



Evolution.

HO BEE LAND ANNUAL REPORT 2014

Contents

10	CHAIRMAN'S STATEMENT	52	CORPORATE INFORMATION
12	BOARD OF DIRECTORS	53	FINANCIAL STATEMENTS
14	THE MANAGEMENT TEAM	139	ADDITIONAL INFORMATION
16	PROPERTY OVERVIEW	141	SHAREHOLDINGS STATISTICS
22	FIVE-YEAR FINANCIAL SUMMARY	143	NOTICE OF ANNUAL GENERAL MEETING
23	CORPORATE STRUCTURE		PROXY FORM
24	CORPORATE GOVERNANCE REPORT		





Over the years, Ho Bee Land has grown from strength to strength, becoming what it is today at the forefront of the industry. With strategic focus, shrewd leadership and keen foresight, we have strengthened our presence in Australia, China and the UK, setting new benchmarks and greater milestones. At Ho Bee, we firmly believe in continual growth, and this annual report shows the path we have taken. Within these pages, you will read our story, and our journey of **Evolution**.



Evolving through the Times

Ho Bee has always believed in investing wisely. It is the reason we have acquired and invested in properties around the world, and why Ho Bee has evolved into what it is today. Indeed, our approach has strengthened the organisation through the years, preparing our path for the future.





Growing through Our Focused Strategies

Through Ho Bee's strong leadership, our strategies for growth have always been focused on the right initiatives, developments and investments. Our unwavering focus has created Ho Bee's success today, and its journey for tomorrow. We constantly strive to evolve, making our mark in the industry.





Strengthening Our Global Presence

Starting with a strong base in Singapore, Ho Bee has evolved to see beyond our shores. We have expanded into Australia, China and the UK, ensuring greater growth for the organisation as a whole, as well as greater returns for our shareholders.



A modern glass skyscraper at dusk, with interior lights glowing through the windows. The building has a distinctive stepped design with several cantilevered floors. The sky is a deep blue, and the overall atmosphere is professional and sophisticated.

Building upon Our Rock-solid Foundation

At Ho Bee, we believe long-term vision is vital for an organisation to evolve. That is why we have focused on achieving recurrent income from our investments around the world. Our strong recurrent income has provided a rock-solid foundation for growth, ensuring the lasting strength of our organisation.



Chairman's Statement



“

Despite the fall in turnover and profit, the Group has achieved a satisfactory return on equity of 13%. Profit attributable to shareholders amounted to S\$315.0 million, yielding an earnings per share of 47.2 cents.

”

DEAR SHAREHOLDERS,

It is my pleasure to present to you, on behalf of the Board of Directors, the Group's performance for the financial year ended 31st December 2014.

FINANCIAL REVIEW

Group turnover for FY2014 decreased 29% from S\$139.3 million to S\$99.6 million. This was due to the absence of revenue recognition for sales of development properties.

However, in line with the Group's strategy to build up its recurrent income, rental from its portfolio of office buildings in Singapore and London contributed to the bulk of the income of S\$99.6 million. This was an increase of 224% over FY2013.

Profit before tax and minority interests amounted to S\$321.9 million, 47% lower than the preceding year. The decline was due mainly to the lower gain arising from fair value of investment properties amounting to S\$281.7 million (FY2013: S\$493.1 million) and the one-off gain of S\$47.2 million on sales of shares in Chongbang Holdings (International) Limited, recorded in the immediate preceding year.

Despite the fall in turnover and profit, the Group has achieved a satisfactory return on equity of 13%. Profit attributable to shareholders amounted to S\$315.0 million, yielding an earnings per share of 47.2 cents.

Total shareholders' funds as at financial year ended 31st December 2014 increased to S\$2.6 billion, representing a net asset value per share of S\$3.90, an increase of 42 cents over the preceding financial year.

PROPOSED DIVIDEND

The Board is recommending a first and final dividend of 5 cents per share for the financial year ended 31st December 2014. Subject to shareholders' approval at the Annual General Meeting of the Company to be held on 28 April 2015, the final dividend will be paid on 29 May 2015.

BUSINESS REVIEW

Property Development

Due to the weak market condition for high-end residential properties as a result of the various measures imposed by the Government, our joint-venture project in Sentosa Cove, Cape Royale has not been launched for sale but was put up for lease, together with the remaining unsold units in Seascape and Turquoise, to provide rental income and defray maintenance cost.

Construction work for two of our Australian residential projects in Doncaster, Melbourne and Surfers Paradise, Gold Coast have commenced, and is expected to be completed by early 2016. Sales were satisfactory, with 65% of total available units sold for the former and 15% for the latter.

Property Investment

The Group has acquired two additional commercial buildings in London, 1 St Martin's Le Grand and 60 St Martins Lane in 2014 amounting to £214.9 million to further enhance its recurring income. Both buildings are fully tenanted with upward only rent review occurring from next year onwards.

Business Prospects

The property market in Singapore is expected to face stronger headwinds in 2015. However, the Group is well positioned to weather the challenging market environment with the solid base of recurring income from our office buildings in Singapore and London. The Metropolis, Rose Court, 1 St Martin's Le Grand and 60 St Martins Lane will be the main contributors to the Group's earnings in 2015.

To propel its future growth, the Group is continuing to search for good investment and development opportunities both locally and overseas.

ACKNOWLEDGEMENTS

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

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

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

Chua Thian Poh
Chairman & CEO

Board of Directors

MR CHUA THIAN POH

Chairman and CEO

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

Mr Chua serves on the boards of several other companies and community organizations. 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 and Chairman of Bishan East Citizens' Consultative Committee. Mr Chua is also the Chairman of Board of Trustee of Chinese Development Assistance Council.

Mr Chua was conferred the Public Service Star (BBM) in 2004 and appointed Justice of the Peace in 2005. He was conferred the 2006 Businessman of the Year. In November 2012, Mr Chua was conferred The President's Award for Philanthropy (Individual). He was conferred the Distinguished Service Order (Darjah Utama Bakti Cemerlang) in 2014.

MR DESMOND WOON CHOON LENG

Executive Director

Mr Woon joined the Group in 1987 as a Manager responsible for the Group's financial, investment and marketing initiatives. 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 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 was appointed to the Board in November 1999. An active venture capitalist, Mr Tan is the Managing Director of many venture and private equity funds managed by Seavi Advent, a group of fund management companies. Mr Tan has served as an independent director on the boards of many listed companies over the last 25 years. To concentrate on his own business, Mr Tan has stepped down from all of them, except for his directorship in Ho Bee Land Limited. Mr Tan's career highlights include serving as the Chairman of the Singapore Venture Capital and Private Equity Association from 1993 to 2001. Mr Tan graduated with a Bachelor of Engineering (Honours) in 1969 from the University of Singapore, where he also received a postgraduate Diploma in Business Administration.

MR CH'NG JIT KOON

Independent Director

Mr Ch'ng was appointed to the Board in November 1999. He also sits on the boards of public listed companies of Pan-United Corporation Ltd, Progen Holdings Limited and Santak Holdings Limited. Mr Ch'ng was a Member of the Singapore Parliament from 1968 to 1996 and held the post of Senior Minister of State, Ministry of Community Development, when he retired in January 1997. He currently also serves in several community organisations.

MR JEFFERY CHAN CHEOW TONG

Independent Director

Mr Chan was appointed to the Board in October 2002. He is also an Independent Director of AXA Insurance Singapore Pte Ltd and Goodhope Asia Holdings Ltd. 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 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 serves as a member of the Council of Presidential Advisers. Mr Chin is also a board member of Temasek Holdings (Private) Ltd, Frasers Centrepoint Asset Management Ltd and Singapore Labour Foundation. He 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

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, Hock Chang 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. Hock Chang 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. Hock Chang holds a Bachelor of Science (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

Nicholas joined the Group in May 2002 as a Manager of business development and marketing. He was appointed as Associate Director in January 2011. As an Associate Director, Nicholas 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, Nicholas was with DBS Group Holdings Ltd. Nicholas graduated with a Bachelor of Science in Finance and Marketing from the University of Oregon.

CAROLINE EE-LEE

General Manager, HR and Corporate Affairs

Caroline has been the General Manager of the Group's human resource and corporate affairs department since 2005. Her career began at the National Computer Systems (now known as NCS), and she became the Assistant Director of Administration and Special Projects at the Singapore Chinese Chamber of Commerce and Industry in 1993. At the chamber, Caroline successfully grew Cyber Business Network Pte Ltd – a subsidiary of the chamber – into an independent bilingual web publishing house that created a distinctive online presence for businesses. For her entrepreneurial achievements, Caroline was conferred the Top 10 Woman Entrepreneur of The Year 2000 award by the Singapore Association of Small and Medium Enterprises. Caroline left the chamber as the Assistant Executive Director. She was conferred The Public Service Medal (PBM) in August 2012. Caroline holds a Bachelor of Science (Information Systems and Computer Science) from the National University of Singapore.

LUM HON CHEW

General Manager, Special Projects

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

Property Overview

THE METROPOLIS

Singapore

The Metropolis was officially opened by the Prime Minister of Singapore, Mr Lee Hsien Loong, on 3 November 2014.

Home to a number of eminent global corporations, the 1.1 million sq ft development already has 98% of its net lettable area being leased. The Metropolis recently won the Singapore Property Award in the Office Category, which recognises excellence in Singapore's real estate projects. For the brilliance in its design, the development was also one of the winners at the 2015 Singapore Good Design Mark.

Without a doubt, The Metropolis has become an distinct architectural marvel in the one-north precinct.



60 ST MARTIN'S LANE

London

The Group's investment portfolio was further enhanced with its latest acquisition of 60 St Martin's Lane in October 2014.

The freehold prime trophy office and retail building is located in the heart of Covent Garden, one of London's most famous retail, entertainment and business districts. The development was extensively redeveloped in 2011, retaining its striking Portland Stone façade. The building has been designed according to the highest standards, boasting an impressive double-volume reception area that complements the contemporary feel of the surroundings.

The six-storey development is currently fully leased.



Property Overview

PEARL

Melbourne

Featuring a dynamic product mix of apartment buildings and town houses, Pearl is located in the heart of Doncaster, beside the Westfield Shopping Centre.

Pearl's local area boasts exceptional amenities, and the city is within easy reach via the Eastern Freeway. Sales for the project have commenced, and 65% of the 185-unit development has already been sold. In fact, Pearl's town houses sold out within the first week of its launch.

Pearl is slated for completion by the second quarter of 2016.





Property Overview

RHAPSODY

Gold Coast

Day by day, Rhapsody is growing into a more significant part of the Gold Coast skyline.

The 223-unit residential development is gradually taking shape, and will reach 41 storeys in height, with an unobstructed view of the Pacific Ocean. Rhapsody is currently being marketed in Australia, and an international launch is scheduled for the second half of 2015.

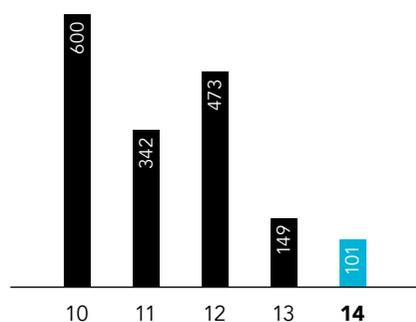
Set to become an architectural landmark at Surfers' Paradise, Rhapsody is slated for completion in early 2016.



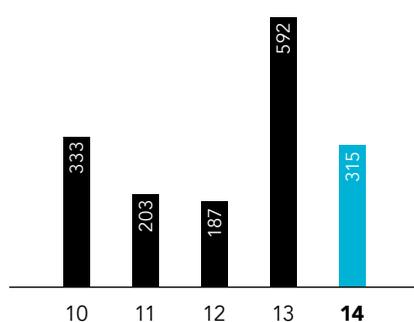


Five-Year Financial Summary

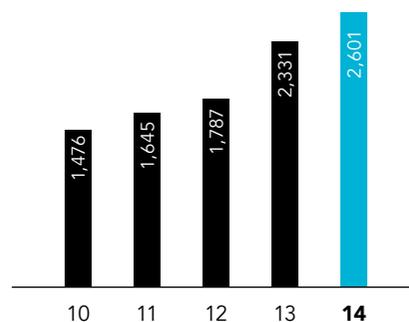
TURNOVER
(\$ MILLION)



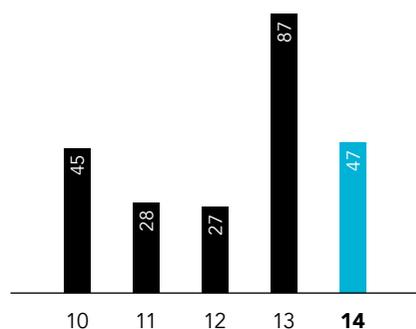
PROFIT ATTRIBUTABLE TO SHAREHOLDERS
(\$ MILLION)



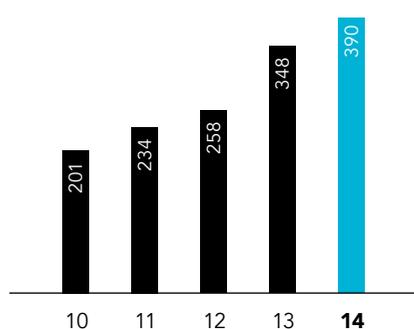
SHAREHOLDERS' EQUITY
(\$ MILLION)



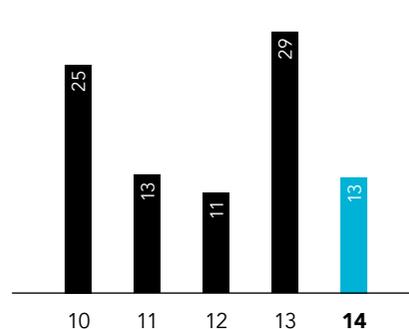
EARNINGS PER SHARE
(CENTS)



NET ASSETS VALUE PER SHARE
(CENTS)



RETURN ON EQUITY
(%)

