | | |
| Caroline Ee-Lee [3] | 63% | 37% | - | - | 100% |

(1) *The Company has only 4 key management personnel (who are not directors or the CEO) in 2015.*
(2) *Mr Chua Wee-Chern is son of the Chairman & CEO, Mr Chua Thian Poh.*
(3) *Ms Caroline Ee-Lee resigned from 1 May 2015.*

The remuneration of the above key management personnel (who are not directors or the CEO) is disclosed, on a named basis, in bands of S$250,000 with a breakdown in percentage terms of the remuneration earned through base/fixed salary, variable or performance-related income/bonuses and benefits-in-kind/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 above key management personnel (who are not directors or the CEO).

The aggregate total remuneration paid to the above key management personnel (who are not directors or the CEO) for FY2015 was S$1,628,919.00.

There were no termination, retirement and post-employment benefits granted to the above key management personnel (who are not directors or the CEO).

*Remuneration of employees who are immediate family member of a director or CEO (Guideline 9.4)*

> ***SGX Disclosure Guide:***
> *Is there any employee who is an immediate family member of a director or the CEO, and whose remuneration exceeds S$50,000 during the year? If so, please identify the employee and specify the relationship with the relevant director or the CEO.*

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 key management personnel (who are not directors or the CEO), the following employees are immediate family members of a director or the CEO whose remuneration exceeded S$50,000 in FY2015:-

| Name of employees | Remuneration Band |
|---|---|
| Ng Noi Hinoy (1) | S$250,000 and below |
| Chua Kong Chian (2) | S$250,000 and below |
| Chua Weijie (3) | S$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.*
(3) *Mr Chua Weijie is son of the Chairman & CEO, Mr Chua Thian Poh.*

The remuneration of employees who are immediate family members of a director or the CEO is disclosed in bands of S$250,000 to maintain confidentiality.

*Employee share schemes*

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.

*Performance conditions for executive directors and key management personnel (Guideline 9.6)*

> ***SGX Disclosure Guide:***
> *(a) Please describe how the remuneration received by executive directors and key management personnel has been determined by the performance criteria.*
> *(b) What were the performance conditions used to determine their entitlement under the short-term and long-term incentive schemes?*
> *(c) Were all of these performance conditions met? If not, what were the reasons?*

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.

The profit sharing incentive for the Board Chairman and CEO, Mr Chua Thian Poh is based on a percentage of the Group's audited consolidated profit before tax (excluding any surplus/loss on revaluation of the Group's investment properties) for the relevant financial year, plus one-fifth of any surplus/loss on revaluation of the Group's investment properties for the relevant financial year (**Adjusted PBT**). The balance four-fifths of the surplus/loss on revaluation of the Group's investment properties shall be carried forward in equal amount every year for the next four years to determine his entitlement for subsequent years. There was an increase in the profit sharing incentive for FY2015 compared to FY2014 due to the increase in the Group's Adjusted PBT.

There was an overall increase in performance bonuses awarded to the other executive directors and key management personnel for FY2015 due to the increase in the Group's profit level (excluding any surplus/loss on revaluation of the Group's investment properties) compared to FY2014.

## 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 statement 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 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.

The key risks identified under the ERM Framework are those relating to investments, market concentration, country, foreign exchange, regulatory compliance, health and safety, land tendering, pricing and contract management. The key risks of the Group are deliberated by the management and reported to the ARC quarterly. In FY2015, management further identified certain major risks relating to interest rate, foreign exchange, impairment and geographical concentration. Those risks were monitored closely by the management and reported quarterly to the ARC, and appropriate mitigating actions were taken.

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.

***Board's commentary on the adequacy and effectiveness of the Company's internal controls and risk management system (Guideline 11.3)***

***SGX Disclosure Guide:***
*(a) In relation to the major risks faced by the Company, including financial, operational, compliance, information technology and sustainability, please state the bases for the Board's view on the adequacy and effectiveness of the Company's internal controls and risk management systems.*
*(b) In respect of the past 12 months, has the Board received assurance from the CEO and the CFO as well as the internal auditor that: (i) the financial records have been properly maintained and the financial statements give true and fair view of the Company's operations and finances; and (ii) the Company's risk management and internal control systems are effective? If not, how does the Board assure itself of points (i) and (ii) above?*

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 2015.

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.

During the process of reviewing the financial statement of the Group for FY2015, the Board had received assurance from the CEO and the Finance Director that (i) 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 (ii) the Group's risk management and internal control systems are effective.

**AUDIT & RISK COMMITTEE (PRINCIPLE 12)**
The Company's Audit Committee was renamed as Audit & Risk Committee (ARC) on 7 November 2012.

The ARC is made up of four Board members, all of whom are independent non-executive directors. The current 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 SGX 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 review 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;
- 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 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 Company has provided all ARC members with a copy each of the Guidebook for Audit Committees in Singapore (Second Edition) issued jointly by the Monetary Authority of Singapore, the Accounting and Corporate Regulatory Authority (**ACRA**) and the Singapore Exchange, and the Risk Governance Guidance for Listed Boards issued by the Corporate Governance Council. In carrying out their responsibilities, the ARC members refer to these guidelines as appropriate. In addition, the ARC members have access to professional resources to keep themselves abreast of changes to accounting standards and issues which may have a direct impact on financial statements.

*Fees paid to external auditors (Guideline 12.6)*

> ***SGX Disclosure Guide:***
> *(a) Please provide a breakdown of the fees paid in total to the external auditors for audit and non-audit services for the financial year.*
> *(b) If the external auditors have supplied a substantial volume of non-audit services to the Company, please state the bases for the Audit Committee's view on the independence of the external auditors.*

The total fees paid to the external auditors, KPMG LLP for FY2015, are as disclosed in the table below:-

| External auditor fees for FY2015 | S$'000 | % of total audit fees |
|---|---|---|
| Total Audit Fees | 337 | |
| Total Non-Audit Fees | 116 | 26% |
| Total Fees Paid | 453 | |

The ARC had reviewed the nature of non-audit services provided by the external auditors in FY2015. Based on the evaluation of external auditors for FY2015, and taking into consideration the external auditors' confirmation of independence, the ARC was of the opinion that the level of non-audit services and non-audit fees would not affect the independence and objectivity of the external auditors. The non-audit fees did not exceed the 50% limit prescribed under Regulation 12, Part IV of the Companies Regulations.

For FY2015, the external auditors were assessed based on the audit quality indicators disclosure framework introduced by ACRA in October 2015.

*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 to the Chairman of the ARC and the General Manager (Human Resources & Corporate Affairs).

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

### INTERNAL AUDIT (PRINCIPLE 13)

*Internal auditors (Guideline 13.1)*

> ***SGX Disclosure Guide:***
> *Does the Company have an internal audit function? If not, please explain why.*

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.

## SHAREHOLDER RIGHTS AND RESPONSIBILITIES

### SHAREHOLDER RIGHTS (PRINCIPLE 14)

The Company endeavours to treat all shareholders fairly and equitably, and recognise, protect and facilitate the exercise of shareholders' rights.

### COMMUNICATION WITH SHAREHOLDERS (PRINCIPLE 15)

*Investor relations (Guideline 15.4)*

> ***SGX Disclosure Guide:***
> *(a) Does the Company regularly communicate with shareholders and attend to their questions? How often does the Company meet with institutional and retail investors?*
> *(b) Is this done by a dedicated investor relations team (or equivalent)? If not, who performs this role?*
> *(c) How does the Company keep shareholders informed of corporate developments, apart from SGXNET announcements and the annual report?*

The Company has formalised its investor relation policy which sets out the Company's principles and procedures for communicating with shareholders and the investment community. A copy of the investor relation policy can be found under the "Investor Relations" section of the Company's website at http://www.hobee.com.

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 Company's investor relations function is led by the Finance Director who has the strategic management responsibility to integrate finance, accounting, corporate communication and legal compliance to enable effective communication between the Company and the investment community. The Finance Director meets regularly with analysts and fund managers to facilitate shareholders' and investors' communication.

*Dividends (Guideline 15.5)*

> ***SGX Disclosure Guide:***
> *If the Company is not paying any dividends for the financial year, please explain why.*

Although the Company has not formulated a dividend policy, it has been declaring dividends since 2001. In its evaluation and recommendation of dividends, the Board takes into consideration the Group's operating performance, financial condition, cash position and planned capital needs, as well as general business conditions and risks. It is the Board's objective to pay dividend on sustainable and regular basis, and to grow dividends over time, if possible, based on the Group's financial performance and conditions.

### CONDUCT OF SHAREHOLDER MEETINGS (PRINCIPLE 16)

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.

Notices for general meetings are announced via SGXNet and advertised in the newspapers within prescribed timeframe prior to the meetings. The notices, together with relevant documents (such as annual report, letter to shareholders or circular) are sent by post to all shareholders.

Shareholders are informed of the rules and voting procedures that govern these general meetings. In conformity with the SGX listing rules, the Company will be conducting its first poll voting at the forthcoming 28th Annual General Meeting and announce the poll results via SGXNet immediately after the general meeting.

The introduction of the new multiple proxies regime following recent changes in the Companies Act has allowed indirect investors who hold shares through a nominee company or custodian bank or through a CPF agent bank to attend and vote at general meetings. CPF / SRS investors who wish to attend the general meetings should contact their respective agent bank.

The Company has not implemented absentia voting at general meetings due to concern that this may complicate the voting process. The Company will implement such process only if relevant legislative changes have been effected.

The Company maintains minutes of general meetings including substantial and relevant comments or queries from shareholders relating to the meeting agenda, and responses from Board members. These minutes will be made available to shareholders upon their request.

## 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 Group. Officers of the Company are also discouraged from dealing in the Company's securities on short-term consideration.

The Company issues quarterly reminders to its directors and officers on the restrictions in dealings in listed securities of the Company as set out above, in compliance with Rule 1207(19) of the SGX Listing Manual. After the end of each financial year, all directors and officers are required to complete a checklist to confirm their compliance with the internal code. The Company has complied with the best practices set out in the SGX Listing Manual.

## 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 FY2015 are as follows:

| Name of interested person | Aggregate value of all interested person transactions (excluding transactions less than S$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 S$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 S$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, personal data protection, 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 STRUCTURE

**HO BEE LAND LIMITED**

- Ho Bee Developments Pte Ltd (100%)
  - Ho Bee Realty Pte Ltd (100%)
  - Ho Bee (Eastwood Park) Pte Ltd (100%)
  - Ho Bee (Pasir Ris) Pte Ltd (100%)
  - Ho Bee (One-North) Pte. Ltd. (100%)
- HB Properties International Pte Ltd (100%)
- Pacific Rover Pte Ltd (100%)
- HB Venture Capital Pte Ltd (100%)
- Grandiose Investments Pte. Ltd. (100%)
- HB Le Grand Pte. Ltd. (100%)
- HB St Martins Pte. Ltd. (100%)
- HB Mayfair Pte. Ltd. (100%)
- HB Victoria Pte. Ltd. (100%)
- HB Croydon Pte. Ltd. (100%)
  - Kempster Investments Limited [BVI] (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%)
  - Yanlord Ho Bee Investments Pte. Ltd. (50%)
    - Yanlord Ho Bee Property Development (Tangshan) Co., Ltd. [PRC] (100%)
- HBS Investments Pte Ltd (70%)
  - Parliament View Developments Limited [UK] (100%)
  - Parliament View Management Company Limited [UK] (100%)
- Calne Pte. Ltd. (50%)
- Seaview (Sentosa) Pte. Ltd. (50%)
- Shanghai Yanlord Hongqiao Property Co., Ltd. [PRC] (40%)
- Pinnacle (Sentosa) Pte. Ltd. (35%)
- Zhuhai Yanlord Heyou Land Co., Ltd. [PRC] (20%)

Notes:

[AU] *Incorporated in Australia*
[BVI] *Incorporated in British Virgin Islands*
[PRC] *Incorporated in People's Republic of China*
[UK] *Incorporated in United Kingdom*

# 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 TAN ENG BOCK

## 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 LUM HON CHEW
*General Manager (Special Projects)*

MR LOW LAI SAI
*Senior Finance Manager*

MS VIVIAN NG LAY YEN
*Senior Marketing Manager*

MR HONG LENG GUAN
*Senior Project Manager*

MS THAM SUET YIN
*Head of Building Management Office*

## COMPANY REGISTRATION NO.

198702381M

## 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

## COMPANY SECRETARY

MS TAN SOCK KIANG

## 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 Tay Puay Cheng (since 2015)
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

## FINANCIAL STATEMENTS

# DIRECTORS' STATEMENT

We are pleased to submit this annual report to the members of the Company together with the audited financial statements for the financial year ended 31 December 2015.

In our opinion:

(a) the financial statements set out on pages 59 to 122 are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2015 and the financial performance, 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.

