HO BEE LAND

HEADING BEYOND

ANNUAL REPORT 2017

CONTENTS

HEADING BEYOND

For over three decades, Ho Bee Land has built a name synonymous with luxury homes and quality developments. While our strong fundamentals have served to establish our place as a market leader, we always aspire to do better, strive to grow stronger and commit to the pursuit of excellence. This is our promise – heading beyond.

INSPIRING VISION

We at Ho Bee Land believe the future is what we make of it.
As we move forward, we will continue to build upon our assets,
capitalise opportunities and leverage our successes as
we scale new heights.

CHAIRMAN'S STATEMENT

The Group has built a solid recurring income base which will continue to buttress the Group's earnings.


CHUA THIAN POH
Chairman & CEO

CHAIRMAN'S STATEMENT

DEAR SHAREHOLDERS,

On behalf of the Board of Directors, I am delighted to present to you the Group's good performance for FY2017.

FINANCIAL REVIEW

The Group recorded a 15% increase in net profit after tax and non-controlling interest of S$249.3 million. This was despite a 45% decrease in Group revenue due to higher income recognition in FY2016 for two wholly-owned residential development projects in Melbourne and Gold Coast. These projects were completed in the first half of 2016.

The increase in profit was due mainly to a 235% surge in share of profits from our associates, which amounted to S$99.3 million. The bulk of this was from the residential development project in Shanghai. Other contributions include fair value gains of S$78.1 million on investment properties and distribution income of S$13.0 million from our jointly controlled residential project, Eporo Tower, in Melbourne.

Earnings per share increased to 37.4 cents from 32.5 cents in the preceding financial year. Total shareholders fund as at 31st December 2017 surpassed the S$3 billion mark to reach S$3.13 billion. This represents a net asset value of S$4.70 per share. Net gearing decreased to 0.40 times from 0.44 times as at the end of last financial year.

BUSINESS REVIEW

Singapore

Singapore operations generated a total rental income of S$90.3 million, contributing about 55% to Group revenue in FY2017. Out of this, 91% was from The Metropolis and the balance were mainly from our industrial buildings and residential projects in Sentosa Cove. Overall, about 80% of the units in our three Sentosa Cove projects, Turquoise, Seascape and Cape Royale were leased out.

Fair value gain for The Metropolis was S$38 million, compared to S$162 million in FY2016. For Cape Royale, the Group's joint venture project in Sentosa Cove, there was a fair value loss of S$48 million. The group's share of the loss was S$16.8 million.

London

The Group divested one of its commercial buildings, Rose Court in early 2017 for £94.5 million. This building was bought in 2013 at a cost of £67.2 million. In June 2017, we acquired another prime commercial building, 67 Lombard Street, in the core of London Central Business District. Currently, the Group owns a portfolio of six commercial properties in London, with total lettable space of about a million square feet.

For FY2017, rental income from these commercial properties amounted to £30.5 million or 33% of total Group's revenue. Net rental yield ranges from 4% to 5.5%. Unexpired average lease for the six properties ranges from 6 to 12 years.

Fair value gains on these properties for FY2017 was £21.3 million, compared to a fair value loss of £31.8 million in the preceding year.

Australia

The Group continued to sell the remaining units of its two Australian residential projects, Rhapsody in Gold Coast and Pearl in Melbourne. To-date about 83% of the 223 units at Rhapsody and 98% of the 185 units at Pearl were sold.

Share of distribution income from the joint-development project, Eporo Tower, in Melbourne CBD amounted to S$13 million. This project, comprising 307 units in a residential tower was completed in early 2017 and 99% sold.

The Group has entered into a joint venture agreement in late 2017 with an Australian real estate developer to jointly develop a 16-hectare site in Wollert, Melbourne into 285 land lots. This investment is in line with the Group's strategy of geographical diversification and capital recycling plan.

China

Our 40% joint venture residential project in Shanghai contributed S$97.6 million or 98% to the share of profits from associates in FY2017. This completed project comprising 1,470 units was 85% sold.

The Group's 20% joint venture residential project in Zhuhai which comprises 3,500 units will be developed in phases. To-date, a total of 1,860 units was launched and 85% had been sold.

In Tangshan, Phase One of our 50% joint venture project comprising 845 units was 99% sold. Phase 2 comprising 1,220 units has obtained planning approval and construction will commence in second quarter 2018.

PROPOSED DIVIDEND

For your continued support, the Board is pleased to recommend a first and final dividend of 8 cents per share and a special dividend of 2 cents per share. Subject to shareholders' approval at the Annual General Meeting of the Company to be held on 26 April 2018, the dividends will be paid on 31 May 2018.

BUSINESS PROSPECTS

The Singapore economy has performed well last year. The office rental market has improved with occupancy rates and rents projected to increase further this year. Our flagship building, The Metropolis, is currently 100% leased and positive rental reversions are expected upon renewal, in line with the market. The recovery in the residential property market has triggered an increase of interest in the high-end market including Sentosa Cove. Buyers and investors are beginning to see value in this segment.
To ride on this improving sentiment, the Group will market its unsold units in Turquoise and Seascape this year.

Although there is prevailing short term political and economic uncertainty in UK because of Brexit, we are confident and optimistic of our investments in London in the longer term.
The volume of foreign investments in commercial property last year had increased by 20% driven by the weaker Sterling Pound and relatively higher yields as compared to other key cities. Our portfolio of six commercial properties is currently 100% leased and there will be upward rent review for some leases this year.

The Group has built a solid recurring income base which will continue to buttress the Group's earnings. This will enable us to source for good investment and development opportunities selectively both locally and overseas. Besides UK, China and Australia, the Group invested in a European fund in November 2017 to allow us to ride on the upcycle of the European property market. This investment will supplement our earnings in the future.

A NOTE OF THANKS

Last year, as part of our Board's renewal process, I am pleased to welcome our two new independent directors, Mr. Seow Choke Meng and Ms. Josephine Choo to join our Board.
I would also like to take this opportunity to convey my deepest appreciation to my fellow Board members for their invaluable guidance and support.

My gratitude is also extended to the management and staff of the Group for their commitment, dedication and contributions throughout the year.

Special thanks to our stakeholders, especially our shareholders, bankers, tenants and business associates for your strong support and belief in the Group. With your continued confidence in us, we will strive to grow the company from strength to strength in the coming year.

CHUA THIAN POH
Chairman & CEO

ACHIEVING DREAMS

With the expertise, commitment and team spirit, we will continue to propel the company forward. We work to bring ideas to life and dreams to fruition, and in doing so, grow our reputation and bring value to our shareholders.

BOARD OF DIRECTORS

From Left to Right

MR CHUA THIAN POH, Chairman and CEO / **MS JOSEPHINE CHOO POH HUA,** Independent Director / **MR KO KHENG HWA,** Independent Director / **MR ONG CHONG HUA,** Executive Director / **MR SEOW CHOKE MENG,** Independent Director / **MR DESMOND WOON CHOON LENG,** Executive Director / **MR BOBBY CHIN YOKE CHOONG,** Lead Independent Director / **MR JEFFERY CHAN CHEOW TONG,** Independent Director

BOARD OF DIRECTORS

MR CHUA THIAN POH
Chairman and CEO

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

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

In recognition of his contributions towards the local community and society, Mr Chua was conferred the Public Service Star (BBM) in 2004 and appointed Justice of the Peace in 2005. He was conferred the Distinguished Service Order (Darjah Utama Bakti Cemerlang) in 2014. In September 2015, Mr Chua was appointed as the Non-Resident Ambassador of Singapore to the Republic of Maldives. He was appointed as a member of the Constitutional Commission for the review of Elected Presidency in February 2016. In April 2017, Mr Chua was appointed as an alternate member of the Council of Presidential Advisers.

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

MR DESMOND WOON CHOON LENG
Executive Director

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

Prior to joining the Group, Mr Woon's career highlights include holding the post of Finance and Administration Manager at two of Indonesia's leading electronics companies.

MR ONG CHONG HUA
Executive Director

Mr Ong Chong Hua joined the Group in August 1995 as an Executive Director. He works with the Chairman in charting the Group's investment, development and marketing strategies for Singapore as well as overseas. He also oversees the property management of the Group's investment portfolio in Singapore and London.

Mr Ong has more than 30 years of experience in the real estate sector. He began his career as a town planner with the Urban Redevelopment Authority in 1980 before joining Jones Lang Wootton (now known as Jones Lang LaSalle) in 1990 as Head of its Consultancy and Project Management Department. Mr Ong holds a Masters degree in Town and Regional Planning from the University of Sheffield, UK.

BOARD OF DIRECTORS

MR BOBBY CHIN YOKE CHOONG
Lead Independent Director

Mr Bobby Chin was appointed to the Board in November 2006. He was the Managing Partner of KPMG Singapore from 1992 until his retirement in September 2005. He is an Associate Member of the Institute of Chartered Accountants in England and Wales.

Mr Chin served as a board member of Urban Redevelopment Authority from 1997 to 2006 and was its Chairman from 2001 to 2006. He also served as the Chairman of Singapore Totalisator Board from 2006 to 2012.

Mr Chin is currently the Chairman of NTUC Fairprice Co-operative Ltd and the Deputy Chairman of NTUC Enterprise Co-Operative Limited. He is also the Chairman of the Housing and Development Board and serves as a member of the Council of Presidential Advisers.
Mr Chin sits on the boards of Temasek Holdings (Private) Ltd, Singapore Labour Foundation and several listed companies including Yeo Hiap Seng Ltd, AV Jennings Limited and Singapore Telecommunications Limited. He is also the Chairman of Frasers Commercial Asset Management Ltd.

MR JEFFERY CHAN CHEOW TONG
Independent Director

Mr Jeffery Chan was appointed to the Board in October 2002. He was also appointed as a board member of Ho Bee Foundation in May 2017. Mr Chan is currently an Independent Director of Goodhope Asia Holdings Ltd.

Mr Chan has over 40 years of finance and accounting experience. He was previously the Non-Executive Chairman of AXA Insurance Singapore Pte Ltd and a board member of Pacific Healthcare Holdings Ltd.

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

MR KO KHENG HWA

Independent Director

Mr Ko Kheng Hwa was appointed to the Board in May 2017. Mr Ko is currently Senior Advisor to Accenture in China. He is the Lead Independent Director of Singapore public-listed iX Biopharma Ltd and a member of the SIM University Advisory Board. As a corporate advisor, he also provides advisory services to companies and governments.

Mr Ko has more than 30 years of leadership, business and international experience. Public sector leadership positions held by him included Managing Director of Economic Development Board, CEO of JTC Corporation and CEO of National Computer Board. Business sector leadership appointments held included CEO of Singbridge International Singapore Pte Ltd (a Temasek-linked company), CEO Sustainable Development & Living Business Division of Keppel Corporation Ltd, Group CEO of Ying Li International Real Estate Ltd, Chairman of Arcasia (now Ascendas) Land Singapore Pte Ltd, Director of Sino-Singapore Guangzhou Knowledge City Investment and Development Co Ltd (China), Director of Sino-Singapore Tianjin Eco-City Investment and Development Co Ltd (China) and Chairman of the former NASDAQ-listed Pacific Internet Ltd.

Mr Ko's academic and professional background includes: Advanced Management Program, Harvard Business School; Masters in Management, MIT; BA (Honours) in Civil Engineering, Cambridge University; Fellow of Institution of Engineers Singapore and Fellow of Singapore Computer Society. A President Scholar, he was also awarded the Public Administration Gold Medal by the Singapore Government.

BOARD OF DIRECTORS

MR SEOW CHOKE MENG
Independent Director

Mr Seow Choke Meng was appointed to the Board in April 2017. He was also appointed as a board member of Ho Bee Foundation in May 2017. Mr Seow is currently the Business Consultant of Singapore Press Holdings Ltd (SPH). He is also the Executive Director of Times Development Pte Ltd and a Director of Sin Chew Jit Poh (Singapore) Ltd. Mr Seow is a veteran in the media industry having worked in SPH since 1979. He held various senior appointments in SPH which includes helming the human resource, administration, circulation and editorial services departments of the Chinese newspaper.

Mr Seow is actively involved in grassroots and community organisations. He serves as the Chairman of the Promote Mandarin Council and a Trustee of Chinese Development Assistance Council. Mr Seow is an Honorary Council Member of the Singapore Chinese Chamber of Commerce and Industry, Vice-Chairman of Ren Ci Hospital and Vice-Chairman of Ulu Pandan Citizen's Consultative Committee. He is also a board member of Kwong Wai Shiu Hospital & Nursing Home, National Healthcare Group, Singapore Chinese Cultural Centre and National Council of Social Service.