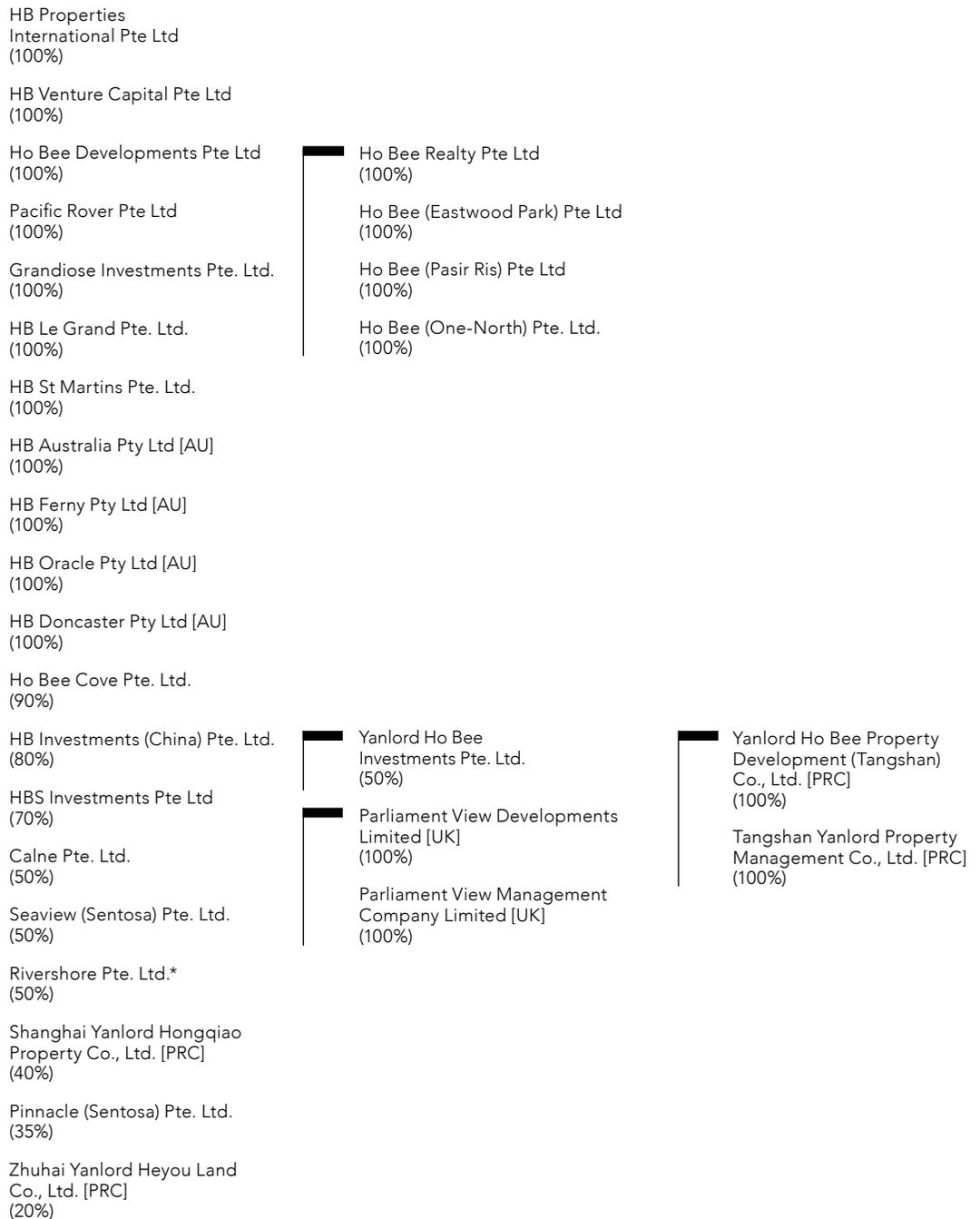


		2010 Restated	2011*	2012*	2013*	2014*
Turnover	(\$'000)	600,396	341,522	472,585	149,081	101,048
Profit Before Taxation	(\$'000)	402,122	228,358	211,522	611,142	321,887
Profit Attributable to Shareholders	(\$'000)	333,049	202,514	187,065	591,775	314,991
Shareholders' Equity	(\$'000)	1,476,306	1,645,244	1,786,690	2,330,775	2,601,117
Earnings Per Share	(cents)	45.25	27.98	26.69	87.42	47.16
Net Assets Value Per Share	(cents)	200.59	233.9	257.9	347.65	389.64
Dividends Per Share	(cents)	4	4	5	8	5
Return on Equity	(%)	25.16	12.98	10.90	28.74	12.77

*includes continuing and discontinued operations

Corporate Structure

HO BEE LAND LIMITED



Notes

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

Corporate Governance Report

Ho Bee Land Limited is committed to adopting high standards of corporate governance and transparency in conducting the Group's businesses. The board of directors of the Company (**the Board**) ensures that an effective self-regulatory and monitoring mechanism exists and is practised. This report outlines the main corporate governance practices that are in place, with specific reference to the 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 statement. 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 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.

Corporate Governance Report

Board processes

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

The Board currently holds four scheduled meetings each year. Ad hoc meetings are also convened as and when necessary to address any specific matters. The attendance of the directors at Board and Board committee meetings for the financial year ended 31 December 2014 is as follows:-

Name of director	Board meeting		ARC meeting		NC meeting		RC meeting	
	No. of meetings held while a member	No. of meetings attended	No. of meetings held while a member	No. of meetings attended	No. of meetings held while a member	No. of meetings attended	No. of meetings held while a member	No. of meetings attended
Chua Thian Poh	4	4	N.A.	N.A.	1	1	N.A.	N.A.
Desmond Woon Choon Leng	4	4	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Ong Chong Hua	4	4	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Tan Keng Boon	4	4	4	4	1	1	N.A.	N.A.
Ch'ng Jit Koon	4	4	4	4	1	1	N.A.	N.A.
Jeffery Chan Cheow Tong	4	4	4	4	N.A.	N.A.	2	2
Tan Eng Bock	4	4	N.A.	N.A.	N.A.	N.A.	2	2
Bobby Chin Yoke Choong	4	4	4	4	1	1	2	2

Note: N.A. means not applicable.

Corporate Governance Report

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 accounts;
- declaration of dividends;
- strategic plans; and
- major acquisitions / disposals.

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 expenses, 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.

Corporate Governance Report

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 regularly briefed by the external auditors on new regulations and key changes to financial reporting standards. In 2014, the external auditors from KPMG LLP briefed the directors on (i) the financial reporting surveillance programme administered by the Accounting and Corporate Regulatory Authority; (ii) impending key changes to the Singapore Companies Act; (iii) key changes to financial reporting standards; and (iv) proposed changes to auditors' report.

Induction and orientation for new directors

There was no training for new directors in 2014 as there was no new appointment of directors. For any new director appointed to the Board, they will be briefed and issued with a director pack comprising the following information:-

- a letter of appointment which sets out the terms of appointment;
- a general guide on the duties and liabilities of a director of a listed company under the Singapore Companies Act and the Listing Manual of the Singapore Exchange;
- a set of the Company's corporate manual which contains all Company policies approved by the Board; and
- 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 12 and 13 of the Annual Report.

Corporate Governance 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: 66

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.	<p>Other listed companies Nil</p> <p>Other principal commitments⁽¹⁾ (1) Singapore Federation of Chinese Clan Associations (President) (2) Singapore Clan Foundation (Chairman) (3) Singapore Chinese Cultural Centre Limited (Chairman) (4) Singapore Hokkien Huay Kuan (President) (5) Singapore Hokkien Huay Kuan Affiliated School Management Committee (Chairman) (6) The Hokkien Foundation Management Committee (Chairman) (7) Yunnan Realty Pte Ltd (Chairman) (8) Singapore Hokkien Huay Kuan Cultural Academy (Chairman) (9) Singapore Chinese Chamber of Commerce & Industry (Honorary President) (10) Business China (Chairman) (11) Ren Ci Hospital (Chairman) (12) Bishan East Citizens' Consultative Committee (Chairman) (13) Chinese Development Assistance Council Board of Trustee (Chairman) (14) National Integration Council (Member) (15) National Steering Committee on Racial & Religious Harmony (Member) (16) Nalanda Library Fund Limited (Director)</p>	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.

Corporate Governance Report

DESMOND WOON CHOON LENG

Executive Director

Age: 59

Date of first appointment as director: 11 August 1995

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

Date of next re-election as director: 28 April 2015 ⁽¹⁾

Board committee(s) served on	Academic and professional qualification(s)	Current directorships in other listed companies and other principal commitments	Past directorships in other listed companies held over preceding three years
N.A.	N.A.	Other listed companies Nil Other principal commitments⁽²⁾ Nil	Nil

⁽¹⁾ Mr Desmond Woon Choon Leng is retiring under Article 104 of the Company's Articles of Association at the 27th annual general meeting and being eligible, he has offered himself for re-election. Saved as disclosed herein, there is no relationship (including immediate family relationship) between Mr Woon and the other directors or the Company.

⁽²⁾ 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: 60

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 Nil Other principal commitments⁽¹⁾ (1) Kingdom Investment Holdings Pte. Ltd. (Director) (2) FNA Group International Pte. Ltd. (Director) (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.

Corporate Governance Report

TAN KENG BOON

Independent Non-Executive Director and Lead Independent Director

Age: 69

Date of first appointment as director: 12 November 1999

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

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

Corporate Governance Report

BOBBY CHIN YOKE CHOONG

Independent Non-Executive Director

Age: 63

Date of first appointment as director: 29 November 2006

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

Date of next re-election as director: 28 April 2015⁽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 (Chairman)	ACA (Institute of Chartered Accountants in England & Wales)	Other listed companies (1) AV Jennings Limited (Independent Director) (2) Yeo Hiap Seng Ltd (Independent Director) (3) Sembcorp Industries Ltd (Independent Director) (4) Singapore Telecommunications Limited (Independent Director)	(1) Neptune Orient Lines Limited (2) Oversea-Chinese Banking Corporation Limited
Nominating Committee (Member)			
Remuneration Committee (Member)			

⁽¹⁾ Mr Bobby Chin Yoke Choong is retiring under Article 104 of the Company's Articles of Association at the 27th annual general meeting and being eligible, he has offered himself for re-election. There is no relationship (including immediate family relationship) between Mr Chin and the other directors, the Company or its 10% shareholders (as defined in the Code).

Corporate Governance Report

CH'NG JIT KOON

Independent Non-Executive Director

Age: 81

Date of first appointment as director: 12 November 1999

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

Date of next re-appointment as director: 28 April 2015⁽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)	Degree in Economics and Political Science	<p>Other listed companies</p> <p>(1) Pan-United Corporation Ltd (Non-Executive Chairman)</p> <p>(2) Progen Holdings Limited (Independent Director)</p> <p>(3) Santak Holdings Limited (Independent Director)</p>	Tung Lok Restaurants (2000) Ltd
Nominating Committee (Member)		<p>Other principal commitments</p> <p>(1) Chinese Development Assistance Council Board of Trustees (Member)</p> <p>(2) Singapore Hokkien Huay Kuan Board of Governors (Member)</p>	

⁽¹⁾ Mr Ch'ng Jit Koon is retiring under Section 153 of the Companies Act, Chapter 50 at the 27th 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: 66

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

Corporate Governance Report

TAN ENG BOCK

Independent Non-Executive Director

Age: 78

Date of first appointment as director: 15 October 2002

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

Date of next re-appointment as director: 28 April 2015⁽¹⁾

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

⁽¹⁾ Mr Tan Eng Bock is retiring under Section 153 of the Companies Act, Chapter 50 at the 27th 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).

Notes:

- (1) Information on directors' shareholdings in the Company and its related corporations is set out in the Directors' Report on pages 54 to 57 of the Annual Report.
- (2) N.A. means not applicable.

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 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

Corporate Governance Report

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 the financial year ended 31 December 2014, 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. Based on the directors' performance assessment for 2014, the NC and the Board are satisfied that the directors who have reached 9-year tenure, namely Mr Tan Keng Boon, Mr Ch'ng Jit Koon, Mr Jeffery Chan Cheow Tong and Mr Tan Eng Bock, have continued to maintain independence in their oversight role and they have continued to add value to the Company. The Board values continuity and stability and recommends that they continue to serve the Board. Each independent director has recused himself in the determination of his own independence.

Corporate Governance Report

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 Tian Poh who indirectly owns the majority of the shares in the Company, has been personally involved in the day-to-day operations of the Company since its incorporation. The Board is of the opinion that it has a strong and independent group of non-executive directors and is well balanced. In addition, the Company has appointed Mr Tan Keng Boon, an independent non-executive director, to be the lead independent director of the Company since 26 February 2007.

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

- leading the Board to ensure its effectiveness on all aspects of its role;
- creating the conditions for overall Board and individual director effectiveness;
- demonstrating ethical leadership;
- setting clear expectations concerning the Company's culture, values and behaviours;

Corporate Governance Report

- 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 members of the NC are as follows:-

- (1) Tan Keng Boon (Chairman)
- (2) Ch'ng Jit Koon
- (3) Chua Thian Poh
- (4) Bobby Chin Yoke Choong

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

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

Corporate Governance Report

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.

Corporate Governance Report

There was no new appointment of director in 2014 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 composition, access to information, Board processes, accountability, monitoring of strategy, consideration of shareholders' value, committee effectiveness, risk management, succession planning and comparison with industry peers. The annual assessment is carried out using a board evaluation questionnaire which is completed by each director. The results of the assessment is 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, the results of which are assessed by the NC and the Board. Areas for improvement are subsequently provided to the committees. The assessments are carried out using comprehensive self-assessment checklists. The ARC checklist is adapted from the Guidebook for Audit Committees in Singapore (Second Edition). The NC checklist is adapted from the Nominating Committee Guide 2012 published by KPMG Singapore. The RC checklist provides a full check against the Code's guidelines.

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.

Individual directors are assessed annually using a director performance evaluation form which is completed by the Board Chairman and the NC Chairman. The directors are assessed on how they continue to contribute effectively and demonstrate their commitment to the role as a director. It also recognises how individual strengths complement each other, utilising criteria such as leadership, communication skills, industry experience, risk management, time commitment and professionalism.

Corporate Governance Report

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, 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 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.

Corporate Governance Report

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. In 2014, the Company conducted a further benchmarking exercise on Chairman and CEO compensation.