## DIRECTORS

The directors of the Company in office at the date of this statement 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 (including those held by their spouses and infant children) in shares and debentures in the Company and in related corporations (other than wholly-owned subsidiaries) are as follows:

| | Holdings in the name of the director, spouse or infant children | | Other holdings in which the director is deemed to have an interest | |
|---|---|---|---|---|
| Name of director and corporation in which interests are held | At beginning of the year | At end of the year | At beginning of the year | At end of the year |
| **Chua Thian Poh** | | | | |
| The Company | | | | |
| - ordinary shares | – | – | 485,685,000 | 488,618,600[1] |

[1] *As at 21 January 2016, Mr Chua Thian Poh has a deemed interest of 489,294,000 shares in the Company*

| Name of director and corporation in which interests are held | Holdings in the name of the director, spouse or infant children — At beginning of the year | At end of the year | Other holdings in which the director is deemed to have an interest — At beginning of the year | At end of the year |
|---|---|---|---|---|
| **Chua Thian Poh (cont'd)** | | | | |
| Immediate and ultimate holding company | | | | |
| Ho Bee Holdings (Pte) Ltd | | | | |
| - ordinary shares | 19,070,000 | 19,070,000 | – | – |
| Subsidiaries | | | | |
| HBS Investments Pte Ltd | | | | |
| - ordinary shares | – | – | 700,000 | 700,000 |
| Ho Bee Cove Pte. Ltd. | | | | |
| - ordinary shares | – | – | 900,000 | 900,000 |
| 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 |
| Related corporations | | | | |
| 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 |

| | Holdings in the name of the director, spouse or infant children | | Other holdings in which the director is deemed to have an interest | |
|---|---|---|---|---|
| Name of director and corporation in which interests are held | At beginning of the year | At end of the year | At beginning of the year | At end of the year |
| **Chua Thian Poh (cont'd)** | | | | |
| Related corporations | | | | |
| 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 |
| Bolt Car Leasing Pte. Ltd. (f.k.a. HLC Leasing Pte. Ltd.) | | | | |
| - ordinary shares | – | – | 10,000 | 10,000 |
| Ho Bee Capital Pte Ltd | | | | |
| - ordinary shares | – | – | 15,000,000 | 15,000,000 |
| Hobee Print Pte Ltd | | | | |
| - ordinary shares | – | – | 5,680,000 | 5,680,000 |
| 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 | – | – |
| Related corporation | | | | |
| Kingdom Investment Holdings Pte. Ltd. - ordinary shares | 1,625,000 | 1,625,000 | – | – |

| Name of director and corporation in which interests are held | Holdings in the name of the director, spouse or infant children: At beginning of the year | Holdings in the name of the director, spouse or infant children: At end of the year | Other holdings in which the director is deemed to have an interest: At beginning of the year | Other holdings in which the director is deemed to have an interest: At end of the year |
|---|---|---|---|---|
| **Tan Keng Boon** | | | | |
| The Company<br>- ordinary shares | 500,000 | 500,000 | – | – |
| **Ch'ng Jit Koon** | | | | |
| The Company<br>- ordinary shares | 420,000 | 420,000 | – | – |
| **Jeffery Chan Cheow Tong** | | | | |
| The Company<br>- ordinary shares | 370,000 | 370,000 | – | – |
| **Bobby Chin Yoke Choong** | | | | |
| The Company<br>- ordinary shares | 131,000 | 131,000 | – | – |
| Related corporation | | | | |
| Kingdom Investment Holdings Pte. Ltd.<br>- 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 statement, 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 between the end of the financial year and 21 January 2016, other than as disclosed in this statement.

## 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 statement and in note 31 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 of the Company or its subsidiaries; and

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

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

## AUDIT & RISK COMMITTEE

The members of the Audit & Risk Committee at the date of this statement 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.

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.

## 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*

18 March 2016

Members of the Company
Ho Bee Land Limited

## REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of Ho Bee Land Limited (the Company) and its subsidiaries (the Group), which comprise the statements of financial position of the Group and the Company as at 31 December 2015, 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 59 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 financial statements and to maintain accountability of assets.

*Auditors' responsibility*

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

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

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

*Opinion*

In our opinion, the consolidated financial statements of the Group and the statement of financial position of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2015 and the financial performance, 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 subsidiary corporations 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
18 March 2016

# STATEMENTS OF FINANCIAL POSITION

*As at 31 December 2015*

| | Note | Group 2015 $'000 | Group 2014 $'000 | Company 2015 $'000 | Company 2014 $'000 |
|---|---|---|---|---|---|
| **Non-current assets** | | | | | |
| Property, plant and equipment | 4 | 22,406 | 21,667 | 1,843 | 2,195 |
| Investment properties | 5 | 3,049,518 | 2,283,127 | – | – |
| Subsidiaries | 6 | – | – | 203,468 | 114,712 |
| Associates | 7 | 482,711 | 456,330 | 437,055 | 437,055 |
| Jointly-controlled entities | 8 | 306,568 | 346,095 | 278,135 | 311,889 |
| Other assets | 9 | 150 | 150 | – | – |
| Financial assets | 10 | 3,337 | 4,051 | – | – |
| Other receivables | 11 | 285,425 | 270,374 | 521,691 | 505,269 |
| Deferred tax assets | 12 | – | 473 | – | – |
| | | 4,150,115 | 3,382,267 | 1,442,192 | 1,371,120 |
| **Current assets** | | | | | |
| Development properties | 13 | 320,909 | 229,546 | – | – |
| Trade and other receivables | 14 | 72,803 | 62,662 | 110,726 | 26,488 |
| Cash and cash equivalents | 15 | 14,569 | 9,953 | 381 | 337 |
| | | 408,281 | 302,161 | 111,107 | 26,825 |
| **Total assets** | | 4,558,396 | 3,684,428 | 1,553,299 | 1,397,945 |
| **Equity attributable to equity holders of the Company** | | | | | |
| Share capital | 16 | 156,048 | 156,048 | 156,048 | 156,048 |
| Reserves | 17 | 2,664,393 | 2,445,069 | 1,178,436 | 997,721 |
| | | 2,820,441 | 2,601,117 | 1,334,484 | 1,153,769 |
| **Non-controlling interests** | | 13,459 | 14,691 | – | – |
| **Total equity** | | 2,833,900 | 2,615,808 | 1,334,484 | 1,153,769 |
| **Non-current liabilities** | | | | | |
| Loans and borrowings | 18 | 1,195,023 | 751,516 | 114,554 | – |
| Other liabilities | 19 | 28,103 | 27,365 | – | – |
| Deferred tax liabilities | 12 | 157 | 287 | – | – |
| Deferred income | 20 | 348 | 8,175 | – | – |
| | | 1,223,631 | 787,343 | 114,554 | – |
| **Current liabilities** | | | | | |
| Trade and other payables | 21 | 50,339 | 69,838 | 15,373 | 90,447 |
| Loans and borrowings | 18 | 383,956 | 163,644 | 88,888 | 153,729 |
| Deferred income | 20 | 18,962 | 13,250 | – | – |
| Current tax payable | | 47,608 | 34,545 | – | – |
| | | 500,865 | 281,277 | 104,261 | 244,176 |
| **Total liabilities** | | 1,724,496 | 1,068,620 | 218,815 | 244,176 |
| **Total equity and liabilities** | | 4,558,396 | 3,684,428 | 1,553,299 | 1,397,945 |

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

# CONSOLIDATED INCOME STATEMENT

*Year ended 31 December 2015*

| | Note | 2015<br>$'000 | 2014<br>$'000 |
|---|---|---|---|
| Revenue | 22 | 129,933 | 99,601 |
| Other income | 23 | 9,065 | 1,876 |
| Total income | | 138,998 | 101,477 |
| Fair value gain on investment properties | 5 | 186,362 | 281,693 |
| Write back of accrual upon finalisation of construction costs for development projects | | 21,391 | 11,511 |
| Marketing expenses | | (3,350) | (4,105) |
| Direct rental expenses | | (18,755) | (20,471) |
| Gain/(loss) on foreign exchange | | 3,706 | (1,967) |
| Staff costs & directors' remuneration | | (16,332) | (10,277) |
| Other operating expenses | | (8,361) | (11,836) |
| **Profit from operating activities** | | 303,659 | 346,025 |
| | | | |
| **Net finance costs** | 25 | (22,805) | (18,014) |
| | | | |
| Share of profits/(losses), net of tax, of: | | | |
| - associates | | 17,039 | (1,614) |
| - jointly-controlled entities | | (39,843) | (4,323) |
| **Profit before income tax** | | 258,050 | 322,074 |
| Income tax expense | 26 | (16,878) | (7,371) |
| **Profit from continuing operations** | | 241,172 | 314,703 |
| | | | |
| **Discontinued operation** | | | |
| Loss from discontinued operation (net of tax) | 27 | – | (187) |
| **Profit for the year** | 28 | 241,172 | 314,516 |
| | | | |
| **Profit attributable to:** | | | |
| Owners of the Company | | 242,244 | 314,991 |
| Non-controlling interests | | (1,072) | (475) |
| **Profit for the year** | | 241,172 | 314,516 |
| | | | |
| **Earnings per share** | | | |
| Basic earnings per share (cents) | 29 | 36.33 | 47.16 |
| Diluted earnings per share (cents) | 29 | 36.33 | 47.16 |

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

# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

*Year ended 31 December 2015*

| | 2015<br>$'000 | 2014<br>$'000 |
|---|---|---|
| Profit for the year | 241,172 | 314,516 |
| Other comprehensive income | | |
| Items that are or may be reclassified subsequently to profit or loss: | | |
| Effective portion of changes in fair value of cash flow hedges | 2,064 | 351 |
| Foreign currency translation differences relating to foreign operations | 2,546 | 1,962 |
| Share of foreign currency translation differences of equity-accounted investee | 9,342 | 13,102 |
| Total other comprehensive income for the year, net of income tax | 13,952 | 15,415 |
| Total comprehensive income for the year | 255,124 | 329,931 |
| Attributable to: | | |
| Owners of the Company | 255,256 | 329,766 |
| Non-controlling interests | (132) | 165 |
| Total comprehensive income for the year | 255,124 | 329,931 |

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

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

*Year ended 31 December 2015*

| | Attributable to owners of the Company | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Share capital $'000 | Reserve for own shares $'000 | Capital reserve $'000 | Hedging reserve $'000 | Revaluation reserve $'000 | Foreign currency translation reserve $'000 | Retained earnings $'000 | Total $'000 | Non-controlling interests $'000 | Total equity $'000 |
| Group | | | | | | | | | | |
| At 1 January 2014 | 156,048 | (54,265) | 2,230 | – | – | 7,935 | 2,218,827 | 2,330,775 | 16,976 | 2,347,751 |
| **Total comprehensive income for the year** | | | | | | | | | | |
| Profit for the year | – | – | – | – | – | – | 314,991 | 314,991 | (475) | 314,516 |
| **Other comprehensive income** | | | | | | | | | | |
| Foreign currency translation differences relating to foreign operations | – | – | – | – | – | 1,322 | – | 1,322 | 640 | 1,962 |
| Share of foreign currency translation differences of equity-accounted investee | – | – | – | – | – | 13,102 | – | 13,102 | – | 13,102 |
| Effective portion of changes in fair value of cash flow hedges | – | – | – | 351 | – | – | – | 351 | – | 351 |
| Total other comprehensive income | – | – | – | 351 | – | 14,424 | – | 14,775 | 640 | 15,415 |
| Total comprehensive income for the year | – | – | – | 351 | – | 14,424 | 314,991 | 329,766 | 165 | 329,931 |
| **Transactions with owners of the Company, recognised directly in equity** | | | | | | | | | | |
| **Contributions by and distributions to owners of the Company** | | | | | | | | | | |
| Transfer from capital reserve to retained earnings | – | – | (187) | – | – | – | 187 | – | – | – |
| Dividend paid to non-controlling shareholders | – | – | – | – | – | – | – | – | (2,450) | (2,450) |
| Final tax exempt dividend paid of 8 cents per share in respect of 2013 | – | – | – | – | – | – | (53,405) | (53,405) | – | (53,405) |
| Purchase of treasury shares | – | (6,019) | – | – | – | – | – | (6,019) | – | (6,019) |
| Total contributions by and distributions to owners of the Company | – | (6,019) | (187) | – | – | – | (53,218) | (59,424) | (2,450) | (61,874) |
| At 31 December 2014 | 156,048 | (60,284) | 2,043 | 351 | – | 22,359 | 2,480,600 | 2,601,117 | 14,691 | 2,615,808 |

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

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

*Year ended 31 December 2015*

| | Attributable to owners of the Company | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Share capital $'000 | Reserve for own shares $'000 | Capital reserve $'000 | Hedging reserve $'000 | Revaluation reserve $'000 | Foreign currency translation reserve $'000 | Retained earnings $'000 | Total $'000 | Non-controlling interests $'000 | Total equity $'000 |
| Group | | | | | | | | | | |
| At 1 January 2015 | 156,048 | (60,284) | 2,043 | 351 | – | 22,359 | 2,480,600 | 2,601,117 | 14,691 | 2,615,808 |
| **Total comprehensive income for the year** | | | | | | | | | | |
| Profit for the year | – | – | – | – | – | – | 242,244 | 242,244 | (1,072) | 241,172 |
| **Other comprehensive income** | | | | | | | | | | |
| Foreign currency translation differences relating to foreign operations | – | – | – | – | – | 1,606 | – | 1,606 | 940 | 2,546 |
| Share of foreign currency translation differences of equity-accounted investee | – | – | – | – | – | 9,342 | – | 9,342 | – | 9,342 |
| Effective portion of changes in fair value of cash flow hedges | – | – | – | 2,064 | – | – | – | 2,064 | – | 2,064 |
| Total other comprehensive income | – | – | – | 2,064 | – | 10,948 | – | 13,012 | 940 | 13,952 |
| Total comprehensive income for the year | – | – | – | 2,064 | – | 10,948 | 242,244 | 255,256 | (132) | 255,124 |
| **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 | – | – | – | – | – | – | – | – | (1,100) | (1,100) |
| Final tax exempt dividend paid of 5 cents per share in respect of 2014 | – | – | – | – | – | – | (33,357) | (33,357) | – | (33,357) |
| Purchase of treasury shares | – | (2,575) | – | – | – | – | – | (2,575) | – | (2,575) |
| Total contributions by and distributions to owners of the Company | – | (2,575) | – | – | – | – | (33,357) | (35,932) | (1,100) | (37,032) |
| At 31 December 2015 | 156,048 | (62,859) | 2,043 | 2,415 | – | 33,307 | 2,689,487 | 2,820,441 | 13,459 | 2,833,900 |

