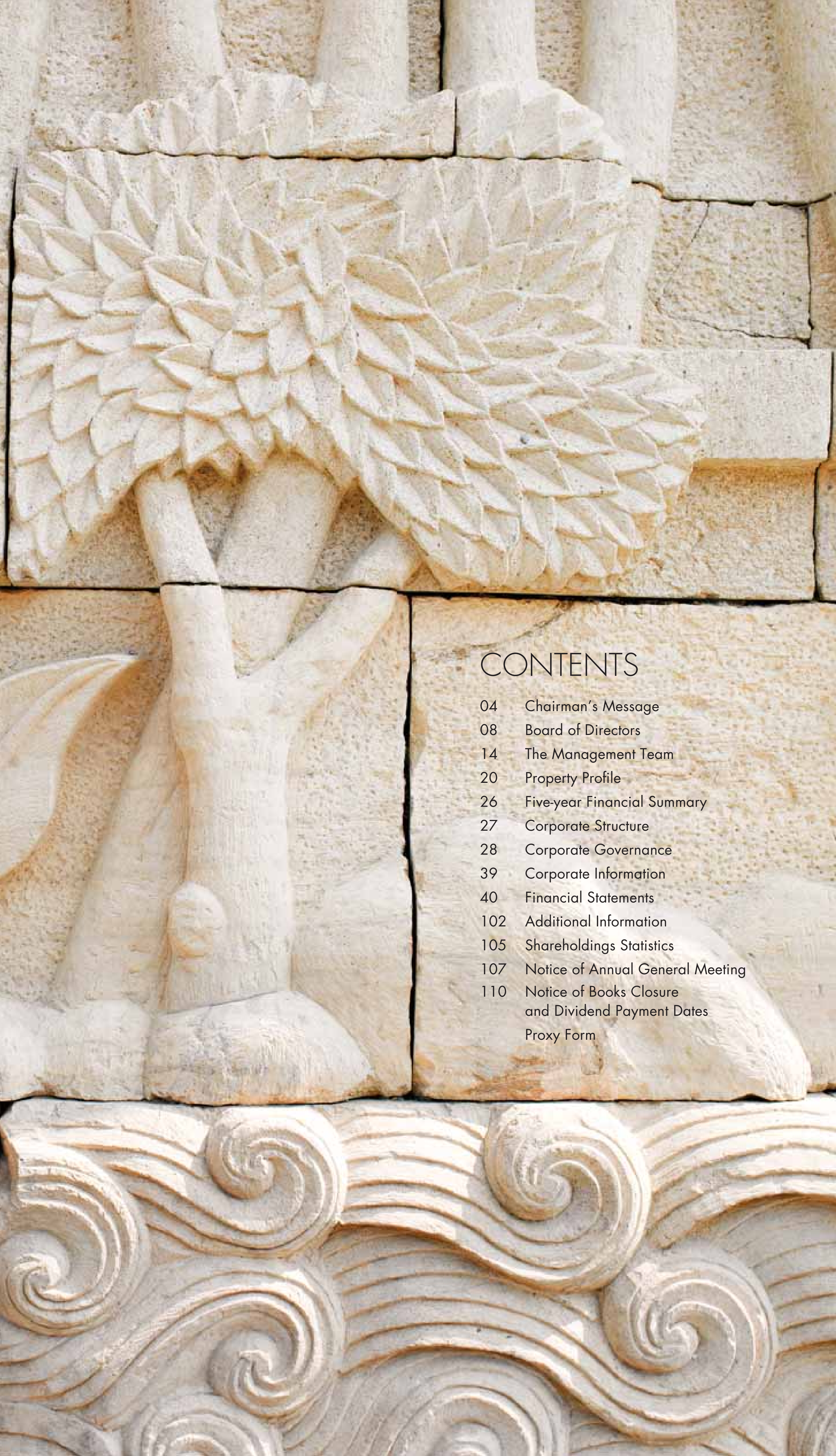
HO BEE ANNUAL REPORT 2008

LIVINGART



CONTENTS

LIVINGART

ART IS THE FRUIT OF EXTRAORDINARY VISION, DELIVERED WITH BOLD STROKES OF THE IMAGINATION AND FINISHED WITH THE TOUCH OF PERFECTION. HO BEE DRAWS INSPIRATION FROM ART, IN ITS ENDEAVOUR TO ENHANCE LIFESTYLES BY CREATING LIVING WORKS OF ART THAT PROVIDES SPACE TO LIVE, WORK AND PLAY. LIKE TRUE OBJECTS OF ART, EVERYTHING HO BEE BUILDS STANDS AS A TESTIMONY TO THE HUMAN QUEST FOR BEAUTY, AND ARE ENDOWED WITH ENDURING VALUES THAT CAN ONLY GROW WITH THE PASSING YEARS.

INSPIRINGGROWTH

Like a rare object of beauty whose value grows with every passing year, Ho Bee is a flourishing business that grows on the strength of a successful history and a promising future. And it in turn inspires growth in all who shares its vision and ambition.

CHAIRMAN'S MESSAGE

Chua Thian Poh
Chairman & CEO

On behalf of the Board, I am pleased to report that considering the financial turmoil and economic downturn in the second half of 2008, the Group's performance for FY 2008 has been satisfactory.

FINANCIAL REVIEW

Group turnover for FY2008 decreased 49% to S$302.1 million, from S$596.1 million achieved in the previous year. This was due to the lower recognition of revenue from property development projects.

Consequently, profit before tax for FY2008 decreased 62%, from S$330.2 million in FY2007 to S$125.2 million. Another major reason for the sharp fall was the gain arising from the net change in fair value of investment properties and the reversal of write down of properties held for sale amounting to S$87.7 million, recorded in FY 2007 as compared to a loss of S$2.3 million in FY 2008. Excluding the net change in fair value gain/loss, the decline in profit before tax for FY 2008 would have been 47% over FY 2007. The Group's share of loss of JV Entities of S$5.1 million had also contributed to the drop in profit before tax for FY 2008.

Profit attributable to shareholders amounted to S$93.1 million, or 12.6 cents per share. Total shareholders fund as at 31st December 2008 rose to S$880.9 million, representing a net asset value per share of S$1.20, an increase of S$0.10 over the preceding financial year. The Group achieved a return on equity of 11% for FY 2008.

PROPOSED DIVIDEND

The Board is recommending a final dividend of 1 cent per share for FY 2008. Including the interim dividend of 1 cent per share paid during the year, total dividend payment for FY 2008 amounted to 2 cents per share. Subject to shareholders' approval at the Annual General Meeting of the Company to be held on 29 April 2009, the final dividend will be paid on 29 May 2009.

BUSINESS REVIEW

Property Development

Turnover for property development for FY 2008 dropped 52% to S$277.1 million, as compared to the previous year.

The decline in turnover was primarily due to the higher revenue recognised in the preceding year for four residential projects namely, Orange Grove Residences at Orange Grove Road, Coral Island, The Coast and Paradise Island at Sentosa Cove.

Revenue recognised from other residential projects in FY2008, included Montview at Mount Sinai, Quinterra at Holland Road, Vertis at Amber Gardens, The Orange Grove at Orange Grove Road and Turquoise at Sentosa Cove.

Construction works for the Group's industrial and residential development projects are progressing well. Two industrial projects, Platinum 28 located at Genting Lane and Forte located at New Industrial Road received Temporary Occupation Permit ("TOP") in the 3rd quarter of 2008 and 1st quarter of 2009 respectively.

TOPs were also obtained for three residential projects, namely Montview, in the 1st quarter of 2008 and Vertis & Quinterra in the 1st quarter of 2009. TOPs for three other residential projects, namely The Coast, Paradise Island and Orange Grove Residences are expected in the 2nd quarter of 2009.

For residential units sold under the deferred payment scheme, profits are recognised based on the initial 20% deposit payment and when TOP for the development is obtained. The completion of the abovementioned projects is likely to contribute significantly to the Group's revenue and earnings for FY2009.

Property Investment

Revenue from property investment for FY2008 rose 30% over the preceding year to S$16.6 million. The strong occupancy and rental rates of the Group's investment properties had more than offset the loss in rental income of two floors of office space at Suntec Tower 2 which were sold in the 1st and 3rd quarters of 2008. Contribution to rental income from the two newly completed industrial buildings, Platinum 28 and Forte is expected to be significant in the coming years.

Hotel Operation

The decline in tourist arrival as a result of the global financial & economic crisis is beginning to affect our business at Hotel Windsor. Rooms occupancy has started to decline in the last quarter of 2008, resulting in a drop in rooms revenue. However, with an improvement in our café business, total hotel revenue for the whole of 2008 increased 25%, from S$6.7 million in the preceding year to S$8.4 million.

BUSINESS PROSPECTS

The residential property market in Singapore had been badly affected by the deteriorating global financial and economic crisis. According to the 4th quarter real estate statistics released by URA, sales of private residential properties in 2008 had fallen to a record low of 4,264 units, a far cry from the 14,811 units sold in 2007. The overall prices of private residential properties for 2008 fell by 4.7%, as compared to a 31.2% increase in the previous year.

GIVEN THE WEAK MARKET SENTIMENT AND ADVERSE ECONOMIC ENVIRONMENT, 2009 WILL BE A VERY CHALLENGING YEAR. HOWEVER, I AM CONFIDENT THAT WITH THE EARNINGS AND CASH FLOW EXPECTED FROM THE FIVE RESIDENTIAL PROJECTS IN 2009 THE GROUP IS WELL POSITIONED TO RIDE THROUGH THIS DIFFICULT PERIOD.

Given the weak market sentiment and adverse economic environment, 2009 will be a very challenging year. However, I am confident that with the earnings and cash flow expected from the five residential projects (Vertis, Quinterra, The Coast, Paradise Island & Orange Grove Residences) in 2009 the Group is well positioned to ride through this difficult period.

ACKNOWLEDGEMENTS

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

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

Chua Thian Poh
Chairman & CEO

SCALINGHEIGHTS

The greatness of art lies in its power to set the artist free from the limits of convention. Ho Bee takes the art of business to new heights, by breaking through challenge after challenge to reach new peaks, time after time.

BOARD OF DIRECTORS

MR CHUA THIAN POH
Chairman and CEO

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

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

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

MR ONG CHONG HUA
Executive Director

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

MR DESMOND WOON CHOON LENG
Executive Director

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

From left to right
Mr Desmond Woon Choon Leng
Mr Ong Chong Hua

MR TAN KENG BOON
Lead Independent Director

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

MR CH'NG JIT KOON
Independent Director

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

From left to right
Mr Tan Keng Boon
Mr Ch'ng Jit Koon
Mr Bobby Chin Yoke Choong
Mr Jeffery Chan Cheow Tong
Mr Tan Eng Bock

MR BOBBY CHIN YOKE CHOONG
Independent Director

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

MR JEFFERY CHAN CHEOW TONG
Independent Director

Mr Chan was appointed to the Board in October 2002. He is also an Independent Director of AXA Insurance Pte Ltd. He is a Fellow of the Institute of Chartered Accountants in England & Wales and of the Institute of Certified Public Accountants of Singapore.

MR TAN ENG BOCK
Independent Director

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

MOULDINGSTRENGTH

Just like everything it builds, Ho Bee stands tall upon a solid foundation from which it draws strength to stand up to even the most daunting challenges – past, present and future.

THEMANAGEMENTTEAM




1	3
2	4

01
MR CHONG HOCK CHANG
General Manager,
Business Development and Marketing

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

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

Holder of a Bachelor of Science (Honours) in Estate Management from the National University of Singapore, Mr Chong is a member of the Singapore Institute of Surveyors and Valuers. He is currently serving as the Honorary Assistant Treasurer in the Management Committee of the Real Estate Developers Association of Singapore.

02
MR SOH HWEE CHEOW
General Manager,
Projects

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

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

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

03
MRS CAROLINE EE-LEE
General Manager,
HR and Corporate Affairs

Mrs Ee-Lee has held the post of General Manager of the human resource and corporate affairs department in the Group since 2005.

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

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

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

04
MR MARK KHOO CHEE MENG
General Manager,
Hotel Windsor

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

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

5	8
6	9
7	10

05
MR NICHOLAS CHUA WEE CHERN
Senior Manager,
Business Development and Marketing

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

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

06
MR LUM HON CHEW
Senior Project Manager

Prior to joining the Group in 2000, Mr Lum served in the Development Control Division of the Urban Redevelopment Authority. He was also previously a Project Development Manager with a private property development firm. Mr Lum holds a Bachelor of Business (Business Administration) from Royal Melbourne Institute of Technology; a Diploma in Management Studies from the Singapore Institute of Management; and a Diploma in Architectural Technology from the Singapore Polytechnic.

07
MR CHOONG KAR FAI
Project Manager

When he joined the Group in 2005, Mr Choong took on the post of Project Manager, where he has been managing project and property management since.

Mr Choong began his career as Senior Project Manager with a G7 building contractor. In 1998, he joined the residential development company, Pidemco Land Ltd (now known as Capitaland Residential (S) Ltd) till 2005.

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

08
MR LOW LAI SAI
Finance Manager & Company Secretary

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

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

09
MR HONG LENG GUAN
Project Manager

Mr Hong joined the Group in 2007 as a Project Manager in charge of project and property management.

Mr Hong began his career as Project Engineer with a G8 building contractor. He next joined a private developer as a Senior Resident Engineer and in 1995 he was given the role of Site Manager. His career also included stint with Keppel Land and Tuan Sing Holdings Limited as Resident Engineer. He was previously a Project Manager with a private property development firm.

Mr Hong holds a Master of Science in Civil Engineering and a Bachelor of Science in Civil Engineering from The California State University.

10
MS VIVIAN NG LAY YEN
Marketing Manager

Ms Ng joined Ho Bee Group in 1997 and has since been involved in the operations of the Marketing Department. Primarily, she is tasked to oversee the leasing and sale of the properties within the Group, with the focus on industrial and retail properties. Recently promoted to Marketing Manager, she will continue to concentrate on the leasing and marketing of the Group's growing investment portfolio.

Prior to joining Ho Bee, Ms Ng spent three years with a leading real estate management company as a Property Management Executive, taking care of several industrial and residential developments.

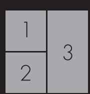
Ms Ng graduated from Ngee Ann Polytechnic with a Diploma in Building Management before obtaining her Bachelor of Science in Estate Management from the Oxford Brooke University.

SHAPINGPROGRESS

Art captivates because it is a constant discovery of new and better forms of expression. Likewise, Ho Bee stands out because it provokes growth and drives progress as it shapes lives and changes landscapes.