Executive directors do not receive director fee. 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 in 2014 is as follows:-

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

Note: N.A. means not applicable.

Corporate Governance Report

Disclosure on remuneration (Principle 9)

The remuneration of directors and key management personnel for the year ended 31 December 2014 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 \$250,000

Name of director	Directors' Fees ⁽¹⁾	Base / Fixed Salary	Variable or Bonuses	Benefits or Allowances	Share-Based	Total
Above \$5,250,000 and up to \$5,500,000						
Chua Thian Poh Chairman & CEO	-	13%	84%	3%	-	100%
Above \$750,000 and up to \$1,000,000						
Ong Chong Hua Executive director	-	35%	61%	4%	-	100%
Desmond Woon Choon Leng Executive director	-	37%	59%	4%	-	100%
\$250,000 and below						
Tan Keng Boon Non-executive director	100%	-	-	-	-	100%
Ch'ng Jit Koon Non-executive director	100%	-	-	-	-	100%
Jeffery Chan Cheow Tong Non-executive director	100%	-	-	-	-	100%
Tan Eng Bock Non-executive director	100%	-	-	-	-	100%
Bobby Chin Yoke Choong Non-executive director	100%	-	-	-	-	100%

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

Corporate Governance Report

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

Name of key management personnel	Base/ Fixed Salary	Variable or Bonuses	Benefits or Allowances	Share-Based	Total
Above \$250,000 and up to \$500,000					
Chong Hock Chang	47%	53%	-	-	100%
Caroline Ee-Lee	61%	39%	-	-	100%
Chua Wee-Chern ⁽¹⁾	47%	53%	-	-	100%
Below \$250,000					
Soh Hwee Cheow ⁽²⁾	60%	40%	-	-	100%
Lum Hon Chew	51%	49%	-	-	100%

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

⁽²⁾ Mr Soh Hwee Cheow resigned from 8 April 2014.

Corporate Governance Report

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

The aggregate total remuneration paid to the top five key management personnel (who are not directors or the CEO) for the financial year ended 31 December 2014 is \$1,352,583.

There are no termination, retirement and post-employment benefits granted to the top five 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 the top five 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 exceeds \$50,000 in 2014:-

Name of employee	Remuneration Band
Ng Noi Hinoy ⁽¹⁾	\$250,000 and below
Chua Kong Chian ⁽²⁾	\$250,000 and below
Chua Weijie ⁽³⁾	\$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.

Corporate Governance Report

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 for FY2014 was 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), plus one-fifth of the surplus on revaluation of the Group's investment properties for the year (**Adjusted PBT**). The balance four-fifths of the surplus 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 a decrease in the profit sharing incentive for FY2014 compared to FY2013 due to the corresponding decrease in the Group's Adjusted PBT.

There was an overall decrease in performance bonuses awarded to the other executive directors and key management personnel for FY2014 due to the decrease in the Group's profit level compared to FY2013.

Corporate Governance Report

ACCOUNTABILITY AND AUDIT

Accountability (Principle 10)

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

Risk Management and Internal Controls (Principle 11)

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

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

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

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

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

Corporate Governance Report

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 2014.

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 statements of the Group for FY2014, 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 effectiveness of the Group's risk management and internal control systems.

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 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

Corporate Governance Report

The ARC meets regularly to perform the following functions:-

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

Corporate Governance Report

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 the financial year ended 31 December 2014, are as disclosed in the table below:-

External auditor fees for FY2014	\$'000	% of total audit fees
Total Audit Fees	362	
Total Non-Audit Fees	111	23%
Total Fees Paid	473	

The ARC had reviewed the nature of non-audit services provided by the external auditors in FY2014. Based on the evaluation of external auditors for FY2014, 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.

Whistle-blowing policy

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

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

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

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

To ensure independent investigation and appropriate follow up action, all whistle-blowing reports are submitted either to the General Manager (Human Resource & Corporate Affairs) or the Chairman of the ARC. All whistle-blower reports, including anonymous complaints are brought up to the ARC for review and reported to the Board.

Corporate Governance Report

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>.

Corporate Governance Report

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 objectives 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.

Any member of the Company who is unable to attend the general meetings can appoint up to two proxies to attend and vote on his/her behalf. The Company allows shareholders who hold shares through their CPF approved nominees to attend the general meetings as observers. The Company has not implemented absentia voting at general meetings due to concern that this may complicate the voting process.

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.

Corporate Governance Report

Shareholders are informed of the rules and voting procedures that govern these general meetings. With effect from 1 August 2015, the Company will conduct voting by poll at general meetings and announce poll results via SGXNet immediately after the meetings in conformity with SGX listing rules.

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 are 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 the year ended 31 December 2014 are as follows:

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

Notes:

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

PROFESSIONAL CONDUCT AND DISCIPLINE

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

Corporate Information

BOARD OF DIRECTORS

Mr Chua Thian Poh

Chairman and CEO

Mr Desmond Woon Choon Leng

Executive Director

Mr Ong Chong Hua

Executive Director

Mr Tan Keng Boon

Lead Independent Director

Mr Ch'ng Jit Koon

Independent Director

Mr Jeffery Chan Cheow Tong

Independent Director

Mr Tan Eng Bock

Independent Director

Mr Bobby Chin Yoke Choong

Independent Director

AUDIT & RISK COMMITTEE

Mr Bobby Chin Yoke Choong

Chairman

Mr Tan Keng Boon

Mr Jeffery Chan Cheow Tong

Mr Ch'ng Jit Koon

NOMINATING COMMITTEE

Mr Tan Keng Boon

Chairman

Mr Ch'ng Jit Koon

Mr Chua Thian Poh

Mr Bobby Chin Yoke Choong

REMUNERATION COMMITTEE

Mr Jeffery Chan Cheow Tong

Chairman

Mr Tan Eng Bock

Mr Bobby Chin Yoke Choong

MANAGEMENT TEAM

Mr Chong Hock Chang

Associate Director

Mr Nicholas Chua Wee Chern

Associate Director

Mrs Caroline Ee-Lee

General Manager
(HR and Corporate Affairs)

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

Project Manager

COMPANY SECRETARY

Ms Tan Sock Kiang

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

SHARE REGISTRAR

M & C Services Private Limited

112 Robinson Road #05-01
Singapore 068902

EXTERNAL AUDITORS

KPMG LLP

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

INTERNAL AUDITORS

Nexia TS Risk Advisory Pte. Ltd.

100 Beach Road
#30-00 Shaw Tower
Singapore 189702

Financial Statements

54	DIRECTORS' REPORT	65	CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
59	STATEMENT BY DIRECTORS		
60	INDEPENDENT AUDITORS' REPORT	67	CONSOLIDATED STATEMENT OF CASH FLOWS
62	STATEMENTS OF FINANCIAL POSITION	69	NOTES TO THE FINANCIAL STATEMENTS
63	CONSOLIDATED INCOME STATEMENT		
64	CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME		

Directors' Report

The directors are pleased to submit this annual report to the members of the Company together with the audited financial statements for the financial year ended 31 December 2014.

Directors

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

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

Directors' interests in shares or debentures

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

Name of director and corporation in which interests are held	Holdings in the name of the director, spouse or infant children		Other holdings in which the director is deemed to have an interest	
	At beginning of the year	At end of the year	At beginning of the year	At end of the year
Chua Tian Poh				
The Company - ordinary shares	–	–	483,400,000	485,685,000
<u>Immediate and ultimate holding company</u>				
Ho Bee Holdings (Pte) Ltd - ordinary shares	19,070,000	19,070,000	–	–
<u>Subsidiaries</u>				
HBS Investments Pte Ltd - ordinary shares	–	–	700,000	700,000
Ho Bee Cove Pte. Ltd. - ordinary shares	–	–	900,000	900,000
HB Investments (China) Pte. Ltd. - ordinary shares	–	–	80,000	80,000

Directors' Report

Name of director and corporation in which interests are held	Holdings in the name of the director, spouse or infant children		Other holdings in which the director is deemed to have an interest	
	At beginning of the year	At end of the year	At beginning of the year	At end of the year
Chua Tian Poh (cont'd)				
<u>Subsidiaries</u>				
Parliament View Developments Limited - ordinary shares of £1 each	-	-	50,000	50,000
Parliament View Management Company Limited - ordinary shares of £1 each	-	-	1	1
<u>Related corporations</u>				
Absolutecar E-Services Pte Ltd - ordinary shares	-	-	3,000,000	3,000,000
Absolutecar Services Pte Ltd - ordinary shares	-	-	2	2
Airjet Investments Pte. Ltd. - ordinary shares	-	-	500,000	500,000
Airjet Automotive Pte Ltd - ordinary shares	-	-	200,000	200,000
HB Media Holdings Pte Ltd - ordinary shares	-	-	13,894,164	13,894,164
Hin Lung Auto Pte. Ltd. - ordinary shares	-	-	3,530,000	3,530,000
HLC Leasing Pte. Ltd. - ordinary shares	-	-	10,000	10,000
Ho Bee Capital Pte Ltd - ordinary shares	-	-	15,000,000	15,000,000
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

Directors' Report

Name of director and corporation in which interests are held	Holdings in the name of the director, spouse or infant children		Other holdings in which the director is deemed to have an interest	
	At beginning of the year	At end of the year	At beginning of the year	At end of the year
Desmond Woon Choon Leng				
The Company - ordinary shares	2,100,000	2,100,000	-	-
Ong Chong Hua				
The Company - ordinary shares	1,800,000	1,800,000	-	-
<u>Related corporation</u>				
Kingdom Investment Holdings Pte. Ltd. - ordinary shares	1,625,000	1,625,000	-	-
Tan Keng Boon				
The Company - ordinary shares	500,000	500,000	-	-
Ch'ng Jit Koon				
The Company - ordinary shares	420,000	420,000	-	-
Jeffery Chan Cheow Tong				
The Company - ordinary shares	370,000	370,000	-	-
Bobby Chin Yoke Choong				
The Company - ordinary shares	131,000	131,000	-	-
<u>Related corporation</u>				
Kingdom Investment Holdings Pte. Ltd. - ordinary shares	975,000	975,000	-	-

Directors' Report

By virtue of Section 7 of the Companies Act, Chapter 50, Mr Chua Thian Poh is deemed to have an interest in all the other wholly-owned subsidiaries of Ho Bee Land Limited, at the beginning and at the end of the financial year.

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

There was no change in any of the abovementioned interests in the Company or in related corporations between the end of the financial year and 21 January 2015.

Arrangements to enable directors to acquire shares and debentures

Neither at the end of the financial year nor at any time during the financial year did there subsist any arrangement to which the Company is a party, being arrangements whose objects are, or one of whose objects is, to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

Directors' contractual benefits

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

Except for salaries, bonuses and fees and those benefits that are disclosed in this report and in note 32 to the financial statements, since the end of the last financial year, no director has received or become entitled to receive a benefit by reason of a contract made by the Company or its related corporations with the director, or with a firm of which he is a member, or with a company in which he has a substantial financial interest.

Share options

During the financial year, there were:

- (i) no options granted by the Company or its subsidiaries to any person to take up unissued shares in the Company or its subsidiaries; and
- (ii) no shares issued by virtue of any exercise of option to take up unissued shares of the Company or its subsidiaries.

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

Directors' Report

Audit & Risk Committee

The members of the Audit & Risk Committee at the date of this report are as follows:

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

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

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

16 March 2015

Statement by Directors

In our opinion:

- (a) the financial statements set out on pages 62 to 138 are drawn up so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2014 and the results, changes in equity and cash flows of the Group for the year ended on that date in accordance with the provisions of the Singapore Companies Act, Chapter 50 and Singapore Financial Reporting Standards; and
- (b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

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

On behalf of the Board of Directors

Chua Tian Poh

Chairman

Desmond Woon Choon Leng

Director

16 March 2015

Independent Auditors' Report

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 2014, 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 62 to 138.

Management's responsibility for the financial statements

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

Auditors' responsibility

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

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

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

Independent Auditors' Report

Opinion

In our opinion, the consolidated financial statements of the Group and the statement of financial position of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2014 and the results, changes in equity and cash flows of the Group for the year ended on that date.