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

# CONSOLIDATED STATEMENT OF CASH FLOWS

*Year ended 31 December 2015*

| | Note | 2015<br>$'000 | 2014<br>$'000 |
|---|---|---|---|
| **Cash flows from operating activities** | | | |
| Profit for the year | | 241,172 | 314,516 |
| Adjustments for: | | | |
| Depreciation of property, plant and equipment | 4 | 1,000 | 964 |
| (Gain)/loss on disposal of property, plant and equipment | 23 | (139) | 2 |
| Unrealised exchange loss/(gain) | | (9,112) | 3,038 |
| Interest income | 25 | (1,266) | (1,423) |
| Dividend income | 23 | (8) | (43) |
| Distribution income from financial assets designated at fair value through profit or loss | 23 | (164) | (118) |
| Finance costs | 25 | 24,071 | 14,591 |
| Fair value gain of investment properties | 5 | (186,362) | (281,693) |
| Net changes in fair value of financial assets at fair value through profit or loss | 23 | 48 | 272 |
| Gain on sale of investment properties | 23 | (6,907) | – |
| Share of losses/(profits) of: | | | |
| - associates | | (17,039) | 1,614 |
| - jointly-controlled entities | | 39,843 | 4,323 |
| Income tax expense | | 16,878 | 7,371 |
| | | 102,015 | 63,414 |
| Changes in working capital: | | | |
| Development properties | | (94,911) | (30,591) |
| Inventories | | – | 21 |
| Trade and other receivables | | (6,818) | (9,511) |
| Trade and other payables | | (17,786) | (8,622) |
| Cash (used in)/generated from operations | | (17,500) | 14,711 |
| Income taxes paid | | (3,231) | (17,426) |
| **Net cash used in operating activities carried forward** | | (20,731) | (2,715) |

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

# CONSOLIDATED STATEMENT OF CASH FLOWS

*Year ended 31 December 2015*

| | Note | 2015<br>$'000 | 2014<br>$'000 |
|---|---|---|---|
| **Net cash used in operating activities brought forward** | | (20,731) | (2,715) |
| **Cash flows from investing activities** | | | |
| Net repayments from jointly-controlled entities | | (2,015) | (4,083) |
| Purchase of property, plant and equipment | 4 | (1,927) | (1,654) |
| Proceeds from disposal of property, plant and equipment | | 242 | – |
| Proceeds from disposal of investment properties | | 65,807 | – |
| Proceeds from disposal of jointly-controlled entity | | 12 | – |
| Interest received | | 296 | 125 |
| Dividend received | | 8 | 43 |
| Purchase of financial assets designated at fair value through profit or loss | | (2) | (45) |
| Purchase of investment properties (net of transaction costs) | 5 | (629,955) | (468,908) |
| Advances to jointly-controlled operations | | (10,919) | (12,091) |
| Distributions from financial assets designated at fair value through profit or loss | | 1,061 | 552 |
| **Net cash used in investing activities** | | (577,392) | (486,061) |
| **Cash flows from financing activities** | | | |
| Proceeds from bank loans | | 872,041 | 773,613 |
| Repayment of bank loans | | (208,191) | (315,991) |
| Interest paid | 25 | (24,071) | (14,591) |
| Purchase of treasury shares | | (2,575) | (6,019) |
| Dividends paid | | (33,357) | (53,405) |
| Dividend paid to non-controlling shareholders | | (1,100) | (2,450) |
| **Net cash from financing activities** | | 602,747 | 381,157 |
| **Net increase/(decrease) in cash and cash equivalents** | | 4,624 | (107,619) |
| Cash and cash equivalents at 1 January | | 9,953 | 117,557 |
| Effect of exchange rate fluctuations on cash held | | (8) | 15 |
| **Cash and cash equivalents at 31 December** | 15 | 14,569 | 9,953 |

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

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the Board of Directors on 18 March 2016.

## 1 DOMICILE AND ACTIVITIES

Ho Bee Land Limited (the Company) is incorporated in the Republic of Singapore. The address of the Company's registered office is 9 North Buona 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 2015 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 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.

The consolidated financial statements have been prepared on a going concern basis notwithstanding that as at 31 December 2015, total current liabilities exceeded total current assets by $92,584,000. Post year end, the Group has refinanced $67,000,000 of its short-term borrowings to long-term borrowings, with a further $145,000,000 of short-term borrowings expected to be refinanced by June 2016. Management believe that the refinancing of the facilities will occur as required and anticipate that any additional repayments required will be met out of operating cash flows.

### 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.

## 2 BASIS OF PREPARATION (CONT'D)

### 2.4 Use of estimates and judgements (cont'd)

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 34 – valuation of financial instruments
- Note 37 – accounting estimates and judgements

**Measurement of fair values**

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

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 Finance Director, and has overall responsibility for all significant fair value measurements, including level 3 fair values.

The finance team regularly reviews significant unobservable inputs and valuation adjustments. Significant valuation issues are reported to the Group Audit Committee.

When measuring the fair value of an asset or liability, the Group uses market observable data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques 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).

If the inputs used to measure the fair value of an asset or liability might be categorised in different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement (with Level 3 being the lowest).

The Group recognises transfers between levels of the fair value hierarchy as of the end of the reporting period during which the change has occurred.

Further information about the assumptions made in measuring fair values are included in the following notes:

- Note 34 – valuation of financial instruments
- Note 36 – determination of fair values

## 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.

### 3.1 Basis of consolidation

***Business combinations***

Business combinations are accounted for using the acquisition method in accordance with FRS 103 Business Combination as at the date of acquisition, which is the date on which control is transferred to the Group.

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.

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 Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. 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 interest (NCI) in a subsidiary are allocated to the NCI even if doing so causes the NCI 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 joint ventures (equity-accounted investees)***

Associates are those entities in which the Group has significant influence, but not control or joint control, over the financial and operating policies of these entities. Significant influence is presumed to exist when the Group holds 20% or more of the voting power of another entity. A joint venture is an arrangement in which the Group has joint control, whereby the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.

## 3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 3.1 Basis of consolidation (cont'd)

***Investments in associates and joint ventures (equity-accounted investees) (cont'd)***

Investments in associates and joint ventures are accounted for using the equity method. They are recognised initially at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of the profit or loss and OCI of equity-accounted investees, after adjustments to align the accounting policies with those of the Group, from the date that significant influence or joint control commences until the date that significant influence or joint control ceases.

When the Group's share of losses exceeds its interest in an equity-accounted investee, the carrying amount of the investment, together with any long-term interests that form part thereof, is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation to fund the investee's operations or has made payments on behalf of the investee.

***Joint operations***

A joint operation is an arrangement in which the Group has joint control whereby the Group has rights to the assets, and obligations for the liabilities, relating to an arrangement. The Group accounts for each of its assets, liabilities and transactions, including its share of those held or incurred jointly, in relation to the joint operation.

***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.

## 3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 3.2 Foreign currency (cont'd)

*Foreign currency transactions (cont'd)*

Foreign currency differences arising on translation are recognised in profit or loss, except for the following differences which are recognised in other comprehensive income arising on the translation 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 foreign currency 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.

Foreign currency differences arising on the translation 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 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 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, or it neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control over the transferred asset. 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 enforeceable 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.

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.

## 3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 3.3 Financial instruments (cont'd)

*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 enforeceable 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 not carried at fair value through profit or loss, including an interest in an associate and joint venture, is assessed at the end of each reporting period to determine whether there is objective evidence that it is impaired. 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 an impact on the estimated future cash flows of that asset that can be estimated reliably.

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

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the 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.

## 3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 3.3 Financial instruments (cont'd)

***Intra-group financial guarantees in the separate financial statements***

Financial guarantees are financial instruments issued by the Company 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.

***Derivative financial instruments, including hedge accounting***

The Group holds derivative financial instruments to hedge its foreign currency and interest rate risk exposures. Embedded derivatives are separated from the host contract and accounted for separately if the economic characteristics and risks of the host contract and the embedded derivative are not closely related, a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative, and the combined instrument is not measured at fair value through profit or loss.

On initial designation of the derivative as the hedging instrument, the Group formally documents the relationship between the hedging instrument and the hedged item, including the risk management objectives and strategy in undertaking the hedge transaction and the hedged risk, together with the methods that will be used to assess the effectiveness of the hedging relationship. The Group makes an assessment, both at the inception of the hedge relationship as well as on an ongoing basis, of whether the hedging instruments are expected to be 'highly effective' in offsetting the changes in the fair value or cash flows of the respective hedged items attributable to the hedged risk, and whether the actual results of each hedge are within a range of 80 - 125%. For a cash flow hedge of a forecast transaction, the transaction should be highly probable to occur and should present an exposure to variations in cash flows that could ultimately affect reported profit or loss.

Derivatives are recognised initially at fair value; any attributable transaction costs are recognised in profit or loss as incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are accounted for as described below.

## 3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 3.3 Financial instruments (cont'd)

*Cash flow hedges*

When a derivative is designated as the hedging instrument in a hedge of the variability in cash flows attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction that could affect profit or loss, the effective portion of changes in the fair value of the derivative is recognised in other comprehensive income and presented in the hedging reserve in equity. Any ineffective portion of changes in the fair value of the derivative is recognised immediately in profit or loss.

When the hedged item is a non-financial asset, the amount accumulated in equity is retained in other comprehensive income and reclassified to profit or loss in the same period or periods during which the non-financial item affects profit or loss. In other cases as well, the amount accumulated in equity is reclassified to profit or loss in the same period that the hedged item affects profit or loss. If the hedging instrument no longer meets the criteria for hedge accounting, expires or is sold, terminated or exercised, or the designation is revoked, then hedge accounting is discontinued prospectively. If the forecast transaction is no longer expected to occur, then the balance in equity is reclassified to profit or loss.

### 3.4 Property, plant and equipment

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

Cost includes expenditure that is directly attributable to the acquisition of the asset. 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.

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.

## 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 3.12.

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.

## 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 and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the assets' recoverable amounts are estimated. For goodwill, the recoverable amount is estimated at each reporting date, and as and when indicators of impairment are identified.

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

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash-generating unit.

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

### 3.9 Development properties

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

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

## 3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 3.9 Development properties (cont'd)

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 Employee benefits

*Defined contribution plans*

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

*Short-term employee benefits*

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

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

### 3.11 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.

### 3.12 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.

## 3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 3.12 Revenue recognition (cont'd)

*Sale of development properties overseas*

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

*Rental income*

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

*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*

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

### 3.13 Finance income and finance costs

Finance income comprise interest income on funds invested. Interest income is recognised as it accrues in profit or loss, using the effective interest method.

Finance costs comprise borrowing costs which 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.

### 3.14 Tax

Tax expense comprises current and deferred tax. Current tax and deferred tax expense are recognised in profit or loss except to the extent that they relate to a business combination, or items recognised directly in equity or in OCI.

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.

## 3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 3.14 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.

### 3.15 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.

### 3.16 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 Finance Director to make decisions about resources to be allocated to the segment and assess its performance.

## 3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 3.17 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 2015, and have not been applied in preparing these financial statements.

- FRS 115 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It also introduces new cost guidance which requires certain costs of obtaining and fulfilling contracts to be recognised as separate assets when specified criteria are met. When effective, FRS 115 replaces existing revenue recognition guidance, including FRS 18 *Revenue*, FRS 11 *Construction Contracts*, INT FRS 113 *Customer Loyalty Programmes*, INT FRS 115 *Agreements for the Construction of Real Estate*, INT FRS 118 *Transfers of Assets from Customers* and INT FRS 31 *Revenue – Barter Transactions Involving Advertising Services*.

- FRS 109 replaces most of the existing guidance in FRS 39 *Financial Instruments: Recognition and Measurement*. It includes revised guidance on classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets, and new general hedge accounting requirements.

As FRS 115 and FRS 109, when effective, will change the existing accounting standards and guidance applied by the Group and the Company in accounting for revenue and financial instruments, these standards are expected to be relevant to the Group and the Company. The Group does not plan to adopt these standards early.