Mr Seow graduated from the University of Singapore with a Bachelor of Science (Honours) degree. He was conferred the Public Service Star in 2013.

MS JOSEPHINE CHOO POH HUA
Independent Director

Ms Josephine Choo was appointed to the Board in April 2017. Ms Choo is a Partner in the Specialist & Private Client Disputes Practice in WongPartnership. She is an experienced litigation lawyer who specialises in infrastructure and construction disputes, regulatory matters, corporate and partnership disputes, family law, criminal law and disciplinary proceedings.

Ms Choo is an accredited mediator with Singapore Mediation Centre and a member of the Inquiry Panel for the legal profession. She is also a Director and Vice-Chairman of Dr Oon Chiew Seng Trust Limited.

Ms Choo graduated from the University of London in 1995. She is admitted to the English Bar (Middle Temple) in 1996 and to the Singapore Bar in 1998.

THE MANAGEMENT TEAM

MR CHONG HOCK CHANG
Group Director, Projects and Marketing

Mr Chong Hock Chang was appointed as Group Director (Projects and Marketing) in January 2017. Mr Chong is responsible for the Group's projects, both local and overseas. He also steers the marketing of the Group's investment and development properties, both local and overseas.

Prior to his current appointment, Mr Chong held several senior management roles since he joined the Group in 1995. He was Associate Director from 2011 to 2016 and General Manager (Business Development and Marketing) from 2002 to 2010.

Mr Chong started his career as a valuer at the Inland Revenue Authority of Singapore. He then joined Jones Lang Wootton (now known as Jones Lang Lasalle) as a consultant and undertook major research, feasibility studies and formulated marketing strategies for clients.

Mr Chong holds a Bachelor of Science Degree (Honours) in Estate Management from the National University of Singapore, and is a member of the Singapore Institute of Surveyors and Valuers. He currently serves as the Honorary Secretary on the Management Committee of the Real Estate Developers Association of Singapore.

MR NICHOLAS CHUA WEE-CHERN
Group Director, Business Development

Mr Nicholas Chua was appointed as Group Director (Business Development) in January 2017. Prior to his current appointment, he held several senior management roles since he joined the Group in 2002.

Mr Chua is responsible for identifying and evaluating business opportunities to expand the Group's investment and development portfolio, both locally and overseas.

Before joining the Group, Mr Chua was with DBS Group Holdings Ltd. He graduated with a Bachelor of Science in Finance and Marketing from the University of Oregon.

INVESTMENT PROPERTIES

Portrayed in this section, are the Group's six investment properties in London.

67 LOMBARD STREET

67 Lombard Street is a freehold commercial property acquired in June 2017. It is located in the core of City of London, about 100 metres away from the Bank of England and the Royal Exchange. The 10-storey office building sits amongst some of the world's biggest global companies and iconic buildings. The location benefits from excellent transport links with convenient access to the rest of central London, commuter destinations and London's airports.

1 St Martin's Le Grand is located strategically on a prominent site in the western core of City of London. The 11-storey freehold office building stands beside the historical banking address of Gresham Street, and is approximately 50 metres north of the London Stock Exchange. The building is in close proximity to St Paul's and Barbican Underground Stations, offering excellent transport facilities.

INVESTMENT PROPERTIES

60 ST MARTIN'S LANE

Located in the heart of Covent Garden, 60 St Martin's Lane has an unrivaled access to four Underground Stations. The property is a prime trophy office and retail building comprehensively refurbished in 2011 on its striking, original Portland Stone facade. The freehold building comprises six floors of offices and a well-configured retail/restaurant on the ground and lower ground floor.

110 Park Street is situated at the northern end of Park Street in Mayfair. The 5-storey building exhibits a Victorian-style façade. The location is one of the most exclusive districts of London's West End which is renowned for some of the finest hotels, restaurants, private clubs, galleries and residential homes in the world.

INVESTMENT PROPERTIES

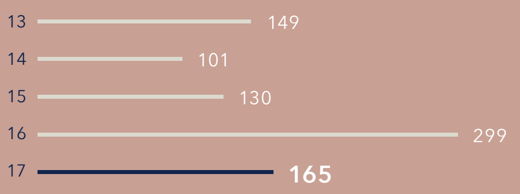
APOLLO & LUNAR HOUSE

Apollo & Lunar House is located in the heart of Croydon Town Centre, which is a short distance between the East and West Croydon Railway Stations. The freehold property comprises two office buildings of 20 storeys and 22 storeys. It enjoys excellent public transport connectivity with the Tramlink and subway links nearby.

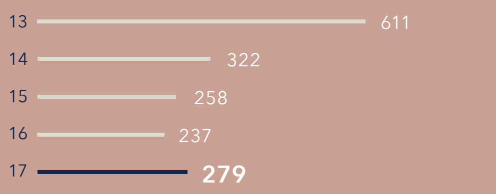
39 Victoria Street is located in one of the West End's most established office location - Victoria. Completed in 2014, the freehold building provides Grade A office and retail space arranged over basement, ground and nine upper floors. It lies in close proximity to The Houses of Parliament, the Palace of Westminster and the Parliamentary Estate.

FINANCIALS AT A GLANCE

TURNOVER* (S$'million)

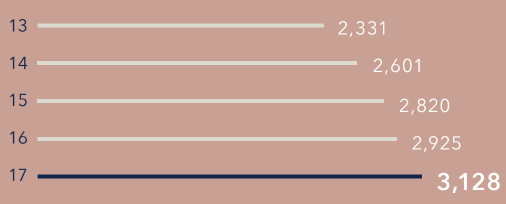


PROFIT BEFORE TAXATION* (S$'million)

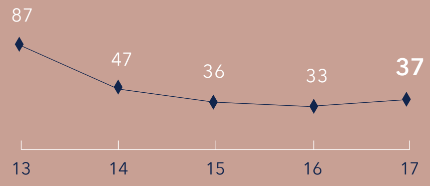


PROFIT ATTRIBUTABLE TO SHAREHOLDERS (S$'million)

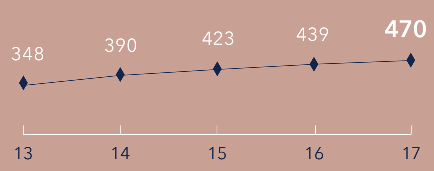
SHAREHOLDERS' EQUITY (S$'million)



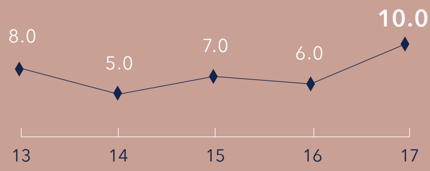
EARNINGS PER SHARE (cents)



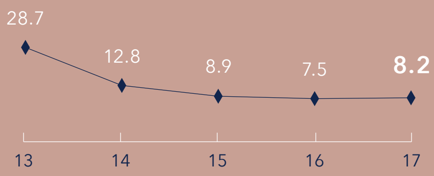
NET ASSETS VALUE PER SHARE (cents)



DIVIDENDS PER SHARE (cents)

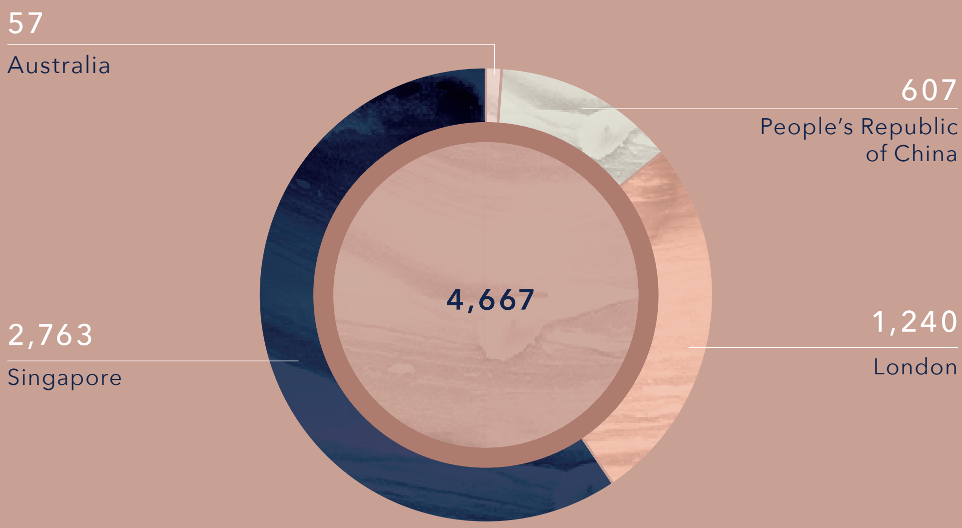


RETURN ON EQUITY (%)



* For year 2013 and 2014, figures include continuing and discontinued operations

PROPERTY INVESTMENTS
BY REGION (S$'million)



PROPERTY INVESTMENTS
BY SECTOR (S$'million)

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

CORPORATE STRUCTURE

HO BEE LAND LIMITED

- Ho Bee Developments Pte Ltd **100%**
  - Ho Bee Realty Pte Ltd **100%**
  - Ho Bee (Eastwood Park) Pte Ltd **100%**
  - Ho Bee (Pasir Ris) Pte Ltd **100%**
  - Ho Bee (One-North) Pte. Ltd. **100%**
- HB Properties International Pte Ltd **100%**
- Pacific Rover Pte Ltd **100%**
- HB Venture Capital Pte Ltd **100%**
- Grandiose Investments Pte. Ltd. * **100%**
- HB Le Grand Pte. Ltd. **100%**
- HB St Martins Pte. Ltd. **100%**
- HB Mayfair Pte. Ltd. **100%**
- HB Victoria Pte. Ltd. **100%**
- HB Croydon Pte. Ltd. **100%**
  - Kempster Investments Limited [BVI] **100%**
- HB Australia Pty Ltd [AU] **100%**
- HB Ferny Pty Ltd [AU] **100%**
- HB Oracle Pty Ltd [AU] **100%**
  - Wollert JV Pty Ltd [AU] **49%**
- HB Doncaster Pty Ltd [AU] **100%**
- Stream Field Investments Limited [BVI] **100%**
  - Emmatown Properties Ltd [BVI] **100%**
- Ho Bee Cove Pte. Ltd. **90%**
- HB Investments (China) Pte. Ltd. **80%**
  - Yanlord Ho Bee Investments Pte. Ltd. **50%**
    - Yanlord Ho Bee Property Development (Tangshan) Co., Ltd. [PRC] **100%**
- HBS Investments Pte Ltd **70%**
  - Parliament View Developments Limited [UK] **100%**
    - Parliament View Management Company Limited [UK] **100%**
- Seaview (Sentosa) Pte. Ltd. **50%**
- Shanghai Yanlord Hongqiao Property Co., Ltd. [PRC] **40%**
- Pinnacle (Sentosa) Pte. Ltd. **35%**
- Zhuhai Yanlord Heyou Land Co., Ltd. [PRC] **20%**
  - Zhuhai Yanlord Heyuan Land Co., Ltd, [PRC] **100%**

Notes

[AU] Incorporated in Australia

[BVI] Incorporated in British Virgin Islands

[PRC] Incorporated in People's Republic of China

[UK] Incorporated in United Kingdom

* In the process of liquidation

CORPORATE INFORMATION

BOARD OF DIRECTORS

Mr Chua Thian Poh
Chairman and CEO

Mr Desmond Woon Choon Leng
Executive Director

Mr Ong Chong Hua
Executive Director

Mr Bobby Chin Yoke Choong
Lead Independent Director

Mr Jeffery Chan Cheow Tong
Independent Director

Mr Ko Kheng Hwa
Independent Director

Mr Seow Choke Meng
Independent Director

Ms Josephine Choo Poh Hua
Independent Director

AUDIT & RISK COMMITTEE

Mr Bobby Chin Yoke Choong
Chairman

Mr Jeffery Chan Cheow Tong

Mr Ko Kheng Hwa

Ms Josephine Choo Poh Hua

NOMINATING COMMITTEE

Mr Ko Kheng Hwa
Chairman

Mr Chua Thian Poh

Mr Bobby Chin Yoke Choong

Mr Seow Choke Meng

REMUNERATION COMMITTEE

Mr Jeffery Chan Cheow Tong
Chairman

Mr Seow Choke Meng

Ms Josephine Choo Poh Hua

MANAGEMENT TEAM

Mr Chong Hock Chang
Group Director
(Projects and Marketing)

Mr Nicholas Chua Wee-Chern
Group Director
(Business Development)

COMPANY REGISTRATION NO.