Report on other legal and regulatory requirements

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

KPMG LLP

*Public Accountants and
Chartered Accountants*

Singapore

16 March 2015

Statements of Financial Position

As at 31 December 2014

	Note	Group		Company	
		2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
Non-current assets					
Property, plant and equipment	4	21,667	21,054	2,195	2,430
Investment properties	5	2,283,127	1,540,709	–	–
Subsidiaries	6	–	–	114,712	70,639
Associates	7	456,330	444,842	437,055	437,055
Jointly-controlled entities	8	346,095	202,554	311,889	225,500
Other assets	9	150	150	–	–
Financial assets	10	4,051	4,518	–	–
Other receivables	11	270,374	400,788	505,269	412,832
Deferred tax assets	12	473	473	–	–
		<u>3,382,267</u>	<u>2,615,088</u>	<u>1,371,120</u>	<u>1,148,456</u>
Current assets					
Inventories		–	21	–	–
Development properties	13	229,546	207,940	–	–
Trade and other receivables	14	62,662	51,878	26,488	37,500
Financial assets	10	–	–	–	–
Cash and cash equivalents	15	9,953	117,557	337	85,683
Assets held for sale	16	–	–	–	–
		<u>302,161</u>	<u>377,396</u>	<u>26,825</u>	<u>123,183</u>
Total assets		<u>3,684,428</u>	<u>2,992,484</u>	<u>1,397,945</u>	<u>1,271,639</u>
Equity attributable to equity holders of the Company					
Share capital	17	156,048	156,048	156,048	156,048
Reserves	18	2,445,069	2,174,727	997,721	974,619
		<u>2,601,117</u>	<u>2,330,775</u>	<u>1,153,769</u>	<u>1,130,667</u>
Non-controlling interests					
		<u>14,691</u>	<u>16,976</u>	<u>–</u>	<u>–</u>
Total equity		<u>2,615,808</u>	<u>2,347,751</u>	<u>1,153,769</u>	<u>1,130,667</u>
Non-current liabilities					
Loans and borrowings	19	751,516	98,831	–	–
Other liabilities	20	15,213	15,213	–	–
Deferred tax liabilities	12	287	1,515	–	–
Deferred income	21	8,175	819	–	–
		<u>775,191</u>	<u>116,378</u>	<u>–</u>	<u>–</u>
Current liabilities					
Trade and other payables	22	81,990	110,353	90,447	45,955
Loans and borrowings	19	163,644	370,703	153,729	94,903
Deferred income	21	13,250	3,876	–	–
Current tax payable		34,545	43,423	–	114
		<u>293,429</u>	<u>528,355</u>	<u>244,176</u>	<u>140,972</u>
Total liabilities		<u>1,068,620</u>	<u>644,733</u>	<u>244,176</u>	<u>140,972</u>
Total equity and liabilities		<u>3,684,428</u>	<u>2,992,484</u>	<u>1,397,945</u>	<u>1,271,639</u>

Consolidated Income Statement

Year ended 31 December 2014

	Note	2014 \$'000	2013 \$'000 Restated
Revenue	23	99,601	139,344
Other income	24	1,876	76,635
Total income		101,477	215,979
Fair value gain on investment properties	5	281,693	493,084
Write back of accrual upon finalisation of construction cost for development projects		11,511	–
Cost of sale of development properties including marketing expenses		(4,105)	(84,907)
Direct rental expenses		(20,471)	(8,298)
Loss on foreign exchange		(1,967)	(369)
Staff cost & directors' remuneration		(5,896)	(7,464)
Other operating expenses		(16,217)	(11,719)
Profit from operating activities		346,025	596,306
Net finance costs	26	(18,014)	(1,177)
Share of (losses)/profits, net of tax, of:			
- associates		(1,614)	(1,239)
- jointly-controlled entities		(4,323)	13,355
Profit before income tax		322,074	607,245
Income tax expense	27	(7,371)	(4,263)
Profit from continuing operations		314,703	602,982
Discontinued operation			
(Loss)/Profit from discontinued operation (net of tax)	28	(187)	3,234
Profit for the year	29	314,516	606,216
Profit attributable to:			
Owners of the Company		314,991	591,775
Non-controlling interests		(475)	14,441
Profit for the year		314,516	606,216
Earnings per share			
Basic earnings per share (cents)	30	47.16	87.42
Diluted earnings per share (cents)	30	47.16	87.42

Consolidated Statement of Comprehensive Income

Year ended 31 December 2014

	2014	2013
	\$'000	\$'000
Profit for the year	314,516	606,216
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	351	–
Foreign currency translation differences relating to foreign operations	1,962	3,453
Share of foreign currency translation differences of equity-accounted investee	13,102	27,468
Net loss on hedge of net investment in foreign operations	–	(1,700)
	15,415	29,221
Other comprehensive income for the year, net of income tax	15,415	29,221
Total comprehensive income for the year	329,931	635,437
Attributable to:		
Owners of the Company	329,766	620,773
Non-controlling interests	165	14,664
Total comprehensive income for the year	329,931	635,437

Consolidated Statement of Changes in Equity

Year ended 31 December 2014

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

Consolidated Statement of Changes in Equity (cont'd)

Year ended 31 December 2014

	← Attributable to owners of the Company →									
	Share capital	Reserve for own shares	Capital reserve	Hedging reserve	Revaluation reserve	Foreign currency translation reserve	Retained earnings	Total	Non-controlling interests	Total equity
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'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 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

Consolidated Statement of Cash Flows

Year ended 31 December 2014

	2014	2013
	\$'000	\$'000
Cash flows from operating activities		
Profit for the year	314,516	606,216
Adjustments for:		
Depreciation of property, plant and equipment	964	866
Loss on disposal of property, plant and equipment	2	–
Unrealised exchange loss/ (gain)	3,038	(5,014)
Interest income	(1,423)	(4,674)
Dividend income	(43)	(38)
Distribution income from financial assets designated at fair value through profit or loss	(118)	(247)
Finance costs	14,591	5,274
Fair value gain of investment properties	(281,693)	(493,084)
Net changes in fair value of financial assets at fair value through profit or loss	272	(1,137)
Gain on disposal of freehold land and hotel building	–	(25,927)
Gain on sale of investee company	–	(47,194)
Gain on sale of quoted equity	–	(7)
Share of losses/(profits) of:		
- associates	1,614	1,239
- jointly-controlled entities	4,323	(13,355)
Income tax expense	7,371	4,925
	<u>63,414</u>	<u>27,843</u>
Changes in working capital:		
Development properties	(30,591)	69,036
Inventories	21	23
Trade and other receivables	(9,511)	(25,025)
Trade and other payables	(8,622)	15,223
Cash generated from operations	<u>14,711</u>	<u>87,100</u>
Income taxes paid	(17,426)	(18,480)
Net cash (used in)/ generated from operating activities carried forward	<u>(2,715)</u>	<u>68,620</u>

Consolidated Statement of Cash Flows (cont'd)

Year ended 31 December 2014

	Note	2014 \$'000	2013 \$'000
Net cash (used in)/ generated from operating activities brought forward		(2,715)	68,620
Cash flows from investing activities			
Net repayments from jointly-controlled entities		(4,083)	(13,785)
Purchase of property, plant and equipment		(1,654)	(5,737)
Proceeds from disposal of freehold land and hotel building (net of transaction costs)		–	161,836
Proceeds from sale of investee company		–	79,147
Proceeds from sale of quoted equity		–	114
Proceeds from sale of property, plant and equipment		–	271
Additional costs incurred on investment properties		–	(133,086)
Investment in associate		–	(5,321)
Interest received		125	741
Dividend received		43	37,400
Purchase of financial assets designated at fair value through profit or loss		(45)	(97)
Purchase of investment properties (net of transaction costs)		(468,908)	(138,707)
Advances to jointly controlled operations		(12,091)	–
Distributions from financial assets designated at fair value through profit or loss		552	609
Net cash used in investing activities		(486,061)	(16,615)
Cash flows from financing activities			
Amount due to a non-controlling shareholder (non-trade)		–	(5,384)
Amount due to jointly-controlled entities (non-trade)		–	6,700
Proceeds from bank loans		773,613	198,638
Repayment of bank loans		(315,991)	(191,288)
Interest paid		(14,591)	(11,626)
Purchase of treasury shares		(6,019)	(42,850)
Dividends paid		(53,405)	(33,838)
Dividend paid to non-controlling shareholders		(2,450)	(17,200)
Net cash from/(used in) financing activities		381,157	(96,848)
Net decrease in cash and cash equivalents		(107,619)	(44,843)
Cash and cash equivalents at 1 January		117,557	162,508
Effect of exchange rate fluctuations on cash held		15	(108)
Cash and cash equivalents at 31 December	15	9,953	117,557

Notes to the Financial Statements

Year ended 31 December 2014

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the Board of Directors on 16 March 2015.

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 2014 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).

Change in presentation format of Consolidated Income Statement

The Group has reviewed the presentation format of its consolidated Income Statement, which was presented by function in the audited financial statements for the year ended 31 December 2013. The Group took the decision to present its consolidated Income Statement by nature for the year ended 31 December 2014 as this presentation provides more relevant information to the users of the financial statements. The comparatives have been re-presented under this new format.

The following table summarises the impact to the Group's consolidated Income Statement for the year ended 31 December 2013, as a result of the change in presentation format:

	2013		2013
	As restated		As previously
	\$		stated
	\$		\$
Cost of sales of development properties	84,907		
Direct rental expenses	8,298		
	<u>93,205</u>	Cost of sales	<u>93,205</u>
Staff cost and directors' remuneration	7,464		
Loss on foreign exchange	369		
Other operating expenses	11,719	Other expenses	3,163
Finance costs	208	Administrative expenses	<u>16,597</u>
	<u>19,760</u>		<u>19,760</u>

Notes to the Financial Statements

Year ended 31 December 2014

2 Basis of preparation (cont'd)

2.2 Basis of measurement

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

2.3 Functional and presentation currency

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

2.4 Use of estimates and judgements

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

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

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

- Note 35 – valuation of financial instruments
- Note 38 – accounting estimates and judgements

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 Chief Financial Officer, 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).

Notes to the Financial Statements

Year ended 31 December 2014

2 Basis of preparation (cont'd)

2.4 Use of estimates and judgements (cont'd)

Measurement of fair values (cont'd)

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 35 – valuation of financial instruments
- Note 37 – determination of fair values

2.5 Changes in accounting policy

(i) Subsidiaries

As a result of FRS 110 Consolidated Financial Statements, the Group has changed its accounting policy for determining whether it has control over and consequently whether it consolidates its investees. FRS 110 introduces a new control model that focuses on whether the Group has power over an investee, exposure or rights to variable returns from its involvement with the investee and ability to use its power to affect those returns.

In accordance with the transitional provisions of FRS 110, the Group reassessed the control conclusion for its investees at 1 January 2014. The adoption of FRS110 has no impact on the recognised assets, liabilities and comprehensive income of the Group.

(ii) Joint Arrangements

From 1 January 2014, as a result of FRS 111 Joint Arrangements, the Group has changed its accounting policy for its interests in joint arrangements. Under FRS 111, the Group has classified its interests in joint arrangements as either joint operations (if the Group has rights to the assets, and obligations for the liabilities, relating to an arrangement) or joint ventures (if the Group has rights only to the net assets of an arrangement). When making this assessment, the Group considered the structure of the arrangements, the legal form of any separate vehicles, the contractual terms of the arrangements and other facts and circumstances. Previously, the structure of the arrangement was the sole focus of classification.

The Group has re-evaluated its involvement in its joint arrangement. The adoption of FRS 111 has no impact on the recognised assets, liabilities and comprehensive income of the Group.

Notes to the Financial Statements

Year ended 31 December 2014

3 Significant accounting policies

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

3.1 Basis of consolidation

Business combinations

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

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

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

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

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

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

Subsidiaries

Subsidiaries are entities controlled by the Group. The 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.

Notes to the Financial Statements

Year ended 31 December 2014

3 Significant accounting policies (cont'd)

3.1 Basis of consolidation (cont'd)

Loss of control

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

Investments in associates and 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.

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.

Notes to the Financial Statements

Year ended 31 December 2014

3 Significant accounting policies (cont'd)

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.

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

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

Foreign operations

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

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

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

Notes to the Financial Statements

Year ended 31 December 2014

3 Significant accounting policies (cont'd)

3.2 Foreign currency (cont'd)

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

3.3 Financial instruments

Non-derivative financial assets

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

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

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

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

Financial assets at fair value through profit or loss

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

Notes to the Financial Statements

Year ended 31 December 2014

3 Significant accounting policies (cont'd)

3.3 Financial instruments (cont'd)

Available-for-sale financial assets

The Group's investments in certain equity securities and debt securities are classified as available-for-sale financial assets. Subsequent to initial recognition, they are measured at fair value and changes therein, other than for impairment losses, and foreign exchange gains and losses on available-for-sale monetary items (see note 3.2), are recognised in other comprehensive income and presented within equity in the fair value reserve. When an investment is derecognised, the cumulative gain or loss in other comprehensive income is transferred to profit or loss.

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

Loans and receivables

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

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

Non-derivative financial liabilities

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

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

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

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

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

Impairment of financial assets

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

Notes to the Financial Statements

Year ended 31 December 2014

3 Significant accounting policies (cont'd)

3.3 Financial instruments (cont'd)

Impairment of financial assets (cont'd)

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.

Intra-group financial guarantees

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

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

Share capital

Ordinary shares are classified as equity.

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

Notes to the Financial Statements

Year ended 31 December 2014

3 Significant accounting policies (cont'd)

3.3 Financial instruments (cont'd)

Share capital (cont'd)

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.

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 OCI 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 OCI 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.

Notes to the Financial Statements

Year ended 31 December 2014

3 Significant accounting policies (cont'd)

3.4 Property, plant and equipment

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

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

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, and any other costs directly attributable to bringing the asset to a working condition for its intended use, and the cost of dismantling and removing the items and restoring the site on which they are located and capitalised borrowing costs. When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

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

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

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

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

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

Freehold property	50 years
Leasehold improvements	5 to 10 years
Furniture, fittings and office equipment	5 years
Motor vehicles	5 years

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

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

Notes to the Financial Statements

Year ended 31 December 2014

3 Significant accounting policies (cont'd)

3.5 Goodwill

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

Goodwill represents the excess of:

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

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

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

3.6 Investment properties

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

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

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

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

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

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

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

Notes to the Financial Statements

Year ended 31 December 2014

3 Significant accounting policies (cont'd)

3.7 Leases

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

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

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

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

3.8 Impairment – non-financial assets

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

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

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

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

Notes to the Financial Statements

Year ended 31 December 2014

3 Significant accounting policies (cont'd)

3.9 Development properties

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

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

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

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

3.10 Inventories

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

3.11 Assets held for sale

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

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

Notes to the Financial Statements

Year ended 31 December 2014

3 Significant accounting policies (cont'd)

3.12 Employee benefits

Defined contribution plans

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

Short-term employee benefits

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

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

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

Loans to subsidiaries and associate

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

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

3.14 Revenue recognition

Sale of development properties in Singapore

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

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

Notes to the Financial Statements

Year ended 31 December 2014

3 Significant accounting policies (cont'd)

3.14 Revenue recognition (cont'd)

Sale of development properties in Singapore (cont'd)

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

Sale of development properties overseas

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

Rental income

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

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.

3.15 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 cost 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.

Notes to the Financial Statements

Year ended 31 December 2014

3 Significant accounting policies (cont'd)

3.16 Income tax

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

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

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, temporary differences relating to investments in subsidiaries and jointly-controlled entities to the extent that it is probable that they will not reverse in the foreseeable future, and taxable temporary differences arising on initial recognition of goodwill.

The measurement of deferred taxes reflects the tax consequences that would follow the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

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

In determining the amount of current and deferred tax, the Group takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Group believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Group to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

3.17 Discontinued operations

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

Notes to the Financial Statements

Year ended 31 December 2014

3 Significant accounting policies (cont'd)

3.18 Earnings per share

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

3.19 Segment reporting

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

3.20 New standards and interpretations not adopted

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 January 2014, and have not been applied in preparing these financial statements. None of these are expected to have a significant effect on the financial statements of the Group and the Company.