## 4 PROPERTY, PLANT AND EQUIPMENT

| | Freehold property $'000 | Leasehold improvements $'000 | Paintings and sculptures $'000 | Furniture, fittings and office equipment $'000 | Motor vehicles $'000 | Total $'000 |
|---|---|---|---|---|---|---|
| **Group** | | | | | | |
| **Cost/Valuation** | | | | | | |
| At 1 January 2014 | 1,978 | 625 | 16,021 | 3,916 | 2,003 | 24,543 |
| Additions | – | – | 1,088 | 496 | 70 | 1,654 |
| Disposals | – | – | – | (44) | (5) | (49) |
| Effects of movements in exchange rate | (78) | – | – | (1) | (3) | (82) |
| At 31 December 2014 | 1,900 | 625 | 17,109 | 4,367 | 2,065 | 26,066 |
| Additions | – | – | 1,192 | 64 | 671 | 1,927 |
| Disposals | – | – | – | (9) | (609) | (618) |
| Effects of movements in exchange rate | (87) | – | – | (1) | 2 | (86) |
| At 31 December 2015 | 1,813 | 625 | 18,301 | 4,421 | 2,129 | 27,289 |

## 4 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

| | Freehold property $'000 | Leasehold improvements $'000 | Paintings and sculptures $'000 | Furniture, fittings and office equipment $'000 | Motor vehicles $'000 | Total $'000 |
|---|---|---|---|---|---|---|
| **Group** | | | | | | |
| **Accumulated depreciation and impairment losses** | | | | | | |
| At 1 January 2014 | 79 | 625 | – | 1,669 | 1,116 | 3,489 |
| Depreciation charge for the year | 40 | – | – | 670 | 254 | 964 |
| Disposals | – | – | – | (44) | (3) | (47) |
| Effects of movements in exchange rate | (5) | – | – | – | (2) | (7) |
| At 31 December 2014 | 114 | 625 | – | 2,295 | 1,365 | 4,399 |
| Depreciation charge for the year | 37 | – | – | 677 | 286 | 1,000 |
| Disposals | – | – | – | (8) | (507) | (515) |
| Effects of movements in exchange rate | (5) | – | – | – | 4 | (1) |
| At 31 December 2015 | 146 | 625 | – | 2,964 | 1,148 | 4,883 |
| **Carrying amounts** | | | | | | |
| At 1 January 2014 | 1,899 | – | 16,021 | 2,247 | 887 | 21,054 |
| At 31 December 2014 | 1,786 | – | 17,109 | 2,072 | 700 | 21,667 |
| At 31 December 2015 | 1,667 | – | 18,301 | 1,457 | 981 | 22,406 |

## 4 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

| | Furniture, fittings and office equipment $'000 | Motor vehicles $'000 | Paintings $'000 | Total $'000 |
|---|---|---|---|---|
| **Company** | | | | |
| **Cost** | | | | |
| At 1 January 2014 | 2,999 | 523 | 3 | 3,525 |
| Additions | 453 | – | – | 453 |
| Disposals | – | (5) | – | (5) |
| At 31 December 2014 | 3,452 | 518 | 3 | 3,973 |
| Additions | 12 | 455 | – | 467 |
| Disposals | – | (287) | – | (287) |
| At 31 December 2015 | 3,464 | 686 | 3 | 4,153 |
| **Accumulated depreciation and impairment losses** | | | | |
| At 1 January 2014 | 775 | 320 | – | 1,095 |
| Depreciation charge for the year | 654 | 32 | – | 686 |
| Disposals | – | (3) | – | (3) |
| At 31 December 2014 | 1,429 | 349 | – | 1,778 |
| Depreciation charge for the year | 653 | 94 | – | 747 |
| Disposals | – | (215) | – | (215) |
| At 31 December 2015 | 2,082 | 228 | – | 2,310 |
| **Carrying amounts** | | | | |
| At 1 January 2014 | 2,224 | 203 | 3 | 2,430 |
| At 31 December 2014 | 2,023 | 169 | 3 | 2,195 |
| At 31 December 2015 | 1,382 | 458 | 3 | 1,843 |

## 5 INVESTMENT PROPERTIES

| | Group | |
|---|---|---|
| | 2015 | 2014 |
| | $'000 | $'000 |
| **Freehold properties** | | |
| At 1 January | 746,663 | 274,245 |
| Additions | 529,609 | 468,908 |
| Disposals | (58,900) | – |
| Changes in fair value | 78,362 | 11,693 |
| Movement in exchange rate | 8,974 | (8,183) |
| At 31 December | 1,304,708 | 746,663 |
| **Leasehold properties** | | |
| At 1 January | 1,536,464 | 1,266,464 |
| Additions | 100,346 | – |
| Changes in fair value | 108,000 | 270,000 |
| At 31 December | 1,744,810 | 1,536,464 |
| Total investment properties | 3,049,518 | 2,283,127 |

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 15 years. Subsequent renewals are negotiated with the lessee. During the year, contingent rent of $127,567 (2014: $161,905) was charged and recognised as income.

Certain investment properties with carrying value amounting to $2,720,442,000 (2014: $2,175,896,000) have been pledged to secure banking facilities granted to the Group (see note 18).

Investment properties are stated at fair value based on valuations carried out by independent external valuers, namely Savills Valuation & Professional Services (S) Pte Ltd ("Savills") and DTZ Debenham Tie Leung Limited ("DTZ"). Both the valuers have appropriate recognised professional qualifications and relevant experience in the location and category of property being valued.

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 2015, the Group recognised a fair value gain of $186,362,000 (2014: $281,693,000) on its investment properties, out of which, $108,000,000 (2014: $270,000,000) relate to the revaluation of The Metropolis. See note 36 – Determination of fair values for disclosure on the valuation techniques used by the independent valuers.

An investment property was sold and a net gain of $6,907,000 was recognised in the profit for the year.

## 6 SUBSIDIARIES

| | Company 2015 $'000 | Company 2014 $'000 |
|---|---|---|
| Equity investments, at cost | 202,307 | 113,507 |
| Discount implicit in interest-free loans to subsidiaries | 2,161 | 2,205 |
| Impairment loss | (1,000) | (1,000) |
| | 203,468 | 114,712 |

Details of the significant subsidiaries are as follows:

| | Principal place of business | Effective equity held by the Group 2015 % | Effective equity held by the Group 2014 % |
|---|---|---|---|
| **Name of subsidiary** | | | |
| 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 | 100 |
| HB Le Grand Pte Ltd | Singapore | 100 | 100 |
| HB St Martins Pte Ltd | Singapore | 100 | 100 |
| HB Victoria Pte Ltd | Singapore | 100[1] | – |
| HB Mayfair Pte Ltd | Singapore | 100[2] | – |
| HB Croydon Pte Ltd | Singapore | 100[3] | – |

[1] *HB Victoria Pte Ltd was incorporated on 24 July 2015.*
[2] *HB Mayfair Pte Ltd was incorporated on 18 March 2015*
[3] *HB Croydon Pte Ltd was incorporated on 11 November 2015.*

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

The Group has no non-controlling interest where the results of the non-controlling interest is material and significant to the Group.

## 7 ASSOCIATES

The Group has two associates (2014: two) that are material to the Group. All are equity-accounted for. The following are the material associates:

| | Shanghai Yanlord Hongqiao Property Co., Ltd (Shanghai Yanlord Hongqiao)[1] | Zhuhai Yanlord Heyou Land Co., Ltd (Zhuhai Yanlord Heyou)[2] |
|---|---|---|
| Nature of relationship with the Group | Strategic property developer providing access to residential development projects in China | Strategic property developer providing access to residential development projects in China |
| Principal place of business/ Country of incorporation | China | China |
| Ownership interest/Voting rights held | 40% (2014: 40%) | 20% (2014: 20%) |

[1] *Audited by* 上海中惠会计师事务所, *a CPA firm, China*
[2] *Audited by* 珠海德鸿会计师事务所有限公司, *a CPA firm, China*

The following summarises the financial information of each of the Group's material associates based on their respective financial statements prepared in accordance with FRS, modified for fair value adjustments on acquisition and differences in the Group's accounting policies.

| | Shanghai Yanlord Hongqiao $'000 | Zhuhai Yanlord Heyou $'000 | Total $'000 |
|---|---|---|---|
| **2015** | | | |
| Revenue | 440,126 | – | |
| Profit/(loss) from continuing operations | 45,541 | (5,888) | |
| **Total comprehensive income** | 45,541 | (5,888) | |
| Attributable to investee's shareholders | 45,541 | (5,888) | |
| Non-current assets | 191 | 577 | |
| Current assets | 1,404,520 | 996,823 | |
| Non-current liabilities | (275,260) | (56,602) | |
| Current liabilities | (261,163) | (263,821) | |
| **Net assets** | 868,288 | 676,977 | |
| Attributable to investee's shareholders | 868,288 | 676,977 | |
| **Group's interest in net assets of investee at beginning of the year** | 324,166 | 132,164 | 456,330 |
| Group's share of profit/(loss) from continuing operations | 18,216 | (1,177) | 17,039 |
| Other comprehensive income: | | | |
| - Foreign currency translation differences | 4,847 | 4,495 | 9,342 |
| **Carrying amount of interest in investee at end of the year** | 347,229 | 135,482 | 482,711 |

## 7 ASSOCIATES (CONT'D)

| | Shanghai Yanlord Hongqiao $'000 | Zhuhai Yanlord Heyou $'000 | Total $'000 |
|---|---|---|---|
| **2014** | | | |
| Revenue | – | – | |
| Loss from continuing operations | (3,696) | (680) | |
| **Total comprehensive income** | (3,696) | (680) | |
| Attributable to investee's shareholders | (3,696) | (680) | |
| Non-current assets | 261 | 535 | |
| Current assets | 1,157,584 | 733,348 | |
| Non-current liabilities | (274,689) | (54,762) | |
| Current liabilities | (72,743) | (18,301) | |
| **Net assets** | 810,413 | 660,820 | |
| Attributable to investee's shareholders | 810,413 | 660,820 | |
| **Group's interest in net assets of investee at beginning of the year** | 318,652 | 126,190 | 444,842 |
| Group's share of loss from continuing operations | (1,478) | (136) | (1,614) |
| Other comprehensive income: | | | |
| - Foreign currency translation differences | 6,992 | 6,110 | 13,102 |
| **Carrying amount of interest in investee at end of the year** | 324,166 | 132,164 | 456,330 |

## 8 JOINTLY-CONTROLLED ENTITIES

The Group has two (2014: two) jointly-controlled entities that are material and two (2014: three) joint-controlled entities that are individually immaterial to the Group.

These jointly-controlled controlled entities are structured as separate vehicles and the Group has a residual interest in their net assets. Accordingly, the Group has classified its interest in these entities as joint ventures, which are equity-accounted for.

The following are the material joint ventures:

| | Seaview (Sentosa) Pte Ltd (Seaview)[1] | Pinnacle (Sentosa) Pte Ltd (Pinnacle)[1] |
|---|---|---|
| Nature of relationship with the Group | Strategic partner providing high end residential properties in Sentosa | Strategic partner providing high end residential properties in Sentosa |
| Principal place of business/ Country of incorporation | Singapore | Singapore |
| Ownership interest/Voting rights held | 50% (2014: 50%) | 35% (2014: 35%) |

[1] *Audited by KPMG LLP, Singapore*

## 8 JOINTLY-CONTROLLED ENTITIES (CONT'D)

The following summarises the financial information of each of the Group's material joint ventures based on their respective financial statements prepared in accordance with FRS, modified for fair value adjustments on acquisition and differences in the Group's accounting policies.

| | Seaview $'000 | Pinnacle $'000 | Immaterial joint ventures $'000 | Total $'000 |
|---|---|---|---|---|
| **2015** | | | | |
| Revenue | 10,822 | 16,054 | | |
| Profit/(loss) from continuing operations* | 4,744 | (102,851) | | |
| **Total comprehensive income** | 4,744 | (102,851) | | |
| Attributable to investee's shareholders | 4,744 | (102,851) | | |
| Non-current assets | – | 1,559 | | |
| Current assets | 471,678 | 1,363,564 | | |
| Non-current liabilities | (368,832) | (559,350) | | |
| Current liabilities | (3,040) | (13,959) | | |
| **Net assets** | 99,806 | 791,814 | | |
| Attributable to investee's shareholders | 99,806 | 791,814 | | |
| **Group's interest in net assets of investee at beginning of the year** | 47,570 | 304,123 | (5,598) | 346,095 |
| Group's share of total comprehensive income: | 2,372 | (35,998) | (6,217) | (39,843) |
| Intra-group eliminations | (1,215) | (126) | – | (1,341) |
| Foreign currency translation differences | – | – | (111) | (111) |
| Capital distribution | – | – | (1,102) | (1,102) |
| Conversion of loan to investment | – | 2,870 | – | 2,870 |
| **Carrying amount of interest in investee at end of the year** | 48,727 | 270,869 | (13,028) | 306,568 |

* *Includes elimination of intercompany loan interests for the year.*

## 8 JOINTLY-CONTROLLED ENTITIES (CONT'D)

| | Seaview $'000 | Pinnacle $'000 | Immaterial joint ventures $'000 | Total $'000 |
|---|---|---|---|---|
| **2014** | | | | |
| Revenue | 11,043 | 6,033 | | |
| Profit/(loss) from continuing operations* | 3,864 | (9,900) | | |
| **Total comprehensive income** | 3,864 | (9,900) | | |
| Attributable to investee's shareholders | 3,864 | (9,900) | | |
| Non-current assets | – | 1,549 | | |
| Current assets | 472,537 | 1,465,172 | | |
| Non-current liabilities | (370,410) | (559,350) | | |
| Current liabilities | (4,634) | (20,545) | | |
| **Net assets** | 97,493 | 886,826 | | |
| Attributable to investee's shareholders | 97,493 | 886,826 | | |
| **Group's interest in net assets of investee at beginning of the year** | 46,753 | 158,237 | (2,436) | 202,554 |
| Group's share of total comprehensive income: | 1,932 | (3,465) | (2,790) | (4,323) |
| Intra-group eliminations | (1,115) | (99) | – | (1,214) |
| Foreign currency translation differences | – | – | (372) | (372) |
| Conversion of loan to investment | – | 149,450 | – | 149,450 |
| **Carrying amount of interest in investee at end of the year** | 47,570[1] | 304,123[1] | (5,598) | 346,095 |

[1] *Includes elimination of prior year's shareholder loan interest capitalised as part of development properties of $1,177,000 for Seaview and $6,266,000 for Pinnacle.*

* *Includes elimination of intercompany loan interests for the year.*

## 9 OTHER ASSETS

| | Group 2015 $'000 | Group 2014 $'000 |
|---|---|---|
| **At cost** | | |
| Club membership | 150 | 150 |

## 10 FINANCIAL ASSETS

| | Group | | Company | |
|---|---|---|---|---|
| | 2015 | 2014 | 2015 | 2014 |
| | $'000 | $'000 | $'000 | $'000 |
| **Non-current assets** | | | | |
| **Investments designated at fair value through profit or loss** | | | | |
| Investments in private equity funds | 3,337 | 4,051 | – | – |

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.

## 11 OTHER RECEIVABLES

| | Group | | Company | |
|---|---|---|---|---|
| | 2015 | 2014 | 2015 | 2014 |
| | $'000 | $'000 | $'000 | $'000 |
| **Non-current assets** | | | | |
| Amounts due from subsidiaries (non-trade) | | | | |
| - interest bearing | – | – | 170,041 | 585 |
| - non-interest bearing | – | – | 166,989 | 319,479 |
| | – | – | 337,030 | 320,064 |
| Amounts due from jointly-controlled entities (non-trade) | | | | |
| - interest-bearing | 184,416 | 185,205 | 184,416 | 185,205 |
| - non-interest bearing | 101,009 | 85,169 | 245 | – |
| | 285,425 | 270,374 | 184,661 | 185,205 |
| | 285,425 | 270,374 | 521,691 | 505,269 |

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 $101,009,000 (2014: $85,169,000) 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 entities, it is stated at cost less accumulated impairment losses.