198702381M

REGISTERED OFFICE

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Fax: (65) 6704 0800
Website: www.hobee.com

COMPANY SECRETARY

Ms Tan Sock Kiang

SHARE REGISTRAR

M & C Services Private Limited
112 Robinson Road #05-01
Singapore 068902

EXTERNAL AUDITORS

KPMG LLP
Public Accountants and Chartered Accountants Singapore
Partner-In-Charge:
Mr Tay Puay Cheng (since 2015)
16 Raffles Quay #22-00
Hong Leong Building
Singapore 048581

INTERNAL AUDITORS

Nexia TS Risk Advisory Pte. Ltd.
100 Beach Road
#30-00 Shaw Tower
Singapore 189702

RENEWING LIVES

Giving back to the community is always at the top of our minds. We support a wide range of charitable causes, from education and medical institutions to social welfare. As we walk our talk, we aspire to inject life and hope while providing aid to the ones who need it most.

SUSTAINABILITY REPORT

SUSTAINABILITY REPORTING

Ho Bee Land Limited's inaugural sustainability report has been prepared in compliance with the requirements of SGX-ST Listing Rules 711A and 711B. The report is with reference to the Global Reporting Initiative (**GRI**) Standards (2016).

This inaugural report focuses on the sustainability performance of our flagship development – The Metropolis, for the period from 1 January to 31 December 2017. In defining the report scope, we have considered the level of our operational control and the significance of any resulting economic, environmental and social impacts relating to The Metropolis relative to the rest of our portfolio.

All data is reported in good faith and to the best of our knowledge.

BOARD'S STATEMENT

It is with great pleasure that we present our inaugural sustainability report. This report encapsulates our commitment to grow sustainably as a forward-looking corporate entity.

At Ho Bee Land, we recognise that the business landscape is changing tremendously. Our stakeholders, including our shareholders and tenants, are now paying more attention to environmental, social and governance (**ESG**) issues in their decisions.

The Singapore Sustainable Blueprint, Singapore's ratification of the Paris Agreement, the Singapore Budget 2018 and the 3rd Green Building Masterplan call for more environmentally responsible behaviour by corporates, especially those in the real estate sector.

These developments have reinforced the growing importance of sustainable business practices alongside greater stakeholder interest. The Board recognises how sustainability developments may have implications to our existing business model and is committed to responding to stakeholder needs through delivering our services to the highest standards in responsible and sustainable ways.

Supported by the Sustainability Steering Committee, the Board oversees the sustainability direction, management of sustainability related performance and the development of the sustainability report.

Our Sustainability Report is aligned to the SGX-ST Listing Rules 711A and 711B and makes reference to the internationally recognised GRI Standards (2016).

We believe that it is important for us to focus on the areas that support our business strategy, whilst considering areas of critical risks and untapped opportunities. The Board oversaw a materiality assessment that was conducted to identify the areas with high sustainability impact and in line with our business strategy. In addition, we have set out how we manage our impact in these areas as well as our performance and targets for the upcoming year.

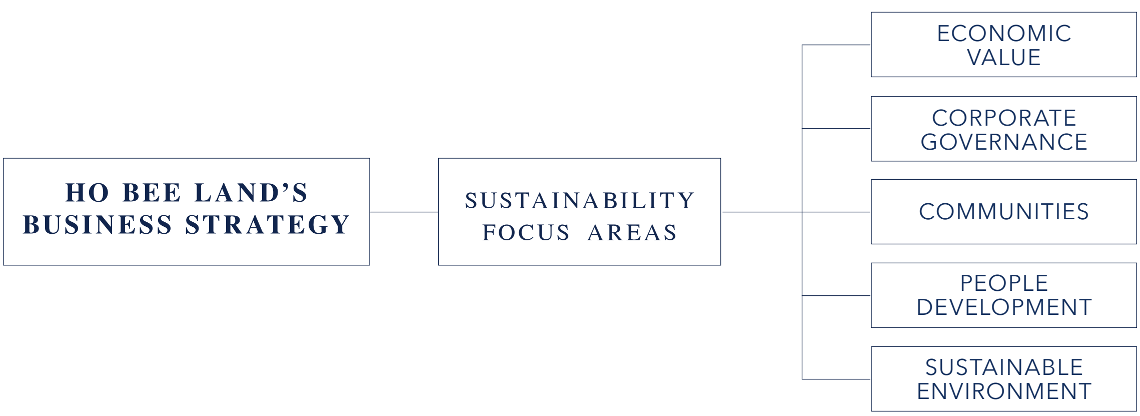
Ultimately, we believe that the measurement of our success lies beyond our financial performance. While we aim to maintain profitability and maximise shareholder return, we also seek to create value for our other stakeholders.

STAKEHOLDER ENGAGEMENT

Our business operations affect, and is affected by, a diverse group of stakeholders – both internal and external. At Ho Bee Land, we recognise that effective collaboration with our key stakeholders is critical in aligning our business decisions with their needs and concerns. We thus proactively engage stakeholders through various channels to identify and understand issues pertinent to them. We also strive to maintain regular two-way communication to foster accountability and transparency. Ho Bee Land's approach towards stakeholder engagement is summarised below:

Key Stakeholders	Engagement Methods	Frequency	Key Topics of Interest
Investors	Timely updates of financial results and announcements, business developments, press releases, and other relevant disclosures via SGXNet and website	Throughout the year	• Sustain profitability and enhance shareholder return • Transparent reporting • Sound corporate governance practices • Active portfolio management
	Annual General Meeting	Annually	
Tenants – existing and potential	Regular formal or informal tenant meetings and feedback sessions to exchange ideas and updates on important initiatives and matters	Throughout the year	• Safe and secure office premises • Responsiveness to requests and feedback of tenants
	Established channels of communication for tenant and property-related issues	Throughout the year	
Employees	Induction programme for new employees	Throughout the year	• Equitable remuneration • Fair and competitive employment practices and policies • Safe and healthy work environment • Focus on employee development and well-being
	Training and development programmes	Throughout the year	
	Career development performance appraisals	Annually	
	Recreational and wellness activities	Throughout the year	
	Regular e-mailers, meetings, and town-hall sessions	Throughout the year	
Communities	Corporate giving and philanthropy activities through Ho Bee Foundation	Throughout the year	• Contributions to communities • Responsible and ethical business practices
	Corporate volunteering	Throughout the year	
Government and Regulators	Meetings and dialogue sessions	Throughout the year	• Compliance with, and keep abreast to, ever-changing laws and regulations
	Membership in industry associations such as Real Estate Developers' Association of Singapore (REDAS), Singapore Chinese Chamber of Commerce and Industry (SCCCI), Singapore Business Federation (SBF)	Throughout the year	
Business Partners (such as Third-Party Service Providers)	Regular dialogue sessions with service providers and property managers	Throughout the year	• Equitable treatment of business partners • Regular and punctual payments upon enlistment of service
	Established channels of communication	Throughout the year	

SUSTAINABILITY REPORT



INTEGRATING SUSTAINABILITY

At Ho Bee Land, we recognise that long-term value creation for our business and stakeholders is contingent on our ability to adapt to evolving stakeholder interests as well as global trends and developments. In order for Ho Bee Land to holistically harness opportunities, and mitigate risks, we have aligned our sustainability focus areas to our business strategy. It allows us to continually generate business value – be it financial, reputational or other forms, for Ho Bee Land and our stakeholders.

MATERIALITY ASSESSMENT

During the year, Ho Bee Land initiated a materiality assessment exercise, which took reference from the GRI Standards (2016) Materiality Principle. The objective of the exercise was to identify, prioritise and validate ESG factors that are significant to business operations and of interest to key stakeholders. Facilitated by an independent consultant, participants responded to an online questionnaire and participated in a workshop that required them to consider the following:

- global and local emerging sustainability trends;
- main topics and future challenges for the real estate sector, as identified by peers;
- sustainability reporting frameworks and relevant sector-specific guidance;
- insights gained from regular day-to-day interactions with external stakeholders; and
- key organisational strategies and risks identified in our existing Enterprise Risk Management framework.

5 key areas of focus were identified to be material to Ho Bee Land. These were validated by the Board and will be the focus of this inaugural sustainability report.

Sustainability Focus Areas	Material Factors	Read more in our
Enhancing Economic Value Enhanced profitability, value creation, distribution and retention for shareholders.	Economic performance	• Financial Statements, page 66
Contributing to a Sustainable Environment Mitigating our environmental footprint.	Energy Water	• Sustainability Report page 34
Developing our People Talent management strategy and practices.	Employment Training and Education	• Sustainability Report, page 36
Enriching our Communities Giving back to society through our philanthropic efforts.	Local Communities	• Sustainability Report, page 38 • Corporate Website: Corporate Social Responsibility
Strengthening Corporate Governance Compliance with applicable laws and regulations including ethics, integrity and anti-corruption.	Anti-corruption Socio-economic Compliance Environmental Compliance	• Sustainability Report, page 40 • Corporate Governance Report, page 41 • Corporate Website: Whistle-blowing Policy Statement

SUSTAINABILITY REPORT

CONTRIBUTING TO A SUSTAINABLE ENVIRONMENT

Climate change and global warming are high on the international and local agenda. In response, leading companies have taken an active interest in supporting efforts around managing the negative impacts on the environment, including the selection of environmentally responsible business partners.

At Ho Bee Land, we endeavour to do our part to proactively respond to the needs of our stakeholders, in particular our tenants, who may have strong preferences for environmentally sustainable properties. This approach enables us to manage our business obligations, maintaining strong economic performance and minimising our environmental footprint.

In FY2017, as part of responding to BCA's requirements, Ho Bee Land formalised an Environmental Policy to advocate sustainable environmental practices within the organisation. Besides guiding responsible environmental stewardship, the policy serves to promote the adoption of environmental best practices and safeguard compliance with all relevant environmental legislation.

Ho Bee Land endeavours to reduce our environmental footprint through a number of eco-efficiency initiatives and innovations in sustainable building design. During the year, we continued to adopt practicable energy and resource saving initiatives without compromising on the standard of maintenance. Our recycling programme was rolled-out for collection of paper, glass, plastics, metals and lamps. We believe these initiatives promote environmental responsibility and conserve our depleting natural resources.

Monitoring environmental impact is integral to our business operations, as efficient use of environmental resources such as energy and water contributes to our operational efficiency and long-term sustainability. At Ho Bee Land, we continue to monitor our energy and water consumption patterns to ensure responsible stewardship. We also track the amount of waste being collected and recycled by our tenants.

By implementing the initiatives, the average monthly consumption of electricity in FY2017 was reduced by 1.7% from the previous year. Similarly, the usage of domestic water and NEWater was decreased by 7%.

In line with evolving business practices and stakeholder sentiments, the international real estate sector has seen a shift towards sustainable or green buildings in efforts to ensure environmental sustainability. Ho Bee Land is committed to this endeavour and targets to achieve the BCA Green Mark Certification for all new developments in Singapore.

GOING GREEN AT THE METROPOLIS

The Metropolis exemplifies Ho Bee Land's commitment to building an environmentally sustainable business and delivering long-term value to its stakeholders. The property was designed to incorporate a range of innovative solutions that conserve energy and water, and reduce carbon dioxide emissions, thereby minimising the environmental impact of the building. This has earned The Metropolis the coveted Green Mark Platinum certification, which is the highest rating for energy efficient buildings, by the Building & Construction Authority (BCA) of Singapore.