PROPERTYPROFILE

With a portfolio that includes residential and hi-tech industrial developments sited in highly coveted locations, Ho Bee continues to lead the way in engineering premium space for modern living and working. While it has a whole slew of new landmark projects on the drawing board, FY2009 will be a bountiful year as many of its developments will be securing their Temporary Occupation Permit ("TOP") and ready to welcome a whole new generation of occupants into the Ho Bee fold. Here are some of its best offerings; together they compose a gallery of living art at its very best.



01
FORTE

This 8-storey hi-tech building, situated off Upper Paya Lebar Road, offers unparalleled convenience with speedy connection to the rest of the island via PIE, CTE and KPE Expressways. It is also well-served by the public transport network and only minutes walk away from Tai Seng MRT Station, which is slated to become operational in 2010. Forte stands out with a main facade composed from a modern, unique combination of smooth aluminium and window cladding with rounded corners, setting itself apart from the rest of the developments in the locality. The building has a net lettable area of 9,128 sqm. TOP was obtained in January 2009 and it is currently fully leased.

02
PLATINUM 28

Sited on a prime location along Genting Lane, this sleek 9-storey development is easily accessible to major expressways such as PIE, CTE and KPE and is only minutes walk away from Potong Pasir MRT Station. It boasts a tower block clad in distinctive silver and blue bands of glass and aluminium finishes, giving it an exceptional corporate appearance over and above neighbouring developments. The building obtained TOP in September 2008 and offers a net lettable area of 7,622 sqm. Leasing is underway, with an occupancy rate of more than 50% already secured to date.

03
VERTIS

This stylish 42-unit freehold development is located in the prestigious East Coast residential enclave. It is distinguished by its fluid, modern lines which were conceptualised to reflect the philosophy of modern living. With commanding views, elegant finishes and designer fittings from renowned brands, every home at Vertis exudes a harmonious blend of comfort and sophistication. Situated near famous schools, shopping and leisure areas, Vertis provides a prized location that balances the desire for exclusivity and privacy with the need for practicality and convenience. The development obtained its TOP in January 2009.

4	6
5	7

04
QUINTERRA

Located in the prestigious district 10, Quinterra is a single 18-storey boutique development featuring 55 exclusive units. Using a mix of natural yet modern materials such as glass, metal and stone, together with the clever play of planes, levels, rhythms and forms, Quinterra stands out elegantly from its picturesque surroundings. Within, it offers a complete luxury lifestyle, with a full ensemble of leisure facilities including a lap pool, a children's pool, Jacuzzi, gymnasium, Club House, BBQ pit and landscaped gardens. The development obtained its TOP in March 2009.

05
THE COAST

Situated on the longest coastal stretch of Sentosa Cove, The Coast is the only condominium in this premier residential enclave to feature views of both the panoramic vista of the South China Sea and the enchanting waterways of Sentosa Cove. The Coast comprises 249 exquisitely appointed units lavishly equipped for every need. The building's facades are composed of full-height glass windows, sliding mesh panels and planted ledges. The percolated effect interacts with the changing light condition of the internal and external environment to create a visual impact that is at once arresting and ethereal. The overall impression is that of a sanctum of tranquility and a pure and meditative environment that is simply breathtaking. The development is expected to obtain its TOP in the second quarter of 2009.

06
PARADISE ISLAND

A lush sanctuary without compare, Paradise Island features 29 stylish villas, which were inspired by the romance of waterfront living and the green lushness of a tropical paradise. Its architecture expression is of the modern tropical persuasion, expressed in clean lines set within the framework of a naturalistic landscaped enclave. Besides individual private berths for luxury boats, each villa features a private driveway and offers generous terraces extending into the soothing tropical landscape next to the waterways. A design that represents the spirit of the cove - a private sanctuary where one lives on both land and water in tranquil and comfortable surroundings. The development is expected to obtain its TOP in the second quarter of 2009.

07
ORANGE GROVE RESIDENCES

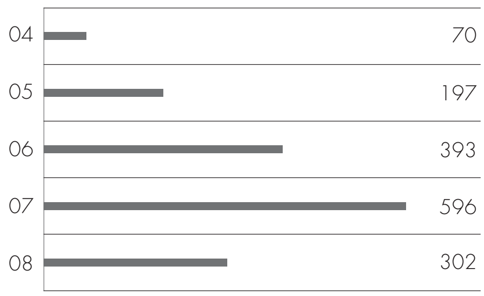
Tucked away amidst the alluring ambience of one of the most prestigious neigbourhoods, Orange Grove Residences is the perfect enclave for those who value an exclusive retreat above all. This is where one finds escape and reprieve from the pressures of the everyday life in the city. From the signature lush greenery to the serene waterscapes, here lies a picture of calm and simplicity. Orange Grove Residences is a home that flaunts the luxury of aesthetic indulgence in every detail of its design. Simple lines and clean design make it easy for each home to play host to a variety of luxurious home decor influences. The sleek and contemporary influence within perpetuates an inviting and warm atmosphere throughout the different spaces. The development is expected to obtain its TOP in the second quarter of 2009.

APPRECIATINGVALUE

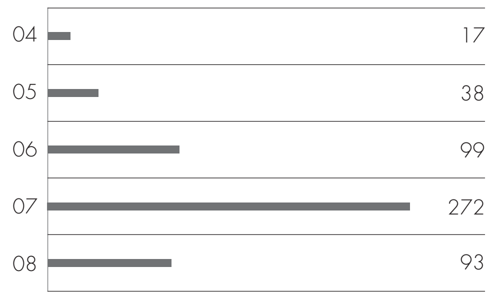
Like a true work of art whose value transcends time, Ho Bee is name that elicits endless appreciation because it delivers work that is built on the unchanging values of enduring quality and excellence.

FIVE-YEAR FINANCIAL SUMMARY

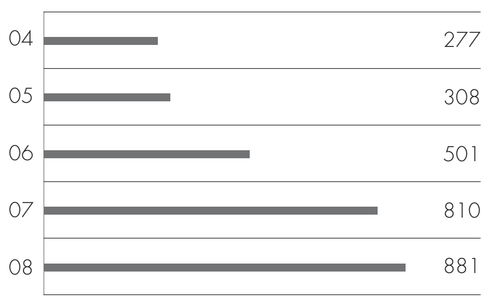
TURNOVER
(IN $ MILLION)



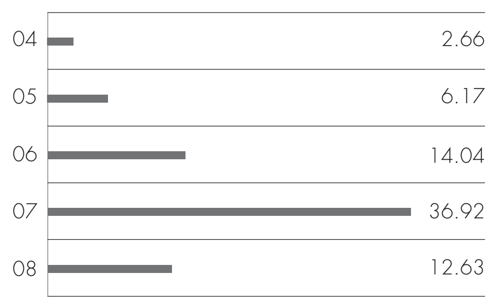
PROFIT ATTRIBUTABLE TO SHAREHOLDERS
(IN $ MILLION)



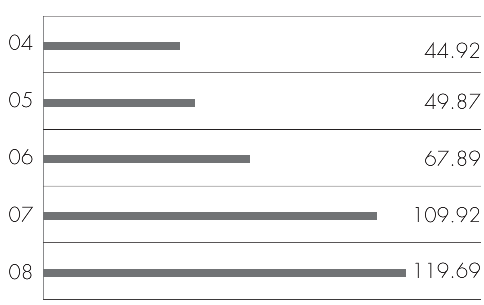
SHAREHOLDERS' EQUITY
(IN $ MILLION)



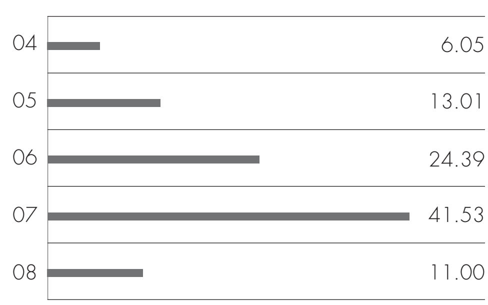
EARNINGS PER SHARE
(IN CENTS)



NET TANGIBLE ASSETS PER SHARE
(IN CENTS)



RETURN ON EQUITY
(%)



		2004	2005	2006	2007	2008
Turnover	($'000)	69,735	196,827	393,099	596,143	302,081
Profit Before Taxation & Minority Interest	($'000)	19,370	47,922	124,072	330,225	125,219
Profit Attributable to Shareholders	($'000)	16,528	38,074	98,579	272,201	93,066
Shareholders' Equity	($'000)	277,300	307,881	500,568	810,452	880,909
Earnings Per Share	(cents)	2.66	6.17	14.04	36.92	12.63
Net Tangible Assets Per Share	(cents)	44.92	49.87	67.89	109.92	119.69
Gross Dividends Per Share	(cents)	1.25	1.50	2.75	3.0	2.0
Return on Equity	(%)	6.05	13.01	24.39	41.53	11.0

CORPORATE STRUCTURE

- Ho Bee Investment Ltd
  - HB Properties International Pte Ltd (100%)
  - HB Venture Capital Pte Ltd (100%)
  - Ho Bee Developments Pte Ltd (100%)
    - Bodenheim Investments Pte Ltd (50%)
    - Legion Holdings Pte Ltd (60%)
    - Ho Bee Realty Pte Ltd (100%)
    - Ho Bee (Eastwood Park) Pte Ltd (100%)
    - Ho Bee (Pasir Ris) Pte Ltd (100%)
    - Ho Bee (Sentosa) Pte. Ltd. (100%)
  - Soon Wing Properties Pte Ltd (100%)
  - HBO Investments Pte Ltd (100%)
  - Pacific Rover Pte Ltd (100%)
  - Ho Bee Homes Pte. Ltd. (100%)
  - HB Australia Pty Ltd (100%)
  - Ho Bee Cove Pte. Ltd. (90%)
  - HBS Investments Pte Ltd (70%)
    - Parliament View Developments Limited (100%)
      - Parliament View Management Company Limited (100%)
    - Cavernbond Limited (50%)
  - Calne Pte. Ltd. (50%)
  - Seaview (Sentosa) Pte. Ltd. (50%)
  - Rivershore Pte. Ltd. (50%)
  - Pinnacle (Sentosa) Pte. Ltd. (35%)
  - Hasidon Holdings Pte Ltd (31.67%)

CORPORATEGOVERNANCE

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

BOARD OF DIRECTORS

Role of the Board

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

Board Processes

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

The Board currently holds about four scheduled meetings each year. Apart from this, ad hoc meetings are also convened as and when necessary to address any specific matters. The attendance of the directors at Board and committee meetings for the financial year 2008 is as follows:

	Board meeting		Audit Committee meeting		Nominating Committee meeting		Remuneration Committee meeting	
Name of Director	No. of meetings held while a member	No. of meetings attended	No. of meetings held while a member	No. of meetings attended	No. of meetings held while a member	No. of meetings attended	No. of meetings held while a member	No. of meetings attended
Chua Thian Poh	5	5	NA	NA	1	1	NA	NA
Desmond Woon Choon Leng	5	5	NA	NA	NA	NA	NA	NA
Ong Chong Hua	5	5	NA	NA	NA	NA	NA	NA
Ch'ng Jit Koon	5	5	4	4	1	1	NA	NA
Tan Keng Boon	5	5	4	4	1	1	NA	NA
Jeffery Chan Cheow Tong	5	5	4	4	NA	NA	1	1
Tan Eng Bock	5	4	NA	NA	NA	NA	1	1
Bobby Chin Yoke Choong	5	5	4	4	1	1	1	1

Note: NA means not applicable.

Matters Requiring Board Approval

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

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

Training for Directors

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

Board Composition and Balance

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

Name of Director	Date of first appointment as director	Date of last re-election as director	Academic/ Professional qualifications	Nature of appointment	Board committee	Directorships/ Chairmanships in other listed companies in Singapore (present & last 3 preceding years)
Chua Thian Poh Age : 60	8 Aug 1987	NA	NA	Chairman & CEO	NC - Member SOC - Member	• Engro Corporation Limited (Resigned on 6 Apr 2006)
Desmond Woon Choon Leng Age : 53	11 Aug 1995	25 Apr 2007	NA	Executive Director		
Ong Chong Hua Age : 54	11 Aug 1995	25 Apr 2007	Masters Degree in Town & Regional Planning	Executive Director		
Ch'ng Jit Koon Age : 75	12 Nov 1999	29 Apr 2008	Degree in Economics & Political Science	Independent Non-executive Director	AC - Chairman NC - Member SOC - Member	• Ban Leong Technologies Ltd • Cortina Holdings Limited • Eastern Asia Technology Limited • Pan-United Corporation Ltd. • Progen Holdings Ltd • Santak Holdings Limited • Tung Lok Restaurant (2000) Ltd • China Fashion Holdings Limited (Retired on 26 Apr 2007)
Tan Keng Boon Age : 63	12 Nov 1999	29 Apr 2008	Honours Degree in Engineering	Lead Independent Non-executive Director	AC - Member NC - Chairman SOC - Member	• Engro Corporation Limited • Sunvic Chemical Holdings Ltd • Amtek Engineering Ltd (Resigned on 23 Aug 2007)
Jeffery Chan Cheow Tong Age : 60	15 Oct 2002	29 Apr 2008	F.C.A. (Institute of Chartered Accountants in England & Wales)	Independent Non-executive Director	AC – Member RC - Chairman	• Pacific Healthcare Holdings Ltd (Resigned on 30 Sep 2007)
Tan Eng Bock Age : 72	15 Oct 2002	29 Apr 2008	NA	Independent Non-executive Director	RC - Member	• Ban Leong Technologies Ltd

Name of Director	Date of first appointment as director	Date of last re-election as director	Academic/ Professional qualifications	Nature of appointment	Board committee	Directorships/ Chairmanships in other listed companies in Singapore (present & last 3 preceding years)
Bobby Chin Yoke Choong Age: 57	29 Nov 2006	25 Apr 2007	Bachelor in Accountancy, ACA (Institute of Chartered Accountants in England & Wales)	Independent Non-executive Director	AC – Member RC – Member NC – Member	• Oversea-Chinese Banking Corporation Limited • AV Jennings Limited • Yeo Hiap Seng Ltd • Neptune Orient Lines Limited • Sembcorp Industries Ltd • The Straits Trading Company Ltd (Resigned on 24 Apr 2008) • Stamford Land Corporation Ltd (Resigned on 31 Dec 2007)

Notes:
1) Information on directors' shareholdings in the Company and its related corporations is set out in the Directors' Report on pages 41 and 42.
2) NA means not applicable.