Interest bearing amounts due from jointly-controlled entities of $184,416,000 (2014: $185,205,000) have no fixed terms of repayment and are charged at rates of 1.20% to 1.40% (2014: 1.20% to 1.45%) per annum.

## 11 OTHER RECEIVABLES (CONT'D)

*Company*

The settlement for the non-interest-bearing amounts due from subsidiaries of $166,989,000 (2014: $319,479,000) 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 $170,041,000 (2014: $585,000) have no fixed terms of repayment and are charged at a rate of 3.50% (2014: 2.40%) per annum.

In 2015, amounts due from a jointly-controlled entity (non-trade) of $2,870,000 (2014: $149,450,000) was converted to preference shares and included as part of the Company's investment in jointly-controlled entities. During the year, an impairment loss of $36,124,000 was made against the Company's investment in its jointly-controlled entities; the cumulative impairment loss as at 31 December 2015 is $99,535,000 (2014: $63,411,000).

## 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 2014 $'000 | Others $'000 | At 31 December 2014 $'000 | Recognised in income statement (note 26) $'000 | At 31 December 2015 $'000 |
|---|---|---|---|---|---|
| **Group** | | | | | |
| **Deferred tax liabilities** | | | | | |
| Development properties | 130 | – | 130 | (130) | – |
| Property, plant and equipment | 53 | – | 53 | – | 53 |
| Income not remitted into Singapore | 104 | – | 104 | – | 104 |
| Accrued rent receivables | 1,228 | (1,228) | – | – | – |
| | 1,515 | (1,228) | 287 | (130) | 157 |
| **Deferred tax assets** | | | | | |
| Deferred income | (473) | – | (473) | 473 | – |

## 13 DEVELOPMENT PROPERTIES

| | Note | Group 2015 $'000 | Group 2014 $'000 |
|---|---|---|---|
| Properties held for sale | | 155,758 | 149,714 |
| Properties under development: | | | |
| - Costs incurred and attributable profits | | 165,151 | 79,832 |
| - Progress billings | | – | – |
| | | 165,151 | 79,832 |
| Total development properties | | 320,909 | 229,546 |
| Interest capitalised during the year | 25 | 1,276 | 28 |

During the year, the finance costs was capitalised at rates ranging from 3.90% to 4.58% (2014: 4.53% to 4.59%) per annum for development properties.

Certain development properties with carrying value amounting to $307,762,000 (2014: $63,943,000) were pledged to secure banking facilities granted to the Group (see note 18).

## 14 TRADE AND OTHER RECEIVABLES

| | Group 2015 $'000 | Group 2014 $'000 | Company 2015 $'000 | Company 2014 $'000 |
|---|---|---|---|---|
| Trade receivables | 1,216 | 499 | – | – |
| Accrued rent receivables | 22,040 | 24,945 | – | – |
| Impairment losses | (26) | (34) | – | – |
| Net receivables | 23,230 | 25,410 | – | – |
| Other deposits | 475 | 561 | – | 29 |
| Amounts due from: | | | | |
| - subsidiaries (non-trade) | | | | |
| - non-interest-bearing | – | – | 89,010 | 6,256 |
| - jointly-controlled entities (non-trade) | | | | |
| - non-interest-bearing | 18 | 17 | – | – |
| - Corporate shareholder of associate (non-trade) | | | | |
| - non-interest-bearing | 20,923 | 19,665 | 20,923 | 19,665 |
| Goods and services tax recoverable | 1,991 | 133 | – | – |
| Derivative financial asset | 2,415 | 351 | – | – |
| Other receivables | 15,853 | 8,161 | 767 | 505 |
| | 64,905 | 54,298 | 110,700 | 26,455 |
| Prepayments | 290 | 348 | 26 | 33 |
| Deposits paid to acquire residential properties | 7,608 | 8,016 | – | – |
| | 72,803 | 62,662 | 110,726 | 26,488 |

## 14 TRADE AND OTHER RECEIVABLES (CONT'D)

Amounts due from subsidiaries, jointly-controlled entities and corporate shareholder of associate are unsecured and repayable within the next twelve months.

Included within other receivables are amounts of $15,179,000 (2014: $7,093,000) held by lawyers in trust of the Group in relation to deposits received from sale of properties.

## 15 CASH AND CASH EQUIVALENTS

| | Group | | Company | |
|---|---|---|---|---|
| | 2015<br>$'000 | 2014<br>$'000 | 2015<br>$'000 | 2014<br>$'000 |
| Cash at banks and in hand | 14,569 | 4,618 | 381 | 337 |
| Fixed deposits | – | 5,335 | – | – |
| | 14,569 | 9,953 | 381 | 337 |

The weighted average effective interest rates relating to fixed deposits at the balance sheet date for the Group is nil% (2014: 0.50%) per annum.

## 16 SHARE CAPITAL

| | Group and Company | |
|---|---|---|
| | 2015<br>Number of shares ('000) | 2014<br>Number of shares ('000) |
| **Fully paid ordinary shares, with no par value:** | | |
| At 1 January and 31 December | 703,338 | 703,338 |

As at 31 December 2015, included in the total number of ordinary shares was 37,103,200 (2014: 35,777,000) shares purchased by the Company (the "Treasury Shares") by way of market acquisition at an average price of $1.69 (2014: $1.68) per share. The Treasury Shares were deducted from total equity (see note 17).

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

## 16 SHARE CAPITAL (CONT'D)

*Capital management*

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

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

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

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

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

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

| | Group | | Company | |
|---|---|---|---|---|
| | 2015<br>$'000 | 2014<br>$'000 | 2015<br>$'000 | 2014<br>$'000 |
| Net debt | 1,564,410 | 905,207 | 203,061 | 153,392 |
| Total equity (excluding non-controlling interests) | 2,820,441 | 2,601,117 | 1,334,484 | 1,153,769 |
| **Gearing ratio** | 0.55 | 0.35 | 0.15 | 0.13 |

The Group and the Company are in compliance with all borrowing covenants for the financial years ended 31 December 2014 and 31 December 2015.

## 17 CAPITAL AND RESERVES

| | Group | | Company | |
|---|---|---|---|---|
| | 2015<br>$'000 | 2014<br>$'000 | 2015<br>$'000 | 2014<br>$'000 |
| Reserve for own shares | (62,859) | (60,284) | (62,859) | (60,284) |
| Capital reserve | 2,043 | 2,043 | – | – |
| Hedging reserve | 2,415 | 351 | – | – |
| Foreign currency translation reserve | 33,307 | 22,359 | – | – |
| Retained earnings | 2,689,487 | 2,480,600 | 1,241,295 | 1,058,005 |
| | 2,664,393 | 2,445,069 | 1,178,436 | 997,721 |

## 17 CAPITAL AND RESERVES (CONT'D)

*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.

*Retained earnings*
Included in retained earnings is a net accumulated loss of $10,101,000 (2014: profit of $12,703,000) representing share of post acquisition results of associates and jointly-controlled entities.

## 18 LOANS AND BORROWINGS

| | Group | | Company | |
|---|---|---|---|---|
| | 2015<br>$'000 | 2014<br>$'000 | 2015<br>$'000 | 2014<br>$'000 |
| **Non-current liabilities** | | | | |
| Secured bank loans | 1,195,023 | 751,516 | 114,554 | – |
| **Current liabilities** | | | | |
| Secured bank loans | 383,956 | 163,644 | 88,888 | 153,729 |
| | 1,578,979 | 915,160 | 203,442 | 153,729 |

The bank loans are secured on the following assets:

| | Note | Group 2015<br>$'000 | Group 2014<br>$'000 |
|---|---|---|---|
| Investment properties | 5 | 2,720,442 | 2,175,896 |
| Development properties | 13 | 307,762 | 63,943 |
| Carrying amounts | | 3,028,204 | 2,239,839 |

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

## 18 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 | 2015 Face value $'000 | 2015 Carrying amount $'000 | 2014 Face value $'000 | 2014 Carrying amount $'000 |
|---|---|---|---|---|---|---|
| **Group** | | | | | | |
| Secured bank loans | | | | | | |
| - floating rate | 1.49 – 4.58 | 2016 – 2020 | 1,578,979 | 1,578,979 | 915,160 | 915,160 |
| **Company** | | | | | | |
| Secured bank loans | | | | | | |
| - floating rate | 1.54 – 3.93 | 2016–2017 | 203,442 | 203,442 | 153,729 | 153,729 |

*Intra-group financial guarantees*

Intra-group financial guarantees comprise guarantees given by the Company to banks in respect of banking facilities amounting to $1,426,056,000 (2014: $957,203,000) extended to its subsidiaries, associates and jointly-controlled entities. The periods in which the financial guarantees expire are as follows:

| | Group 2015 $'000 | Group 2014 $'000 | Company 2015 $'000 | Company 2014 $'000 |
|---|---|---|---|---|
| Less than 1 year | – | – | 82,617 | 9,915 |
| Between 1 and 5 years | 195,773 | 195,773 | 1,343,439 | 947,288 |
| | 195,773 | 195,773 | 1,426,056 | 957,203 |

## 19 OTHER LIABILITIES

| | Group 2015 $'000 | Group 2014 $'000 |
|---|---|---|
| Rental deposits | 12,890 | 12,152 |
| Amount due to a non-controlling shareholder (non-trade) | 15,213 | 15,213 |
| | 28,103 | 27,365 |

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.

## 20 DEFERRED INCOME

| | Group | |
|---|---|---|
| | 2015 | 2014 |
| | $'000 | $'000 |
| Gain on sale and leaseback arrangement | – | 819 |
| Rental advances from tenants | 19,310 | 20,606 |
| | 19,310 | 21,425 |
| Non-current | 348 | 8,175 |
| Current | 18,962 | 13,250 |
| | 19,310 | 21,425 |

*Gain on sale and leaseback arrangement*

In 2010, the Group entered into a sale and leaseback arrangement, in which a deferred gain is recognised on the excess of sale proceeds over the fair value of the disposed leasehold property. Deferred gain is released to profit or loss on a straight-line basis over the leaseback period of 5 years.

## 21 TRADE AND OTHER PAYABLES

| | Group | | Company | |
|---|---|---|---|---|
| | 2015 | 2014 | 2015 | 2014 |
| | $'000 | $'000 | $'000 | $'000 |
| Rental deposits | 6,058 | 3,531 | – | – |
| Accrued operating expenses and development expenditure | 26,590 | 53,807 | 12,041 | 7,111 |
| Amounts due to subsidiaries (non-trade) | – | – | 2,678 | 79,623 |
| Amount due to jointly-controlled entity (non-trade) | 600 | 3,690 | 600 | 3,690 |
| Other payables | 14,943 | 7,055 | 54 | 23 |
| Goods and services tax payable | 2,148 | 1,755 | – | – |
| | 50,339 | 69,838 | 15,373 | 90,447 |

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

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

## 22 REVENUE

Revenue represents rental income and service charges, after eliminating inter-company transactions.

| | Group | |
|---|---|---|
| | 2015 | 2014 |
| | $'000 | $'000 |
| Rental income and service charges | 129,933 | 99,601 |

Included in rental income and service charges is lease income generated from investment properties of $125,538,000 (2014: $94,990,000).

## 23 OTHER INCOME

| | Group | |
|---|---|---|
| | 2015 | 2014 |
| | $'000 | $'000 |
| Gross dividend income from unquoted equity investments | 8 | 43 |
| Gain/(loss) on disposal of property, plant and equipment | 139 | (2) |
| Gain on disposal of investment properties | 6,907 | – |
| Distribution income from financial assets designated at fair value through profit or loss | 164 | 118 |
| Forfeiture income | – | 167 |
| Management fee income | 294 | 420 |
| Fair value loss on financial assets at fair value through profit or loss | (48) | (272) |
| Others | 1,601 | 1,402 |
| | 9,065 | 1,876 |

## 24 DIRECTORS' REMUNERATION

Number of directors in remuneration bands:

| | 2015 Number of Directors | 2014 Number of Directors |
|---|---|---|
| $500,000 and above | 3 | 3 |
| $250,000 to $499,999 | – | – |
| Below $250,000 | 5* | 5* |
| Total | 8 | 8 |

* *Includes 5 (2014: 5) independent directors.*

## 25 FINANCE INCOME AND FINANCE COSTS

| | Note | Group 2015 $'000 | Group 2014 $'000 |
|---|---|---|---|
| Interest income on loans and receivables | | 1,266 | 1,423 |
| Finance income | | 1,266 | 1,423 |
| | | | |
| Interest expense on financial liabilities measured at amortised cost | | (25,347) | (19,465) |
| Interest expense capitalised in properties under development | 13 | 1,276 | 28 |
| Finance costs | | (24,071) | (19,437) |
| | | | |
| Net finance costs recognised in profit or loss | | (22,805) | (18,014) |

## 26 INCOME TAX EXPENSE

| | Group 2015 $'000 | Group 2014 $'000 |
|---|---|---|
| **Current tax expense** | | |
| Current year | 9,381 | 7,737 |
| Under/(over) provision of tax in prior years | 7,154 | (366) |
| | 16,535 | 7,371 |
| **Deferred tax expense** | | |
| Movements in temporary differences (note 12) | 343 | – |
| **Total income tax expense** | 16,878 | 7,371 |

**Reconciliation of effective tax rate**

| | Group 2015 $'000 | Group 2014 $'000 |
|---|---|---|
| Profit for the year | 241,172 | 314,516 |
| Total income tax expense | 16,878 | 7,371 |
| Profit excluding income tax | 258,050 | 321,887 |
| | | |
| Tax calculated using Singapore tax rate of 17% (2014: 17%) | 43,869 | 54,721 |
| Expenses not deductible for tax purposes | 5,430 | 2,877 |
| Tax exempt revenue | (144) | (156) |
| Income not subject to tax | (36,529) | (48,796) |
| Effect of different tax rates in other countries | 530 | 721 |
| Tax incentives | (3,432) | (1,630) |
| Under/(over) provision of tax in prior years | 7,154 | (366) |
| | 16,878 | 7,371 |

## 27 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 profit or loss 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 expired on 27 March 2014.