THE METROPOLIS - ENERGY SAVING HIGHLIGHTS:

Energy Efficiency Index (EEI)	168.82 kwh/yr/m^2
Renewable energy generated by Solar Photovoltaic technology	56,467 kwh/yr
System efficiency of the energy efficient chiller plant	0.57 kW/RT

The implemented green features have been described in detail below and helped to reduce the overall energy consumptions:

INNOVATIVE BUILDING DESIGN

- Solar photovoltaic panel to harness the sunlight and generate clean, renewable energy
- Sun shading fins and double glazed low-e glass on windows
- Photocell sensors along the perimeter of the building to regulate lighting (photocell sensors will turn off lighting if there is sufficient daylighting at the perimeter)
- Naturally ventilated atrium, toilets and staircases
- Pre-fitted tanks installed to harvest rainwater which is used for the auto-irrigation system
- A paper recycling chute was installed

ENERGY EFFICIENCY FEATURES

- High efficiency plant system that achieves a 29% energy improvement over the national baseline standard
- Energy efficient lighting system such as the T5 fluorescent lighting with high frequency electronic ballast in all office and retail spaces
- Motion sensors in lavatories and stairwells
- Variable voltage variable frequency lifts and escalators which are also equipped with sleep mode feature
- Energy-efficient chiller plant with a system efficiency of 0.57 kW/RT and auto tube cleaning system

WATER EFFICIENCY FEATURES

- Water fittings are certified under the Public Utilities Board's "Excellent" and "Very Good" Water Efficiency Labelling Scheme (WELS) rating
- Private water meters have been installed to monitor rainwater harvested, water consumption and to detect water leakages
- Automatic water efficient drip irrigation system
- NEWater used as makeup water for the cooling tower
- Collection of water from condensation of air-conditioners
- Sensors have been installed to stop the irrigation system during periods of rainfall

OTHER SUSTAINABLE OPERATIONS AND MANAGEMENT FEATURES

- Recycling bins are located at L1 and B1 for the collection of recyclables such as plastics, cans and paper
- Provision of carpark guidance system
- Carbon monoxide sensors for basement carpark ventilation

In the forthcoming year, Ho Bee Land targets to maintain Green Mark Platinum Certification for The Metropolis.

SUSTAINABILITY REPORT

DEVELOPING OUR PEOPLE

At Ho Bee Land, we believe that our organisation is only as successful as our people. The quality of our employees and their commitment to Ho Bee Land is thus critical in ensuring our sustained long-term growth.

We recognise the importance of nurturing an engaging and fulfilling career for our employees. Our human resource policies are therefore geared towards creating a transparent, fair and inclusive working environment that drives employee well-being, satisfaction and productivity. It is with this philosophy in mind that Ho Bee Land has developed our human resource policies, procedures and practices, terms and conditions, as well as the competitive compensation and benefits package available to them.

TRAINING & EDUCATION

In order for Ho Bee Land to evolve with the rapidly changing business landscape and stakeholder expectations, we acknowledge that this requires concerted efforts and talents of a skilled and adaptable workforce. As we navigate through an increasingly challenging environment, employee training and development remain key priorities. Employees are encouraged to upgrade their knowledge and skillset by attending relevant workshops, seminars and courses to enhance areas that are both beneficial for their personal development and work performance. Ho Bee Land also provides sponsorships to employees for their enrichment endeavours. Each year, all our employees also undergo a performance review session with their immediate superiors to monitor their progress and reward their achievements.

EMPLOYEE WELL-BEING

Ho Bee Land believes that an engaged, healthy and happy employee contributes to a progressive and productive work force. Our employees therefore benefit from a competitive and comprehensive flexible-benefits package (including health screenings, dental benefits, and medical coverage, among others).

At Ho Bee Land, we also organise and participate a range of activities and events for our employees to foster a collaborative and cohesive team. During the year, we organised staff and family outing trips, and staff team bonding activities. To nurture an engaged workforce, we actively engage our employees directly. We have open channels of communication across the various ranks and encourage feedback to improve our policies and practices.

In FY2017, the employee turnover rate at Ho Bee Land was 15%. During the year, approximately 60% workforce attended training courses with average training hours per employee per year at 12 hours.

In the forthcoming year, Ho Bee Land targets to:

- Reduce employee turnover rate to 10%;
- Increase percentage of workforce attending training to 80%; and
- Increase average training hours per employee per year to 16 hours.

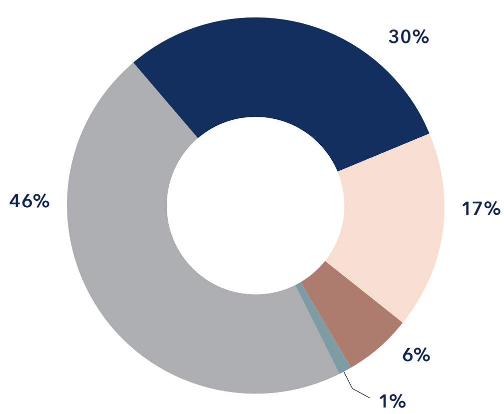
Spartan Race
Team building activities allow employees to get to know one another better in a more relaxed environment while having fun. Such activities also promote cooperation in an external setting, building connections between employees. At Ho Bee Land, our employees took part in a Spartan Race in May 2017 and were very enthusiastic during the race.

Learning Journey @ Southern Ridges
In August 2017, team members across departments participated in this remarkable nature walk with experiential moments designed to facilitate team conversations and strengthen healthy relationships. Along the Marang and Mount Faber trail, the team engaged with each other to share their thoughts on life values, people and moments that they were grateful for.

SUSTAINABILITY REPORT

- Social Welfare
- Healthcare
- Community
- Education
- Sports
- Cultural

CONTRIBUTIONS BY SECTOR IN FY2016

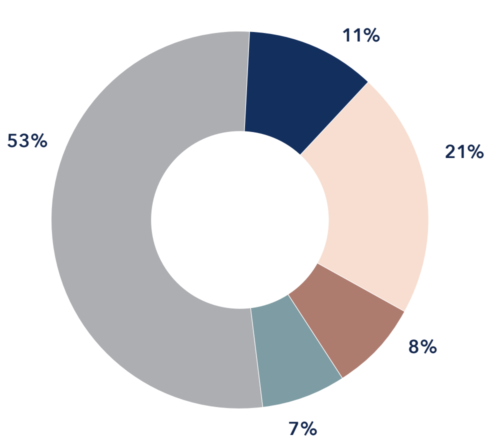


ENRICHING OUR COMMUNITIES

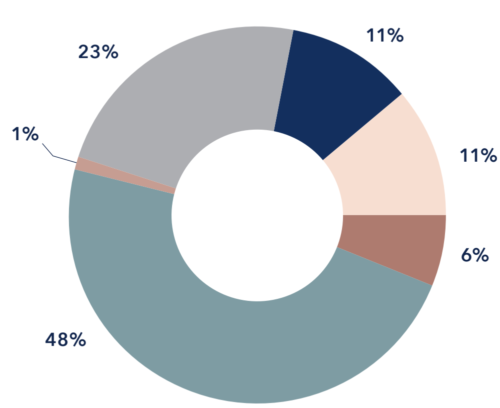
Corporate social responsibility is integral to Ho Bee Land's value proposition. We continue to invest in our communities through Ho Bee Foundation (**the Foundation**), which was set up to serve as our philanthropic arm. The Foundation, established in October 2010, has been and will continue to effectively and efficiently channel Ho Bee Land's donations towards a host of worthy charitable causes that includes educational institutions, hospitals and social welfare.

In FY2017, the Foundation contributed to charitable causes comprising social welfare, healthcare, community, education and cultural programmes with a total donation of S$1.5 million (FY2016: S$1.7 million). As of 31 December 2017, the total charitable donations from the Foundation since its inception totalled S$15.2 million. The following pie charts depict the percentage of contributions to the various sectors for (i) FY2016, (ii) FY2017 and (iii) total contributions from FY2011 to FY2017.

CONTRIBUTIONS BY SECTOR IN FY2017



TOTAL CONTRIBUTIONS BY SECTOR FROM FY2011 TO FY2017



PATRON OF THE ARTS AWARD

Ho Bee Land received a Patron of the Arts Award by the National Arts Council in FY2017 for our contribution to the National Arts Council.

SMU HO BEE PROFESSORSHIP

The Ho Bee Professorship was established in 2007 with the Singapore Management University (SMU). The programme aims to advance the study of the Chinese economy and to promote educational, economic, cultural and community development in Singapore with China for the benefit of the business community.

The recipients of the Professorship are professors of prestigious institutions, such as Harvard University and Stanford University, amongst others. The latest recipient of the Ho Bee Professorship is Dr. Keyu Jin, a tenured professor of economics at the London School of Economics. She presented a public lecture on "China's Paradox and its Role in the World Economy". This is a part of the educational development in line with the purpose of the Professorship.

Besides charitable donations and the Ho Bee Professorship, we also advocate other community investments to strengthen Ho Bee Land's social licence to operate and ability to deliver sustainable value.

In the forthcoming year, Ho Bee Land targets to maintain the donation amount towards charitable contributions.

From top to bottom:

Blood Donation Drive
Ho Bee Land was involved in a blood donation drive in September 2017. This is to support the National Blood Programme which was organised by Shell iVolunteers together with Singapore Red Cross Society and Ho Bee Land. 95 units of blood were collected, a large increase of almost 40% from the previous year. The blood donation drive was held at The Metropolis.

Ren Ci Food Fiesta
In September 2017, Ho Bee Land took part in the annual Ren Ci Vegetarian Food Fiesta with an aim of raising funds for patient care across Ren Ci Hospital's facilities.

SUSTAINABILITY REPORT

STRENGTHENING CORPORATE GOVERNANCE

Ho Bee Land prides itself on its good corporate governance practices. We are committed to ensuring and maintaining a high standard of governance and business conduct to safeguard the interests of our stakeholders, thereby ensuring long-term value creation. Good corporate governance dictates that crisis management, anti-corruption, fraud prevention and compliance be placed high on a company's agenda.

Anti-corruption

Ho Bee Land has a zero-tolerance approach towards corruption and fraud. Encompassed within the Ho Bee Land Staff Handbook is our Professional Conduct and Discipline guide. It sets out expectations of employees in relation to issues such as conduct, insubordination and policies with regards to attire and gifts, amongst others. Employees are also required to adhere to various corporate policies and standard operating procedures which provide guidance on the proper conduct of our employees.

In light of the heightened cybersecurity risk, Ho Bee Land takes a firm stance and has crafted policies and procedures to safeguard vital data and information of the Group. The whistleblowing policy provides a transparent channel for employees to report concerns about possible fraud, improprieties in financial reporting and other matters. All employees are also required to submit the undertaking to safeguard official information, declaration for software use policy, declaration for personal data protection notice, and a conflict of interest disclosure statement upon commencement of their employment with Ho Bee Land.

Compliance with Laws and Regulations

Ho Bee Land adheres to the highest standards of corporate governance practices as guided by the Code of Corporate Governance 2012. We also abide by all applicable laws and regulations including the listing rules and regulations set out by SGX, and the MAS Securities and Futures Act.

Our properties are subject to environmental laws and regulations, including the Building Control (Environmental Sustainability) Regulations administered by the Building and Construction Authority (BCA), as well as the Energy Conservation Act and Environment Protection and Management Act governed by the National Environment Agency (NEA). Property Managers conduct regular checks within the buildings and ensure compliance with reporting requirements pertaining to the submission of environmental data. Properties are also subject to periodic environmental audits by the local authorities.

In FY2017, there were zero incidents of corruption and no significant instances of non-compliance with all applicable laws and regulations.

In the forthcoming year, Ho Bee Land targets to maintain zero incidents of corruption and no significant instances of non-compliance with all applicable laws and regulations.

MOVING FORWARD

The rapidly changing business landscape poses unprecedented challenges, but we believe that there are also many untapped opportunities. We remain committed to our sustainability agenda, and continue to seek innovative solutions which will add value to Ho Bee Land and our stakeholders through a sustainability lens.

In FY2018, we will continue to assess and update the relevance of our material ESG factors and sustainability initiatives in the context of global megatrends. We also strive to continually improve our sustainability reporting initiatives by enhancing our non-financial disclosures to provide our stakeholders with deeper insights into Ho Bee Land's sustainability practices.

CORPORATE GOVERNANCE REPORT

Ho Bee Land Limited (**the Company**) is committed to adopting high standards of corporate governance and transparency in conducting the Group's businesses. The board of directors of the Company (**the Board**) ensures that an effective self-regulatory and monitoring mechanism exists and is practised. This report outlines the main corporate governance practices that are in place, with specific reference to the principles of the Code of Corporate Governance 2012 (**the Code**).

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

SGX Disclosure Guide:
(a) *Has the Company complied with all the principles and guidelines of the Code? If not, please state the specific deviations and the alternative corporate governance practices adopted by the Company in lieu of the recommendations in the Code.*
(b) *In what respect do these alternative corporate governance practices achieve the objectives of the principles and conform to the guidelines in the Code?*

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

BOARD MATTERS

THE BOARD'S CONDUCT OF AFFAIRS (PRINCIPLE 1)

Role of the Board and Board responsibility

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

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

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

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

Board processes

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

The Board currently holds four scheduled meetings and an annual business review meeting each year. Scheduled meetings for the Board committees are also arranged annually. Ad hoc meetings for the Board and Board committees are convened as and when necessary to address any specific matters.