Notes to the Financial Statements

Year ended 31 December 2014

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 2013	2,248	625	13,046	1,564	2,003	19,486
Additions	–	–	2,975	2,762	–	5,737
Disposals	–	–	–	(410)	–	(410)
Effect of movement in exchange rate	(270)	–	–	–	–	(270)
At 31 December 2013	1,978	625	16,021	3,916	2,003	24,543
Additions	–	–	1,088	496	70	1,654
Disposals	–	–	–	(44)	(5)	(49)
Effect of movement in exchange rate	(78)	–	–	(1)	(3)	(82)
At 31 December 2014	1,900	625	17,109	4,367	2,065	26,066

Notes to the Financial Statements

Year ended 31 December 2014

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 2013	44	625	–	1,274	887	2,830
Depreciation charge for the year	42	–	–	595	229	866
Disposals	–	–	–	(200)	–	(200)
Effect of movement in exchange rate	(7)	–	–	–	–	(7)
At 31 December 2013	79	625	–	1,669	1,116	3,489
Depreciation charge for the year	40	–	–	670	254	964
Disposals	–	–	–	(44)	(3)	(47)
Effect of movement in exchange rate	(5)	–	–	–	(2)	(7)
At 31 December 2014	114	625	–	2,295	1,365	4,399
Carrying amount						
At 1 January 2013	2,204	–	13,046	290	1,116	16,656
At 31 December 2013	1,899	–	16,021	2,247	887	21,054
At 31 December 2014	1,786	–	17,109	2,072	700	21,667

Notes to the Financial Statements

Year ended 31 December 2014

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 2013	259	523	–	782
Additions	2,745	–	3	2,748
Disposals	(5)	–	–	(5)
At 31 December 2013	2,999	523	3	3,525
Additions	453	–	–	453
Disposals	–	(5)	–	(5)
At 31 December 2014	3,452	518	3	3,973
Accumulated depreciation and impairment losses				
At 1 January 2013	216	244	–	460
Depreciation charge for the year	564	76	–	640
Disposals	(5)	–	–	(5)
At 31 December 2013	775	320	–	1,095
Depreciation charge for the year	654	32	–	686
Disposals	–	(3)	–	(3)
At 31 December 2014	1,429	349	–	1,778
Carrying amount				
At 1 January 2013	43	279	–	322
At 31 December 2013	2,224	203	3	2,430
At 31 December 2014	2,023	169	3	2,195

Notes to the Financial Statements

Year ended 31 December 2014

5 Investment properties

	Note	Group 2014 \$'000	Group 2013 \$'000
Freehold properties			
At 1 January		274,245	125,300
Additions		468,908	138,707
Changes in fair value		11,693	1,300
Movement in exchange rate		(8,183)	8,938
At 31 December		746,663	274,245
Leasehold properties			
At 1 January		1,266,464	31,600
Transfer from leasehold property under development		–	743,080
Changes in fair value		270,000	491,784
At 31 December		1,536,464	1,266,464
Leasehold property under development			
At 1 January		–	604,282
Additions		–	138,798
Transfer to leasehold properties		–	(743,080)
At 31 December		–	–
Total investment properties		2,283,127	1,540,709
Interest capitalised during the year	26	–	5,712

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 \$161,905 (2013: \$122,125) was charged and recognised as income.

Certain investment properties with carrying value amounting to \$2,175,896,000 (2013: \$1,537,245,569) have been pledged to secure banking facilities granted to the Group (see note 19).

Investment properties are stated at fair value based on valuations carried out by independent external valuers, namely Colliers International Consultancy & Valuation (Singapore) Pte Ltd ("Colliers") and DTZ Debenham Tie Leung Limited ("DTZ"). Both the valuers have appropriate recognised professional qualifications and recent 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.

Notes to the Financial Statements

Year ended 31 December 2014

5 Investment properties (cont'd)

In 2014, the Group recognised a fair value gain of \$281,693,000 (2013: \$493,084,000) on its investment properties, out of which, \$270,000,000 (2013: \$489,583,000) relate to the revaluation of The Metropolis. The Metropolis was reclassified from leasehold properties under development to leasehold properties following its completion in 2013. See note 37 – Determination of fair values for disclosure on the valuation techniques used by Colliers and DTZ.

6 Subsidiaries

	Company	
	2014	2013
	\$'000	\$'000
Equity investments, at cost	113,507	69,366
Discount implicit in interest-free loans to subsidiaries	2,205	2,273
Impairment loss	(1,000)	(1,000)
	114,712	70,639

Details of the significant subsidiaries are as follows:

Name of subsidiary	Principal place of business	Effective equity held by the Group	
		2014	2013
		%	%
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 ¹	–
HB St Martins Pte Ltd	Singapore	100 ²	–

¹ HB Le Grand Pte Ltd was incorporated on 11 February 2014.

² HB St Martins Pte Ltd was incorporated on 3 October 2014.

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

Notes to the Financial Statements

Year ended 31 December 2014

6 Subsidiaries (cont'd)

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 (2013: two) that are material to the Group. All are equity accounted. The following are for 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% (2013: 40%)	20% (2013: 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.

Notes to the Financial Statements

Year ended 31 December 2014

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
2013			
Revenue	–	–	
Loss from continuing operations	(1,738)	(2,720)	
Total comprehensive income	(1,738)	(2,720)	
Attributable to investee's shareholders	(1,738)	(2,720)	
Non-current assets	263	205	
Current assets	946,814	631,413	
Non-current liabilities	(118,997)	–	
Current liabilities	(31,450)	(668)	
Net assets	796,630	630,950	
Attributable to investee's shareholders	796,630	630,950	
Group's interest in net assets of investee at beginning of the year	298,526	114,765	413,291
Group's share of:			
- Loss from continuing operations	(695)	(544)	(1,239)
Other comprehensive income:			
- Foreign currency translation differences	20,821	6,647	27,468
Group's contribution during the year	–	5,322	5,322
Carrying amount of interest in investee at end of the year	318,652	126,190	444,842

Notes to the Financial Statements

Year ended 31 December 2014

8 Jointly-controlled entities

The Group has two (2013: two) jointly-controlled entities that are material and three (2013: 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% (2013: 50%)	35% (2013: 35%)

¹ Audited by KPMG LLP, Singapore

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.

Notes to the Financial Statements

Year ended 31 December 2014

8 Jointly-controlled entities (cont'd)

2014	Seaview \$'000	Pinnacle \$'000	Immaterial joint ventures \$'000	Total \$'000
Revenue	11,043	6,033		
Profit / (Loss) from continuing operations*	3,864	(9,900)		
Other comprehensive income	–	–		
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.

Notes to the Financial Statements

Year ended 31 December 2014

8 Jointly-controlled entities (cont'd)

2013	Seaview \$'000	Pinnacle \$'000	Immaterial joint ventures \$'000	Total \$'000
Revenue	14,947	74		
Profit / (Loss) from continuing operations*	5,118	(5,288)		
Total comprehensive income	5,118	(5,288)		
Attributable to investee's shareholders	5,118	(5,288)		
Non-current assets	-	-		
Current assets	471,957	1,465,570		
Non-current liabilities	(372,551)	(559,350)		
Current liabilities	(3,547)	(436,212)		
Net assets	95,859	470,008		
Attributable to investee's shareholders	95,859	470,008		
Group's interest in net assets of investee at beginning of the year	45,337	(62,410)	22,317	5,244
Group's share of total comprehensive income:	2,559	(1,851)	12,647	13,355
Intra group eliminations	(1,143)	(1,502)	-	(2,645)
Dividends received during the year	-	-	(37,400)	(37,400)
Conversion of loan to investment	-	224,000	-	224,000
Carrying amount of interest in investee at end of the year	46,753 ¹	158,237 ¹	(2,436)	202,554

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.

Notes to the Financial Statements

Year ended 31 December 2014

9 Other assets

	Group	
	2014	2013
	\$'000	\$'000
At cost		
Club membership	150	150

10 Financial assets

	Group		Company	
	2014	2013	2014	2013
	\$'000	\$'000	\$'000	\$'000
Non-current assets				
Investments designated at fair value through profit or loss				
Investments in private equity funds	4,051	4,518	–	–

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

Notes to the Financial Statements

Year ended 31 December 2014

11 Other receivables

	Group		Company	
	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
Non-current assets				
Amounts due from subsidiaries (non-trade)				
- interest bearing	–	–	585	1,296
- non-interest bearing	–	–	319,479	137,099
	–	–	320,064	138,395
Amounts due from jointly-controlled entities (non-trade)				
- interest-bearing	185,205	331,070	185,205	331,070
- non-interest bearing	85,169	69,718	–	–
Impairment losses	–	–	–	(56,633)
	270,374	400,788	185,205	274,437
	270,374	400,788	505,269	412,832

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 \$85,169,000 (2013: \$69,718,000) 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 \$185,205,000 (2013: \$331,070,000) have no fixed terms of repayment and are charged at rates of 1.20% to 1.45% per annum.

Company

The settlement for the non-interest bearing amounts due from subsidiaries of \$319,479,000 (2013: \$137,099,000) 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 \$585,000 (2013: \$1,296,000) have no fixed terms of repayment and are charged at a rate of 2.40% per annum.

In 2014, amounts due from a jointly-controlled entity (non-trade) of \$149,450,000 was converted to preference shares and included as part of the Company's investment in jointly-controlled entities. At the same time, the impairment loss of \$56,633,000 was applied to the carrying amount. During the year, an impairment of \$6,428,000 was made against the Company's investment in its jointly-controlled entities.

Notes to the Financial Statements

Year ended 31 December 2014

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 2013 \$'000	Recognised in income statement (note 27) \$'000	At 31 December 2013 \$'000	Others \$'000	At 31 December 2014 \$'000
Group					
Deferred tax liabilities					
Development properties	12,379	(12,249)	130	–	130
Property, plant and equipment	53	–	53	–	53
Income not remitted into Singapore	104	–	104	–	104
Accrued rent receivables	–	1,228	1,228	(1,228)	–
Total	12,536	(11,021)	1,515	(1,228)	287
Deferred tax assets					
Tax loss carried forward	(109)	109	–	–	–
Deferred income	(473)	–	(473)	–	(473)
Total	(582)	109	(473)	–	(473)

In 2013, the Group recorded a deferred tax liability of \$1,228,000 arising from accrued rent receivables. In 2014, the Group had opted to elect for a concessionary tax treatment under FRS 17 – Leases which will align the tax treatment on rental income under an operating lease to the requirements of FRS 17 (i.e. rental income will be subject to tax in the same period in which income is recognised in the profit and loss statement). As a result, the Group has transferred its deferred tax liabilities of \$1,228,000 as at 31 December 2013 to current tax liabilities as at 31 December 2014.

Notes to the Financial Statements

Year ended 31 December 2014

13 Development properties

	Note	Group	
		2014	2013
		\$'000	\$'000
Properties held for sale		149,714	149,753
Properties under development:			
- Costs incurred and attributable profits		79,832	58,187
- Progress billings		-	-
		<u>79,832</u>	<u>58,187</u>
Total development properties		<u>229,546</u>	<u>207,940</u>
Interest capitalised during the year	26	<u>28</u>	<u>-</u>

During the year, the finance costs was capitalised at rates ranging from 4.53% to 4.59% (2013: 1.18% to 1.32%) per annum for development properties.

Certain development properties with carrying value amounting to \$63,942,789 (2013: \$nil) were pledged to secure banking facilities granted to the Group (see note 19).

Notes to the Financial Statements

Year ended 31 December 2014

14 Trade and other receivables

	Group		Company	
	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
Trade receivables	499	12,904	–	–
Accrued rent receivables	24,945	7,825		
Impairment losses	(34)	(16)	–	–
Net receivables	25,410	20,713	–	–
Other deposits	561	810	29	49
Amounts due from:				
- subsidiaries (non-trade)				
- non-interest bearing	–	–	6,256	18,329
- jointly-controlled entities (non-trade)				
- non-interest bearing	17	16	–	–
- associate (non-trade)	19,665	18,760	19,665	18,760
Goods and services tax recoverable	133	4,247	–	106
Derivative financial asset	351	–	–	–
Other receivables	8,161	442	505	228
	54,298	44,988	26,455	37,472
Prepayments	348	2,794	33	28
Deposits paid to acquire residential properties	8,016	4,096	–	–
	62,662	51,878	26,488	37,500

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

Included within other receivables are amounts held by lawyers in trust of \$7,093,000 (2013: \$nil) in relation to deposits received from sale of properties.

15 Cash and cash equivalents

	Group		Company	
	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
Cash at banks and in hand	4,618	19,901	337	347
Fixed deposits	5,335	97,656	–	85,336
	9,953	117,557	337	85,683

Notes to the Financial Statements

Year ended 31 December 2014

15 Cash and cash equivalents (cont'd)

Included in cash and cash equivalents of the Group are amounts held under the Housing Developers (Project Account) (Amendment) Rules 1997, totalling \$nil (2013: \$8,544,000), the use of which is subject to restrictions imposed by the aforementioned rules.

The weighted average effective interest rates relating to fixed deposits at the balance sheet date for the Group is 0.50% (2013: 0.73%) per annum. Interest rates reprice at intervals of one, three or six months.

16 Assets held for sale

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

17 Share capital

	Group and Company	
	2014	2013
	Number of shares (‘000)	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 2014, included in the total number of ordinary shares was 35,777,000 (2013: 32,895,000) shares purchased by the Company (the "Treasury Shares") by way of market acquisition at an average price of \$1.68 (2013: \$1.65) per share. The Treasury Shares were deducted from total equity (see note 18).

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

Capital management

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

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

Notes to the Financial Statements

Year ended 31 December 2014

17 Share capital (cont'd)

Capital management (cont'd)

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	
	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
Net debt	905,207	351,977	153,392	9,220
Total equity (excluding non-controlling interests)	2,601,117	2,330,775	1,153,769	1,130,667
Gearing ratio	0.35	0.15	0.13	0.01

The Group and the Company are in compliance with all borrowing covenants for the financial years ended 31 December 2013 and 31 December 2014.