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

| | Group | |
|---|---|---|
| | 2015 $'000 | 2014 $'000 |
| **Results of discontinued operation** | | |
| Revenue | – | 1,447 |
| Expenses | – | (1,634) |
| **Results from operating activities** | – | (187) |
| Tax | – | – |
| **Profit for the year** | – | (187) |
| | | |
| Basic earnings per share (cents) | – | (0.03) |
| Diluted earnings per share (cents) | – | (0.03) |

The loss from discontinued operation of $nil (2014: $187,000) is attributable entirely to the owners of the Company.

Of the profit from continuing operations of $241,172,000 (2014: $314,703,000), an amount of $242,244,000 (2014: $315,178,000) is attributable to the owners of the Company.

### *Cash flows from discontinued operations*

| | Group | |
|---|---|---|
| | 2015 $'000 | 2014 $'000 |
| Net cash from operating activities | – | (747) |
| **Net cash flows for the year** | – | (747) |

## 28 PROFIT FOR THE YEAR

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

| | Note | Group 2015 $'000 | Group 2014 $'000 |
|---|---|---|---|
| Direct operating expenses from investment properties | | 17,306 | 19,105 |
| Audit fees payable/paid to auditors of the Company | | 337 | 362 |
| Non-audit fees paid to auditors of the Company | | 116 | 111 |
| Depreciation of property, plant and equipment | 4 | 1,000 | 964 |
| Amortisation of deferred gain on sale of leasehold property under a sale and leaseback arrangement | 20 | (819) | (982) |
| Staff costs | | 8,389 | 6,171 |
| Contributions to defined contribution plans included in staff costs | | 435 | 253 |
| Allowance for impairment loss (reversed)/made on trade receivables | | (8) | 18 |

## 29 EARNINGS PER SHARE

| | Group 2015 $'000 | Group 2014 $'000 |
|---|---|---|
| Basic earnings per share is based on: | | |
| Net profit attributable to ordinary shareholders | 242,244 | 314,991 |

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

| | Group 2015 Number of shares '000 | Group 2014 Number of shares '000 |
|---|---|---|
| Ordinary shares in issue at beginning of the year | 703,338 | 703,338 |
| Effect of own shares held | (36,534) | (35,457) |
| Weighted average number of ordinary shares in issue during the year | 666,804 | 667,881 |

## 30 DIVIDENDS

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

| | Group and Company 2015 $'000 | Group and Company 2014 $'000 |
|---|---|---|
| Proposed final tax-exempt dividend of 7 cents (2014: 5 cents) per share | 46,636 | 33,378 |

## 31 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 the activities of the Group. The Directors of the Group are considered as key management personnel.

Key management personnel compensation comprises:

| | Group | |
|---|---|---|
| | 2015 | 2014 |
| | $'000 | $'000 |
| Directors' fees | 390 | 317 |
| Directors' remuneration: | | |
| - short-term employee benefits | 11,628 | 7,028 |
| | 12,018 | 7,345 |

*Other related party transactions*

During the financial year, 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 | |
|---|---|---|---|
| | | 2015 | 2014 |
| | | $'000 | $'000 |
| **Related corporations** | | | |
| Rental income | | 44 | 43 |
| Other operating expenses: | | | |
| - insurance on investment properties | | 50 | 33 |
| - other insurances | | 54 | 24 |
| - printing | | 66 | 45 |
| - sales of motor vehicles | | 84 | – |
| - others | | 35 | 54 |
| **Other related parties** | | | |
| Donations made | (i) | 2,000 | 6,000 |

(i) The donation of $2,000,000 (2014: $6,000,000) was made to Ho Bee Foundation ("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 Foundation. Mr Chua is also a director and a key management personnel of the Foundation.

## 32 COMMITMENTS

As at 31 December 2015, commitments for expenditure which have not been provided for in the financial statements were as follows:

| | Group | |
|---|---|---|
| | 2015 | 2014 |
| | $'000 | $'000 |
| Authorised and contracted for: | | |
| - development expenditure | 9,672 | 106,104 |
| - subscription for additional interest in private equity funds | 100 | 335 |

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 | |
|---|---|---|
| | 2015 | 2014 |
| | $'000 | $'000 |
| Within 1 year | 151,089 | 101,897 |
| After 1 year but within 5 years | 436,057 | 283,716 |
| After 5 years | 254,734 | 179,501 |
| | 841,880 | 565,114 |

## 33 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.

## 33 FINANCIAL RISK MANAGEMENT (CONT'D)

### Financial guarantee

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

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

The intra-group financial guarantees 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 to achieve a certain level of protection against interest rate hikes. Where appropriate, the Group uses interest rate derivatives to hedge its interest rate exposure for specific underlying debt obligations.

Interest rate derivatives are used to manage interest rate risk, to the extent that the perceived cost is considered to outweigh the benefit from the flexibility of variable rate borrowings, and the Group actively monitors the need and timing for such derivatives.

Where used, interest rate derivatives are classified as cash flow hedges and stated at fair value within the Group's statement of financial position.

## 33 FINANCIAL RISK MANAGEMENT (CONT'D)

### Cash flow hedges

Subsidiaries of the Group have entered into interest rate swaps to fix the interest relating to the payment of quarterly interest charges arising on the drawdown of term loan facilities totaling $325,066,480 (2014: $141,970,400), and designated these as cash flow hedges. The risk being hedged was the variability of cash flows arising from movements in interest rates. The hedges will be in place until the term loans mature in 2019 and 2020.

The cash flows will occur on a quarterly basis until the loan balances mature in 2019 and 2020 and these hedges which are designated as cash flow hedges, are considered to be highly effective. The carrying value of the hedging instruments were restated to their fair value at each reporting date, with the effective portion of changes in fair value since inception being taken to the hedging reserve. The gain recognised in the other comprehensive income in 2015 in respect of the change in fair value of the hedging instruments was $2,064,000 (2014: $351,000). There was no ineffectiveness recognised in profit or loss that arose from the cash flow hedges.

### 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 pound (GBP), 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.

## 34 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 $285,443,000 (2014: $270,391,000) representing 80% (2014: 81%) of total gross trade and other receivables. Except for these receivables, there was no concentration of credit risk.

## 34 FINANCIAL INSTRUMENTS (CONT'D)

### Impairment losses

The ageing of trade receivables at the reporting date was:

| Group | Gross 2015 $'000 | Impairment losses 2015 $'000 | Gross 2014 $'000 | Impairment losses 2014 $'000 |
|---|---|---|---|---|
| Not past due | 23,213 | – | 24,945 | – |
| Past due 0 – 30 days | – | – | 419 | – |
| Past due 31 – 120 days | 4 | – | 16 | – |
| More than 120 days past due | 39 | 26 | 64 | 34 |
| | 23,256 | 26 | 25,444 | 34 |

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

| | Group 2015 $'000 | Group 2014 $'000 |
|---|---|---|
| At 1 January | 34 | 16 |
| Impairment loss (reversed)/made | (8) | 18 |
| At 31 December | 26 | 34 |

Based on historical default rates and the Group's assessment of 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 not more than 120 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.

## 34 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 $'000 | Cash flows: Contractual cash flows $'000 | Within 1 year $'000 | Within 2 to 5 years $'000 | More than 5 years $'000 |
|---|---|---|---|---|---|
| **Group** | | | | | |
| **2015** | | | | | |
| **Non-derivative financial liabilities** | | | | | |
| Secured bank loans* | 1,578,979 | (1,663,452) | (412,918) | (1,250,534) | – |
| Amount due to jointly controlled entity | 600 | (600) | (600) | – | – |
| Trade and other payables | 49,739 | (49,739) | (49,739) | – | – |
| | 1,629,318 | (1,713,791) | (463,257) | (1,250,534) | – |
| **2014** | | | | | |
| **Non-derivative financial liabilities** | | | | | |
| Secured bank loans* | 915,160 | (983,989) | (180,588) | (803,401) | – |
| Amount due to jointly controlled entity | 3,690 | (3,690) | (3,690) | – | – |
| Trade and other payables | 66,148 | (66,148) | (66,148) | – | – |
| | 984,998 | (1,053,827) | (250,426) | (803,401) | – |
| **Company** | | | | | |
| **2015** | | | | | |
| **Non-derivative financial liabilities** | | | | | |
| Secured bank loans | 203,442 | (205,408) | (89,021) | (116,387) | – |
| Amounts due to subsidiaries | 2,678 | (2,685) | (2,685) | – | – |
| Amount due to jointly controlled entity | 600 | (600) | (600) | – | – |
| Trade and other payables | 12,095 | (12,095) | (12,095) | – | – |
| | 218,815 | (220,788) | (104,401) | (116,387) | – |
| **2014** | | | | | |
| **Non-derivative financial liabilities** | | | | | |
| Secured bank loans | 153,729 | (153,978) | (153,978) | – | – |
| Amounts due to subsidiaries | 79,623 | (79,623) | (79,623) | – | – |
| Amount due to jointly controlled entity | 3,690 | (3,690) | (3,690) | – | – |
| Trade and other payables | 7,134 | (7,134) | (7,134) | – | – |
| | 244,176 | (244,425) | (244,425) | – | – |

* *The contractual cashflow is net of the impact of interest rate swap.*
*For secured bank loans with no interest rate swap arrangements, the contractual cashflows includes the estimated interest payments based on interest rates transacted in the 4th quarter of 2015.*

## 34 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:

| | 2015 USD $'000 | 2015 GBP $'000 | 2015 AUD $'000 | 2014 USD $'000 | 2014 GBP $'000 | 2014 AUD $'000 |
|---|---|---|---|---|---|---|
| **Group** | | | | | | |
| Financial assets | 3,337 | – | – | 4,051 | – | – |
| Trade and other receivables | 98,695 | 259,161 | 132,591 | 92,761 | 190,911 | 83,793 |
| Cash and cash equivalents | 330 | 12,215 | 389 | 331 | 4,183 | 189 |
| Loans and borrowings | – | (1,004,317) | (80,662) | – | (441,150) | (54,009) |
| | 102,362 | (732,941) | 52,318 | 97,143 | (246,056) | 29,973 |
| **Company** | | | | | | |
| Trade and other receivables | 20,923 | 250,452 | 114,736 | 19,665 | 182,654 | 75,973 |
| Loans and borrowings | – | (189,906) | (10,537) | – | (108,609) | (45,119) |
| | 20,923 | 60,546 | 104,199 | 19,665 | 74,045 | 30,854 |

*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 2015** | |
| USD (10% strengthening of Singapore dollar) | (10,236) |
| GBP (10% strengthening of Singapore dollar) | 73,294 |
| AUD (10% strengthening of Singapore dollar) | (5,232) |
| **31 December 2014** | |
| USD (10% strengthening of Singapore dollar) | (9,714) |
| GBP (10% strengthening of Singapore dollar) | 24,606 |
| AUD (10% strengthening of Singapore dollar) | (2,997) |

## 34 FINANCIAL INSTRUMENTS (CONT'D)

### Currency risk (cont'd)
*Sensitivity analysis (cont'd)*

| | Company Profit before income tax $'000 |
|---|---|
| **31 December 2015** | |
| USD (10% strengthening of Singapore dollar) | (2,092) |
| GBP (10% strengthening of Singapore dollar) | (6,055) |
| AUD (10% strengthening of Singapore dollar) | (10,420) |
| **31 December 2014** | |
| USD (10% strengthening of Singapore dollar) | (1,967) |
| GBP (10% strengthening of Singapore dollar) | (7,405) |
| AUD (10% strengthening of Singapore dollar) | (3,085) |

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.

### Interest rate risk
*Profile*

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

| | Group Carrying amount | | Company Carrying amount | |
|---|---|---|---|---|
| | 2015 $'000 | 2014 $'000 | 2015 $'000 | 2014 $'000 |
| **Fixed rate instruments** | | | | |
| Financial assets | 184,416 | 190,540 | 354,457 | 185,205 |
| Financial liabilities | (870) | – | (870) | – |
| Effect of interest rate swaps | (325,066) | (141,970) | – | – |
| | (141,520) | 48,570 | 353,587 | 185,205 |
| **Variable rate instruments** | | | | |
| Financial liabilities | (1,578,979) | (915,160) | (203,442) | (153,729) |
| Effect of interest rate swaps | 325,066 | 141,970 | – | – |
| | (1,253,913) | (773,190) | (203,442) | (153,729) |

## 34 FINANCIAL INSTRUMENTS (CONT'D)

**Interest rate risk (cont'd)**
***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.

***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 (decrease)/increase amounts recognised in profit or loss as shown below. This analysis assumes that all other variables, in particular, foreign currency rates, remain constant.

| | Profit before income tax | |
|---|---|---|
| | 100 bp increase $'000 | 100 bp decrease $'000 |
| **Group** | | |
| **31 December 2015** | | |
| Variable rate instruments | (125,391) | 125,391 |
| **31 December 2014** | | |
| Variable rate instruments | (77,319) | 77,319 |
| **Company** | | |
| **31 December 2015** | | |
| Variable rate instruments | (20,344) | 20,344 |
| **31 December 2014** | | |
| Variable rate instruments | (15,373) | 15,373 |

**Estimation of fair values for financial assets and liabilities**
***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 Finance Director, 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.