CORPORATE GOVERNANCE REPORT

There was a total of six Board meetings (including one ad hoc meeting and the annual business review meeting), four ARC meetings, two NC meetings and two RC meetings held in the year ended 31 December 2017 (**FY2017**).

The attendance of the directors at Board and Board committee meetings for FY2017 was as follows:-

Name of directors	Board meeting	ARC meeting	NC meeting	RC meeting
Chua Thian Poh	6 of 6	N.A.	2 of 2	N.A.
Desmond Woon Choon Leng	6 of 6	N.A.	N.A.	N.A.
Ong Chong Hua	6 of 6	N.A.	N.A.	N.A.
Ch'ng Jit Koon (1)	2 of 2	1 of 1	N.A.	1 of 1
Jeffery Chan Cheow Tong	6 of 6	4 of 4	N.A.	2 of 2
Tan Eng Bock (2)	2 of 2	N.A.	2 of 2	1 of 1
Bobby Chin Yoke Choong	6 of 6	4 of 4	2 of 2	N.A.
Ko Kheng Hwa	6 of 6	4 of 4	2 of 2	N.A.
Seow Choke Meng (3)	3 of 3	N.A.	N.A.	1 of 1
Josephine Choo Poh Hua (4)	3 of 3	2 of 2	N.A.	1 of 1

Notes:

(1) Mr Ch'ng Jit Koon retired at the conclusion of the 29th annual general meeting on 25 April 2017.

(2) Mr Tan Eng Bock retired at the conclusion of the 29th annual general meeting on 25 April 2017.

(3) Mr Seow Choke Meng was appointed as independent director, NC member and RC member on 26 April 2017.

(4) Ms Josephine Choo Poh Hua was appointed as independent director, ARC member and RC member on 26 April 2017.

N.A. means not applicable.

Matters requiring Board's approval (Guideline 1.5)

SGX Disclosure Guide:

What are the types of material transactions which require approval from the Board?

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

- annual budget;
- quarterly and full year results announcements;
- annual report and financial statements;
- declaration of dividends;
- strategic plans;
- major acquisitions / disposals; and
- conflicts of interest / interested person / related party transactions.

The Board has established policy on delegation of authority and set authorisation limits delegated to management for specific types of transactions.

The Board has formalised policy and procedure on conflicts of interest to guide the directors in their dealing with any conflict of interest and fulfilling their disclosure obligations. A conflicted director is required to recuse himself and will not participate in the discussion and decision on any conflict-related matter.

The Board also has formalised policy and procedure on interested person and related party transactions. It is the policy of the Board that all interested person and related party transactions should be carried out at arm's length and on terms generally available to an unaffiliated third-party under the same or similar circumstances.

CORPORATE GOVERNANCE REPORT

Training for directors (Guideline 1.6)

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

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

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

The Company arranges for directors' training program each year based on the recommendations of the NC. In addition, the Company arranges for professional briefings when necessary to update the directors on any new regulatory development which has an impact on the Group. The directors are also regularly briefed by the external auditors on new regulations and key changes to financial reporting standards.

Each year, the Company conducts an annual business review meeting for the directors. Presentations and briefings are conducted at the annual business review meeting by the senior management on the Group's operations, followed by discussion sessions on matters relating to operations and strategies. The latest annual business review meeting was held in December 2017.

During the year, the Company organised a directors' briefing session on the Companies Amendment Act (2017), the Stamp Duties Amendment Act (2017) as well as various changes to the SGX Listing Rules which came into effect from 31 March 2017. The briefing was conducted by a corporate lawyer from TSMP Law Corporation.

The costs of directors' training are borne by the Company.

Induction and orientation for new directors

As part of the induction programme for new directors appointed to the Board, Mr Seow Choke Meng and Ms Josephine Choo Poh Hua (both appointed on 26 April 2017) were briefed and each issued with a director pack comprising (i) a letter of appointment which sets out the terms of appointment; (ii) a general guide on the duties and liabilities of a director of a listed company under the Companies Act and the SGX Listing Manual; and (iii) a set of the Company's corporate manual which contains all Company policies, including terms of references, approved by the Board.

A new director orientation programme was also organised in May 2017 for Mr Seow and Ms Choo. The programme, which was conducted by the executive directors and senior management, includes a corporate video presentation and briefings on (i) the Group's current strategy and current projects, and (ii) the Group's FY2017 budget.

BOARD COMPOSITION AND GUIDANCE (PRINCIPLE 2)

Members of the Board

The Board has eight members, comprising three executive directors and five independent directors.

As Mr Chua Thian Poh, the Board Chairman and Chief Executive Officer (**CEO**) of the Company, holds both roles concurrently, the Company is required under Guideline 2.2 of the Code to have at least half of the Board filled with independent directors. The Company's Board composition has fully met this requirement.

CORPORATE GOVERNANCE REPORT

The Board comprises individuals with diverse skills, qualifications and backgrounds which include accounting, audit, legal, banking, investment, government, general management and business experience.

All the directors have real estate experience gained from this Board, as well as from other boards or organisations. Details on the profile of the directors are set out on pages 12 to 16 of the Annual Report.

Key information on the directors

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

CHUA THIAN POH
Chairman and Chief Executive Officer
Age: 69
Date of first appointment as director: 8 August 1987
Date of last re-appointment as director: N.A.

Board committee(s) served on	Academic and professional qualification(s)	Current directorships in other listed companies and other principal commitments	Past directorships in other listed companies held over preceding three years
Nominating Committee (Member)	N.A.	Other listed companies Nil Other principal commitments [1] (1) Singapore Federation of Chinese Clan Associations (President) (2) Singapore Clan Foundation (Chairman) (3) Singapore Chinese Cultural Centre (Chairman) (4) Singapore Hokkien Huay Kuan (President) (5) Singapore Hokkien Huay Kuan Affiliated School Management Committee (Chairman) (6) The Hokkien Foundation (Chairman) (7) Yunnan Realty Pte Ltd (Chairman) (8) Singapore Hokkien Huay Kuan Cultural Academy (Chairman) (9) Singapore Chinese Chamber of Commerce & Industry (Honorary President) (10) Ren Ci Hospital (Chairman) (11) Chinese Development Assistance Council Board of Trustee (Chairman) (12) National Steering Committee on Racial & Religious Harmony (Member) (13) Ho Bee Foundation (Member/ Chairman) (14) Ascendas-Singbridge Pte. Ltd. (Independent Director) (15) Ministry of Foreign Affairs (Non-Resident Ambassador to the Republic of Maldives) (16) Singapore Chinese Dance Theatre (Chairman) (17) Council of Presidential Advisers (Alternate Member)	Nil

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

CORPORATE GOVERNANCE REPORT

DESMOND WOON CHOON LENG
Executive Director
Age: 62
Date of first appointment as director: 11 August 1995
Date of last re-appointment as director: 28 April 2015
Date of next re-appointment as director: 26 April 2018 [1]

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

(1) Mr Desmond Woon Choon Leng is retiring by rotation under Article 104 of the Company's Constitution at the 30th annual general meeting and he has offered himself for re-election. There is no relationship (including immediate family relationship) between Mr Woon and the other directors of the Company.

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

ONG CHONG HUA
Executive Director
Age: 63
Date of first appointment as director: 11 August 1995
Date of last re-appointment as director: 25 April 2017

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

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

CORPORATE GOVERNANCE REPORT

BOBBY CHIN YOKE CHOONG
Lead Independent Director
Age: 66
Date of first appointment as director: 29 November 2006
Date of last re-appointment as director: 28 April 2015
Date of next re-appointment as director: 26 April 2018 [(1)]

Board committee(s) served on	Academic and professional qualification(s)	Current directorships in other listed companies and other principal commitments	Past directorships in other listed companies held over preceding three years
Audit & Risk Committee (Chairman) Nominating Committee (Member)	ACA (Institute of Chartered Accountants in England & Wales)	***Other listed companies*** (1) AV Jennings Limited (Independent Director) (2) Yeo Hiap Seng Ltd (Independent Director) (3) Singapore Telecommunications Limited (Independent Director) ***Other principal commitments*** (1) Frasers Commercial Asset Management Ltd (Chairman) (2) Singapore Labour Foundation (Independent Director) (3) Council of Presidential Advisers (Member) (4) NTUC Enterprise Co-operative Limited (Deputy Chairman) (5) NTUC Fairprice Co-operative Ltd (Chairman) (6) NTUC Fairprice Foundation Ltd (Chairman) (7) Temasek Holdings (Private) Ltd (Independent Director) (8) Housing and Development Board (Chairman)	Sembcorp Industries Ltd

(1) Mr Bobby Chin Yoke Choong is retiring by rotation under Article 104 of the Company's Constitution at the 30th annual general meeting and he has offered himself for re-election. Except as disclosed in the Directors' Statement on page 69 of the Annual Report, there is no relationship (including immediate family relationship) between Mr Chin and the other directors, the Company or its 10% shareholders (as defined in the Code).

CORPORATE GOVERNANCE REPORT

JEFFERY CHAN CHEOW TONG
Independent Non-Executive Director
Age: 69
Date of first appointment as director: 15 October 2002
Date of last re-appointment as director: 25 April 2017

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

KO KHENG HWA
Independent Non-Executive Director
Age: 63
Date of first appointment as director: 1 May 2016
Date of last re-appointment as director: 25 April 2017

Board committee(s) served on	Academic and professional qualification(s)	Current directorships in other listed companies and other principal commitments	Past directorships in other listed companies held over preceding three years
Nominating Committee (Chairman) Audit & Risk Committee (Member)	BA (Honours) in Civil Engineering Master in Management Fellow of Institution of Engineers Singapore Fellow of Singapore Computer Society	***Other listed companies*** iX Biopharma Ltd (Lead Independent Director) ***Other principal commitments*** (1) SG Advisory Pte Ltd (Executive Director) (2) Scale Up Pte Ltd (Executive Director) (3) Lifelearn Holdings Pte Ltd (Senior Advisor) (4) AirTrunk Pte Ltd (Senior Advisor) (5) Boston Consulting Group International, Inc (Expert Advisor) (6) Envision Energy Ltd, Shanghai (Senior Advisor)	Nil

CORPORATE GOVERNANCE REPORT

SEOW CHOKE MENG
Independent Non-Executive Director
Age: 68
Date of first appointment as director: 26 April 2017
Date of next re-appointment as director: 26 April 2018 [1]

Board committee(s) served on	Academic and professional qualification(s)	Current directorships in other listed companies and other principal commitments	Past directorships in other listed companies held over preceding three years
Nominating Committee (Member) Remuneration Committee (Member)	Bachelor of Science Degree (Honours)	***Other listed companies*** Nil ***Other principal commitments*** (1) Kwong Wai Shiu Hospital & Nursing Home (Director) (2) Ren Ci Hospital (Vice Chairman) (3) Ulu Pandan Citizen's Consultative Committee (Vice-Chairman) (4) Promote Mandarin Council (Chairman) (5) Focus Publishing Ltd (Director) (6) Sin Chew Jit Poh (Singapore) Ltd (Director) (7) Times Development Pte Ltd (Director) (8) Times Properties Pte Ltd (Director) (9) Singapore Chinese Chamber of Commerce & Industry (Honorary Council Member) (10) National Healthcare Group (Director) (11) Chinese Development Assistance Council Board of Trustee (Member) (12) Singapore Chinese Cultural Centre (Director) (13) Straco Leisure Pte Ltd (Director) (14) National Council of Social Service (Director) (15) Ho Bee Foundation (Member/ Director)	Nil

(1) Mr Seow Choke Meng will cease to be a director under Article 108 of the Company's Constitution at the 30th annual general meeting and he has offered himself for re-election. There is no relationship (including immediate family relationship) between Mr Seow and the other directors, the Company or its 10% shareholders (as defined in the Code).

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JOSEPHINE CHOO POH HUA
Independent Non-Executive Director
Age: 47
Date of first appointment as director: 26 April 2017
Date of next re-appointment as director: 26 April 2018 [1]

Board committee(s) served on	Academic and professional qualification(s)	Current directorships in other listed companies and other principal commitments	Past directorships in other listed companies held over preceding three years
Audit & Risk Committee (Member) Remuneration Committee (Member)	LL.B. (Honours) Middle Temple (Barrister-at-Law)	***Other listed companies*** Nil ***Other principal commitments*** (1) Wong Partnership LLP (Partner, Specialist & Private Client Disputes Practice) (2) Dr Oon Chiew Seng Trust Limited (Director/Vice-Chairman)	Nil

(1) Ms Josephine Choo Poh Hua will cease to be a director under Article 108 of the Company's Constitution at the 30th annual general meeting and she has offered herself for re-election. There is no relationship (including immediate family relationship) between Ms Choo and the other directors, the Company or its 10% shareholders (as defined in the Code).