18 Capital and reserves

	Group		Company	
	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
Reserve for own shares	(60,284)	(54,265)	(60,284)	(54,265)
Capital reserve	2,043	2,230	–	187
Hedging reserve	351	–	–	–
Foreign currency translation reserve	22,359	7,935	–	–
Revaluation reserve	–	–	–	–
Retained earnings	2,480,600	2,218,827	1,058,005	1,028,697
	2,445,069	2,174,727	997,721	974,619

Notes to the Financial Statements

Year ended 31 December 2014

18 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.

Revaluation reserve

As at 31 December 2012, the revaluation reserve comprised of the surpluses arising from the revaluation of freehold land and hotel building. In 2013, the Group completed the sale of its freehold land and hotel building. The revaluation reserve amounting to \$94,676,000 was transferred to retained earnings.

Retained earnings

Included in retained earnings is a net accumulated profit of \$12,703,000 (2013: profit of \$18,640,000) representing share of post acquisition results of associates and jointly-controlled entities.

19 Loans and borrowings

	Group		Company	
	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
Non-current liabilities				
Secured bank loans	751,516	98,831	–	–
Current liabilities				
Secured bank loans	163,644	370,703	153,729	94,903
	915,160	469,534	153,729	94,903

Notes to the Financial Statements

Year ended 31 December 2014

19 Loans and borrowings (cont'd)

The bank loans are secured on the following assets:

	Note	Group	
		2014 \$'000	2013 \$'000
Investment properties	5	2,175,896	1,537,246
Development properties	13	63,943	–
Carrying amounts		<u>2,239,839</u>	<u>1,537,246</u>

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

Terms and debt repayment schedule

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

	Effective interest rate %	Expected year of maturity	2014		2013	
			Face value \$'000	Carrying amount \$'000	Face value \$'000	Carrying amount \$'000
Group						
Secured bank loans						
- floating rate	1.49 – 3.93	2015 – 2019	<u>915,160</u>	<u>915,160</u>	<u>469,534</u>	<u>469,534</u>
Company						
Secured bank loans						
- floating rate	1.57 – 3.93	2015	<u>153,729</u>	<u>153,729</u>	<u>94,903</u>	<u>94,903</u>

Notes to the Financial Statements

Year ended 31 December 2014

19 Loans and borrowings (cont'd)

Intra-group financial guarantees

Intra-group financial guarantees comprise guarantees given by the Company to banks in respect of banking facilities amounting to \$957,203,000 (2013: \$570,404,000) extended to its subsidiaries, associates and jointly-controlled entities. The periods in which the financial guarantees expire are as follows:

	Group		Company	
	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
Less than 1 year	–	195,773	9,915	471,573
Between 1 and 5 years	195,773	–	947,288	98,831
	195,773	195,773	957,203	570,404

20 Other liabilities

	Group	
	2014 \$'000	2013 \$'000
Amount due to a non-controlling shareholder (non-trade)	15,213	15,213

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.

21 Deferred income

	Group	
	2014 \$'000	2013 \$'000
Gain on sale and leaseback arrangement	819	1,801
Rental advances from tenants	20,606	2,894
	21,425	4,695
Non-current	8,175	819
Current	13,250	3,876
	21,425	4,695

Notes to the Financial Statements

Year ended 31 December 2014

21 Deferred income (cont'd)

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.

22 Trade and other payables

	Group		Company	
	2014	2013	2014	2013
	\$'000	\$'000	\$'000	\$'000
Trade payables	–	53	–	–
Rental deposits	15,683	14,842	–	–
Accrued operating expenses and development expenditure	53,807	75,700	7,111	10,180
Amounts due to subsidiaries (non-trade)	–	–	79,623	29,075
Amount due to jointly-controlled entity (non-trade)	3,690	6,700	3,690	6,700
Other payables	7,055	684	23	–
Goods and services tax payable	1,755	594	–	–
Retention sums payable	–	11,780	–	–
	81,990	110,353	90,447	45,955

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

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

23 Revenue

Revenue represents property development income, and rental income and service charges, after eliminating inter-company transactions. Property development income consists of sales proceeds from properties held for resale, and in respect of property development projects, an appropriate portion of the contracted sales value on which profit has been recognised under the percentage of completion method.

Notes to the Financial Statements

Year ended 31 December 2014

23 Revenue (cont'd)

The amount of each significant category of revenue is as follows:

	Group	
	2014	2013
	\$'000	\$'000
Gross proceeds from properties sold	–	108,646
Rental income and service charges	99,601	30,698
	99,601	139,344

Included in rental income and service charges is lease income generated from investment properties of \$94,990,000 (2013: \$25,727,000).

24 Other income

	Group	
	2014	2013
	\$'000	\$'000
Gross dividend income from:		
- quoted equity investments	–	1
- unquoted equity investments	43	38
Gain on disposal of freehold land and hotel building	–	25,927
Gain on sale of quoted equity	–	7
Gain on sale of investee company	–	47,194
Distribution income from financial assets designated at fair value through profit or loss	118	247
Forfeiture income	167	–
Management fee income	420	1,569
Fair value (loss)/gain on financial assets at fair value through profit or loss	(272)	1,137
Others	1,400	515
	1,876	76,635

Notes to the Financial Statements

Year ended 31 December 2014

25 Directors' remuneration

Number of directors in remuneration bands:

	2014 Number of Directors	2013 Number of Directors
\$500,000 and above	3	3
\$250,000 to \$499,999	–	–
Below \$250,000	5*	5*
Total	8	8

* Includes 5 (2013: 5) independent directors.

26 Finance income and finance costs

	Note	Group 2014 \$'000	Group 2013 \$'000
Interest income on loans and receivables		1,423	4,674
Finance income		1,423	4,674
Interest expense on financial liabilities measured at amortised cost		(19,465)	(11,563)
Interest expense capitalised in properties under development	13	28	–
Interest expense capitalised in investment property under construction	5	–	5,712
Finance costs		(19,437)	(5,851)
Net finance costs recognised in profit or loss		(18,014)	(1,177)

Notes to the Financial Statements

Year ended 31 December 2014

27 Income tax expense

	Group	
	2014	2013
	\$'000	\$'000
Current tax expense		
Current year	7,737	20,330
Overprovision of tax in prior years	(366)	(4,493)
	7,371	15,837
Deferred tax expense		
Movements in temporary differences	–	(10,912)
	7,371	4,925
Income tax expense from continuing operations	7,371	4,263
Income tax expense from discontinued operations	–	662
Total income tax expense	7,371	4,925

Reconciliation of effective tax rate

	Group	
	2014	2013
	\$'000	\$'000
Profit for the year	314,516	606,216
Total income tax expense	7,371	4,925
Profit excluding income tax	321,887	611,141
Tax calculated using Singapore tax rate of 17% (2013: 17%)	54,721	103,894
Expenses not deductible for tax purposes	2,877	4,227
Tax exempt revenue	(156)	(157)
Income not subject to tax	(48,796)	(98,457)
Effect of different tax rates in other countries	721	297
Tax incentives	(1,630)	(386)
Overprovision of tax in prior years	(366)	(4,493)
	7,371	4,925

Notes to the Financial Statements

Year ended 31 December 2014

28 Discontinued operations

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

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

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

	Group	
	2014	2013
	\$'000	\$'000
Results of discontinued operation		
Revenue	1,447	9,737
Expenses	(1,634)	(5,841)
Results from operating activities	(187)	3,896
Tax	–	(662)
Profit for the year	(187)	3,234
Basic earnings per share (cents)	(0.03)	0.48
Diluted earnings per share (cents)	(0.03)	0.48

The loss from discontinued operation of \$187,000 (2013: profit of \$3,234,000) is attributable entirely to the owners of the Company.

Of the profit from continuing operations of \$314,703,000 (2013: \$602,982,000), an amount of \$315,178,000 is attributable to the owners of the Company (2013: \$588,541,000).

Cash flows from discontinued operations

	Group	
	2014	2013
	\$'000	\$'000
Net cash from operating activities	(747)	3,432
Net cash flows for the year	(747)	3,432

Notes to the Financial Statements

Year ended 31 December 2014

29 Profit for the year

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

	Note	Group	
		2014	2013
		\$'000	\$'000
Direct operating expenses from investment properties		19,105	6,995
Audit fees payable/paid to auditors of the Company		362	343
Non-audit fees paid to auditors of the Company		111	138
Depreciation of property, plant and equipment	4	964	866
Amortisation of deferred gain on sale of leasehold property under a sale and leaseback arrangement	21	(982)	(961)
Staff costs		6,171	8,878
Contributions to defined contribution plans included in staff costs		253	398
Allowance for impairment loss reversed on trade receivables		(18)	(12)
Loss on disposal of property, plant and equipment		(2)	–

30 Earnings per share

	Group	
	2014	2013
	\$'000	\$'000
Basic earnings per share is based on:		
Net profit attributable to ordinary shareholders	314,991	591,775

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

	Group	
	2014	2013
	Number of shares '000	Number of shares '000
Ordinary shares in issue at beginning of the year	703,338	737,338
Less : Cancelled shares	–	(34,000)
Effect of own shares held	(35,457)	(26,388)
Weighted average number of ordinary shares in issue during the year	667,881	676,950

Notes to the Financial Statements

Year ended 31 December 2014

31 Dividends

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

	Group and Company	
	2014	2013
	\$'000	\$'000
Proposed final tax-exempt dividend of 5 cents (2013: 8 cents) per share	33,378	53,635

32 Significant related party transactions

Key management personnel

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

Key management personnel compensation comprised:

	Group	
	2014	2013
	\$'000	\$'000
Directors' fees	317	317
Directors' remuneration:		
- short-term employee benefits	7,028	8,622
	7,345	8,939

Notes to the Financial Statements

Year ended 31 December 2014

32 Significant related party transactions (cont'd)

Other related party transactions

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

		Group	
		2014	2013
		\$'000	\$'000
Related corporations			
Rental income		43	25
Other operating expenses:			
- insurance		57	58
- printing		45	32
- others		54	41
Other related parties			
Donations made	(i)	6,000	1,500

- (i) The donation of \$6,000,000 (2013: \$1,500,000) was made to Ho Bee Foundation, the philanthropic arm of the Group. By virtue of Mr Chua Thian Poh's shareholdings in Ho Bee Holdings (Pte) Ltd, the immediate and ultimate holding company, he is deemed to have control over the financial and operating policies of the Company. Mr Chua is also a director and a key management personnel of Ho Bee Foundation.

33 Commitments

As at 31 December 2014, commitments for expenditure which have not been provided for in the financial statements were as follows:

		Group	
		2014	2013
		\$'000	\$'000
Authorised and contracted for:			
- development expenditure		106,104	320
- subscription for additional interest in private equity funds		335	366

Notes to the Financial Statements

Year ended 31 December 2014

33 Commitments (cont'd)

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

	Group	
	2014	2013
	\$'000	\$'000
Within 1 year	101,897	40,766
After 1 year but within 5 years	283,716	93,413
After 5 years	179,501	1,577
	<u>565,114</u>	<u>135,756</u>

34 Financial risk management

Overview

The Group has a system of controls in place to create an acceptable balance between the cost of risks occurring and the cost of managing the risks. Management continually monitors the Group's risk management process to ensure that an appropriate balance between risk and control is achieved. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities.

Credit risk

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

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

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

Notes to the Financial Statements

Year ended 31 December 2014

34 Financial risk management (cont'd)

Credit risk (cont'd)

Financial guarantee

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

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

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

Liquidity risk

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

Market risk

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

Interest rate risk

The Group manages its interest rate exposure by actively reviewing its debt portfolio and switching to cheaper sources of funding in a low interest rate environment to achieve a certain level of protection against interest rate hikes. 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.

Notes to the Financial Statements

Year ended 31 December 2014

34 Financial risk management (cont'd)

Interest rate risk (cont'd)

Cash flow hedges

A subsidiary of the Group has entered into an interest rate swap in 2014 to fix the interest relating to the payment of quarterly interest charges arising on the drawdown of term loan facility totaling \$141,970,040, and designated this as cash flow hedge. The risk being hedged was the variability of cash flows arising from movements in interest rates. The hedge will be in place until the term loan matures in February 2019.

The cash flows will occur on a quarterly basis until the loan balance mature in February 2019 and this hedge which is designated as a cash flow hedge, is considered to be highly effective. The carrying value of the hedging instrument was restated to its 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 recognized in the other comprehensive income in 2014 in respect of the change in fair value of this hedging instrument was \$351,000. There was no ineffectiveness recognized in the income statement that arose from this cash flow hedge.

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) and Australian dollar (AUD). Exposure to foreign currency risk is monitored on an ongoing basis by the Group to ensure that the net exposure is kept at an acceptable level.

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

In 2013, the Group's non-current amount owing from a jointly-controlled entity, amounting to \$69,718,000, which was denominated in USD was hedged by a USD-denominated bank loan, which mitigated the currency translation risk arising from the jointly-controlled entity. The loan was designated as a net investment hedge. As the hedging instrument has expired in 2014, hedge accounting was discontinued during the year.

35 Financial instruments

Credit risk

Exposure to credit risk

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

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

Notes to the Financial Statements

Year ended 31 December 2014

35 Financial instruments (cont'd)

Credit risk (cont'd)

Exposure to credit risk (cont'd)

At the balance sheet date, the Group has receivables due from jointly-controlled entities amounting to \$270,391,000 (2013: \$400,804,000) representing 81% (2013: 89%) of total gross trade and other receivables. Except for these receivables, there was no concentration of credit risk.

Impairment losses

The ageing of trade receivables at the reporting date was:

Group	Gross	Impairment	Gross	Impairment
	2014	losses	2013	losses
	\$'000	\$'000	\$'000	\$'000
Not past due	24,945	–	7,825	–
Past due 0 – 30 days	419	–	12,716	–
Past due 31 – 120 days	16	–	75	–
More than 120 days past due	64	34	113	16
	25,444	34	20,729	16

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

	Group	
	2014	2013
	\$'000	\$'000
At 1 January	16	28
Impairment loss made/ (reversed)	18	(12)
At 31 December	34	16

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.