## 34 FINANCIAL INSTRUMENTS (CONT'D)

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

***Financial assets designated at fair value through profit or loss***

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 shareholder 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.

**Interest rates used in determining fair values**

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

| | 2015<br>% | 2014<br>% |
|---|---|---|
| Financial liabilities | 1.5 – 4.6 | 1.3 – 4.6 |
| Receivables | 1.2 – 1.4 | 1.2 – 1.5 |
| Payables | 1.5 – 4.6 | 1.3 – 4.6 |

**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 2015 and 2014.

## 34 FINANCIAL INSTRUMENTS (CONT'D)

### 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); and
- 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 |
|---|---|---|---|---|
| **Financial assets carried at fair value** | | | | |
| **Group** | | | | |
| **31 December 2015** | | | | |
| Financial assets designated at fair value through profit or loss | – | – | 3,337 | 3,337 |
| Interest rate swaps used for hedging | – | 2,415 | – | 2,415 |
| | – | 2,415 | 3,337 | 5,752 |
| **31 December 2014** | | | | |
| Financial assets designated at fair value through profit or loss | – | – | 4,051 | 4,051 |
| Interest rate swaps used for hedging | – | 351 | – | 351 |
| | – | 351 | 4,051 | 4,402 |

**Level 2 fair values**

The Group entered into interest rate swaps to hedge its interest rate exposure on its variable rate borrowings. The interest rate swaps are carried at fair value at each reporting date, based on broker quotes. Similar contracts are traded in an active market and the quotes reflect the actual transactions in similar instruments. There are no significant unobservable inputs in measuring the fair value.

| | Group | |
|---|---|---|
| | Contract/ notional amount $'000 | Fair value of assets $'000 |
| **2015** | | |
| Cash flow hedges – Interest rate swaps | 325,066 | 2,415 |
| **2014** | | |
| Cash flow hedges – Interest rate swaps | 141,970 | 351 |

## 34 FINANCIAL INSTRUMENTS (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 2015 | 4,051 |
| Fair value changes | (48) |
| Distribution income | 164 |
| Dividend income | 8 |
| Exchange gain recognised in profit or loss | 228 |
| Purchases | 2 |
| Settlements | (1,068) |
| 31 December 2015 | 3,337 |
| Total gain for the year included in profit or loss for assets held as at 31 December 2015 | 352 |
| 1 January 2014 | 4,518 |
| Fair value changes | (272) |
| Distribution income | 118 |
| Exchange gain recognised in profit or loss | 193 |
| Dividend income | 43 |
| Purchases | 45 |
| Settlements | (594) |
| 31 December 2014 | 4,051 |
| Total gain for the year included in profit or loss for assets held as at 31 December 2014 | 82 |

## 34 FINANCIAL INSTRUMENTS (CONT'D)

**Level 3 fair values (cont'd)**

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

| | 2015<br>$'000 | 2014<br>$'000 |
|---|---|---|
| **Other income** | | |
| Fair value loss | (48) | (272) |
| Distribution income | 164 | 118 |
| Dividend income | 8 | 43 |
| | 124 | (111) |
| **Gain on foreign exchange** | | |
| Exchange gain recognised | 228 | 193 |
| Total gain included in profit or loss for the year | 352 | 82 |

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

(b) Private equity investments are initially valued based upon transaction price, with subsequent adjustments to values which reflect the consideration of available market data, including primarily observations of the trading multiples of public companies considered comparable to the privately held companies being valued. Valuations are also adjusted to give consideration to the financial condition and operating results specific to the issuer. Any investment in a privately-held company, suffering 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.

## 34 FINANCIAL INSTRUMENTS (CONT'D)

### Financial instruments by category

| | Loans and receivables $'000 | Financial assets at fair value through profit or loss $'000 | Fair value - hedging instruments $'000 | Financial liabilities at amortised cost $'000 | Total $'000 |
|---|---|---|---|---|---|
| **Group** | | | | | |
| **31 December 2015** | | | | | |
| Trade and other receivables* | 246,906 | – | 2,415 | – | 249,321 |
| Financial assets at fair value through profit or loss | – | 3,337 | – | – | 3,337 |
| Cash and cash equivalents | 14,569 | – | – | – | 14,569 |
| Loans and borrowings | – | – | – | (1,578,979) | (1,578,979) |
| Trade and other payables** | – | – | – | (50,339) | (50,339) |
| | 261,475 | 3,337 | 2,415 | (1,629,318) | (1,362,091) |
| **31 December 2014** | | | | | |
| Trade and other receivables* | 239,152 | – | 351 | – | 239,503 |
| Financial assets at fair value through profit or loss | – | 4,051 | – | – | 4,051 |
| Cash and cash equivalents | 9,953 | – | – | – | 9,953 |
| Loans and borrowings | – | – | – | (915,160) | (915,160) |
| Trade and other payables** | – | – | – | (69,838) | (69,838) |
| | 249,105 | 4,051 | 351 | (984,998) | (731,491) |

## 34 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 2015** | | | | |
| Trade and other receivables* | 465,157 | – | – | 465,157 |
| Cash and cash equivalents | 381 | – | – | 381 |
| Trade and other payables | – | – | (15,373) | (15,373) |
| Loans and borrowings | – | – | (203,442) | (203,442) |
| | 465,538 | – | (218,815) | 246,723 |
| **31 December 2014** | | | | |
| Trade and other receivables* | 212,245 | – | – | 212,245 |
| Cash and cash equivalents | 337 | – | – | 337 |
| Trade and other payables | – | – | (90,447) | (90,447) |
| Loans and borrowings | – | – | (153,729) | (153,729) |
| | 212,582 | – | (244,176) | (31,594) |

* Excludes prepayments, deposits paid to acquire residential properties and amounts whereby, in substance, are part of the Group's and the Company's net investments in subsidiaries and jointly-controlled entities.

** Excludes amounts, in substance, are part of the non-controlling shareholder's net investment in the Group.

## 35 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 Finance Director 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 2015 or 2014.

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 Finance Director. 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.

### (a) Operating segments

| | Sale of development properties $'000 | Rental income $'000 | Others $'000 | Total $'000 |
|---|---|---|---|---|
| **2015** | | | | |
| Turnover | – | 129,933 | – | 129,933 |
| Operating results | (3,350) | 111,178 | – | 107,828 |
| Other operating income | | | | 216,818 |
| Other operating expenses | | | | (20,987) |
| Profit from operations | | | | 303,659 |
| Net finance costs | | | | (22,805) |
| Share of profits of associates | | | | 17,039 |
| Share of losses of jointly-controlled entities | | | | (39,843) |
| Income tax expense | | | | (16,878) |
| Profit from continuing operations, net of tax | | | | 241,172 |
| Profit from discontinued operations, net of tax | | | | – |
| Profit for the year | | | | 241,172 |
| Other material non-cash items: | | | | |
| - Fair value changes on investment properties | – | 186,362 | – | 186,362 |
| Reportable segment assets | 321,782 | 3,071,869 | 3,337 | 3,396,988 |
| Investments in associates and jointly-controlled entities | 890,288 | – | – | 890,288 |
| Reportable segment liabilities | 98,875 | 1,495,317 | – | 1,594,192 |

## 35 OPERATING SEGMENTS (CONT'D)

### (a) Operating segments (cont'd)

| | Sale of development properties $'000 | Rental income $'000 | Others $'000 | Total $'000 |
|---|---|---|---|---|
| **2014** | | | | |
| Turnover | – | 99,601 | – | 99,601 |
| Operating results | 7,406 | 79,130 | – | 86,536 |
| Other operating income | | | | 283,569 |
| Other operating expenses | | | | (24,080) |
| Profit from operations | | | | 346,025 |
| Net finance costs | | | | (18,014) |
| Share of losses of associates | | | | (1,614) |
| Share of losses of jointly-controlled entities | | | | (4,323) |
| Income tax expense | | | | (7,371) |
| Profit from continuing operations, net of tax | | | | 314,703 |
| Profit from discontinued operations, net of tax | | | | (187) |
| Profit for the year | | | | 314,516 |
| Other material non-cash items: | | | | |
| - Fair value changes on investment properties | – | 281,693 | – | 281,693 |
| Reportable segment assets | 229,546 | 2,308,295 | 4,051 | 2,541,892 |
| Investments in associates and jointly-controlled entities | 887,594 | – | – | 887,594 |
| Reportable segment liabilities | 69,222 | 861,150 | – | 930,372 |

*Reconciliations of reportable segment assets and liabilities and other material items*

| | 2015 $'000 | 2014 $'000 |
|---|---|---|
| **Assets** | | |
| Total assets for reportable segments | 3,393,651 | 2,537,841 |
| Other assets | 3,337 | 4,051 |
| Investments in equity accounted investees | 890,288 | 887,594 |
| Total assets for discontinued operations | – | – |
| Other unallocated amounts | 271,120 | 254,942 |
| Consolidated total assets | 4,558,396 | 3,684,428 |
| **Liabilities** | | |
| Total liabilities for reportable segments | 1,594,192 | 930,372 |
| Other unallocated amounts | 130,304 | 138,248 |
| Consolidated total liabilities | 1,724,496 | 1,068,620 |

## 35 OPERATING SEGMENTS (CONT'D)

### (a) Operating segments (cont'd)

| | Reportable segment totals $'000 | Unallocated amounts $'000 | Consolidated totals $'000 |
|---|---|---|---|
| **Other material items** | | | |
| **2015** | | | |
| Capital expenditure | – | 1,927 | 1,927 |
| Depreciation of property, plant and equipment | – | 1,000 | 1,000 |
| **2014** | | | |
| Capital expenditure | – | 1,654 | 1,654 |
| Depreciation of property, plant and equipment | – | 964 | 964 |

### (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 |
|---|---|---|---|---|---|
| **2015** | | | | | |
| Revenue | 90,198 | 54 | 39,629 | 52 | 129,933 |
| Non-current assets* | 2,053,214 | 469,070 | 1,337,393 | 1,676 | 3,861,353 |
| **2014** | | | | | |
| Revenue | 74,262 | 50 | 25,232 | 57 | 99,601 |
| Non-current assets* | 2,055,460 | 430,001 | 620,113 | 1,795 | 3,107,369 |

* 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.

## 36 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 34.

*Investment properties*

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

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 foot 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.

## 36 DETERMINATION OF FAIR VALUES (CONT'D)

### Fair value hierarchy

Fair value and fair value hierarchy information on financial instruments are disclosed in note 34.

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); and
- 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 |
|---|---|---|---|---|
| **Non-financial assets carried at fair value** | | | | |
| **Group** | | | | |
| **31 December 2015** | | | | |
| Investment properties | – | – | 3,049,518 | 3,049,518 |
| **31 December 2014** | | | | |
| Investment properties | – | – | 2,283,127 | 2,283,127 |

### 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 properties 2015 $'000 | Investment properties 2014 $'000 |
|---|---|---|
| **Group** | | |
| 1 January | 2,283,127 | 1,540,709 |
| Additions | 629,955 | 468,908 |
| Disposal | (58,900) | – |
| *Gains and losses for the year* | | |
| Changes in fair value | 186,362 | 281,693 |
| Movement in exchange rate | 8,974 | (8,183) |
| At 31 December | 3,049,518 | 2,283,127 |

## 36 DETERMINATION OF FAIR VALUES (CONT'D)

### Valuation techqniue and significant unobservable inputs

The following table shows the key unobservable inputs used in the valuation models for deriving Level 3 fair values as at 31 December 2015:

| Type | Valuation technique | Key unobservable inputs | Inter-relationship between key unobservable inputs and fair value measurement |
|---|---|---|---|
| Commercial properties in Singapore and United Kingdom | Income capitalisation approach | Capitalisation rates: 4% - 5.5% (2014: 4.25% - 5%) | The estimated fair value would increase (decrease) if:<br>- The capitalisation rate was lower (higher) |
| | Direct Comparison | Not applicable | |

## 37 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.

### Impairment loss on completed unsold development properties

Where necessary, allowance for impairment 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.

## 37 ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)

### Valuation of investment properties

The fair values of investment properties are estimated based on valuations carried out by external and independent property valuers, 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.

## 38 COMPARATIVE INFORMATION

### Change in classification

*Rental deposits*

The Group revisited the terms and conditions in relation to the rental deposits received from tenants and reclassified certain amounts from current to non-current liabilities. Comparative amounts in the consolidated balance sheet were restated for consistency.

*Staff costs & directors' remuneration*

During 2015, the Group reviewed the nature and changed the classification of certain personnel related expenses. Comparative amounts in the consolidated income statement were restated for consistency. As a result, $4,381,000 was reclassified from 'other operating expenses' to 'staff costs & directors' remuneration'.

Since the amounts are reclassifications within operating activities in the consolidated income statement, this reclassification did not have any effect on the statements of financial position and cash flows.