Notes:

(1) Information on directors' shareholdings in the Company and its related corporations is set out in the Directors' Statement on pages 67 to 69 of the Annual Report.

(2) N.A. means not applicable.

Independence of directors

Proportion of independent directors (Guideline 2.1)

SGX Disclosure Guide:

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

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

(1) Bobby Chin Yoke Choong (Lead Independent Director)
(2) Jeffery Chan Cheow Tong
(3) Ko Kheng Hwa
(4) Seow Choke Meng
(5) Josephine Choo Poh Hua

The independent directors held two independent meetings in 2017 without the presence of management. The first meeting was held at the beginning of the year to assess the performance of the Board Chairman. The second meeting was held at the end of the year to discuss Board processes and governance, and any significant issues to be brought up to the Board Chairman's attention. All independent directors attended the

CORPORATE GOVERNANCE REPORT

independent meetings.

Lead independent director

As the Board Chairman and CEO of the Company is the same person, the Company has appointed a Lead Independent Director since 26 February 2007 in line with Guideline 3.3 of the Code. The current Lead Independent Director is Mr Bobby Chin Yoke Choong (appointed since 1 May 2016).

The Lead Independent Director's terms of reference include (i) dealing with matters where the Board Chairman may be perceived to have a conflict of interest; (ii) being a spokesman and providing leadership among the directors in enhancing objectivity and independence of the Board; (iii) serving as an impartial challenge to check and balance the Board Chairman; and (iv) acting as a conduit to the Board for communicating shareholder concerns.

Determining independence of independent directors (Guideline 2.3)

SGX Disclosure Guide:

(a) *Is there any director who is deemed to be independent by the Board, notwithstanding the existence of a relationship as stated in the Code that would otherwise deem him not to be independent? If so, please identify the director and specify the nature of such relationship.*

(b) *What are the Board's reasons for considering him independent? Please provide a detailed explanation.*

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

Each independent director is required to make a declaration annually to confirm that there is no relationship as stated in the Code that would otherwise deem him not to be independent.

Mr Bobby Chin Yoke Choong holds 1.5% shareholding in Kingdom Investment Holdings Pte. Ltd. (**KIHPL**), a related corporation of the Company. The NC has reviewed and is satisfied that Mr Chin's minority interest in KIHPL does not affect his independence. The minority shareholding also does not fall within the ambit of relationships defined in the Code which will deem him not to be independent.

The NC has reviewed the declarations of independence by the independent directors for FY2017, and is satisfied that all independent directors are suitable to be considered as independent for the purpose of Principle 2 of the Code. All independent directors are also independent from the major shareholders of the Company. During the process, each NC member who is an independent director had recused himself in the determination of his own independence.

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

SGX Disclosure Guide:

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

The Board currently does not have a policy on director tenure, but the Board pays close attention to the recommendations and guidelines of the Code.

The Company has implemented a Board Assessment Framework since 2012 which includes a robust process for reviewing the independence of directors who have reached 9-year tenure.

For FY2017, the independent directors who have reached 9-year tenure were rigorously assessed by the NC and the Board to determine if they possess positive personal attributes such as independent thinking and keen observation, and if they had demonstrated the ability to maintain integrity and strong principles.

Based on the directors' performance assessment and the rigorous review process for FY2017, the NC and the Board were satisfied that the directors who had reached 9-year tenure or beyond, namely Mr Jeffery Chan Cheow Tong and Mr Bobby Chin Yoke Choong had continued to maintain independence in their oversight role and they had continued to add value to the Company. The NC and the Board agreed unanimously that both

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Mr Jeffery Chan and Mr Bobby Chin possess valuable experience and knowledge, as well as high degree of integrity and independent judgment. Mr Bobby Chin and Mr Jeffery Chan did not participate in the rigorous review process.

The Board values continuity and stability and has recommended that Mr Bobby Chin and Mr Jeffery Chan continue to serve the Board. Mr Bobby Chin and Mr Jeffery Chan did not participate in the decision making.

The Board is of the view that a director's independence cannot be determined on the basis of a set tenure.

Determining Board's composition (Guideline 2.6)

SGX Disclosure Guide:

(a) *What is the Board's policy with regard to diversity in identifying director nominees?*

(b) *Please state whether the current composition of the Board provides diversity on each of the following – skills, experience, gender and knowledge of the Company, and elaborate with numerical data where appropriate.*

(c) *What steps has the Board taken to achieve the balance and diversity necessary to maximise its effectiveness?*

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

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

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

The Board currently does not have a diversity policy. However, the Board pays close attention to the recommendations and guidelines of the Code. In FY2017, the Board appointed its first female director, Ms Josephine Choo Poh Hua who is an experienced litigation lawyer from WongPartnership. Ms Choo's appointment has enhanced the Board's diversity in terms of skillset, gender and age.

In FY2017, the Board had reviewed and was of the view that there was sufficient diversity in skills, experience and knowledge of the Company in its current Board composition to maximise effectiveness. The Board will take into consideration other diversity aspects for any future Board appointments.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER (PRINCIPLE 3)

There is no separation of roles between the Chairman and CEO in the Company due to the fact that Mr Chua Thian Poh who indirectly owns the majority of the shares in the Company, has been personally involved in the day-to-day operations of the Company since its incorporation.

The Board is of the opinion that it has a strong and independent group of non-executive directors and is well balanced. In addition, the Company has appointed a lead independent director since 26 February 2007.

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

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

CORPORATE GOVERNANCE REPORT

BOARD MEMBERSHIP (PRINCIPLE 4)

Nominating Committee (Guideline 4.1)

The NC consists of three independent directors (including the NC chairman) and one executive director. The Company's Lead Independent Director, Mr Bobby Chin Yoke Choong is a member of the NC. The current members of the NC are as follows:-

1. Ko Kheng Hwa (Chairman)
2. Bobby Chin Yoke Choong
3. Chua Thian Poh
4. Seow Choke Meng

The NC's terms of reference include the following key duties and responsibilities:-

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

Guideline on multiple board representations (Guideline 4.4)

SGX Disclosure Guide:

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

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

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

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

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

Each director is required to disclose annually to the Company, his other appointment(s) and directorship(s) in corporation(s) which he currently serves as board member or executive officer, as well as his other principal commitment(s).

The NC had reviewed and was satisfied that no director had exceeded the maximum limit in FY2017. Further, the NC and the Board had reviewed and were satisfied that the directors with multiple board representation had given sufficient time and attention to the affairs of the Company and had adequately carried out their duties as directors of the Company.

Alternate directors (Guideline 4.5)

There was no alternate director appointed during the year and no alternate director appointed since the Company was listed. This is in line with the Code which discourages the appointment of alternate director except for exceptional cases.

CORPORATE GOVERNANCE REPORT

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

SGX Disclosure Guide:

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

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

During the selection process for new directors in FY2017, the NC had considered several potential candidates recommended by the existing directors and shortlisted a few suitable candidates. The final decision was made at an NC meeting held in March 2017, followed by due process of recommendation to and approval from the Board.

In FY2017, Mr Seow Choke Meng was selected for appointment as independent director based on his media industry background. The NC was of the view that Mr Seow would provide a different skillset to the existing Board mix and contribute in public relations/mass communication aspects. Mr Seow also possesses real estate industry experience.

Ms Josephine Choo Poh Hua was selected for appointment as independent director in FY2017 based on her legal expertise background. The NC was of the view that Ms Choo's appointment would certainly fill the gap in skillsets in terms of legal expertise. The appointment of Ms Choo also enhanced the gender and age diversity of the Board.

Eligibility of directors for re-election is reviewed by the NC annually based on the individual director's performance. All directors, except the director holding the office as CEO, are required to be re-elected at least once every three years in accordance with the Company's Constitution.

BOARD PERFORMANCE (PRINCIPLE 5)

Board evaluation (Guideline 5.1)

SGX Disclosure Guide:

(a) *What was the process upon which the Board reached the conclusion on its performance for the financial year?*

(b) *Has the Board met its performance objectives?*

The Ho Bee Board Assessment Framework was developed with the assistance of the Company's consultant, KPMG Services Pte Ltd. The framework was established and approved for use by the Board to ascertain the effectiveness of the Board as a whole, its Board committees and the contribution by the Board Chairman and each director to the effectiveness of the Board. The framework integrates the assessment of the Board, Board committees, Board Chairman and individual directors. This framework is reviewed annually by the NC and when required, refined to incorporate better practices to enable an effective and relevant assessment process.

In FY2017, based on the NC's recommendation, the Board streamlined its performance evaluation process by adopting a new set of Board/Committee evaluation questionnaire. The new questionnaire encompasses the evaluation of the Board's performance as well as performance of the various Board committees.

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The enhanced Board/Committee review process incorporates factors such as Board's composition and leadership; processes; information management; strategy and implementation; monitoring of company performance; management evaluation, compensation and succession; risk and crisis management; committee effectiveness; stakeholder management and engagement; directors' development and management. The Board/Committee evaluation questionnaire was completed by each director. The results of the assessment were collated by the company secretary and provided to the NC. The NC assessed and discussed the performance of the Board as a whole and the effectiveness of the Board committees (ARC, NC and RC), and recommended to the Board key areas for improvement and follow-up actions. For FY2017, the directors were of the view that the Board and its various Board committees had been effective.

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

Individual directors are assessed annually using a director performance evaluation form. For FY2017 the evaluation was carried out collectively by the Board members during the NC meeting. Each director had recused himself in his own evaluation. The performance indicators for assessing the individual directors include director's duties, leadership, strategy, risk management, Board contribution, knowledge, interaction and communication skills.

ACCESS TO INFORMATION (PRINCIPLE 6)

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

Additional information for independent directors (Guideline 6.1)

SGX Disclosure Guide:

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

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

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

REMUNERATION MATTERS

PROCEDURES FOR DEVELOPING REMUNERATION POLICIES (PRINCIPLE 7)

Remuneration Committee (Guideline 7.1)

The RC comprises three Board members all of whom, including the RC chairman, are independent directors. The members of the RC are as follows:-

1. Jeffery Chan Cheow Tong (Chairman)
2. Seow Choke Meng
3. Josephine Choo Poh Hua

CORPORATE GOVERNANCE REPORT

The key duties and responsibilities of the RC under its terms of reference are as follows:-

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

LEVEL AND MIX OF REMUNERATION (PRINCIPLE 8)

The Company's remuneration framework for executive directors and key management personnel is made up of various components such as a base/fixed salary, variable or performance-related bonuses and benefits/allowances.

The Company carries out regular benchmarking survey using internal resources to ensure that the remuneration of directors and key management personnel is in line with industry level. The Company also engages external remuneration consultant periodically to ensure that the remuneration packages are in line with industry practices.

The last external benchmarking exercise was carried out in 2013 by Mercer (Singapore) Pte Ltd (**Mercer**), an independent remuneration consultant, on the remuneration for executive directors and key management personnel. Mercer has no relationship with the Company.

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

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

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

Non-executive directors are paid directors' fees, subject to the approval of shareholders at the annual general meeting. The framework for determining non-executive directors' fees for FY2017 is as follows:-

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

Note: N.A. means not applicable.

The non-executive directors' fee framework was last revised in FY2015.

In setting the remuneration framework for non-executive directors, the RC takes into consideration factors such as effort and time spent, and responsibilities of the directors. The RC ensures that the remuneration of non-executive directors is aligned with industry level and that non-executive directors are not overly compensated to such an extent which will compromise their independence.