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

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

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

Chairman & Chief Executive Officer

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

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

- ensuring that all Board meetings are convened and held as and when required;

- setting meeting agenda in consultation with the executive directors;

- reviewing board papers to ensure all Board members are furnished with complete, quality and timely information; and

- assisting in ensuring that proper procedures are set up to comply with the Code of Corporate Governance.

Access to Information

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

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

BOARD COMMITTEES

Audit Committee (AC)

Internal Controls

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

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

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

The AC will meet regularly to perform the following functions:

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

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

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

- review the independence and objectivity of the external auditors;

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

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

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

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

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

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

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

Internal Audit

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

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

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

Whistle-Blowing Policy

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

Nominating Committee (NC)

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

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

The duties of the NC are as follows:

- make recommendations to the Board on new appointments;
- determine orientation programs for new directors and recommend opportunities for the continuing training of the directors;
- make recommendations to the Board on the re-nomination of retiring directors standing for re-election at the Company's annual general meeting, having regard to the directors' contribution and performance (e.g. attendance, preparedness, participation and candour);

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

Board Performance

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

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

Remuneration Committee (RC)

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

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

Remuneration Matters

The duties and responsibilities of the RC are as follows:

- make recommendations to the Board on the framework of remuneration for the directors and key executives of the Company and its subsidiaries;

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

Remuneration of Directors and Key Executives

The remuneration of directors and key executives for the year ended 31 December 2008 is set out in the tables below:

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

Name of director	Salary	Bonus	Fees*	Allowances and other benefits	Total
$3,000,000 to $3,250,000					
Chua Thian Poh Chairman & CEO	18%	79%		3%	100%
$750,000 to $1,000,000					
Ong Chong Hua Executive director	28%	69%		3%	100%
Desmond Woon Choon Leng Executive director	30%	67%		3%	100%
Below $250,000					
Ch'ng Jit Koon Non-executive director			100%		100%
Tan Keng Boon Non-executive director			100%		100%
Jeffery Chan Cheow Tong Non-executive director			100%		100%
Tan Eng Bock Non-executive director			100%		100%
Bobby Chin Yoke Choong Non-executive director			100%		100%

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

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

Name of key executive	Salary	Bonus	Fees	Allowances and other benefits	Total
$250,000 to $500,000					
Chong Hock Chang	62%	38%			100%
Below $250,000					
Soh Hwee Cheow	68%	32%			100%
Caroline Ee-Lee	71%	29%			100%
Mark Khoo Chee Meng	69%	31%			100%
Chua Wee Chern*	68%	32%			100%

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

Information on the Ho Bee Investment Ltd Share Option Scheme is set out in the Directors' Report on page 43.

Accountability and Audit

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

Communication with Shareholders

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

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

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

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

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

Securities Transactions

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

Interested Person Transactions (IPT)

The Company has adopted a set of procedures for reporting and approving IPT. Details of IPT for the year ended 31 December 2008 are as follows:

Name of interested person	Aggregate value of all IPT (excluding transactions conducted under a shareholders' mandate pursuant to Rule 920 of the Listing Manual)	Aggregate value of all IPT conducted under a shareholders' mandate pursuant to Rule 920 of the Listing Manual
Ho Bee Holdings (Pte) Ltd	$21,090	NA
- Lease rental		
Hin Lung Credit Pte. Ltd.		
- Motor vehicles expenses	$8,303	NA
- Insurance Premium	$52,840	
Airjet Automotive Pte Ltd		
- Lease rental	$6,840,000	NA
- Motor vehicles expenses	$32,710	
HoBee Print Pte Ltd	$26,366	NA
- Printing expenses		

Notes:
1) NA means not applicable.
2) All the above IPT were done on normal commercial terms and were not prejudicial to the interests of the Company and its minority shareholders.

CORPORATEINFORMATION

BOARD OF DIRECTORS
Mr Chua Thian Poh
Chairman and CEO

Mr Desmond Woon Choon Leng
Executive Director

Mr Ong Chong Hua
Executive Director

Mr Tan Keng Boon
Lead Independent Director

Mr Ch'ng Jit Koon
Independent Director

Mr Jeffery Chan Cheow Tong
Independent Director

Mr Tan Eng Bock
Independent Director

Mr Bobby Chin Yoke Choong
Independent Director

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

Mr Soh Hwee Cheow
General Manager
(Projects)

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

Mr Mark Khoo Chee Meng
General Manager
(Hotel Windsor)

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

Mr Lum Hon Chew
Senior Project Manager

Mr Choong Kar Fai
Project Manager

Mr Hong Leng Guan
Project Manager

Ms Vivian Ng Lay Yen
Marketing Manager

Mr Low Lai Sai
Finance Manager

COMPANY SECRETARY
Mr Low Lai Sai

REGISTERED OFFICE
12 Tannery Road #10-01
HB Centre 1
Singapore 347722
Tel: (65)6748 7522
Fax: (65)6745 9167
Website: www.hobee.com

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

AUDIT COMMITTEE
Mr Ch'ng Jit Koon
Chairman

Mr Tan Keng Boon

Mr Jeffery Chan Cheow Tong

Mr Bobby Chin Yoke Choong

NOMINATING COMMITTEE
Mr Tan Keng Boon
Chairman

Mr Ch'ng Jit Koon

Mr Chua Thian Poh

Mr Bobby Chin Yoke Choong

REMUNERATION COMMITTEE
Mr Jeffery Chan Cheow Tong
Chairman

Mr Tan Eng Bock

Mr Bobby Chin Yoke Choong

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

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

COMPANY REGISTRATION NO.
198702381M

FINANCIALREVIEW

FINANCIAL CONTENTS

DIRECTORS' REPORT

We are pleased to submit this annual report to the members of the Company together with the audited financial statements for the financial year ended 31 December 2008.

Directors

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

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

Directors' interests

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

	Holdings in the name of the director, spouse or infant children		Other holdings in which the director is deemed to have an interest	
Name of director and corporation in which interests are held	At beginning of the year	At end of the year	At beginning of the year	At end of the year
Chua Thian Poh				
The Company				
- ordinary shares	–	–	474,035,000	477,145,000
Immediate and ultimate holding company				
Ho Bee Holdings (Pte) Ltd				
- ordinary shares	19,070,000	19,070,000	–	–
Subsidiaries				
HBS Investments Pte Ltd				
- ordinary shares	–	–	700,000	700,000
Ho Bee Cove Pte. Ltd.				
- ordinary shares	–	–	900,000	900,000
Legion Holdings Pte Ltd				
- ordinary shares	–	–	4,800,000	4,800,000
Parliament View Developments Limited				
- ordinary shares of £1 each	–	–	50,000	50,000
Parliament View Management Company Limited				
- ordinary shares of £1 each	–	–	1	1

	Holdings in the name of the director, spouse or infant children		Other holdings in which the director is deemed to have an interest	
Name of director and corporation in which interests are held	At beginning of the year	At end of the year	At beginning of the year	At end of the year
Chua Thian Poh (cont'd)				
Related corporations				
Airjet Auto-care Pte Ltd				
- ordinary shares	–	–	500,000	500,000
Airjet Automotive Pte Ltd				
- ordinary shares	–	–	200,000	200,000
HB Media Holdings Pte Ltd				
- ordinary shares	–	–	13,894,164	13,894,164
Hin Lung Credit Pte. Ltd.				
- ordinary shares	–	–	3,530,000	3,530,000
Ho Bee Capital Pte Ltd				
- ordinary shares	–	–	15,000,000	15,000,000
Zen Property Management Pte Ltd				
- ordinary shares	–	–	1,000,000	1,000,000
Desmond Woon Choon Leng				
The Company				
- ordinary shares	1,000,000	2,100,000	–	–
Ong Chong Hua				
The Company				
- ordinary shares	1,732,000	1,800,000	–	–
Ch'ng Jit Koon				
The Company				
- ordinary shares	300,000	300,000	–	–
Tan Keng Boon				
The Company				
- ordinary shares	300,000	500,000	–	–
Jeffery Chan Cheow Tong				
The Company				
- ordinary shares	150,000	370,000	–	–
Bobby Chin Yoke Choong				
The Company				
- ordinary shares	30,000	131,000	–	–

DIRECTORS' REPORT

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

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

There were no other changes in any of the above mentioned interests in the Company between the end of the financial year and 21 January 2009.

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

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

Except for salaries, bonuses and fees and those benefits that are disclosed in this report and in note 29 to the financial statements, since the end of the last financial year, no director has received or become entitled to receive a benefit by reason of a contract made by the Company or its related corporations with the director, or with a firm of which he is a member or with a company in which he has a substantial financial interest.

Share Options

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

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

Other statutory information regarding the Scheme are set out below:

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

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

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

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

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

DIRECTORS' REPORT

CORPORATE GOVERNANCE

Nominating Committee

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

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

Tan Keng Boon	(Chairman, Lead Independent Director)
Ch'ng Jit Koon	(Independent Director)
Chua Thian Poh	(Executive Director)
Bobby Chin Yoke Choong	(Independent Director)

Remuneration Committee

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

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

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

Audit Committee

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

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

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

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

The Audit Committee also reviewed the following:

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

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

DIRECTORS' REPORT

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

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

On behalf of the Board of Directors

Chua Thian Poh
Chairman

Desmond Woon Choon Leng
Director

20 March 2009

STATEMENTBYDIRECTORS

In our opinion:

(a) the financial statements set out on pages 49 to 101 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 2008 and the results, changes in equity and cash flows of the Group for the year ended on that date in accordance with the provisions of the Singapore Companies Act, Chapter 50 and Singapore Financial Reporting Standards; and

(b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

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

On behalf of the Board of Directors

Chua Thian Poh
Chairman

Desmond Woon Choon Leng
Director

20 March 2009

INDEPENDENT AUDITORS' REPORT

Members of the Company
Ho Bee Investment Ltd

We have audited the financial statements of Ho Bee Investment Ltd (the Company) and its subsidiaries (the Group), which comprise the balance sheets of the Group and the Company as at 31 December 2008, the income statement, statement of changes in equity and cash flow statement of the Group for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 49 to 101.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the provisions of the Singapore Companies Act, Chapter 50 (the Act) and Singapore Financial Reporting Standards. This responsibility includes:

(a) 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;

(b) selecting and applying appropriate accounting policies; and

(c) making accounting estimates that are reasonable in the circumstances.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free 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 and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by 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

Members of the Company
Ho Bee Investment Ltd

Opinion

In our opinion:

(a) the consolidated financial statements of the Group and the balance sheet of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2008 and the results, changes in equity and cash flows of the Group for the year ended on that date; and

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

KPMG LLP
Public Accountants and
Certified Public Accountants

Singapore
20 March 2009

BALANCE SHEETS

As at 31 December 2008

		Group		Company	
	Note	2008 $'000	2007 $'000	2008 $'000	2007 $'000
Non-current assets					
Property, plant and equipment	3	121,450	122,484	164	232
Investment properties	4	329,900	353,800	–	–
Subsidiaries	5	–	–	43,088	42,643
Associate	6	2,729	2,487	635	635
Jointly-controlled entities	7	(2,623)	2,126	1,000	1,500
Other assets	8	3,524	3,524	–	–
Financial assets	9	29,086	23,569	–	1,098
Other receivables	10	351,988	162,152	505,309	487,394
Deferred tax assets	11	8	74	–	–
		836,062	670,216	550,196	533,502
Current assets					
Inventories		20	13	–	–
Development properties	12	1,308,401	1,167,008	–	–
Trade and other receivables	13	8,823	23,859	220,099	12,959
Financial assets	9	69	138	40	56
Cash and cash equivalents	14	45,106	161,609	435	417
		1,362,419	1,352,627	220,574	13,432
Total assets		2,198,481	2,022,843	770,770	546,934
Equity attributable to equity holders of the Company					
Share capital	15	205,133	205,133	205,133	205,133
Reserves	16	675,776	605,319	37,764	38,981
		880,909	810,452	242,897	244,114
Minority interest		23,354	22,358	–	–
Total equity		904,263	832,810	242,897	244,114
Non-current liabilities					
Financial liabilities	18	615,643	747,985	–	–
Other liabilities	19	3,593	14,008	–	–
Deferred tax liabilities	11	50,722	38,157	–	–
		669,958	800,150	–	–
Current liabilities					
Trade and other payables	20	69,372	56,552	514,600	295,963
Financial liabilities	18	538,277	315,267	12,466	6,700
Current tax payable		16,611	18,064	807	157
		624,260	389,883	527,873	302,820
Total liabilities		1,294,218	1,190,033	527,873	302,820
Total equity and liabilities		2,198,481	2,022,843	770,770	546,934

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

CONSOLIDATED INCOMESTATEMENT

Year ended 31 December 2008

	Note	Group 2008 $'000	Group 2007 $'000
Revenue	21	302,081	596,143
Cost of sales		(155,182)	(322,938)
Gross profit		146,899	273,205
Other income	22	19,747	95,979
Administrative expenses		(15,583)	(24,369)
Other expenses		(8,371)	(7,911)
Results from operating activities		142,692	336,904
Finance costs	24	(12,616)	(9,150)
Share of profits/(losses), net of tax, of:			
- associate		242	2,487
- jointly-controlled entities		(5,099)	(16)
Profit before income tax		125,219	330,225
Income tax expense	25	(25,249)	(44,674)
Profit for the year	26	99,970	285,551
Attributable to:			
Equity holders of the Company		93,066	272,201
Minority interest		6,904	13,350
Profit for the year		99,970	285,551
Earnings per share			
Basic earnings per share (cents)	27	12.63	36.92
Diluted earnings per share (cents)	27	12.63	36.92