# ADDITIONAL INFORMATION

*As at 31 December 2015*

## 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 |
|---|---|---|---|---|---|---|---|---|
| | **Australia** | | | | | | | |
| 1 | Surfers Paradise, Gold Coast | 223 apartments | Freehold | 90% | 2,382 | 17,627 | March 2016 | 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 | 90% | 5,475 | 18,766 | April 2016 | 100% |

## Developed Properties

| | Location | Description | Land Tenure | Type of Development | Net Lettable/ Saleable Area (Sq m) | Group's effective interest |
|---|---|---|---|---|---|---|
| | **Singapore** | | | | | |
| 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 2015*

## Investment Properties

| | Location | Description | Land Tenure | Lettable Area (sq m) | Group's effective interest |
|---|---|---|---|---|---|
| | **Singapore** | | | | |
| 1 | 623A Bukit Timah Rd | SPC petrol station | Leasehold - 999 yrs | 1,857 | 100% |
| 2 | Eastwood Centre<br>20 Eastwood Road | 2 retail units | Leasehold - 99 yrs | 972 | 100% |
| 3 | HB Centre I<br>12 Tannery Road | A block of 10-storey high-tech industrial building | Freehold | 7,662 | 100% |
| 4 | HB Centre 2<br>31 Tannery Lane | A block of 8-storey light industrial building | Freehold | 3,216 | 100% |
| 5 | The Metropolis<br>9 & 11 North<br>Buona Vista Drive | Two office towers of 21 and 23 storeys with retail component | Leasehold - 99 yrs | 100,396 | 100% |
| | **London** | | | | |
| 1 | Rose Court<br>2 Southwark Bridge Road<br>London SE 1 | A block of 11-storey office building | Freehold | 14,623 | 100% |
| 2 | 1 St Martin's Le Grand<br>London EC1A 4NP | A block of 11-storey office building | Freehold | 25,715 | 100% |
| 3 | 60 St Martin's Lane<br>London WC2 4JS | A block of 6-storey office building | Freehold | 3,377 | 100% |
| 4 | 39 Victoria Street<br>Londong SW1 | A block of 10-storey office building | Freehold | 9,093 | 100% |
| 5 | 110 Park Street, Mayfair<br>London W1 | A block of 5-storey office building | Leasehold - 125 yrs | 2,600 | 100% |
| 6 | Apollo House and<br>Lunar House<br>36 & 40 Wellesley Road,<br>Croydon<br>London CR9 | Two office buildings of 20 and 22 storeys | Freehold | 41,044 | 100% |

# ADDITIONAL INFORMATION

*As at 31 December 2015*

## Properties held for Sale

| | Location | Description | Land Tenure | Saleable Area (sq m) | Group's effective interest |
|---|---|---|---|---|---|
| | **Shanghai** | | | | |
| 1 | Changyuan<br>888 Yu Yuan Road,<br>Shanghai | 1 apartment | Leasehold - 70 yrs | 190 | 100% |
| | **London** | | | | |
| 1 | Parliament View<br>1 Albert Embankment<br>London SE 1 | 2 apartments | Freehold | 271 | 70% |
| 2 | Goodmans Fields<br>37 Leman St.<br>London E1 8EY | 6 apartments | Leasehold - 999 yrs | 232 | 100% |

# SHAREHOLDINGS STATISTICS

*As at 15 March 2016*

## 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 15 March 2016, 23.40% 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 - 99 | 13 | 0.18 | 296 | 0.00 |
| 100 - 1,000 | 2,586 | 35.89 | 2,561,335 | 0.36 |
| 1,001 - 10,000 | 3,685 | 51.15 | 16,862,056 | 2.40 |
| 10,001 - 1,000,000 | 895 | 12.42 | 47,302,543 | 6.73 |
| 1,000,001 and above | 26 | 0.36 | 636,611,770 | 90.51 |
| | 7,205 | 100.00 | 703,338,000 | 100.00 |

## TOP 20 SHAREHOLDERS

| No. | Name of Shareholder | No. of Shares | %** |
|---|---|---|---|
| 1 | Ho Bee Holdings (Pte) Ltd | 489,593,700 | 73.49 |
| 2 | Citibank Nominees Singapore Pte Ltd | 18,802,185 | 2.82 |
| 3 | DBS Nominees Pte Ltd | 10,519,230 | 1.58 |
| 4 | Bank of Singapore Nominees Pte Ltd | 7,909,300 | 1.19 |
| 5 | Phillip Securities Pte Ltd | 6,812,200 | 1.02 |
| 6 | Estate Of Chua Pin Chong | 6,610,000 | 0.99 |
| 7 | Raffles Nominees (Pte) Ltd | 6,407,273 | 0.96 |
| 8 | Lee Pineapple Company Pte Ltd | 5,500,000 | 0.83 |
| 9 | HSBC (Singapore) Nominees Pte Ltd | 5,337,903 | 0.80 |
| 10 | Chua Thiam Chok | 4,265,000 | 0.64 |
| 11 | DB Nominees (S) Pte Ltd | 4,105,727 | 0.62 |
| 12 | BNP Paribas Nominees Singapore Pte Ltd | 4,087,750 | 0.61 |
| 13 | Nanyang Gum Benjamin Manufacturing (Pte) Ltd | 3,988,000 | 0.60 |
| 14 | Yap Boh Sim | 3,300,000 | 0.50 |
| 15 | United Overseas Bank Nominees Pte Ltd | 2,884,700 | 0.43 |
| 16 | DBSN Services Pte Ltd | 2,480,123 | 0.37 |
| 17 | Maybank Kim Eng Securities Pte Ltd | 2,146,417 | 0.32 |
| 18 | Chua Wee-Chern | 2,122,000 | 0.32 |

*As at 15 March 2016*

## TOP 20 SHAREHOLDERS (CONT'D)

| No. | Name of Shareholder | No. of Shares | %** |
|---|---|---|---|
| 19 | Woon Choon Leng Desmond | 2,100,000 | 0.32 |
| 20 | Ng Chwee Cheng | 1,988,000 | 0.30 |
| | | 590,959,508 | 88.71 |

@ Ordinary shares purchased and held as treasury shares by the Company will have no voting rights. As at 15 March 2016, the Company has 37,103,200 shares held as treasury shares and this represents approximately 5.57% 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 15 March 2016, excluding 37,103,200 shares held as treasury shares as at that date.

## SUBSTANTIAL SHAREHOLDERS

| | Direct Interest | Deemed Interest | | |
|---|---|---|---|---|
| Substantial Shareholders | No. of Shares | %[1] | No. of Shares | %[1] |
| Ho Bee Holdings (Pte) Ltd | 489,593,700 | 73.49 | 1,414,000[2] | 0.21 |
| Mr Chua Thian Poh | - | - | 491,007,700[3] | 73.70 |

NOTES

[1] The percentage is calculated based on the number of issued shares of the Company as at 15 March 2016, excluding 37,103,200 shares held as treasury shares as at that date.

[2] Ho Bee Holdings (Pte) Ltd has a deemed interest in the 1,414,000 shares held by Kingdom Investment Holdings Pte. Ltd.

[3] Mr Chua Thian Poh has a deemed interest in the 489,593,700 shares held by Ho Bee Holdings (Pte) Ltd and 1,414,000 shares held by Kingdom Investment Holdings Pte. Ltd.

# NOTICE OF ANNUAL GENERAL MEETING

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

NOTICE IS HEREBY GIVEN that the 28th Annual General Meeting of Ho Bee Land Limited (the "**Company**") will be held at Genexis Theatre, Connexis level 6, 1 Fusionopolis Way, Singapore 138632 on Thursday, 28 April 2016 at 10.00 a.m. to transact the following business:-

## ORDINARY BUSINESS

1. To receive and adopt the directors' statement and audited financial statements for the financial year ended 31 December 2015 and the auditors' report 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 2 cents per share for the financial year ended 31 December 2015. **(Resolution 2)**

3. To approve directors' fees of S$375,000 for the financial year ended 31 December 2015. (2014: S$300,000) **(Resolution 3)**

4. To re-appoint Mr Ch'ng Jit Koon, who will retire pursuant to Section 153(6) of the Companies Act, Chapter 50 which was in force immediately before 3 January 2016, as a director of the Company. **(Resolution 4)**

5. To re-appoint Mr Tan Eng Bock, who will retire pursuant to Section 153(6) of the Companies Act, Chapter 50 which was in force immediately before 3 January 2016, as a director of the Company. **(Resolution 5)**

6. To note the retirement of Mr Tan Keng Boon, who is retiring by rotation under Article 104 of the Company's Constitution and who will not be seeking re-election as a director of the Company.

   Upon the retirement of Mr Tan Keng Boon, he will cease to be the Lead Independent Director, Chairman of the Nominating Committee and a Member of the Audit & Risk Committee.

7. To re-appoint KPMG LLP as auditors of the Company and to authorise the directors to fix their remuneration. **(Resolution 6)**

## SPECIAL BUSINESS

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

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

   (a) (i) issue shares 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, 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 (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 (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, 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 Constitution 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 7)**

9. 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 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

(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 earliest 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

(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 8)**

10. To transact any other business as may properly be transacted at an annual general meeting.

By Order of the Board
Desmond Woon Choon Leng
Executive Director
Ho Bee Land Limited
11 April 2016

## EXPLANATORY NOTES AND STATEMENT PURSUANT TO ARTICLE 64 OF THE COMPANY'S CONSTITUTION

**Ordinary Resolution 3:** This resolution is to seek approval for the payment of a total sum of S$375,000 as directors' fees for the financial year ended 31 December 2015 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 29 of the Annual Report.

**Ordinary Resolution 5:** Mr Tan Eng Bock will, upon re-appointment, remain a member of the Remuneration Committee and a member of the Nominating Committee. He is considered an independent director. Key information on Mr Tan is set out on page 30 of the Annual Report.

**Ordinary Resolution 7:** 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 8:** 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 28 April 2015. Please refer to the Letter to Shareholders dated 11 April 2016 for more details.

## 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 28th Annual General Meeting, the Register of Members and the transfer book of the Company will be closed on 13 May 2016 for the purpose of determining shareholders' entitlements to the proposed dividends for the financial year ended 31 December 2015.

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 12 May 2016 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 12 May 2016 will be entitled to the proposed dividends.

The proposed dividends, if approved by shareholders at the 28th Annual General Meeting will be paid on 27 May 2016.

## NOTES

1. (a) A member who is not a relevant intermediary is entitled to appoint not more than two proxies to attend, speak and vote on his behalf at the meeting. Where such member appoints more than one proxy, he shall specify the proportion of his shareholding to be represented by each proxy.

   (b) A member who is a relevant intermediary is entitled to appoint more than two proxies to attend, speak and vote at the meeting, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member appoints more than two proxies, he shall specify the number and class of shares in relation to which each proxy has been appointed.

   "Relevant intermediary" has the meaning ascribed to it in Section 181 of the Companies Act, Chapter 50.

2. 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.

## PERSONAL DATA PRIVACY

By submitting an instrument appointing proxy(ies) and/or representative(s) to attend, speak and vote at the annual general meeting and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents or service providers) for the purpose of the processing and administration by the Company (or its agents or service providers) of proxies and representatives appointed for the annual general meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the annual general meeting (including any adjournment thereof), and in order for the Company (or its agents or service providers) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "**Purposes**"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents or service providers), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents or service providers) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

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Ho Bee Land

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

**IMPORTANT**

1. Relevant intermediaries as defined in Section 181 of the Companies Act, Chapter 50 may appoint more than two proxies to attend, speak and vote at the Annual General Meeting.
2. For CPF / SRS investors holding Ho Bee Land Limited shares, this form of proxy is not valid for use and shall be ineffective for all intents and purposes if used or purported to be used by them. CPF / SRS investors should contact their respective Agent Banks if they have any queries regarding their appointment as proxies.
3. By submitting an instrument appointing proxy(ies) and/or representative(s), a member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 11 April 2016.

# ANNUAL GENERAL MEETING
# PROXY FORM

I/We ______________________________ (Name), NRIC/Passport/Co Reg Number ____________
of ______________________________________________ (Address)
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, speak and vote for me/us on my/our behalf at the 28th Annual General Meeting of the Company ("**AGM**") to be held at Genexis Theatre, Connexis level 6, 1 Fusionopolis Way, Singapore 138632 on Thursday, 28 April 2016 at 10.00 a.m. and at any adjournment thereof.

(Voting will be conducted by poll. If you wish to vote all your shares "For" or "Against" the relevant resolution, please indicate with an "X" in the relevant box provided below. Alternatively, if you wish to vote some of your shares "For" and some of your shares "Against" the relevant resolution, please insert the relevant number of shares. 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 AGM.)

| No. | Resolutions | No. of Votes For | No. of Votes Against |
|---|---|---|---|
| **Ordinary Business** | | | |
| 1 | To receive and adopt the directors' statement and audited financial statements for the financial year ended 31 December 2015 and the auditors' report 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 2 cents per share for the financial year ended 31 December 2015. | | |
| 3 | To approve directors' fees of S$375,000 for the financial year ended 31 December 2015. (2014: 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-appoint KPMG LLP as auditors and to authorise the directors to fix their remuneration. | | |
| **Special Business** | | | |
| 7 | To approve the authority to issue shares and make or grant instruments convertible into shares. | | |
| 8 | To approve the renewal of the Share Buyback Mandate. | | |

Dated this _____ day of _______________ 2016

| Total Number of Shares Held (Note 1) |
|---|
| |

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

**IMPORTANT: PLEASE READ NOTES OVERLEAF**

## NOTES TO PROXY FORM

1 Please insert the total number of shares held by you. If you have shares entered against your name in the Depository Register (maintained by The Central Depository (Pte) Limited), you should insert that number. If you have shares registered in your name in the Register of Members of the Company (maintained by or on behalf 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) A member who is not a relevant intermediary is entitled to appoint not more than two proxies to attend, speak and vote on his behalf at the meeting. Where such member appoints more than one proxy, he shall specify the proportion of his shareholding to be represented by each proxy.

(b) A member who is a relevant intermediary is entitled to appoint more than two proxies to attend, speak and vote at the meeting, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member appoints more than two proxies, he shall specify the number and class of shares in relation to which each proxy has been appointed.

"Relevant intermediary" has the meaning ascribed to it in Section 181 of the Companies Act, Chapter 50.

3 A proxy need not be a member of the Company.

4 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.

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 attached to 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 72 hours before the time appointed for holding the meeting, as certified by The Central Depository (Pte) Limited to the Company.

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HO BEE LAND LIMITED
(Company Registration No. 198702381M)

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