CORPORATE GOVERNANCE REPORT

DISCLOSURE ON REMUNERATION (PRINCIPLE 9)

The remuneration of directors and key management personnel for FY2017 is set out in the tables below:-

Remuneration of Directors and CEO (Guideline 9.2)

SGX Disclosure Guide:

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

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

Name of directors	Directors' Fees [1]	Base / Fixed Salary	Variable / Bonuses	Benefits/ Allowances	Share-Based	Total %
Above S$10,000,000 and up to S$10,250,000						
Chua Thian Poh *Chairman & CEO*	-	9%	90%	1%	-	100%
Above S$1,500,000 and up to S$1,750,000						
Ong Chong Hua *Executive director*	-	29%	70%	1%	-	100%
Above S$1,000,000 and up to S$1,250,000						
Desmond Woon Choon Leng *Executive director*	-	31%	68%	1%	-	100%
S$250,000 and below						
Ch'ng Jit Koon [2] *Non-executive Independent director*	100%	-	-	-	-	100%
Jeffery Chan Cheow Tong *Non-executive Independent director*	100%	-	-	-	-	100%
Tan Eng Bock [3] *Non-executive Independent director*	100%	-	-	-	-	100%
Bobby Chin Yoke Choong *Non-executive Independent director*	100%	-	-	-	-	100%
Ko Kheng Hwa *Non-executive Independent director*	100%	-	-	-	-	100%
Seow Choke Meng [4] *Non-executive Independent director*	100%	-	-	-	-	100%
Josephine Choo Poh Hua [5] *Non-executive Independent director*	100%	-	-	-	-	100%

(1) Directors' fees are subject to shareholders' approval at the annual general meeting.
(2) Mr Ch'ng Jit Koon retired at the 29th annual general meeting on 25 April 2017.
(3) Mr Tan Eng Bock retired at the 29th annual general meeting on 25 April 2017.
(4) Mr Seow Choke Meng was appointed on 26 April 2017.
(5) Ms Josephine Choo Poh Hua was appointed on 26 April 2017.

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

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

Remuneration of key management personnel (Guideline 9.3)

SGX Disclosure Guide:

(a) *Has the Company disclosed each key management personnel's remuneration, in bands of S$250,000 or in more detail, as well as a breakdown (in percentage or dollar terms) into base/fixed salary, variable or performance-related income/bonuses, benefits in kind, stock options granted, share-based incentives and awards, and other long-term incentives? If not, what are the reasons for not disclosing so?*

(b) *Please disclose the aggregate remuneration paid to the top five key management personnel (who are not directors or the CEO).*

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

Name of key management personnel	Base / Fixed Salary	Variable / Bonuses	Benefits / Allowances	Share-Based	Total
Above S$750,000 and up to S$1,000,000					
Chong Hock Chang	38%	62%	-	-	100%
Above S$500,000 and up to S$750,000					
Chua Wee-Chern [2]	36%	64%	-	-	100%
Below S$250,000					
Lum Hon Chew	59%	41%	-	-	100%

(1) The Company has only 3 key management personnel (who are not directors or the CEO) in FY2017.

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

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

The total remuneration paid to the above key management personnel (who are not directors or the CEO) for FY2017 is S$1,667,895.

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

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

SGX Disclosure Guide:

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

Besides Mr Chua Wee-Chern, who is son of the Chairman and CEO, Mr Chua Thian Poh, and whose salary is disclosed in the above remuneration table for key management personnel (who are not directors or the CEO), the following employee is an immediate family member of a director or the CEO whose remuneration exceeds S$50,000 in FY2017:-

Name of employee	Remuneration Band
Ng Noi Hinoy [1]	S$250,000 and below

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

The remuneration of the above employee who is an immediate family member of a director or the CEO is disclosed in bands of S$250,000 to maintain confidentiality.

Employee share scheme

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

The RC reviews annually the need to re-implement a share option scheme. In FY2017, the RC and the Board, having considered the Company's current share price and the cost of implementing and administering the scheme, was of the view that a share option scheme is not cost beneficial currently.

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

SGX Disclosure Guide:

(a) *Please describe how the remuneration received by executive directors and key management personnel has been determined by the performance criteria.*

(b) *What were the performance conditions used to determine their entitlement under the short-term and long-term incentive schemes?*

(c) *Were all of these performance conditions met? If not, what were the reasons?*

Performance measure for the executive directors and key management personnel is based on key performance indicators set each year for the individuals towards achievement of the Company's objectives. The annual salary review is carried out in December each year. In setting remuneration packages, the Company takes into account the pay and employment conditions within the industry and in comparable companies, as well as the profitability of the Group as a whole, and individual performance.

The profit sharing incentive for the Board Chairman and CEO, Mr Chua Thian Poh is based on a percentage of the Group's audited consolidated profit before tax (excluding any surplus/loss on revaluation of the Group's investment properties) for the relevant financial year, plus one-fifth of any surplus/loss on revaluation of the Group's investment properties for the relevant financial year (**Adjusted PBT**). The balance four-fifths of the surplus/loss on revaluation of the Group's investment properties, are carried forward in equal amount every year for the next four years to determine his entitlement for subsequent years. There was an increase in the profit sharing incentive for FY2017 compared to FY2016 due to the increase in the Group's Adjusted PBT.

In FY2017, based on the RC's recommendation, the Board approved the revised profit sharing formula with the agreement of the Chairman and CEO to take into consideration various factors including the Group's Return on Equity and Total Shareholders' Return.

There was an overall increase in performance bonuses awarded to the other executive directors and key management personnel for FY2017 due to the increase in the Group's overall profit level compared to FY2016.

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ACCOUNTABILITY AND AUDIT

ACCOUNTABILITY (PRINCIPLE 10)

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

RISK MANAGEMENT AND INTERNAL CONTROLS (PRINCIPLE 11)

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

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

The key risks identified under the ERM Framework are those relating to investments, market concentration, country, foreign exchange, regulatory compliance, health and safety, land tendering, pricing and contract management. The key risks of the Group are deliberated by the management and reported to the ARC half-yearly. In FY2017, particular attention was focused on interest rate, foreign exchange, impairment and geographical concentration risks.

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

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

During the year, in addition to the periodic internal audit of processes and internal controls on the Group's various projects, the internal auditors carried out additional audits in China on the Group's China joint venture projects.

In FY2017, the Group also established a crisis management framework with the assistance of a public relations consultant, Hoffman Agency. The framework outlines the various emergency response processes relating to operational, environmental, health, development, employee, IT and corporate incidents. The framework also addresses the crisis communication procedure for the various incidents depending on the crisis level.

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

CORPORATE GOVERNANCE REPORT

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

SGX Disclosure Guide:

(a) *In relation to the major risks faced by the Company, including financial, operational, compliance, information technology and sustainability, please state the bases for the Board's view on the adequacy and effectiveness of the Company's internal controls and risk management systems.*

(b) *In respect of the past 12 months, has the Board received assurance from the CEO and the CFO as well as the internal auditor that: (i) the financial records have been properly maintained and the financial statements give true and fair view of the Company's operations and finances; and (ii) the Company's risk management and internal control systems are effective? If not, how does the Board assure itself of points (i) and (ii) above?*

Based on the internal controls established and maintained by the Group, work performed by independent external third parties, and reviews performed by and assurance from the management, various Board committees and the Board, the Board with the concurrence of the ARC is of the opinion that the Group's system of risk management and internal controls, addressing financial, operational, compliance and information technology risks, were adequate as at 31 December 2017.

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

During the process of reviewing the financial statements of the Group for FY2017, the Board had received assurance from the CEO and the Finance Director that (i) the Group's financial records have been properly maintained and the financial statements give a true and fair view of the Group's operations and finances; and (ii) the Group's risk management and internal control systems are effective.

AUDIT & RISK COMMITTEE (PRINCIPLE 12)

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

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

1. Bobby Chin Yoke Choong (Chairman)
2. Jeffery Chan Cheow Tong
3. Ko Kheng Hwa
4. Josephine Choo Poh Hua

Both Mr Bobby Chin and Mr Jeffery Chan possess chartered accountant qualifications. The other ARC members have accounting and financial management knowledge from their professional education and experiences.

None of the ARC members were previous partners or directors of the existing auditing firm within the previous twelve months and none of the ARC members hold any financial interest in the auditing firm.

In accordance with its terms of reference, the ARC meets regularly to perform the following functions:-

- review the Company's quarterly and annual financial statements, and any announcements relating to the Company's financial performance;
- review related party transactions and interested person transactions to ensure compliance with the regulations set out in the SGX Listing Manual;
- review the audit plan and audit report of the external auditors, their evaluation of the system of internal accounting controls, and management's responses to the recommendations;

CORPORATE GOVERNANCE REPORT

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

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

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

Audit & Risk Committee's commentary on key audit matters

The ARC had discussed the key audit matters for FY2017 with the management and the external auditors. The ARC concurred with the basis and conclusions included in the auditors' report with respect to the key audit matters for FY2017. For more information on the key audit matters, please refer to pages 72 to 75 of this Annual Report.

Fees paid to external auditors (Guideline 12.6)

SGX Disclosure Guide:

(a) *Please provide a breakdown of the fees paid in total to the external auditors for audit and non-audit services for the financial year.*

(b) *If the external auditors have supplied a substantial volume of non-audit services to the Company, please state the bases for the Audit Committee's view on the independence of the external auditors.*

The total fees paid to the external auditors, KPMG LLP, for FY2017 are as disclosed in the table below:-

External auditor fees for FY2017	S$'000	% of total audit fees
Total Audit Fees	463	
Total Non-Audit Fees	224	33%
Total Fees Paid	687	

CORPORATE GOVERNANCE REPORT

The ARC had reviewed the nature of non-audit services provided by the external auditors in FY2017. Based on the evaluation of external auditors for FY2017, and taking into consideration the external auditors' confirmation of independence, the ARC was of the opinion that the level of non-audit services and non-audit fees would not affect the independence and objectivity of the external auditors. The non-audit fees did not exceed 50% of total fees paid as prescribed under Regulation 12, Part IV of the Companies Regulations.

For FY2017, the external auditors were assessed based on the audit quality indicators disclosure framework introduced by ACRA in October 2015.

Whistle-blowing policy

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

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

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

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

To ensure independent investigation and appropriate follow up action, all whistle-blowing reports are submitted to the Chairman of the ARC.

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

INTERNAL AUDIT (PRINCIPLE 13)

Internal auditors (Guideline 13.1)

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

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

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

The internal auditor has unfettered access to all Company's documents, records, properties and personnel, including the ARC.

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

CORPORATE GOVERNANCE REPORT

SHAREHOLDER RIGHTS AND RESPONSIBILITIES

SHAREHOLDER RIGHTS (PRINCIPLE 14)

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

COMMUNICATION WITH SHAREHOLDERS (PRINCIPLE 15)

Investor relations (Guideline 15.4)

SGX Disclosure Guide:

(a) *Does the Company regularly communicate with shareholders and attend to their questions? How often does the Company meet with institutional and retail investors?*

(b) *Is this done by a dedicated investor relations team (or equivalent)? If not, who performs this role?*

(c) *How does the Company keep shareholders informed of corporate developments, apart from SGXNET announcements and the annual report?*

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

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

Information is disseminated to shareholders on a transparent and timely basis. All price sensitive information and financial results announcements are publicly released via SGXNet. The Group's results, annual reports and media releases can also be found under the "Investor Relations" section of the Company's corporate website at http://www.hobee.com.

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

The Company's investor relations function is led by the Finance Director who has the strategic management responsibility to integrate finance, accounting, corporate communication and legal compliance to enable effective communication between the Company and the investment community. The Finance Director meets regularly with analysts and fund managers to facilitate shareholders' and investors' communication. The Finance Director is augmented by the Board Chairman and CEO, as well as other executive and group directors, who participate and contribute actively to the Group's corporate communication and investor relation efforts.

Dividends (Guideline 15.5)

SGX Disclosure Guide:

If the Company is not paying any dividends for the financial year, please explain why.

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

For FY2017, the Board has recommended a first and final dividend of 8 cents and a special dividend of 2 cents per ordinary share. Subject to shareholders' approval at the annual general meeting on 26 April 2018, this proposed dividends will be paid on 31 May 2018.

CORPORATE GOVERNANCE REPORT

CONDUCT OF SHAREHOLDER MEETINGS (PRINCIPLE 16)

Shareholders are encouraged to attend the annual general meeting as this is the principal forum for any dialogue they may have with the directors and management of the Company. The Board welcomes views and questions from shareholders. The Board Chairman and CEO, together with the respective chairmen of the ARC, NC and RC are available to answer any question or issue regarding the Company.

Notices for general meetings are announced via SGXNet and advertised in the newspapers within prescribed timeframe prior to the meetings. In line with changes to the SGX Listing Rules, the Company has implemented electronic transmission of documents to shareholders. The notices, together with relevant documents (such as annual report, letter to shareholders or circular) will be published on the Company's corporate website at http://www.hobee.com. All shareholders of the Company will receive the notice of annual general meeting, proxy form and request form to request for hard copies of the annual report and/or letter to shareholders.

Before each general meeting proceeds, shareholders are informed of the rules and voting procedures that govern the meeting. In conformity with the SGX Listing Rules, the Company has started poll voting for all resolutions since 2016 and announced the detailed poll results via SGXNet immediately after the general meeting. The Company has also adopted electronic polling for its voting process and appointed an independent scrutineer to validate the electronic votes.