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2008

Group	Share capital $'000	Capital reserve $'000	Revaluation reserve $'000	Fair value reserve $'000	Currency translation reserve $'000	Accumulated profits $'000	Total attributable to holders of the Company $'000	Minority interest $'000	Total equity $'000
At 1 January 2007	205,133	2,230	–	(1,893)	3,015	301,445	509,930	9,416	519,346
Exchange differences arising on consolidation	–	–	–	–	(286)	–	(286)	(138)	(424)
Changes in fair value of available-for-sale investment	–	–	–	(295)	–	–	(295)	–	(295)
Net change in fair value of available-for-sale investment transferred to the income statement	–	–	–	2,188	–	–	2,188	–	2,188
Surplus on revaluation of property, plant and equipment	–	–	45,782	–	–	–	45,782	–	45,782
Net gains/(losses) recognised directly in equity	–	–	45,782	1,893	(286)	–	47,389	(138)	47,251
Net profit for the year	–	–	–	–	–	272,201	272,201	13,350	285,551
Total recognised income and expense for the year	–	–	45,782	1,893	(286)	272,201	319,590	13,212	332,802
Dividend paid to minority interest	–	–	–	–	–	–	–	(270)	(270)
Final dividend paid of 0.75 cent per share less tax of 18% in respect of 2006	–	–	–	–	–	(4,534)	(4,534)	–	(4,534)
Special dividend paid of 1.25 cents per share less tax of 18% in respect of 2006	–	–	–	–	–	(7,558)	(7,558)	–	(7,558)
Interim dividend paid of 0.30 cent per share less tax of 18% in respect of 2007	–	–	–	–	–	(1,814)	(1,814)	–	(1,814)
Interim tax-exempt dividend paid of 0.70 cent per share in respect of 2007	–	–	–	–	–	(5,162)	(5,162)	–	(5,162)
At 31 December 2007	205,133	2,230	45,782	–	2,729	554,578	810,452	22,358	832,810

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2008

Group	Share capital $'000	Reserve for own shares $'000	Capital reserve $'000	Revaluation reserve $'000	Currency translation reserve $'000	Accumulated profits $'000	Total attributable to holders of the Company $'000	Minority interest $'000	Total equity $'000
At 1 January 2008	205,133	–	2,230	45,782	2,729	554,578	810,452	22,358	832,810
Exchange differences arising on consolidation	–	–	–	–	(1,096)	–	(1,096)	(508)	(1,604)
Surplus on revaluation of property, plant and equipment	–	–	–	1,266	–	–	1,266	–	1,266
Net gains/(losses) recognised directly in equity	–	–	–	1,266	(1,096)	–	170	(508)	(338)
Net profit for the year	–	–	–	–	–	93,066	93,066	6,904	99,970
Total recognised income and expense for the year	–	–	–	1,266	(1,096)	93,066	93,236	6,396	99,632
Dividend paid to minority interest	–	–	–	–	–	–	–	(2,400)	(2,400)
Return of capital to minority interest	–	–	–	–	–	–	–	(3,000)	(3,000)
Final tax-exempt dividend paid of 0.75 cent per share in respect of 2007	–	–	–	–	–	(5,530)	(5,530)	–	(5,530)
Special tax-exempt dividend paid of 1.25 cents per share in respect of 2007	–	–	–	–	–	(9,217)	(9,217)	–	(9,217)
Interim tax-exempt dividend paid of 1 cent per share in respect of 2008	–	–	–	–	–	(7,373)	(7,373)	–	(7,373)
Purchase of treasury shares	–	(659)	–	–	–	–	(659)	–	(659)
At 31 December 2008	205,133	(659)	2,230	47,048	1,633	625,524	880,909	23,354	904,263

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

CONSOLIDATED CASH FLOW STATEMENT

Year ended 31 December 2008

	2008 $'000	2007 $'000
Operating activities		
Profit for the year	99,970	285,551
Adjustments for:		
Depreciation of property, plant and equipment	1,597	1,408
Property, plant and equipment written off	1	1
Unrealised exchange (gain)/loss	(133)	1,249
Interest income	(7,607)	(3,417)
Loss on disposal of investment in an associate	–	2
Dividend income	(8)	(7)
Distribution income from financial assets designated at fair value through profit or loss	(716)	(1,662)
Finance costs	12,616	9,150
Changes in fair value of investment properties	347	(83,297)
Net changes in fair value of financial assets at fair value through profit or loss	1,618	(1,313)
Net changes in fair value of financial derivatives	(263)	817
Net change in fair value of available-for-sale financial assets transferred from fair value reserve	–	2,188
Impairment losses on available-for-sale financial assets	999	–
Gain on sale of investment properties	(4,811)	–
Write down of properties held for sale made/(reversed)	2,000	(4,400)
Share of (profits)/losses of:		
- associate	(242)	(2,487)
- jointly-controlled entities	5,099	16
Income tax expense	25,249	44,674
	135,716	248,473
Changes in working capital:		
Development properties	(128,321)	(569,818)
Inventories	(7)	2
Trade and other receivables	12,207	51,795
Trade and other payables	3,753	11,409
Cash generated from/(used in) operations	23,348	(258,139)
Income taxes paid	(10,854)	(27,047)
Cash flows from operating activities	12,494	(285,186)
Investing activities		
Advances to jointly-controlled entities	(183,410)	(144,452)
Purchase of property, plant and equipment	(26,046)	(19,085)
Purchase of other assets	–	(657)
Proceeds from disposal of property, plant and equipment	–	1
Proceeds from disposal of investment properties	55,211	–
Proceeds from disposal of associate	–	335
Investments in jointly-controlled entities	(350)	(1,000)
Purchase of investment properties	(32)	(179,010)
Interest received	1,247	756
Dividend received	8	7
Purchase of financial assets designated at fair value through profit and loss	(1,132)	(1,894)
Distributions from financial assets designated at fair value through profit and loss	1,076	2,698
Investments in debt securities	(7,009)	(1,606)
Cash flows from investing activities	(160,437)	(343,907)

CONSOLIDATED CASH FLOW STATEMENT

Year ended 31 December 2008

	Note	2008 $'000	2007 $'000
Financing activities			
Return of capital to minority shareholders		(3,000)	–
Repayment to minority shareholders		(2,552)	(7,950)
Purchase of treasury shares		(659)	–
Proceeds from bank loans		243,252	1,011,402
Repayment of bank loans		(152,584)	(335,118)
Cash and cash equivalents pledged to banks		4,864	(27,359)
Amounts due to jointly-controlled entities (non-trade)		460	–
Interest paid		(28,467)	(24,620)
Dividends paid		(22,120)	(19,068)
Dividend paid to minority shareholders		(2,400)	(270)
Cash flows from financing activities		36,794	597,017
Net decrease in cash and cash equivalents		(111,149)	(32,076)
Cash and cash equivalents at beginning of year		134,250	166,349
Effect of exchange rate fluctuations on cash held		(490)	(23)
Cash and cash equivalents at end of year	14	22,611	134,250

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

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2008

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the Board of Directors on 20 March 2009.

1 Domicile and Activities

Ho Bee Investment Ltd (the Company) is incorporated in the Republic of Singapore and has its registered office at 12 Tannery Road, #10-01 HB Centre 1, Singapore 347722.

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

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

2 Summary of Significant Accounting Policies

2.1 Basis of Preparation

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

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

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

The preparation of financial statements 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 estimate is revised and in any future periods affected.

In particular, information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are described in note 33 – valuation of financial instruments and note 35 to the financial statements.

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

2.2 Consolidation

Business combinations

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

Subsidiaries

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

Associates and jointly-controlled entities

Associates are those entities in which the Group has significant influence, but not control, over their financial and operating policies. Significant influence is presumed to exist when the Group holds between 20 and 50 percent of the voting power of another entity. Jointly-controlled entities are those entities over whose activities the Group has joint control, established by contractual agreement and requiring unanimous consent for strategic financial and operating decisions. Associates and jointly controlled entities are accounted for using the equity method.

The consolidated financial statements include the Group's share of the income, expenses and equity movements of associates and jointly-controlled entities, after adjustments to align the accounting policies with those of the Group, from the date that significant influence or joint control commences until the date that significant influence or joint control ceases. When the Group's share of losses exceeds its interest in an associate or a jointly-controlled entity, the carrying amount of that interest (including any long-term investments) is reduced to zero and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the investee.

Transactions eliminated on consolidation

Intra-group balances and 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 jointly-controlled entities are stated in the Company's balance sheet at cost less accumulated impairment losses.

2.3 Foreign Currencies

Foreign currency transactions

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

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

Foreign operations

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

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

Net investment in a foreign operation

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

2.4 Property, Plant and Equipment

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

Any increase in the revaluation amount is credited to the revaluation reserve unless it offsets a previous decrease in value of the same asset that was recognised in the income statement. A decrease in value is recognised in the income statement 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.

2.4 Property, Plant and Equipment (cont'd)

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. 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.

Property that is being constructed for future use as investment property is accounted for as property, plant and equipment until construction or development is complete, at which time it is remeasured to fair value and reclassified as investment property. Any gain or loss arising on remeasurement is recognised in the income statement.

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 the income statement as incurred.

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

The estimated useful lives are as follows:

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

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

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

2.5 Goodwill

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

Acquisitions prior to 1 January 2001

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

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

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

2.5 Goodwill (cont'd)

Acquisitions occurring between 1 January 2001 and 1 January 2005

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

Goodwill was stated at cost from the date of initial recognition and amortised over its estimated useful life of 20 years. On 1 January 2005, the Group discontinued amortisation of this goodwill. This remaining goodwill balance is subject to testing for impairment, as described in note 2.9. Negative goodwill was derecognised by crediting accumulated profit on 1 January 2005.

Acquisitions on or after 1 January 2005

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

Goodwill arising on the acquisition of subsidiaries is presented in intangible assets. Goodwill arising on the acquisition of associates and jointly-controlled entities is presented together with investments in associates and jointly-controlled entities.

Goodwill is measured at cost less accumulated impairment losses. Goodwill is tested for impairment as described in note 2.9. The excess of the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition is credited to the income statement in the period of the acquisition.

2.6 Investment Properties

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

Investment property is measured at fair value with any change therein recognised in the income statement. Rental income from investment properties is accounted for in the manner described in note 2.14.

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

2.7 Financial Instruments

Non-derivative financial instruments

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

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

2.7 Financial Instruments (cont'd)

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

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

Available-for-sale financial assets

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

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

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

Investments at fair value through profit or loss

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

Other

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

Derivative financial instruments and hedging activities

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

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

2.7 Financial Instruments (cont'd)

Impairment of financial assets

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

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

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

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

Impairment losses in respect of financial assets measured at amortised cost and available-for-sale debt securities 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 the income statement in respect of available-for-sale equity securities are not reversed through the income statement. 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 requires 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 and share options are recognised as a deduction from equity, net of any tax effects.

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

2.8 Leases

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.

2.9 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 the income statement unless it reverses a previous revaluation, credited to equity, in which case it is charged to equity. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (group of units) on a pro rata basis.

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

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

2.10 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.

2.11 Inventories

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

2.12 Employee Benefits

Defined contribution plans

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

Short-term benefits

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

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

Share-based payments

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

The proceeds received net of any directly attributable transactions costs are credited to share capital when the options are exercised.

2.13 Interest-free Related Party Loans – Non-quasi Equity

Loans to subsidiaries

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

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

Loan to associate

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

2.14 Revenue Recognition

Sale of properties

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

Development properties sold under normal payment scheme (NPS)

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

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

Development properties sold under deferred payment scheme (DPS)

In view of the higher risk profile under DPS, the revenue is deemed to become more certain and probable only when the project is awarded Temporary Occupation Permit (TOP). Accordingly, profits on property development projects sold under DPS are recognised based on the initial deposit received and/or receivable and upon TOP of the project, and only in respect of finalised sales agreements.

Properties in the United Kingdom

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

Rental income

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

Hotel revenue

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

Dividend income

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

2.14 Revenue Recognition (cont'd)

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 the income statement.

Management fee income

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

2.15 Finance Costs

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

Capitalisation of interest for a development of property is discontinued upon the receipt of TOP issued by the relevant authority.

2.16 Income Tax Expense

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

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

Deferred tax is recognised using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit, and differences relating to investments in subsidiaries, associates and jointly-controlled entities to the extent that they probably will not reverse in the foreseeable future. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. 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 to the extent that it is probable that future taxable profits will be available against which temporary differences can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

3 Property, Plant and Equipment

	Freehold land and building $'000	Leasehold improvements $'000	Furniture, fittings and office equipment $'000	Motor vehicles $'000	Property under construction $'000	Total $'000
Group						
Cost/Valuation	Valuation	Cost	Cost	Cost	Cost	
At 1 January 2007	46,726	622	1,176	1,474	–	49,998
Translation differences	–	–	–	(7)	–	(7)
Transfer from development properties	–	–	–	–	9,991	9,991
Additions	1,864	–	358	137	17,834	20,193
Surplus on revaluation	45,782	–	–	–	–	45,782
Reversal of depreciation on revaluation	(1,072)	–	–	–	–	(1,072)
Disposals	–	–	(343)	–	–	(343)
At 31 December 2007	93,300	622	1,191	1,604	27,825	124,542
Transfer to investment properties	–	–	–	–	(26,815)	(26,815)
Additions	–	–	45	54	26,014	26,113
Surplus on revaluation	1,266	–	–	–	–	1,266
Reversal of depreciation on revaluation	(1,266)	–	–	–	–	(1,266)
Disposals	–	–	(9)	–	–	(9)
At 31 December 2008	93,300	622	1,227	1,658	27,024	123,831
Accumulated depreciation and impairment losses						
At 1 January 2007	–	579	1,001	490	–	2,070
Translation differences	–	–	–	(7)	–	(7)
Depreciation charge for the year	1,072	11	136	189	–	1,408
Reversal of depreciation on revaluation	(1,072)	–	–	–	–	(1,072)
Disposals	–	–	(341)	–	–	(341)
At 31 December 2007	–	590	796	672	–	2,058
Depreciation charge for the year	1,266	11	120	200	–	1,597
Reversal of depreciation on revaluation	(1,266)	–	–	–	–	(1,266)
Disposals	–	–	(8)	–	–	(8)
At 31 December 2008	–	601	908	872	–	2,381
Carrying amount						
At 1 January 2007	46,726	43	175	984	–	47,928
At 31 December 2007	93,300	32	395	932	27,825	122,484
At 31 December 2008	93,300	21	319	786	27,024	121,450

3 Property, Plant and Equipment (cont'd)

	Furniture, fittings and office equipment $'000	Motor vehicles $'000	Total $'000
Company			
Cost			
At 1 January 2007	205	390	595
Additions	12	–	12
Disposals	(2)	–	(2)
At 31 December 2007	215	390	605
Disposals	(9)	–	(9)
At 31 December 2008	206	390	596
Accumulated depreciation and impairment losses			
At 1 January 2007	163	134	297
Depreciation charge for the year	24	54	78
Disposals	(2)	–	(2)
At 31 December 2007	185	188	373
Depreciation charge for the year	13	54	67
Disposals	(8)	–	(8)
At 31 December 2008	190	242	432
Carrying amount			
At 1 January 2007	42	256	298
At 31 December 2007	30	202	232
At 31 December 2008	16	148	164

Freehold land and building of the Group are revalued as at 31 December 2008 by Colliers International Consultancy & Valuation (Singapore) Pte Ltd ("Colliers"), a firm of independent professional valuers, at open market value on an existing use basis. The surplus on revaluation of the property amounting to $1,266,000 (2007: $45,782,000) was recognised in the revaluation reserve of the Group.