Notes to the Financial Statements

Year ended 31 December 2014

35 Financial instruments (cont'd)

Liquidity risk

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

	Carrying amount	Cash flows			
		Contractual cash flows	Within 1 year	Within 2 to 5 years	More than 5 years
	\$'000	\$'000	\$'000	\$'000	\$'000
Group					
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	78,300	(78,300)	(78,300)	–	–
	997,150	(1,065,979)	(262,578)	(803,401)	–
2013					
Non-derivative financial liabilities					
Secured bank loans	469,534	(487,438)	(380,950)	(106,488)	–
Retention sums payable	11,780	(11,780)	(11,780)	–	–
Amount due to jointly-controlled entities	6,700	(6,700)	(6,700)	–	–
Trade and other payables	91,873	(91,873)	(91,873)	–	–
	579,887	(597,791)	(491,303)	(106,488)	–
Company					
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)	–	–
2013					
Non-derivative financial liabilities					
Secured bank loans	94,903	(95,118)	(95,118)	–	–
Amounts due to subsidiaries	29,075	(29,075)	(29,075)	–	–
Amount due to jointly-controlled entities	6,700	(6,700)	(6,700)	–	–
Trade and other payables	10,180	(10,180)	(10,180)	–	–
	140,858	(141,073)	(141,073)	–	–

* 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 2014.

Notes to the Financial Statements

Year ended 31 December 2014

35 Financial instruments (cont'd)

Currency risk

Exposure to currency risk

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

	2014			2013		
	USD \$'000	GBP \$'000	AUD \$'000	USD \$'000	GBP \$'000	AUD \$'000
Group						
Financial assets	4,051	–	–	4,518	–	–
Trade and other receivables	92,761	190,911	83,793	18,760	–	50,232
Cash and cash equivalents	331	4,183	189	294	2,549	731
Loans and borrowings	–	(441,150)	(54,009)	–	(146,776)	(46,958)
	<u>97,143</u>	<u>(246,056)</u>	<u>29,973</u>	<u>23,572</u>	<u>(144,227)</u>	<u>4,005</u>
Company						
Trade and other receivables	19,665	182,654	75,973	18,760	–	50,232
Cash and cash equivalents	–	–	–	1	–	–
Loans and borrowings	–	(108,609)	(45,119)	–	(47,945)	(46,958)
	<u>19,665</u>	<u>74,045</u>	<u>30,854</u>	<u>18,761</u>	<u>(47,945)</u>	<u>3,274</u>

Notes to the Financial Statements

Year ended 31 December 2014

35 Financial instruments (cont'd)

Currency risk (cont'd)

Sensitivity analysis

The foreign currencies which the Group is significantly exposed to are USD, GBP and AUD. A strengthening of the Singapore dollar against these foreign currencies at the reporting date would increase/(decrease) profit before income tax by amounts shown below. This analysis assumes that all other variables, in particular, interest rates, remain constant.

	Group Profit before income tax \$'000
<hr/>	
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)	<u>(2,997)</u>
31 December 2013	
USD (10% strengthening of Singapore dollar)	(2,357)
GBP (10% strengthening of Singapore dollar)	14,423
AUD (10% strengthening of Singapore dollar)	<u>(401)</u>
	Company Profit before income tax \$'000
<hr/>	
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)	<u>(3,085)</u>
31 December 2013	
USD (10% strengthening of Singapore dollar)	(1,876)
GBP (10% strengthening of Singapore dollar)	4,795
AUD (10% strengthening of Singapore dollar)	<u>(328)</u>

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

Notes to the Financial Statements

Year ended 31 December 2014

35 Financial instruments (cont'd)

Interest rate risk

Profile

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

	Group		Company	
	Carrying Amount		Carrying Amount	
	2014	2013	2014	2013
	\$'000	\$'000	\$'000	\$'000
Fixed rate instruments				
Financial assets	5,335	97,656	–	85,336
Effect of interest rate swap	(141,970)	–	–	–
	(136,635)	97,656	–	85,336
Variable rate instruments				
Financial assets	185,205	331,070	185,205	331,070
Financial liabilities	(915,160)	(469,534)	(153,729)	(94,903)
Effect of interest rate swap	141,970	–	–	–
	(587,985)	(138,464)	31,476	236,167

Sensitivity analysis

Fixed rate instruments

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

Notes to the Financial Statements

Year ended 31 December 2014

35 Financial instruments (cont'd)

Interest rate risk (cont'd)

Variable rate instruments

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

	Profit before income tax	
	100 bp increase \$'000	100 bp decrease \$'000
Group		
31 December 2014		
Variable rate instruments	(58,798)	58,798
31 December 2013		
Variable rate instruments	(1,055)	1,055
Company		
31 December 2014		
Variable rate instruments	3,148	(3,148)
31 December 2013		
Variable rate instruments	2,362	(2,362)

Estimation of fair values for financial assets and liabilities

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

Valuation processes applied by the Group

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

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

Notes to the Financial Statements

Year ended 31 December 2014

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

Interest-bearing bank loans (secured)

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

Other financial assets and liabilities

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

Notes to the Financial Statements

Year ended 31 December 2014

35 Financial instruments (cont'd)

Interest rates used in determining fair values

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

	2014	2013
	%	%
Financial liabilities	1.3 – 4.6	1.6 – 4.3
Receivables	1.2 – 1.5	1.2 – 1.5
Payables	1.3 – 4.6	1.6 – 4.3

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 2014 and 2013.

Fair value hierarchy

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

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

	Level 1	Level 2	Level 3	Total
	\$'000	\$'000	\$'000	\$'000
Financial assets carried at fair value				
Group				
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
31 December 2013				
Financial assets designated at fair value through profit or loss	–	–	4,518	4,518

Notes to the Financial Statements

Year ended 31 December 2014

35 Financial instruments (cont'd)

Fair value hierarchy (cont'd)

Level 2 fair values

In 2014, the Group entered into an interest rate swap to hedge its interest rate exposure on its variable rate borrowings. The interest rate swap is 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.

	Contract/ Notional Amount \$'000	Group Fair value of Assets (note 14) \$'000
2014		
Cash flow hedges – Interest rate swap	141,970	351

Notes to the Financial Statements

Year ended 31 December 2014

35 Financial instruments (cont'd)

Fair value hierarchy (cont'd)

Level 3 fair values

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

Group	Financial assets at fair value through profit or loss \$'000
1 January 2014	4,518
Fair value changes	(272)
Distribution income	118
Dividend income	43
Exchange gain recognised in profit or loss	193
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
1 January 2013	3,438
Fair value changes	1,137
Distribution income	247
Exchange gain recognised in profit or loss	185
Dividend income	23
Purchases	97
Settlements	(609)
31 December 2013	4,518
 Total gain for the year included in profit or loss for assets held as at 31 December 2013	 1,592

Notes to the Financial Statements

Year ended 31 December 2014

35 Financial instruments (cont'd)

Fair value hierarchy (cont'd)

Level 3 fair values (cont'd)

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

	2014	2013
	\$'000	\$'000
Other income		
Fair value (loss)/gain	(272)	1,137
Distribution income	118	247
Dividend income	43	23
	<u>(111)</u>	<u>1,407</u>
Other expense		
Exchange gain recognised	193	185
	<u>82</u>	<u>1,592</u>

Total gain included in profit or loss for the year

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.

Notes to the Financial Statements

Year ended 31 December 2014

35 Financial instruments (cont'd)

Financial instruments by category

	Loans and receivables \$'000	Financial assets at fair value through profit or loss \$'000	Available- for-sale financial assets \$'000	Fair value – hedging instruments \$'000	Financial liabilities at amortised cost \$'000	Total \$'000
Group						
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	–	–	–	–	(81,990)	(81,990)
	249,105	4,051	–	351	(997,150)	(743,643)
31 December 2013						
Trade and other receivables*	376,058	–	–	–	–	376,058
Financial assets at fair value through profit or loss	–	4,518	–	–	–	4,518
Cash and cash equivalents	117,557	–	–	–	–	117,557
Loans and borrowings	–	–	–	–	(469,534)	(469,534)
Trade and other payables	–	–	–	–	(110,353)	(110,353)
	493,615	4,518	–	–	(579,887)	(81,754)

Notes to the Financial Statements

Year ended 31 December 2014

35 Financial instruments (cont'd)

Financial instruments by category (cont'd)

	Loans and receivables \$'000	Financial assets at fair value through profit or loss \$'000	Financial liabilities at amortised cost \$'000	Total \$'000
Company				
31 December 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)
31 December 2013				
Trade and other receivables*	313,205	–	–	313,205
Cash and cash equivalents	85,683	–	–	85,683
Trade and other payables	–	–	(45,955)	(45,955)
Loans and borrowings	–	–	(94,903)	(94,903)
	398,888	–	(140,858)	258,030

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

36 Operating segments

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

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

Other segments include investing in quoted and unquoted securities and private equity funds and the discontinued operations of the hotel. These segments do not meet any of the quantitative thresholds for determining reportable segments in 2014 or 2013.

Notes to the Financial Statements

Year ended 31 December 2014

36 Operating segments (cont'd)

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

(a) Operating segments

	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 loss of associates				(1,614)
Share of loss 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

Notes to the Financial Statements

Year ended 31 December 2014

36 Operating segments (cont'd)

(a) Operating segments (cont'd)

	Sale of development properties \$'000	Rental income \$'000	Others \$'000	Total \$'000
2013				
Turnover	108,646	30,698	–	139,344
Operating results	23,739	22,400	–	46,139
Other operating income				569,720
Other operating expenses				(19,553)
Profit from operations				596,306
Net finance costs				(1,177)
Share of loss of associates				(1,239)
Share of profits of jointly-controlled entities				13,355
Income tax expense				(4,263)
Profit from continuing operations, net of tax				602,982
Profit from discontinued operations, net of tax				3,234
Profit for the year				606,216
Other material non-cash items:				
- Fair value changes on investment properties	–	493,084	–	493,084
Reportable segment assets	216,588	1,562,232	4,518	1,783,338
Investments in associates and jointly-controlled entities	717,114	–	–	717,114
Reportable segment liabilities	62,171	422,579	–	484,750

Notes to the Financial Statements

Year ended 31 December 2014

36 Operating segments (cont'd)

(a) Operating segments (cont'd)

Reconciliations of reportable segment assets and liabilities and other material items

	2014	2013	
	\$'000	\$'000	
Assets			
Total assets for reportable segments	2,537,841	1,778,820	
Other assets	4,051	4,518	
Investments in equity accounted investees	887,594	717,114	
Total assets for discontinued operations	–	1,148	
Other unallocated amounts	254,942	490,884	
Consolidated total assets	<u>3,684,428</u>	<u>2,992,484</u>	
Liabilities			
Total liabilities for reportable segments	930,372	484,750	
Other liabilities	–	–	
Other unallocated amounts	138,248	159,983	
Consolidated total liabilities	<u>1,068,620</u>	<u>644,733</u>	
	Reportable	Unallocated	Consolidated
	segment totals	amounts	totals
	\$'000	\$'000	\$'000
Other material items			
2014			
Capital expenditure	–	17,813	17,813
Depreciation of property, plant and equipment	–	964	964
2013			
Capital expenditure	–	5,737	5,737
Depreciation of property, plant and equipment	–	866	866

Notes to the Financial Statements

Year ended 31 December 2014

36 Operating segments (cont'd)

(b) Geographical segments

The Group operates principally in Singapore.

In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of business. Segment assets are based on the geographical location of the assets.

	Singapore	China	United Kingdom	Australia	Consolidated total
	\$'000	\$'000	\$'000	\$'000	\$'000
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
2013					
Revenue	132,456	21	6,779	88	139,344
Non-current assets*	1,618,471	441,293	147,646	1,899	2,209,309

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

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

37 Determination of fair values

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

Financial assets and liabilities

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

Notes to the Financial Statements

Year ended 31 December 2014

37 Determination of fair values (cont'd)

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 metre for the buildings derived from observable market data from an active and transparent market.

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

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

Fair value hierarchy

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

The table below analyses recurring non-financial assets carried at fair value. The different levels are defined as follows:

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

Notes to the Financial Statements

Year ended 31 December 2014

37 Determination of fair values (cont'd)

Fair value hierarchy (cont'd)

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Non-financial assets carried at fair value				
Group				
31 December 2014				
Investment properties	–	–	2,283,127	2,283,127
31 December 2013				
Investment properties	–	–	1,540,709	1,540,709

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 \$'000
Group	
1 January 2014	1,540,709
Additions	468,908
Gains and losses for the year	
Changes in fair value	281,693
Movement in exchange rate	(8,183)
At 31 December 2014	<u>2,283,127</u>

Notes to the Financial Statements

Year ended 31 December 2014

37 Determination of fair values (cont'd)

Valuation technique and significant unobservable inputs

The following table shows the Group's valuation techniques used in measuring the fair values of the investment properties, as well as the significant unobservable inputs used:

Country	Valuation technique	Significant unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
Singapore	Investment method which involves the estimated annual net rental income of the building at current rate after deducting all necessary outgoings and expenses capitalized at an appropriate rate of return to arrive at the market value	<ul style="list-style-type: none"> • Occupancy rates (96% 2013: 91%) • Capitalisation rates (4.25% - 5%, 2013:4.5% - 5.5%) 	<p>The estimated fair value would increase (decrease) if:</p> <ul style="list-style-type: none"> • The occupancy rates was higher (lower); • The capitalisation rate was lower (higher).
United Kingdom	Direct comparison method involves the analysis of comparable sales of similar properties and adjusting the sale prices to that reflective of the investment properties.	Not applicable	Not applicable

38 Accounting estimates and judgements

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

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

Impairment loss on trade receivables

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

Notes to the Financial Statements

Year ended 31 December 2014

38 Accounting estimates and judgements (cont'd)

Assessment of stage of completion and estimated total construction costs of development properties and allowance for foreseeable loss on development properties

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.

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.