Property under construction of the Group includes an amount of $67,000 (2007: $nil) in relation to finance costs capitalised during the financial year. The finance costs have been capitalised at rates ranging from 2.58% to 2.97% (2007: nil) per annum.

As at 31 December 2008, the carrying amount of freehold land and building of the Group would have been $41,417,000 (2007: $43,036,000) had the freehold land and building been carried at cost less accumulated depreciation and impairment losses.

Security

The following property, plant and equipment is pledged as security to secure bank loans (see note 18):

	Group	
	2008 $'000	2007 $'000
Freehold land and building	93,300	93,300
Property under construction	27,024	–
	120,324	93,300

4 Investment Properties

	Group	
	2008	2007
	$'000	$'000
Freehold properties		
At 1 January	60,500	22,600
Additions	–	33,883
Transfer from property, plant and equipment (see note 3)	26,815	–
Changes in fair value	4,185	4,017
At 31 December	91,500	60,500
Leasehold properties		
At 1 January	293,300	64,770
Additions	32	149,250
Disposals	(50,400)	–
Changes in fair value	(4,532)	79,280
At 31 December	238,400	293,300
Total investment properties	329,900	353,800

Investment properties are stated at fair value based on desktop valuations carried out by Colliers, a firm of independent professional valuers that has appropriate recognised professional qualifications and recent experience in the location and category of the properties 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.

The valuers have considered valuation techniques including the direct comparison method, and investment method in arriving at the open market value as at the balance sheet date.

The direct comparison method involves the analysis of comparable sales of similar properties and adjusting the sale prices to that reflective of the investment properties. The investment method involves the estimation and projection of an income stream over a period, using market rates on vacancy and expenses.

Valuations reflect, where appropriate, the type of tenants actually in occupation or responsible for meeting lease commitments or likely to be in occupation after letting vacant accommodation, and the market's general perception of their creditworthiness; 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 period.

Investment properties comprise a number of commercial properties that are leased to external customers. Each of the leases contains an initial non-cancellable period of 1 to 3 years. Subsequent renewals are negotiated with the lessee. There are no contingent rents arising from the lease of investment properties.

Certain investment properties with carrying value amounting to $317,400,000 (2007: $304,600,000) have been pledged to secure banking facilities granted to the Group (see note 18).

5 Subsidiaries

	Company 2008 $'000	Company 2007 $'000
Equity investments, at cost	41,519	41,391
Discount implicit in interest-free loans to subsidiaries	2,569	2,252
Impairment loss	(1,000)	(1,000)
	43,088	42,643

Details of the subsidiaries are as follows:

Name of subsidiary	Country of incorporation	Effective equity held by the Group 2008 %	Effective equity held by the Group 2007 %
@ Ho Bee Developments Pte Ltd and its subsidiaries:	Singapore	100	100
@ Ho Bee (Eastwood Park) Pte Ltd	Singapore	100	100
@ Ho Bee (Pasir Ris) Pte Ltd	Singapore	100	100
[1] Legion Holdings Pte Ltd	Singapore	60	60
@ Ho Bee Realty Pte Ltd	Singapore	100	100
@ Ho Bee (Sentosa) Pte Ltd	Singapore	100	100
@ Pacific Rover Pte Ltd	Singapore	100	100
@ Soon Wing Properties Pte Ltd	Singapore	100	100
@ HBO Investments Pte Ltd	Singapore	100	100
@ HB Properties International Pte Ltd	Singapore	100	100
@ HB Venture Capital Pte Ltd	Singapore	100	100
@ Ho Bee Homes Pte Ltd	Singapore	100	100
@ Ho Bee Cove Pte. Ltd.	Singapore	90	90
[2] HB Australia Pty Ltd	Australia	100	–
@ HBS Investments Pte Ltd and its subsidiaries:	Singapore	70	70
* Parliament View Developments Limited	United Kingdom	70	70
** Parliament View Management Company Limited	United Kingdom	70	70

@ Audited by KPMG LLP, Singapore.
* Audited by a member firm of KPMG International.
** Not required to be audited in its country of incorporation.
[1] Legion Holdings Pte Ltd has filed for members' voluntary liquidation on 2 September 2008.
[2] The subsidiary was incorporated during the financial year and was exempted from statutory audit for the financial period ended 31 December 2008.

6 Associate

	Group		Company	
	2008 $'000	2007 $'000	2008 $'000	2007 $'000
Investment in associate, at cost	320	320	320	320
Discount implicit in interest-free loan to associate	315	315	315	315
Share of post-acquisition profits	2,094	1,852	–	–
	2,729	2,487	635	635

Details of the associate are as follows:

Name of associate	Country of incorporation	Effective equity held by the Group	
		2008 %	2007 %
* Hasidon Holdings Pte Ltd	Singapore	32	32

* Audited by Chan-Soh & Co. Not considered as a significant associate of the Group. For this purpose, an associate is considered significant as defined under the Singapore Exchange Securities Trading Limited (SGX-ST) Listing Manual if the Group's share of its net tangible assets represent 20% or more of the Group's consolidated net tangible assets, or if the Group's share of its pre-tax profits account for 20% or more of the Group's consolidated pre-tax profits.

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

	2008 $'000	2007 $'000
Results		
Revenue	1,223	647
Profit after taxation	764	12,758
Assets and liabilities		
Total assets	25,890	25,904
Total liabilities	13,233	12,822
Group's share of contingent liabilities	2,185	2,443

7 Jointly-controlled Entities

	Group		Company	
	2008 $'000	2007 $'000	2008 $'000	2007 $'000
Investments in jointly-controlled entities, at cost	2,350	2,000	1,850	1,500
Share of accumulated (losses)/profits	(4,973)	126	–	–
Impairment losses	–	–	(850)	–
	(2,623)	2,126	1,000	1,500

7 Jointly-controlled Entities (cont'd)

Details of the jointly-controlled entities are as follows:

Name of jointly-controlled entities	Country of incorporation	Effective equity held by the Group	
		2008 %	2007 %
[1] Bodenheim Investments Pte Ltd	Singapore	50	50
* Cavernbond Limited	United Kingdom	50	50
@ Calne Pte Ltd	Singapore	50	50
@ Seaview (Sentosa) Pte Ltd	Singapore	50	50
@ Rivershore Pte Ltd	Singapore	50	50
@ Pinnacle (Sentosa) Pte Ltd	Singapore	35	–

@ Audited by KPMG LLP, Singapore.
* Not required to be audited in its country of incorporation.
[1] Bodenheim Investments Pte Ltd has filed for members' voluntary liquidation on 8 October 2008.

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

	2008 $'000	2007 $'000
Results		
Revenue	34,769	8
Expenses	(39,868)	(24)
Loss after income tax	(5,099)	(16)
Assets and liabilities		
Current assets	960,079	523,089
Current liabilities	(15,317)	(1,853)
Non-current liabilities	(947,385)	(519,110)
Net (liabilities)/assets	(2,623)	2,126
Group's share of jointly-controlled entities' capital commitments	118,731	65,519

8 Other Assets

	Group		Company	
	2008 $'000	2007 $'000	2008 $'000	2007 $'000
At cost				
Club membership	150	150	–	–
Other investments	3,374	3,374	–	–
	3,524	3,524	–	–

9 Financial Assets

	Group		Company	
	2008	2007	2008	2007
	$'000	$'000	$'000	$'000
Non-current assets				
Investments designated at fair value through profit and loss				
Investment in private equity funds	5,428	6,222	–	–
Available-for-sale investments				
- Unquoted equity investments	1,562	1,564	–	–
- Unquoted debt securities				
- interest bearing	–	3,467	–	–
- non-interest bearing	22,096	11,218	–	–
	22,096	14,685	–	–
- Quoted equity investment	–	1,098	–	1,098
	23,658	17,347	–	1,098
	29,086	23,569	–	1,098
Current assets				
Investments held for trading				
Quoted equity investments	69	138	40	56
Total financial assets	29,155	23,707	40	1,154

The debt securities do not have fixed terms of repayment and represent, in substance, the Group's net investment in the issuer, and are stated at cost less accumulated impairment losses. In the previous financial year, the interest bearing amounts bore interest at 7.25% per annum, which repriced annually. During the year, these amounts became non-interest bearing.

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. These investments securities are designated at fair value through profit or loss as the Group manages such investments based on their fair value in accordance with the Group's documented investment strategy.

During the year, the Group recognised an impairment loss of $999,000 (2007: $2,188,000) on the Company's quoted equity investment available-for-sale. The Group and the Company has no collateral in respect of this investment. The impairment loss was recognised in other expenses.

10 Other Receivables

	Group		Company	
	2008 $'000	2007 $'000	2008 $'000	2007 $'000
Non-current assets				
Amounts due from subsidiaries (non-trade)				
- interest bearing	–	–	155,490	322,041
- non-interest bearing	–	–	3,361	3,201
	–	–	158,851	325,242
Amounts due from jointly-controlled entities (non-trade)				
- interest bearing	350,555	160,846	350,555	160,846
Impairment losses	–	–	(5,530)	–
	350,555	160,846	345,025	160,846
Amount due from associate (non-trade)				
- non-interest bearing	1,433	1,306	1,433	1,306
	351,988	162,152	505,309	487,394

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

Terms and conditions of the above outstanding amounts are as follows:

	Effective interest rate %	Expected year of maturity	2008 Face value $'000	2008 Carrying amount $'000	2007 Face value $'000	2007 Carrying amount $'000
Group						
Amounts due from jointly-controlled entities	1.27 – 3.37	2010 – 2011	350,555	350,555	160,846	160,846
Amount due from associate*	4.75	2010	1,520	1,433	1,520	1,306
			352,075	351,988	162,366	162,152
Company						
Amounts due from subsidiaries						
- interest bearing	2.25 – 3.50	2010 – 2011	155,490	155,490	322,041	322,041
- non-interest bearing*	3.50 – 4.75	2011 – 2013	3,850	3,361	4,065	3,201
			159,340	158,851	326,106	325,242
Amounts due from jointly-controlled entities	1.27 – 3.37	2010 – 2011	345,025	345,025	160,846	160,846
Amount due from associate*	4.75	2010	1,520	1,433	1,520	1,306
			346,545	346,458	162,366	162,152
			505,885	505,309	488,472	487,394

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

11 Deferred Tax

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

	At 1 January 2007 $'000	Recognised income statement (note 25) $'000	At 31 December 2007 $'000	Recognised in income in statement (note 25) $'000	At 31 December 2008 $'000
Group					
Deferred tax liabilities					
Development properties	5,939	32,110	38,049	12,565	50,614
Property, plant and equipment	–	4	4	–	4
Income not remitted into Singapore	24	80	104	–	104
Total	5,963	32,194	38,157	12,565	50,722
Deferred tax assets					
Property, plant and equipment	(17)	(57)	(74)	66	(8)
Tax value of losses carry-forward	(485)	485	–	–	–
Total	(502)	428	(74)	66	(8)

12 Development Properties

	Note	Group 2008 $'000	Group 2007 $'000
Properties held for sale		76,154	79,872
Properties under development:			
- Costs incurred and attributable profits		1,982,821	2,106,176
- Progress billings		(750,574)	(1,019,040)
		1,232,247	1,087,136
Total development properties		1,308,401	1,167,008
Interest capitalised during the year	24	16,790	18,246

12 Development Properties (cont'd)

The finance costs have been capitalised at rates ranging from 1.25% to 3.50% (2007: 2.73% to 4.87%) per annum for development properties.

Certain development properties with carrying value amounting to $1,297,333,000 (2007: $1,158,026,000) have been pledged to secure banking facilities granted to the Group (see note 18).

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

	Group (Decreased) by	
	2008 $'000	2007 $'000 (Restated)
Opening accumulated profits	(174,813)	(24,348)
Revenue for the year	(131,894)	(396,238)
Profit for the year	(64,401)	(150,465)
Development properties as at 1 January	(213,187)	(29,693)
Development properties as at 31 December	(288,450)	(213,187)
Investments in jointly-controlled entities	(3,274)	–

13 Trade and Other Receivables

	Group		Company	
	2008 $'000	2007 $'000	2008 $'000	2007 $'000
Trade receivables	4,648	16,095	–	–
Accrued receivables	1,966	2,589	–	–
Impairment losses	(95)	(138)	–	–
Net receivables	6,519	18,546	–	–
Other deposits	277	275	3	3
Prepayments	127	460	24	23
Amounts due from:				
- subsidiaries (non-trade)	–	–	218,684	8,691
- jointly-controlled entities (non-trade)	1	110	–	109
Tax recoverable	1,378	4,098	1,378	4,042
Other receivables	521	370	10	91
	8,823	23,859	220,099	12,959

Amounts due from subsidiaries totalling $213,114,000 (2007: $6,508,000) are unsecured and are repayable on demand. Interests are charged at the rates ranging from 2.25% to 3.50% (2007: 3.50% to 4.75%) per annum. The remaining amounts due from subsidiaries are unsecured and interest-free, and are repayable on demand.

Amounts due from jointly-controlled entities are unsecured and interest-free, and are repayable on demand.

There is no allowances for doubtful debts arising from the outstanding balances.

14 Cash and Cash Equivalents

	Group		Company	
	2008 $'000	2007 $'000	2008 $'000	2007 $'000
Cash at banks and in hand	7,179	7,738	435	417
Fixed deposits	37,927	153,871	–	–
	45,106	161,609	435	417
Cash and cash equivalents pledged to banks	(22,495)	(27,359)		
Cash and cash equivalents in cash flow statement	22,611	134,250		

Included in cash and cash equivalents of the Group are amounts held under the Housing Developers (Project Account) (Amendment) Rules 1997, totalling $31,726,000 (2007: $150,890,000), the use of which is subject to restrictions imposed by the aforementioned rules.

There is a charge over monies standing to the credit of the project accounts amounting to $22,495,000 (2007: $27,359,000) in respect of certain properties under development as security on bank loans (see note 18).

The weighted average effective interest rates per annum relating to fixed deposits at the balance sheet date for the Group is 0.25% (2007: 2.01%). Interest rates reprice at intervals of one, three or six months.

15 Share Capital

	Group and Company	
	2008 Number of shares ('000)	2007 Number of shares ('000)
Fully paid ordinary shares, with no par value:		
At 1 January and 31 December	737,338	737,338

As at 31 December 2008, included in the total number of ordinary shares was 1,363,000 (2007: nil) shares purchased by the Company by way of market acquisition at an average price of $0.48 per share. The shares, held as treasury shares, were included as a deduction from equity (see note 16).

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.

15 Share Capital (cont'd)

Capital management

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

The Board of Directors monitors the return on capital, which the Group defines as net operating income divided by total shareholders' equity, excluding minority interest. 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.

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 minority interest). Net debt is calculated as borrowings less cash and cash equivalents.

	Group		Company	
	2008 $'000	2007 $'000	2008 $'000	2007 $'000
Net debt	1,108,814	901,643	12,031	6,283
Total equity (excluding minority interest)	880,909	810,452	242,897	244,114
Gearing ratio	1.26	1.11	0.05	0.03

The Group and the Company are in compliance with all borrowing covenants for the financial years ended 31 December 2007 and 31 December 2008.

16 Reserves

	Group		Company	
	2008 $'000	2007 $'000	2008 $'000	2007 $'000
Reserve for own shares	(659)	–	(659)	–
Capital reserve	2,230	2,230	187	187
Currency translation reserve	1,633	2,729	–	–
Revaluation reserve	47,048	45,782	–	–
Accumulated profits	625,524	554,578	38,236	38,794
	675,776	605,319	37,764	38,981

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

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

16 Reserves (cont'd)

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

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

Included in the balance of the accumulated profits is a net accumulated loss of $2,879,000 (2007: accumulated profit of $1,978,000) representing share of post acquisition results of associate and jointly-controlled entities.

17 Employee Share Option

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

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

Other statutory information regarding the Scheme are set out below:

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

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

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

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

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

18 Financial Liabilities

	Group		Company	
	2008 $'000	2007 $'000	2008 $'000	2007 $'000
Non-current liability				
Secured bank loans	615,643	747,985	–	–
Current liabilities				
Secured bank loans	535,277	313,567	9,466	5,000
Unsecured bank loans	3,000	1,700	3,000	1,700
	538,277	315,267	12,466	6,700
Total loans and borrowings	1,153,920	1,063,252	12,466	6,700

18 Financial Liabilities (cont'd)

The secured bank loans are secured on the following assets:

	Group	
	2008 $'000	2007 $'000
Property, plant and equipment	120,324	93,300
Investment properties	317,400	304,600
Development properties	1,297,333	1,158,026
Carrying amounts	1,735,057	1,555,926

In addition, the Group's secured bank loans are secured by legal assignment of sales and rental proceeds, insurance, construction contracts and performance bonds in relation to the properties under development and charge over monies standing to the credit of certain project accounts amounting to $22,495,000 (2007: $27,359,000).

Terms and debt repayment schedule

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

	Effective interest rate %	Expected year of maturity	2008 Face value $'000	2008 Carrying amount $'000	2007 Face value $'000	2007 Carrying amount $'000
Group						
Secured bank loans						
- floating rate	1.25 – 3.66	2009 – 2011	1,150,920	1,150,920	1,061,552	1,061,552
Unsecured bank loans						
- floating rate	2.00 – 3.32	2009	3,000	3,000	1,700	1,700
			1,153,920	1,153,920	1,063,252	1,063,252
Company						
Secured bank loans						
- floating rate	1.76 – 2.93	2009	9,466	9,466	5,000	5,000
Unsecured bank loans						
- floating rate	2.00 – 3.32	2009	3,000	3,000	1,700	1,700
			12,466	12,466	6,700	6,700

Intra-group guarantees

Intra-group financial guarantees comprise guarantees granted by the Company to banks in respect of banking facilities amounting to $1,501,234,000 (2007: $1,200,851,000) extended to its subsidiaries, associates and jointly-controlled entities. The periods in which the financial guarantees expire are as follows:

	Group		Company	
	2008 $'000	2007 $'000	2008 $'000	2007 $'000
Less than 1 year	–	–	436,389	300,045
Between 1 and 5 years	387,935	180,255	1,064,845	900,806
	387,935	180,255	1,501,234	1,200,851

19 Other Liabilities

	Group		Company	
	2008 $'000	2007 $'000	2008 $'000	2007 $'000
Amounts due to minority shareholders (non-trade)	–	9,982	–	–
Non-current retention sums payable	3,593	4,026	–	–
	3,593	14,008	–	–

In the previous financial year, amounts due to minority shareholders were unsecured and interest was charged at 3.50% per annum. During the financial year, the amount due to minority shareholders of $4,918,000 which is repayable within the next 12 months, was reclassified to current liabilities. The remaining amount due to minority shareholders was repaid during the financial year.

20 Trade and Other Payables

		Group		Company	
	Note	2008 $'000	2007 $'000	2008 $'000	2007 $'000
Trade payables		113	65	–	–
Deposits and advances from customers		482	3,446	–	–
Rental deposits		5,701	3,660	–	–
Accrued operating expenses and development expenditure		46,268	42,252	15,157	15,419
Derivative financial instruments	31	1,159	1,422	–	–
Non-trade amounts due to:					
- subsidiaries					
- interest bearing		–	–	263,400	151,400
- non-interest bearing		–	–	235,958	128,251
- jointly-controlled entities		660	200	–	–
- minority shareholders					
- interest bearing		4,952	–	–	–
- non-interest bearing		2,732	254	–	–
Other payables		1,801	1,639	85	893
Retention sums payable		5,504	3,614	–	–
		69,372	56,552	514,600	295,963

Amounts due to subsidiaries are unsecured and are repayable on demand. For interest-bearing amounts due to subsidiaries, interests are charged at rates ranging from 1.38% to 2.85% (2007: 2.57% to 2.85%) per annum.

Amounts due to jointly-controlled entities are unsecured and interest-free, and are repayable on demand.

Amounts due to minority shareholders are unsecured and are repayable on demand. For interest-bearing amounts due to minority shareholders, interests are charged at 3.50% per annum.

21 Revenue

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

	Group	
	2008 $'000	2007 $'000
Gross proceeds from properties sold	271,711	571,933
Rental income and service charges	21,936	17,469
Gross proceeds from hotel operations	8,434	6,741
	302,081	596,143

Included in rental income and service charges is an amount generated from the lease of investment properties of $16,562,000 (2007: $12,698,000).

22 Other Income

	Group	
	2008 $'000	2007 $'000
Interest income	7,607	3,417
Gross dividend income from quoted equity investments	8	7
Gain on sale of investment properties	4,811	–
Distribution income from financial assets designated at fair value through profit or loss	716	1,662
Fair value changes of investment properties	–	83,297
Fair value changes of financial assets at fair value through profit or loss	–	1,313
Reversal of write down of properties held for sale	–	4,400
Forfeiture income	5,106	–
Management fee income	577	–
Exchange gain, net	71	–
Net change in fair value of financial derivatives	263	–
Others	588	1,883
	19,747	95,979

Included in interest income is an amount arising from the unwinding of discount implicit in the interest-free amount due from an associate amounting to $127,000 (2007: $nil).

23 Directors' Remuneration

Number of directors in remuneration bands:

	2008 Number of Directors	2007 Number of Directors
$500,000 and above	3	3
$250,000 to $499,999	–	–
Below $250,000	5*	5*
Total	8	8

* Includes 5 (2007: 5) independent directors.

24 Finance Costs

	Note	Group 2008 $'000	Group 2007 $'000
Interest expense		29,473	27,396
Finance costs capitalised in property, plant and equipment under construction	3	(67)	–
Finance costs capitalised in properties under development	12	(16,790)	(18,246)
		12,616	9,150

25 Income Tax Expense

	Group 2008 $'000	Group 2007 $'000
Current tax expense		
Current year	11,493	13,167
Adjustments for prior years	1,125	(1,115)
	12,618	12,052
Deferred tax expense		
Movements in temporary differences	12,511	33,108
Reduction in tax rate	–	(557)
Adjustments for prior years	120	71
	12,631	32,622
Income tax expense	25,249	44,674

25 Income Tax Expense (cont'd)

Reconciliation of effective tax rate

	Group	
	2008 $'000	2007 $'000
Profit for the year	99,970	285,551
Total income tax expense	25,249	44,674
Profit excluding income tax	125,219	330,225
Tax calculated using Singapore tax rate at 18%	22,539	59,441
Effect of reduction in tax rate	–	(557)
Expenses not deductible for tax purposes	3,708	2,551
Tax exempt revenue	(253)	(232)
Income not subject to tax	(1,391)	(15,473)
Effect of different tax rates in other countries	(47)	366
Tax incentives	(552)	(378)
Adjustments for prior years	1,245	(1,044)
	25,249	44,674

26 Profit for the Year

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

	Group	
	2008 $'000	2007 $'000
Direct operating expenses from investment properties	3,311	2,941
Non-audit fees paid to auditors of the Company	117	112
Depreciation of property, plant and equipment	1,597	1,408
Property, plant and equipment written off	1	1
Exchange loss, net	–	1,360
Net change in fair value of financial derivatives	–	817
Staff costs	7,687	5,178
Contributions to defined contribution plans included in staff costs	372	329
Loss on disposal of investment in an associate	–	2
Fair value changes of investment properties	347	–
Write down of properties held for sale	2,000	–
Fair value changes of financial assets at fair value through profit or loss	1,618	–
Net change in fair value of available-for-sale financial assets transferred from fair value reserve	–	2,188
Write back of impairment loss on trade receivables	(19)	(14)
Impairment loss on available-for-sale financial assets	999	–

27 Earnings Per Share

	Group	
	2008 $'000	2007 $'000
Basic earnings per share is based on:		
Net profit attributable to ordinary shareholders	93,066	272,201

	Group	
	2008 Number of shares '000	2007 Number of shares '000
Issued ordinary shares in issue at beginning of the year	737,338	737,338
Effect of own shares held	(309)	–
Weighted average number of ordinary shares in issue during the year	737,029	737,338

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

28 Dividends

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

	Group and Company	
	2008 $'000	2007 $'000
Proposed final tax-exempt dividend of 1 cent (2007: 2 cents) per share	7,360	14,747
	7,360	14,747

29 Significant Related Party Transactions

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

29 Significant Related Party Transactions (cont'd)

Key management personnel compensation

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

Key management personnel compensation comprises:

	Group	
	2008 $'000	2007 $'000
Directors' fees	250	231
Directors' remuneration:		
- short-term employee benefits	5,247	13,520
	5,497	13,751

Other related party transactions

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

	Group	
	2008 $'000	2007 $'000
Related corporations		
Rental income	669	556
Operating expenses incurred	120	211
Related parties		
Sale of properties to directors and their immediate families	–	19,533

30 Commitments

As at 31 December 2008, commitments for expenditure which have not been provided for in the financial statements were as follows:

	Group	
	2008 $'000	2007 $'000
Authorised and contracted for:		
- development expenditure	271,896	263,637
- subscription for additional interest in private equity funds	2,158	1,027
- debt securities	8,349	15,757

30 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	
	2008 $'000	2007 $'000
Within 1 year	24,158	18,818
After 1 year but within 5 years	26,599	18,828
After 5 years	2,907	–
	53,664	37,646

31 Derivative Financial Instruments

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

	Notional amount (maturity)				Negative
	within 3 months $'000	3 to 12 months $'000	more than 12 months $'000	Total $'000	fair value (note 20) $'000
Group					
2008					
Interest rate derivatives: Swaps	–	100,000	100,000	200,000	1,159
2007					
Interest rate derivatives: Swaps	–	250,000	50,000	300,000	1,422

The interest rate swaps bear interest rates ranging from 1.99% to 2.73% (2007: 2.65% to 3.61%) per annum.

32 Financial Risk Management

Overview

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

32 Financial Risk Management (cont'd)

Credit risk

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

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

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

Financial guarantee

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

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

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

Liquidity risk

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

32 Financial Risk Management (cont'd)

Market risk

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

Interest rate risk

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

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

Foreign currency risk

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

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

33 Financial Instruments

Credit risk

Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date is as follows:

	Group Carrying amount	
	2008 $'000	2007 $'000
Financial assets at fair value through profit or loss	5,497	6,360
Available-for-sale financial assets	23,658	17,347
Trade and other receivables	360,811	186,011
Cash and cash equivalents	45,106	161,609
	435,072	371,327

33 Financial Instruments (cont'd)

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 beyond amounts provided for collection losses is inherent in the Group's trade receivables.

At the balance sheet date, the Group has receivables due from jointly-controlled entities amounting to $350,556,000 (2007: $160,956,000) representing 97% (2007: 86%) of total gross trade and other receivables. Except for these receivables, there was no concentration of credit risk.

The maximum exposure to credit risk for trade receivables at the reporting date by type of customer was:

	Group Carrying amount	
	2008 $'000	2007 $'000
Residential	6,035	17,983
Commercial	226	277
Retail	258	286
	6,519	18,546

Impairment losses

The ageing of trade receivables (excluding accrued receivables) at the reporting date was:

	Gross 2008 $'000	Impairment losses 2008 $'000	Gross 2007 $'000	Impairment losses 2007 $'000
Group				
Past due 0 – 30 days	1,601	–	12,301	–
Past due 31 – 120 days	101	1	3,446	8
More than 120 days past due	2,946	94	348	130
	4,648	95	16,095	138

The change in impairment loss in respect of trade receivables during the year is as follows:

	Group	
	2008 $'000	2007 $'000
At 1 January	138	222
Impairment loss written back	(19)	(14)
Impairment loss utilised	(24)	(70)
At 31 December	95	138

Based on historical default rates, the Group believes that no additional impairment allowance is necessary in respect of trade receivables not past due or past due up to 30 days. These receivables are mainly arising by customers that have a good repayment record.

33 Financial Instruments (cont'd)

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.