Additional Information

As at 31 December 2014

a) 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	25%	2,382	17,627	January 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	10%	5,475	18,766	April 2016	100%

b) 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 2014

c) 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 20 Eastwood Road	2 retail units	Leasehold - 99 yrs	972	100%
3	HB Centre I 12 Tannery Road	A block of 10-storey high-tech industrial building	Freehold	7,662	100%
4	HB Centre 2 31 Tannery Lane	A block of 8-storey light industry building	Freehold	3,216	100%
5	Forte 29 New Industrial Road	A block of 8-storey high-tech industrial building	Freehold	9,128	100%
6	The Metropolis 9 & 11 North Buona Vista Drive	Two office towers of 21 and 23 storeys with retail component	Leasehold - 99 yrs	100,396	100%
London					
1	Rose Court 2 Southwark Bridge Road London SE 1	A block of 11-storey office building	Freehold	14,623	100%
2	1 St Martin's Le Grand London EC1A 4NP	A block of 11-storey office building	Freehold	25,715	100%
3	60 St Martin's Lane London WC2 4JS	A block of 6-storey office building	Freehold	3,377	100%

d) Properties held for Sale

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

Shareholdings Statistics

As at 17 March 2015

SHARE CAPITAL

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

SHAREHOLDING HELD IN HANDS OF PUBLIC

Based on information available to the Company as at 17 March 2015, 24.19% 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	12	0.16	285	0.00
100 - 1,000	2,624	35.80	2,614,706	0.37
1,001 - 10,000	3,733	50.94	17,143,497	2.44
10,001 - 1,000,000	934	12.74	50,229,705	7.14
1,000,001 and above	26	0.36	633,349,807	90.05
	<u>7,329</u>	<u>100.00</u>	<u>703,338,000</u>	<u>100.00</u>

TOP 20 SHAREHOLDERS

No.	Name of Shareholder	No. of Shares	%**
1	Ho Bee Holdings (Pte) Ltd	485,659,800	72.80
2	Citibank Nominees Singapore Pte Ltd	25,575,435	3.83
3	DBS Nominees Pte Ltd	9,645,599	1.45
4	HSBC (Singapore) Nominees Pte Ltd	7,182,238	1.08
5	Estate Of Chua Pin Chong, Deceased	6,610,000	0.99
6	Raffles Nominees (Pte) Ltd	6,338,307	0.95
7	Lee Pineapple Company Pte Ltd	5,500,000	0.82
8	DBSN Services Pte Ltd	4,452,493	0.67
9	Chua Thiam Chok	4,265,000	0.64
10	Phillip Securities Pte Ltd	4,236,600	0.64
11	DB Nominees (S) Pte Ltd	4,214,050	0.63
12	BNP Paribas Nominees Singapore Pte Ltd	4,047,750	0.61
13	Nanyang Gum Benjamin Manufacturing (Pte) Ltd	3,988,000	0.60
14	Maybank Kim Eng Securities Pte Ltd	3,621,235	0.54
15	Yap Boh Sim	3,300,000	0.49
16	Bank of Singapore Nominees Pte Ltd	2,428,000	0.36
17	United Overseas Bank Nominees Pte Ltd	2,362,200	0.35
18	Woon Choon Leng Desmond	2,100,000	0.31

Shareholdings Statistics

As at 17 March 2015

TOP 20 SHAREHOLDERS (CONT'D)

No.	Name of Shareholder	No. of Shares	%**
19	Chua Wee-Chern	2,052,000	0.31
20	Hexacon Construction Pte Ltd	1,865,000	0.28
		<u>589,443,707</u>	<u>88.35</u>

@ Ordinary shares purchased and held as treasury shares by the Company will have no voting rights. As at 17 March 2015, the Company has 36,186,100 shares held as treasury shares and this represents approximately 5.42% against the total number of issued shares excluding treasury shares as at that date.

** The percentage is calculated based on the number of issued ordinary shares of the Company as at 17 March 2015, excluding 36,186,100 shares held as treasury shares as at that date.

SUBSTANTIAL SHAREHOLDERS

Substantial Shareholders	Direct Interest		Deemed Interest	
	No. of Shares	% ⁽¹⁾	No. of Shares	% ⁽¹⁾
Ho Bee Holdings (Pte) Ltd	485,659,800	72.80	1,414,000 ⁽²⁾	0.21
Mr Chua Thian Poh	-	-	487,073,800 ⁽³⁾	73.01

Notes

⁽¹⁾ The percentage is calculated based on the number of issued shares of the Company as at 17 March 2015, excluding 36,186,100 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 485,659,800 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 27th annual general meeting of Ho Bee Land Limited (the “**Company**”) will be held at NTU@one-north, Auditorium 302, 11 Slim Barracks Rise Level 3, Singapore 138664 on Tuesday, 28 April 2015 at 10.30 a.m. to transact the following business:-

Ordinary Business

1. To receive and adopt the audited financial statements for the financial year ended 31 December 2014 and the reports of the directors and the auditors thereon. **(Resolution 1)**
2. To declare a first and final one-tier tax exempt dividend of 5 cents per share for the financial year ended 31 December 2014. **(Resolution 2)**
3. To approve directors’ fees of S\$300,000 for the financial year ended 31 December 2014. (2013: S\$300,000) **(Resolution 3)**
4. To re-appoint Mr Ch’ng Jit Koon pursuant to Section 153(6) of the Companies Act, Chapter 50 as a director to hold such office from the date of this annual general meeting until the next annual general meeting of the Company. **(Resolution 4)**
5. To re-appoint Mr Tan Eng Bock pursuant to Section 153(6) of the Companies Act, Chapter 50 as a director to hold such office from the date of this annual general meeting until the next annual general meeting of the Company. **(Resolution 5)**
6. To re-elect Mr Desmond Woon Choon Leng, a director who will retire by rotation pursuant to Article 104 of the Company’s Articles of Association and who, being eligible, will offer himself for re-election. **(Resolution 6)**
7. To re-elect Mr Bobby Chin Yoke Choong, a director who will retire by rotation pursuant to Article 104 of the Company’s Articles of Association and who, being eligible, will offer himself for re-election. **(Resolution 7)**
8. To re-appoint KPMG LLP as auditors of the Company and to authorise the directors to fix their remuneration. **(Resolution 8)**

Special Business

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

9. That authority be and is hereby given to the directors of the Company to:-
 - (a) (i) issue shares in the capital of the Company (“**shares**”) whether by way of rights, bonus or otherwise; and/or
 - (ii) make or grant offers, agreements or options (collectively, “**instruments**”) that might or would require shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures or other instruments convertible into shares,

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

Notice of Annual General Meeting

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

provided that:-

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

(Resolution 9)

10. That:-

- (a) for the purposes of Sections 76C and 76E of the Companies Act, Chapter 50 (the "**Companies Act**"), the exercise by the directors of the Company of all the powers of the Company to purchase or otherwise acquire issued ordinary shares in the capital of the Company ("**shares**") not exceeding in aggregate the Prescribed Limit (as hereinafter defined), at such price(s) as may be determined by the directors of the Company from time to time up to the Maximum Price (as hereinafter defined), whether by way of:-
 - (i) on-market purchase(s) (each a "**Market Purchase**") transacted through the trading system of the Singapore Exchange Securities Trading Limited ("**SGX-ST**"); and/or

Notice of Annual General Meeting

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

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

- (b) unless varied or revoked by the Company in general meeting, the authority conferred on the directors of the Company pursuant to the Share Buyback Mandate may be exercised by the directors at any time and from time to time during the period commencing from the date of passing of this resolution and expiring on the earlier of:-
 - (i) the date on which the next annual general meeting of the Company is held or required by law to be held;
 - (ii) the date on which the purchases or acquisitions of shares by the Company pursuant to the Share Buyback Mandate are carried out to the full extent mandated; or
 - (iii) the date on which the authority conferred by the Share Buyback Mandate is varied or revoked by shareholders in a general meeting;
- (c) in this resolution:-

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

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

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

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

- (i) in the case of a Market Purchase, 105% of the Average Closing Price; and
- (ii) in the case of an Off-Market Purchase, 120% of the Highest Last Dealt Price; and

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

Notice of Annual General Meeting

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

(Resolution 10)

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

By Order of the Board
Tan Sock Kiang
Company Secretary
Ho Bee Land Limited
9 April 2015

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

Ordinary Resolution 3: This resolution is to seek approval for the payment of a total sum of S\$300,000 as directors' fees for the financial year ended 31 December 2014 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 32 of the Annual Report.

Ordinary Resolution 5: Mr Tan Eng Bock will, upon re-appointment, remain a member of the Remuneration Committee. He is considered an independent director. Key information on Mr Tan is set out on page 33 of the Annual Report.

Ordinary Resolution 6: Mr Desmond Woon Choon Leng is an executive director. Key information on Mr Woon is set out on page 29 of the Annual Report.

Ordinary Resolution 7: Mr Bobby Chin Yoke Choong will, upon re-election, remain as the chairman of the Audit & Risk Committee, a member of the Nominating Committee, and a member of the Remuneration Committee. He is considered an independent director. Key information on Mr Chin is set out on page 31 of the Annual Report.

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

Ordinary Resolution 10: This resolution is to renew the Share Buyback Mandate, which was originally approved by shareholders on 29 April 2008 and was last renewed at the annual general meeting of the Company held on 28 April 2014. Please refer to the Appendix to this Notice of Annual General Meeting for details.

Notice of Annual General Meeting

Books Closure Date and Payment Date for Dividend

Subject to the approval of the shareholders for the proposed first and final one-tier tax exempt dividend being obtained at the 27th annual general meeting, the register of members and the transfer book of the Company will be closed on 15 May 2015 for the purpose of determining shareholders' entitlements to the proposed first and final dividend for the financial year ended 31 December 2014.

Duly completed transfers received by the Company's Share Registrar, M & C Services Private Limited at 112 Robinson Road #05-01, Singapore 068902 up to 5.00 p.m. on 14 May 2015 will be registered before entitlements to the proposed first and final dividend are determined.

Shareholders whose securities accounts with The Central Depository (Pte) Limited are credited with shares at 5.00 p.m. on 14 May 2015 will be entitled to the proposed first and final dividend.

The proposed first and final dividend, if approved by shareholders at the 27th annual general meeting will be paid on 29 May 2015.

Notes

A member entitled to attend and vote at the annual general meeting may appoint not more than two proxies to attend and vote on his behalf. Where a member appoints more than one proxy, he shall specify the proportion of his shareholding to be represented by each proxy. A proxy need not be a member of the Company. The instrument appointing a proxy or proxies must be deposited at the office of the Company's Share Registrar, M & C Services Private Limited at 112 Robinson Road #05-01, Singapore 068902 not less than 48 hours before the time appointed for the meeting.

Personal Data Privacy

By submitting an instrument appointing a 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.

This page has been intentionally left blank.

This page has been intentionally left blank.

This page has been intentionally left blank.

**HO BEE LAND LIMITED**

(Incorporated in the Republic of Singapore)
Company Registration No. 198702381M

IMPORTANT

1. For investors who have used their CPF monies to buy Ho Bee Land Limited's shares, this annual report is forwarded to them at the request of their CPF approved nominees and is sent solely FOR INFORMATION ONLY.
2. This proxy form is not valid for use by CPF investors and shall be ineffective for all intents and purposes if used or purported to be used by them.
3. CPF investors who wish to vote should contact their CPF approved nominees.

Personal Data Privacy

By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the notice of annual general meeting dated 9 April 2015.

**Annual General Meeting
Proxy Form**

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

being a member/members of Ho Bee Land Limited (the "**Company**") hereby appoint:

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

as my/our proxy/proxies to attend and vote for me/us on my/our behalf and, if necessary, to demand a poll at the 27th annual general meeting of the Company to be held at NTU@one-north, Auditorium 302, 11 Slim Barracks Rise, Level 3, Singapore 138664 on Tuesday, 28 April 2015 at 10.30 a.m. and at any adjournment thereof.

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

No.	Resolutions	For	Against
Ordinary Business			
1	To receive and adopt the audited financial statements for the financial year ended 31 December 2014 and the reports of the directors and the auditors thereon.		
2	To declare a first and final one-tier tax exempt dividend of 5 cents per share for the financial year ended 31 December 2014.		
3	To approve directors' fees of S\$300,000 for the financial year ended 31 December 2014. (2013: S\$300,000)		
4	To re-appoint Mr Ch'ng Jit Koon as director.		
5	To re-appoint Mr Tan Eng Bock as director.		
6	To re-elect Mr Desmond Woon Choon Leng as director.		
7	To re-elect Mr Bobby Chin Yoke Choong as director.		
8	To re-appoint KPMG LLP as auditors and to authorise the directors to fix their remuneration.		
Special Business			
9	To approve the authority to issue shares and make or grant instruments convertible into shares.		
10	To approve the renewal of the Share Buyback Mandate.		

Dated this _____ day of _____ 2015

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

Total Number of Shares Held

IMPORTANT

PLEASE READ NOTES OVERLEAF



Notes

- 1 Please insert the total number of shares held by you. If you have shares entered against your name in the Depository Register (as defined in Section 130A of the Companies Act, Chapter 50), you should insert that number. If you have shares registered in your name in the Register of Members of the Company, you should insert that number. If you have shares entered against your name in the Depository Register and shares registered in your name in the Register of Members, you should insert the aggregate number. If no number is inserted, this form of proxy will be deemed to relate to all the shares held by you.
- 2 A member entitled to attend and vote at a meeting of the Company is entitled to appoint not more than two proxies to attend and vote on his behalf. A proxy need not be a member of the Company.
- 3 The instrument appointing a proxy or proxies must be deposited at the office of the Company's Share Registrar, M & C Services Private Limited at 112 Robinson Road #05-01, Singapore 068902 not less than 48 hours before the time appointed for the meeting.
- 4 Where a member appoints more than one proxy, he shall specify the proportion of his shareholding to be represented by each proxy. If no such proportion or number is specified the first named proxy may be treated as representing 100% of the shareholding and any second named proxy as an alternate to the first named.
- 5 The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed under its common seal or under the hand of its attorney duly authorised.
- 6 Where an instrument appointing a proxy or proxies is signed on behalf of the appointor by an attorney, the power of attorney (or other authority) or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument of proxy, failing which the instrument may be treated as invalid.
- 7 A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the meeting, in accordance with Section 179 of the Companies Act, Chapter 50.
- 8 The Company shall be entitled to reject an instrument of proxy which is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified on the instrument of proxy. In addition, in the case of shares entered in the Depository Register, the Company may reject an instrument of proxy if the member, being the appointor, is not shown to have shares entered against his name in the Depository Register as at 48 hours before the time appointed for holding the meeting, as certified by The Central Depository (Pte) Limited to the Company.



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

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