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 1 to 5 years	More than 5 years
	$'000	$'000	$'000	$'000	$'000
Group					
2008					
Non-derivative financial liabilities					
Secured bank loans	1,150,920	(1,185,768)	(558,985)	(626,783)	–
Unsecured bank loans	3,000	(3,038)	(3,038)	–	–
Amounts due to minority shareholders	7,684	(7,819)	(7,819)	–	–
Amounts due to jointly-controlled entities	660	(660)	(660)	–	–
Retention sums payable	9,097	(9,097)	(5,504)	(3,593)	–
Trade and other payables^	1,914	(1,914)	(1,914)	–	–
Derivative financial instruments					
Interest rate swaps	1,159*	(1,397)	(1,158)	(239)	–
	1,174,434	(1,209,693)	(579,078)	(630,615)	–
2007					
Non-derivative financial liabilities					
Secured bank loans	1,061,552	(1,118,316)	(345,035)	(773,281)	–
Unsecured bank loans	1,700	(1,756)	(1,756)	–	–
Amounts due to minority shareholders	10,236	(10,934)	(603)	(10,331)	–
Amounts due to jointly-controlled entities	200	(200)	(200)	–	–
Retention sums payable	7,640	(7,640)	(3,614)	(4,026)	–
Trade and other payables^	1,704	(1,704)	(1,704)	–	–
Derivative financial instruments					
Interest rate swaps	1,422*	(1,035)	(1,021)	(14)	–
	1,084,454	(1,141,585)	(353,933)	(787,652)	–

33 Financial Instruments (cont'd)

	Carrying amount	Cash flows			
		Contractual cash flows	Within 1 year	Within 1 to 5 years	More than 5 years
	$'000	$'000	$'000	$'000	$'000
Company					
2008					
Non-derivative financial liabilities					
Secured bank loans	9,466	(9,586)	(9,586)	–	–
Unsecured bank loans	3,000	(3,038)	(3,038)	–	–
Amounts due to subsidiaries	499,358	(502,265)	(502,265)	–	–
Trade and other payables^	85	(85)	(85)	–	–
	511,909	(514,974)	(514,974)	–	–
2007					
Non-derivative financial liabilities					
Secured bank loans	5,000	(5,146)	(5,146)	–	–
Unsecured bank loans	1,700	(1,756)	(1,756)	–	–
Amounts due to subsidiaries	279,651	(283,900)	(283,900)	–	–
Trade and other payables^	893	(893)	(893)	–	–
	287,244	(291,695)	(291,695)	–	–

* This relates to the negative fair value of derivative financial instruments and the contractual cash flows relates to net interest payment.

^ Excludes deposits and advances from customers, rental deposits, accrued operating expenses and development expenditure.

33 Financial Instruments (cont'd)

Currency risk

Exposure to currency risk

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

	31 December 2008				31 December 2007			
	Pound Sterling $'000	US dollar $'000	Chinese Renminbi $'000	Australia dollar $'000	Pound Sterling $'000	US dollar $'000	Chinese Renminbi $'000	Australia dollar $'000
Group								
Financial assets	–	29,086	–	–	–	22,471	–	1,098
Trade and other receivables	215	–	5	–	373	–	119	–
Cash and cash equivalents	134	3,421	1	52	1,915	1,654	15	–
Trade and other payables	(704)	–	(14)	–	(619)	–	(6)	–
	(355)	32,507	(8)	52	1,669	24,125	128	1,098
Company								
Financial assets	–	–	–	–	–	–	–	1,098

33 Financial Instruments (cont'd)

Sensitivity analysis

The foreign currency which the Group is significantly exposed to is the US dollar. A 10% strengthening of the Singapore dollar against the US dollar at the reporting date would decrease profit before income tax by amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant.

	Group
	Profit before income tax $'000
31 December 2008	
US dollar	(3,251)
31 December 2007	
US dollar	(2,413)

A 10% weakening of the Singapore dollar against the above currency would have had the equal but opposite effect to the amounts shown above, on the basis that all other variables remain constant.

Interest rate risk

Sensitivity analysis

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

	Profit before income tax in income statement		Balance sheet	
	100 bp increase $'000	100 bp decrease $'000	100 bp increase $'000	100 bp decrease $'000
Group				
31 December 2008				
Variable rate instruments	(5,926)	5,926	5,613	(5,613)
Interest rate swaps	1,418	(565)	2,000	(1,909)
	(4,508)	5,361	7,613	(7,522)
31 December 2007				
Variable rate instruments	(4,216)	4,216	6,354	(6,354)
Interest rate swaps	1,569	(1,597)	3,061	(2,939)
	(2,647)	2,619	9,415	(9,293)

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

33 Financial Instruments (cont'd)

Estimation of fair values

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

Financial assets

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

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

Derivatives

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

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

Amounts due from subsidiaries, associate and jointly-controlled entities

The carrying value of amounts due from subsidiaries, associate and jointly-controlled entities 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.

Amounts due to minority shareholders

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

Interest-bearing bank loans (secured)

The carrying value 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.

33 Financial Instruments (cont'd)

Interest rates used in determining fair values

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

	2008 %	2007 %
Derivatives	0.8 – 1.4	2.5 – 2.7
Financial liabilities	1.3 – 3.7	2.5 – 3.4
Receivables	1.3 – 3.4	2.7 – 3.4
Payables	1.4 – 2.9	3.5

Fair values versus carrying amounts

The fair values of financial assets and liabilities, together with the carrying amounts shown in the balance sheet are as follows:

	2008		2007	
	Carrying amount $'000	Fair value $'000	Carrying amount $'000	Fair value $'000
Group				
Available-for-sale financial assets	23,658	23,658	17,347	17,347
Financial assets designated at fair value through profit or loss	5,428	5,428	6,222	6,222
Financial assets held for trading	69	69	138	138
Trade and other receivables	360,407	360,407	185,276	185,276
Cash and cash equivalents	45,106	45,106	161,609	161,609
Financial liabilities	(1,153,920)	(1,153,920)	(1,063,252)	(1,063,252)
Trade and other payables	(20,514)	(20,514)	(21,202)	(21,202)
	(739,766)	(739,766)	(713,862)	(713,862)
Company				
Available-for-sale financial assets	–	–	1,098	1,098
Financial assets held for trading	40	40	56	56
Trade and other receivables	725,381	725,381	500,327	500,327
Cash and cash equivalents	435	435	417	417
Financial liabilities	(12,466)	(12,466)	(6,700)	(6,700)
Trade and other payables	(499,443)	(499,443)	(280,544)	(280,544)
	213,947	213,947	214,654	214,654

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. However, management believes that the carrying amounts recorded at balance sheet date reflect the corresponding fair values.

34 Segment Information

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

Inter-segment pricing is determined on mutually agreed terms.

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

(i) *Business segments*

The Group comprises the following main business segments:

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

(ii) *Geographical segments*

The hotel, property investment and investment holding segments are managed on a worldwide basis, but operate in three principal geographical areas.

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

(a) Business segments

	Property investment $'000	Property development $'000	Investment holding $'000	Hotel $'000	Consolidated total $'000
2008					
Revenue	16,562	277,085	–	8,434	302,081
Segment results					
Company and subsidiaries	10,790	122,794	(2,135)	4,567	136,016
Associate	242	–	–	–	242
Jointly-controlled entities	–	(5,099)	–	–	(5,099)
	11,032	117,695	(2,135)	4,567	131,159
Unallocated expenses					(931)
Interest expense					(12,616)
Interest income					7,607
Income tax expense					(25,249)
Profit for the year					99,970
Significant non-cash expenses					
Depreciation	256	–	75	1,266	1,597
Write down of properties held for sale	–	2,000	–	–	2,000
2007					
Revenue	12,698	576,704	–	6,741	596,143
Segment results					
Company and subsidiaries	83,914	247,612	282	2,377	334,185
Associate	2,487	–	–	–	2,487
Jointly-controlled entities	–	(16)	–	–	(16)
	86,401	247,596	282	2,377	336,656
Unallocated expenses					(698)
Interest expense					(9,150)
Interest income					3,417
Income tax expense					(44,674)
Profit for the year					285,551
Significant non-cash expenses					
Depreciation	259	–	77	1,072	1,408
Reversal of write down of properties held for sale	–	4,400	–	–	4,400

	Property investment $'000	Property development $'000	Investment holding $'000	Hotel $'000	Consolidated total $'000
2008					
Assets and liabilities					
Segment assets	388,731	1,699,834	5,776	94,860	2,189,201
Associate	2,729	–	–	–	2,729
Jointly-controlled entities	–	(2,623)	–	–	(2,623)
Unallocated assets	–	–	–	–	9,174
Total assets	391,460	1,697,211	5,776	94,860	2,198,481
Segment liabilities	286,428	925,959	9	1,237	1,213,633
Unallocated liabilities	–	–	–	–	80,585
Total liabilities	286,428	925,959	9	1,237	1,294,218
Capital expenditure	26,014	–	99	–	26,113
2007					
Assets and liabilities					
Segment assets	387,221	1,517,380	9,117	94,351	2,008,069
Associate	2,487	–	–	–	2,487
Jointly-controlled entities	–	2,126	–	–	2,126
Unallocated assets	–	–	–	–	10,161
Total assets	389,708	1,519,506	9,117	94,351	2,022,843
Segment liabilities	170,266	904,092	124	1,042	1,075,524
Unallocated liabilities	–	–	–	–	114,509
Total liabilities	170,266	904,092	124	1,042	1,190,033
Capital expenditure	18,769	–	12	1,412	20,193

(b) Geographical segments

	China $'000	Singapore $'000	United Kingdom $'000	Consolidated total $'000
2008				
Total revenue	–	301,842	239	302,081
Segment assets	27,977	2,155,704	5,520	2,189,201
Capital expenditure	–	26,113	–	26,113
2007				
Total revenue	–	589,020	7,123	596,143
Segment assets	17,432	1,978,189	12,448	2,008,069
Capital expenditure	–	20,193	–	20,193

35 Accounting Estimates and Judgements

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

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

Impairment of non-current other assets

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

Impairment loss on trade receivables

The Group evaluates whether there is any objective evidence that trade receivables are impaired, and determine 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 estimated.

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

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

36 Contingent Liabilities (unsecured)

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

37 New Accounting Standards and Interpretations Not Yet Adopted

The Group has not applied the following accounting standards (including their consequential amendments) and interpretations that have been issued as of the balance sheet date but are not yet effective:

• FRS 1 (revised 2008)	*Presentation of Financial Statements*
• FRS 23 (revised 2007)	*Borrowing Costs*
• Amendments to FRS 32 and FRS 1	Amendments to FRS 32 *Financial Instruments: Presentation and FRS 1 Presentation of Financial Statements – Puttable Financial Instruments and Obligations Arising on Liquidation*
• Amendments to FRS 39	Amendments to FRS 39 *Financial Instruments: Recognition and Measurement – Eligible Hedged Items*
• Amendments to FRS 101 and FRS 27	Amendments to FRS 101 *First-time Adoption of Financial Reporting Standards* and FRS 27 *Consolidated and Separate Financial Statements – Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate*
• Amendments to FRS 102	*Share-based Payment – Vesting Conditions and Cancellations*
• FRS 108	*Operating Segments*
• Various FRSs	Improvements to FRSs 2008
• INT FRS 113	*Customer Loyalty Programmes*
• INT FRS 116	*Hedges of a Net Investment in a Foreign Operation*

FRS 1 (revised 2008) will become effective for the Group's financial statements for the year ending 31 December 2009. The revised standard requires an entity to present, in a statement of changes in equity, all owner changes in equity. All non-owner changes in equity (i.e. comprehensive income) are required to be presented in one statement of comprehensive income or in two statements (a separate income statement and a statement of comprehensive income). Components of comprehensive income are not permitted to be presented in the statement of changes in equity. In addition, a statement of financial position is required at the beginning of the earliest comparative period following a change in accounting policy, the correction of an error or the reclassification of items in the financial statements. FRS 1 (revised 2008) does not have any impact on the Group's financial position or results.

FRS 23 (revised 2007) will become effective for the Group's financial statements for the year ending 31 December 2009. FRS 23 (revised 2007) removes the option to expense borrowing costs and requires an entity to capitalise borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of that asset. The Group's current policy to capitalise borrowing costs is consistent with the requirement in the revised FRS 23.

The amendments to FRS 101 and FRS 27 on the cost of an investment in a subsidiary, jointly controlled entity or associate will become effective for the Group's financial statements for the year ending 31 December 2009. The amendments remove the definition of "cost method" currently set out in FRS 27, and instead require an entity to recognise all dividend from a subsidiary, jointly controlled entity or associate as income in its separate financial statements when its right to receive the dividend is established. The application of these amendments is not expected to have any significant impact on the Group's financial statements.

37 New Accounting Standards and Interpretations Not Yet Adopted (cont'd)

FRS 108 will become effective for financial statements for the year ending 31 December 2009. FRS 108, which replaces FRS 14 Segment Reporting, requires identification and reporting of operating segments based on internal reports that are regularly reviewed by the Group's chief operating decision maker in order to allocate resources to the segment and to assess its performance. Currently, the Group presents segment information in respect of its business and geographical segments (see note 34). FRS 108 is not expected to have any significant impact on the Group's financial statements.

Improvements to FRSs 2008 will become effective for the Group's financial statements for the year ending 31 December 2009, except for the amendment to FRS 105 Non-current Assets Held for Sale and Discontinued Operations which will become effective for the year ending 31 December 2010. Improvements to FRSs 2008 contain amendments to numerous accounting standards that result in accounting changes for presentation, recognition or measurement purposes and terminology or editorial amendments. The Group is in the process of assessing the impact of these amendments.

The initial application of these standards (and their consequential amendments) and interpretations is not expected to have any material impact on the Group's financial statements. The Group has not considered the impact of accounting standards issued after the balance sheet date.

ADDITIONALINFORMATION

Year ended 31 December 2008

Development Properties

	Location	Description	Land Tenure	Stage of completion	Site area (Sq m)	Gross Floor Area (Sq m)	Date of Completion	Group's Effective interest
	Singapore							
1	Montview 63 Mt Sinai Drive	115-unit condominium	Freehold	100%	5,800	14,302	March 2008	100%
2	Vertis 20 Amber Gardens	42-unit condominium	Freehold	80%	1 ,970	5,517	January 2009	100%
3	Paradise Island Sentosa Cove	29 units of bungalow	Leasehold - 99 years	80%	23,026	17,269	May 2009 *	100%
4	The Coast Sentosa Cove	249-unit condominium	Leasehold - 99 years	90%	2 5,684	47,308	May 2009 *	90%
5	Quinterra 359 Holland Road	55-unit condominium	Leasehold - 99 years	70%	3 ,663	7,691	March 2009	100%
6	Orange Grove Residences 27/29/31/ 33/35/37 Orange Grove Road	60-unit condominium	Freehold	50%	8 ,567	11,994	June 2009 *	100%
7	The Orange Grove 36/38 Orange Grove Road	72-unit condominium	Freehold	13%	9 ,193	14,709	September 2010 *	100%
8	Trilight 7/9 Newton Road	152-unit condominium	Freehold	5%	10,327	28,917	December 2011 *	100%
9	Turquoise Sentosa Cove	91-unit condominium	Leasehold - 99 years	18%	11,103	18,319	October 2010 *	90%

* Expected date of completion

ADDITIONAL INFORMATION

Year ended 31 December 2008

Developed Properties

	Location	Description	Land Tenure	Type of Development	Net Lettable/ Saleable Area (Sq m)	Group's effective interest
Singapore						
1	TG Building 222 Tagore Lane	a block of 4-storey high-tech warehouse building	Freehold	Industrial	11,686	100%
2	Frontech Centre 15 Jalan Kilang Barat	a block of 8-storey high-tech industrial building	Leasehold - 99 years	Industrial	6,446	100%
3	HB Centre I 12 Tannery Road	a block of 10-storey high-tech industrial building	Freehold	Industrial	7,662	100%
London						
1	Parliament View 1 Albert Embankment London SE 1	5 units of apartments	Freehold	Residential	575	70%

ADDITIONALINFORMATION

Year ended 31 December 2008

Investment Properties & Hotel

	Location	Description	Tenure of Land	Lettable Area (sq m)	Group's effective interest
1	623A Bukit Timah Rd	SPC petrol station	Leasehold - 999 yrs	1,857	100%
2	Hotel Windsor 401 Macpherson Rd	225 room hotel with commercial space	Freehold	14,400	100%
3	Eastwood Centre 20 Eastwood Road	2 units of retail space for supermarket	Leasehold - 99 yrs	972	100%
4	Kovan Centre 9 Yio Chu Kang Road	2 storey of retail space	Freehold	3,821	100%
5	15, 17, 19, 21, 23, 45 & 47 Kaki Bukit Rd 2	7 units of terrace warehouse	Leasehold - 60 yrs	5,619	100%
6	Samsung Hub 3 Church Street	8 floors of office space	Leasehold - 999 yrs	9,015	100%
7	55 Jalan Pemimpin	4-storey factory building	Leasehold - 999 yrs	5,017	100%
8	HB Centre 2 31 Tannery Lane	A block of 8-storey light industry building	Freehold	3,216	100%
9	One Tannery 1 Tannery Road	A block of 9-storey light industry building	Freehold	6,208	100%
10	Platinum 28 28 Genting Lane	A block of 9-storey high-tech industrial building	Freehold	7,622	100%

Properties held for Sale

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

SHAREHOLDINGS STATISTICS

As at 1 March 2009

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 1 March 2009, 32.95%** of the issued ordinary shares of the Company is held by the public and therefore, Rule 723 of the Listing Manual is complied with.

ANALYSIS OF SHAREHOLDINGS

Range of Shareholdings	No. of Shareholders	%	No. of Shares	%
1 - 999	5	0.05	1,180	0.00
1,000 - 10,000	9,030	81.77	31,437,159	4.26
10,001 - 1,000,000	1,977	17.90	96,553,700	13.10
1,000,001 and above	31	0.28	609,345,961	82.64
	11,043	100.00	737,338,000	100.00

TOP 20 SHAREHOLDERS

No.	Name	No. of Shares	%**
1	Ho Bee Holdings (Pte) Ltd	464,800,000	63.15
2	Citibank Nominees Singapore Pte Ltd	27,895,000	3.79
3	HSBC (Singapore) Nominees Pte Ltd	16,349,500	2.22
4	DBS Nominees Pte Ltd	16,192,641	2.20
5	Airjet Auto-Care Pte Ltd	12,345,000	1.68
6	DBSN Services Pte Ltd	10,945,000	1.49
7	Chua Pin Chong	6,610,000	0.90
8	Phillip Securities Pte Ltd	4,619,000	0.63
9	United Overseas Bank Nominees Pte Ltd	4,235,000	0.58
10	UOB Kay Hian Pte Ltd	3,940,000	0.54
11	Chua Thiam Chok	3,459,000	0.47
12	Yap Boh Sim	3,060,000	0.42
13	DB Nominees (S) Pte Ltd	3,012,400	0.41
14	DBS Vickers Securities (S) Pte Ltd	2,847,000	0.39
15	Raffles Nominees Pte Ltd	2,786,000	0.38
16	Pang Heng Kwee	2,470,000	0.34
17	Woon Choon Leng Desmond	2,100,000	0.29
18	Kim Eng Securities Pte. Ltd.	2,003,000	0.27
19	Lee Seak Sung @ Lee Seak Song	1,915,000	0.26
20	Citibank Consumer Nominees Pte Ltd	1,825,000	0.25
		593,408,541	80.66

@ Ordinary shares purchased and held as treasury shares by the Company will have no voting rights. As at 1 March 2009, the Company has 1,363,000 ordinary shares held as treasury shares and this represents approximately 0.19% against the total number of issued ordinary shares excluding treasury shares as at that date.

** The percentage is calculated based on the number of issued ordinary shares of the Company as at 1 March 2009, excluding 1,363,000 ordinary shares held as treasury shares as at that date.

SHAREHOLDINGS STATISTICS

As at 1 March 2009

SUBSTANTIAL SHAREHOLDERS

	Direct Interest		Deemed Interest	
Substantial Shareholders	No. of Shares	%[1]	No. of Shares	%[1]
Ho Bee Holdings (Pte) Ltd	464,800,000	63.15	12,345,000[2]	1.68
Chua Thian Poh	-	-	477,145,000[3]	64.83
Ng Noi Hinoy	-	-	477,145,000[4]	64.83
Chua Kong Chian	-	-	477,145,000[5]	64.83

Notes

(1) The percentage is calculated based on the number of issued ordinary shares of the Company as at 1 March 2009, excluding 1,363,000 ordinary shares held as treasury shares as at that date.

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

(3) Chua Thian Poh is deemed to have an interest in 464,800,000 shares held by Ho Bee Holdings (Pte) Ltd and 12,345,000 shares held by Airjet Auto-Care Pte Ltd.

(4) Ng Noi Hinoy is deemed to have an interest in 464,800,000 shares held by Ho Bee Holdings (Pte) Ltd and 12,345,000 shares held by Airjet Auto-Care Pte Ltd.

(5) Chua Kong Chian is deemed to have an interest in 464,800,000 shares held by Ho Bee Holdings (Pte) Ltd and 12,345,000 shares held by Airjet Auto-Care Pte Ltd.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the 21st annual general meeting of the Company will be held at 12 Tannery Road #10-01, HB Centre 1, Singapore 347722 on Wednesday, 29 April 2009 at 10.30 a.m. for the following purposes:-

Ordinary Business

1 To receive and adopt the audited financial statements for the year ended 31 December 2008 and the reports of the directors and auditors thereon. [Resolution 1]

2 To declare a one-tier tax exempt final dividend of 1 cent per share for the year ended 31 December 2008. [Resolution 2]

3 To approve directors' fees of S$250,000 for the year ended 31 December 2008. (2007: S$245,833) [Resolution 3]

4 To re-appoint Mr Ch'ng Jit Koon pursuant to Section 153(6) of the Companies Act, Cap. 50 as a director to hold such office from the date of this annual general meeting until the next annual general meeting of the Company.

Note: Mr Ch'ng Jit Koon is an independent non-executive director. If re-appointed, he will remain a member and the chairman of the audit committee and a member of the nominating committee. [Resolution 4]

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

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

6 To re-elect Mr Ong Chong Hua, a director who will retire by rotation pursuant to Article 104 of the Company's Articles of Association and who, being eligible, will offer himself for re-election. [Resolution 6]

7 To re-elect Mr Bobby Chin Yoke Choong, a director who will retire by rotation pursuant to Article 104 of the Company's Articles of Association and who, being eligible, will offer himself for re-election.

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

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

NOTICE OF ANNUAL GENERAL MEETING

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:-

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

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

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

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

Provided that:-

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

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

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

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

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

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

(v) the 50% limit in paragraph (iii) above may be increased to 100% for issues of Shares pursuant to this resolution by way of a renounceable rights issue where Shareholders with registered addresses in Singapore are given the opportunity to participate in the same on a pro-rata basis ("**Renounceable Rights Issue**"); and

NOTICE OF ANNUAL GENERAL MEETING

(vi) (unless revoked or varied by the Company in general meeting), the authority so conferred shall continue in force until the conclusion of the next annual general meeting of the Company or the date by which the next annual general meeting of the Company is required by law to be held, whichever is the earlier. [Resolution 9]

10 That authority be and is hereby given to the directors of the Company to offer and grant options in accordance with the provisions of the Ho Bee Investment Ltd Share Option Scheme ("**Scheme**") and to allot and issue from time to time such number of shares in the Company as may be required to be issued pursuant to the exercise of the options under the Scheme, provided always that the aggregate number of shares to be issued pursuant to the Scheme shall not exceed 5% of the total number of issued shares (excluding treasury shares) in the capital of the Company at any time and from time to time. [Resolution 10]

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

By Order of the Board

Low Lai Sai
Company Secretary

Singapore
31 March 2009

Note

A member entitled to attend and vote at the annual general meeting may appoint not more than two proxies to attend and vote on his behalf. Where a member appoints more than one proxy, he shall specify the proportion of his shareholding to be represented by each proxy. A proxy need not be a member of the Company. The instrument appointing a proxy or proxies must be deposited at the registered office of the Company at 12 Tannery Road #10-01, HB Centre 1, Singapore 347722 not less than 48 hours before the time appointed for the meeting.

NOTICE OF ANNUAL GENERAL MEETING

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

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

The authority for 100% Renounceable Rights Issues is proposed pursuant to the SGX-ST news release of 19 February 2009 which introduced further measures to accelerate and facilitate listed issuer's fund raising efforts.

The ordinary resolution proposed in Resolution 10 above, if passed, will authorise the directors to offer and grant options in accordance with the provisions of the Scheme and to allot and issue shares thereunder.

NOTICE OF BOOKS CLOSURE AND DIVIDEND PAYMENT DATES

NOTICE IS HEREBY GIVEN that the transfer book and register of members of the Company will be closed on 13 May 2009 for the purpose of determining members' entitlements to the one-tier tax exempt final dividend for the year ended 31 December 2008.

Duly completed transfers received by the Company's Registrar, M & C Services Private Limited at 138 Robinson Road #17-00, The Corporate Office, Singapore 068906 up to 5.00 p.m. on 12 May 2009 will be registered before entitlements to the one-tier tax exempt final dividend are determined.

Members whose securities accounts with The Central Depository (Pte) Limited are credited with shares at 5.00 p.m. on 12 May 2009 will be entitled to the one-tier tax exempt final dividend.

The one-tier tax exempt final dividend, if approved by the members at the Company's 21st annual general meeting to be held on 29 April 2009, will be paid on 29 May 2009.

By Order of the Board

Low Lai Sai
Company Secretary

Singapore
31 March 2009

HO BEE INVESTMENT LTD
(Incorporated In The Republic Of Singapore)
Company Registration No. 198702381M

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

PROXY FORM

I/We ____ , NRIC/Passport no. ________________________________

of ____

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

Name	Address
NRIC/Passport No.	Proportion of Shareholdings (%)

and/or (delete as appropriate)

Name	Address
NRIC/Passport No.	Proportion of Shareholdings (%)

as my/our proxy/proxies to attend and to vote for me/us on my/our behalf and, if necessary, to demand a poll at the 21st annual general meeting of the Company to be held at 12 Tannery Road #10-01, HB Centre 1, Singapore 347722 on Wednesday, 29 April 2009 at 10.30 a.m. and at any adjournment thereof.

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

No.	Resolutions	For	Against
1	Adoption of audited financial statements and reports		
2	Declaration of one-tier tax exempt final dividend		
3	Approval of directors' fees		
4	Re-appointment of Mr Ch'ng Jit Koon as director		
5	Re-appointment of Mr Tan Eng Bock as director		
6	Re-election of Mr Ong Chong Hua as director		
7	Re-election of Mr Bobby Chin Yoke Choong as director		
8	Re-appointment of KPMG LLP as auditors		
9	Authority to issue shares and make or grant instruments convertible into shares		
10	Authority to offer and grant options and allot and issue shares under the Ho Bee Investment Ltd Share Option Scheme		

Dated this ______________ day of ______________ 2009

Total Number of Shares Held

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

IMPORTANT
PLEASE READ NOTES OVERLEAF

Notes

1 Please insert the total number of shares held by you. If you have shares entered against your name in the Depository Register (as defined in Section 130A of the Companies Act, Cap. 50), you should insert that number. If you have shares registered in your name in the Register of Members of the Company, you should insert that number. If you have shares entered against your name in the Depository Register and shares registered in your name in the Register of Members, you should insert the aggregate number. If no number is inserted, this form of proxy will be deemed to relate to all the shares held by you.

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

3 The instrument appointing a proxy or proxies must be deposited at the Company's registered office at 12 Tannery Road #10-01, HB Centre 1, Singapore 347722 not less than 48 hours before the time appointed for the meeting.

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

5 The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed under its common seal or under the hand of its attorney duly authorised.

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

7 A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the meeting, in accordance with Section 179 of the Companies Act, Cap. 50.

8 The Company shall be entitled to reject an instrument of proxy which is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified on the instrument of proxy. In addition, in the case of shares entered in the Depository Register, the Company may reject an instrument of proxy if the member, being the appointor, is not shown to have shares entered against his name in the Depository Register as at 48 hours before the time appointed for holding the meeting, as certified by The Central Depository (Pte) Limited to the Company.

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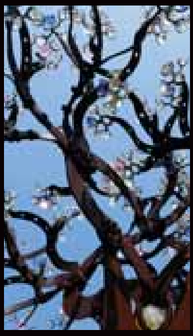
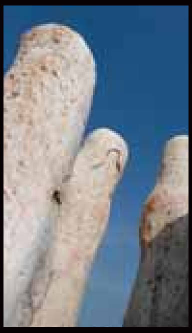
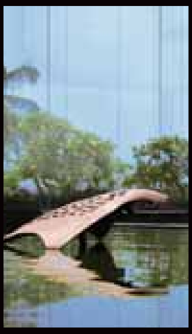
PHOTOGALLERY


Paradise Island, Sentosa Cove


Coral Island, Sentosa Cove


Coral Island, Sentosa Cove


Paradise Island, Sentosa Cove


Seascape, Sentosa Cove


HB Centre I


Coral Island, Sentosa Cove

HO BEE INVESTMENT LTD

12 Tannery Road #10-01 HB Centre 1 Singapore 347722

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www.hobee.com

Company Registration No. 198702381M