A registered shareholder (not being an intermediary) who is unable to attend the general meeting can appoint up to 2 proxies to attend, participate and vote in the general meeting on his/her behalf.

The introduction of the new multiple proxies (i.e. more than 2 proxies) regime following the enactment of the Companies Amendment Act (2014) has allowed indirect investors who hold shares through a nominee company or custodian bank or through a CPF agent bank (i.e. intermediary) to attend and vote at general meetings. CPF / SRS investors who wish to attend the general meetings should contact their respective intermediary.

Corporations providing such nominee and custodial services (i.e. intermediary) should appoint at least 2 proxies or more to attend, participate and vote in general meetings of shareholders on behalf of shareholders who hold shares through them.

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

The Company maintains minutes of general meetings (usually within 10 days of the meetings) including substantial and relevant comments or queries from shareholders relating to the meeting agenda, and responses from Board members. These minutes will be made available to shareholders upon their request.

SECURITIES TRANSACTIONS

The Company has its own internal Code of Best Practices on Securities Transactions. Under the internal code, the Company and its officers are not allowed to deal in the Company's securities during the periods commencing two weeks before the announcement of the Company's results for each of the first three quarters of its financial year and one month before the announcement of the Company's annual results, as the case may be, and ending on the date of announcement of the relevant results. The Company and its officers are also not allowed to deal in the Company's securities while in possession of undisclosed material information of the Group. Officers of the Company are also discouraged from dealing in the Company's securities on short-term consideration.

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

CORPORATE GOVERNANCE REPORT

INTERESTED PERSON TRANSACTIONS

The Company has adopted a set of procedures for reporting and approving interested person transactions. Details of the interested person transactions for FY2017 are as follows:

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

Notes: N.A. means not applicable.

All interested person transactions conducted during the financial year were less than S$100,000 for each transaction. The interested person transactions were carried out on normal commercial terms and were not prejudicial to the interests of the Company and its minority shareholders.

PROFESSIONAL CONDUCT AND DISCIPLINE

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

FINANCIAL STATEMENTS

DIRECTORS' STATEMENT

We are pleased to submit this annual report to the members of the Company together with the audited financial statements for the financial year ended 31 December 2017.

In our opinion:

(a) the financial statements set out on pages 79 to 146 are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2017 and the financial performance, changes in equity and cash flows of the Group for the year ended on that date in accordance with the provisions of the Singapore Companies Act, Chapter 50 and Singapore Financial Reporting Standards; and

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

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

DIRECTORS

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

Chua Thian Poh	(Chairman)
Desmond Woon Choon Leng	
Ong Chong Hua	
Bobby Chin Yoke Choong	
Jeffery Chan Cheow Tong	
Ko Kheng Hwa	
Seow Choke Meng	(Appointed on 26 April 2017)
Josephine Choo Poh Hua	(Appointed on 26 April 2017)

DIRECTORS' INTERESTS IN SHARES OR DEBENTURES

According to the register kept by the Company for the purposes of Section 164 of the Companies Act, Chapter 50, particulars of interests of directors who held office at the end of the financial year (including those held by their spouses and infant children) in shares, debentures, warrants and share options 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 / date of appointment	At end of the year	At beginning of the year / date of appointment	At end of the year
Chua Thian Poh				
The Company				
- ordinary shares	–	–	491,946,000	494,462,900

DIRECTORS' STATEMENT

	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 / date of appointment	At end of the year	At beginning of the year / date of appointment	At end of the year
Chua Thian Poh (cont'd)				
Immediate and ultimate holding company				
Ho Bee Holdings (Pte) Ltd				
- ordinary shares	19,070,000	19,070,000	–	–
Related corporations				
HBS Investments Pte Ltd				
- ordinary shares	–	–	700,000	700,000
Ho Bee Cove Pte. Ltd.				
- ordinary shares	–	–	900,000	900,000
HB Investments (China) Pte. Ltd.				
- ordinary shares	–	–	80,000	80,000
Kingdom Investment Holdings Pte. Ltd.				
- ordinary shares	–	–	62,400,000	62,400,000
Desmond Woon Choon Leng				
The Company				
- ordinary shares	2,100,000	2,100,000	–	–
Ong Chong Hua				
The Company				
- ordinary shares	1,800,000	1,800,000	–	–
Related corporation				
Kingdom Investment Holdings Pte. Ltd. - ordinary shares	1,625,000	1,625,000	–	–
Jeffery Chan Cheow Tong				
The Company				
- ordinary shares	370,000	370,000	–	–

DIRECTORS' STATEMENT

Name of director and corporation in which interests are held	Holdings in the name of the director, spouse or infant children: At beginning of the year / date of appointment	Holdings in the name of the director, spouse or infant children: At end of the year	Other holdings in which the director is deemed to have an interest: At beginning of the year / date of appointment	Other holdings in which the director is deemed to have an interest: At end of the year
Bobby Chin Yoke Choong				
The Company				
- ordinary shares	131,000	131,000	–	–
Related corporation				
Kingdom Investment Holdings Pte. Ltd. - ordinary shares	975,000	975,000	–	–

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

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

There were no changes in any of the abovementioned interests in the Company or in related corporations between the end of the financial year and 21 January 2018.

ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES AND DEBENTURES

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

DIRECTORS' CONTRACTUAL BENEFITS

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

Except for salaries, bonuses and fees and those benefits that are disclosed in this statement and in note 31 to the financial statements, since the end of the last financial year, no director has received or become entitled to receive a benefit by reason of a contract made by the Company or its related corporations with the director, or with a firm of which he is a member, or with a company in which he has a substantial financial interest.

DIRECTORS' STATEMENT

SHARE OPTIONS

During the financial year, there were:

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

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

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

AUDIT & RISK COMMITTEE

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

Bobby Chin Yoke Choong	(Chairman, Lead Independent Director)
Jeffery Chan Cheow Tong	(Independent Director)
Ko Kheng Hwa	(Independent Director)
Josephine Choo Poh Hua	(Independent Director)

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

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

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

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

In appointing the auditors of the Company and its subsidiaries, the Group has complied with Rule 712 and Rule 715 of the SGX-ST Listing Manual.

DIRECTORS' STATEMENT

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

On behalf of the Board of Directors

CHUA THIAN POH
Chairman

DESMOND WOON CHOON LENG
Director

16 March 2018

INDEPENDENT AUDITORS' REPORT

Members of the Company
Ho Bee Land Limited

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion
We have audited the financial statements of Ho Bee Land Limited (the Company) and its subsidiaries (the Group), which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 31 December 2017, the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group for the year then ended, and notes to the financial statements, including a summary of significant accounting policies as set out on pages 79 to 146.

In our opinion, the accompanying consolidated financial statements of the Group and the statement of financial position of the Company are properly drawn up in accordance with the provisions of the Singapore Companies Act, Chapter 50 (the Act) and Financial Reporting Standards in Singapore (FRSs) so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 December 2017 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group for the year ended on that date.

Basis for opinion
We conducted our audit in accordance with Singapore Standards on Auditing (SSAs). Our responsibilities under those standards are further described in the *'Auditor's responsibilities for the audit of the financial statements'* section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* (ACRA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters
Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

INDEPENDENT AUDITORS' REPORT

Valuation of investment properties (S$3,114 million) (Refer to Notes 5 & 37 to the financial statements)	
The key audit matter	*How the matter was addressed in our audit*
The Group has a significant portfolio of investment properties located in Singapore and the United Kingdom. These properties are stated at fair values based on valuations performed by independent external valuers. The valuation of investment properties requires significant judgement in the determination of the appropriate valuation methodologies, and the assumptions and estimates that are to be used. Changes to these valuation methodologies and assumptions used may have a significant impact to the valuations of investment properties.	As part of our audit procedures, we have: • Evaluated the qualifications and objectivity of the independent external valuers. • Held discussions with the valuers to understand their valuation methodologies, assumptions and basis used. • Assessed the appropriateness of the valuation methodologies and assumptions used by the independent external valuers; compared the assumptions and parameters used to externally derived data. • Ascertained that the changes in fair value of investment properties are recognised appropriately in the consolidated income statement. Findings: The valuers are members of recognised professional bodies for valuers and have considered their own independence in carrying out their work. The valuation methodologies used are in line with generally accepted market practices. We found the key assumptions used were balanced and appropriate. They are comparable to market trends and externally derived data. The changes in fair value of investment properties are appropriately recognised in the Group's financial statements.

INDEPENDENT AUDITORS' REPORT

Valuation of development and completed properties (S$241 million) (Refer to Note 13 to the financial statements)	
The key audit matter	*How the matter was addressed in our audit*
The Group holds a number of development projects in Australia, and completed properties in both Singapore and the United Kingdom. In addition, the Group has interests in completed properties in China held by associates and jointly-controlled entities of which the Group's share is included in the carrying value of investments in associates and jointly-controlled entities presented in the Group's statement of financial position. The associates and jointly-controlled entities are audited by another firm of public accountants in China ("Component Auditors"). The carrying value of development projects and completed properties are stated at the lower of cost and net realisable value ("NRV"). Judgements and estimates are made by management in the following areas: NRV which comprises an estimation of the expected selling price less costs to be incurred in selling the unsold development projects and completed properties; and Estimation of costs to complete the development projects. Changes to these estimates could result in material changes in the carrying value of development projects and completed properties. External market factors, changes in government policies, and the uncertainties arising from Brexit in the UK, could result in future selling prices falling below the Group's estimated net realisable values and may result in losses incurred by the Group on disposal of these properties.	As part of our audit procedures, we have: Development projects held by the Group's subsidiaries • Compared the estimated total development project costs against the approved project budgets. For significant variations identified, we corroborated the explanations through discussions held with project managers, and review of the revised external contracts and variation orders, if applicable. • Assessed the reasonableness of NRV by comparing the expected selling prices against the selling prices achieved on properties sold off-plan and/or properties sold in the vicinity of the Group's development projects, where applicable. • Compared the NRV against the estimated total development costs for each development property unit and assessed whether a write down is required. Development properties held by the Group's associates and jointly-controlled entities • Reviewed the working papers of the Component Auditors and ascertained that the above procedures have been performed to determine that these properties are stated at the lower of cost and NRV. Completed properties • Compared the estimated selling prices against recently transacted prices or prices of comparable properties located in the same vicinity as the Group's completed properties, where applicable. • Held discussions with management to obtain an understanding of the macroeconomic and real estate price trends that have been taken into account by management. Findings: We found that estimates made by the management in the determination of NRVs and the total budgeted development costs for properties held by the Group and its associates and jointly-controlled entities to be balanced and appropriate.

INDEPENDENT AUDITORS' REPORT

Share of profits of associates and jointly-controlled entities in China (S$106 million) (Refer to Notes 7 & 8 to the financial statements)	
The key audit matter	*How the matter was addressed in our audit*
The Group accounts for its investments in associates and jointly-controlled entities using the equity method. Revenue from sale of development properties in associates and jointly-controlled entities were significant for the year ended 31 December 2017 and the Group's share of profits of associates and jointly-controlled entities totalled S$106 million. This represents 37.9% of the Group's profit for the year. The Group's associates and jointly-controlled entities recognise revenue from sale of their properties in China when the risks and rewards of ownership of the properties are transferred to the purchasers. This generally coincides with the point in time when the purchasers take possession of the properties and when full payment is received. Incorrect revenue recognition could result in material impact to the Group's share of profits of associates and jointly-controlled entities for the year.	As part of our audit procedures, we have: • Planned and communicated group audit instructions to the Component Auditors which include audit procedures relating to revenue recognition. • Obtained audit clearance from these auditors. • Reviewed the working papers of these auditors and where necessary, re-performed certain audit procedures. These included the tests of details of transactions such as verifying to the legally binding handover documents signed by all relevant parties which support the transfer of risk and rewards of ownership of the properties to the purchasers, and ascertaining that the related costs of properties sold and impairment loss, where applicable, were appropriately recorded in the income statement of the associates and jointly-controlled entities. • Checked the accuracy of the management's calculation of the Group's share of profits of associates and jointly-controlled entities and ascertained that they are appropriately accounted for by the Group. Findings: We found the revenue recognition policy adopted by these associates and jointly-controlled entities to be consistent with the Group's accounting policy, and revenue were recognised when the risks and rewards of ownership of the properties had been transferred to the purchasers. The Group's share of profits of associates and jointly-controlled entities has been appropriately accounted for in its consolidated income statement using the equity method.

INDEPENDENT AUDITORS' REPORT

Other information
Management is responsible for the other information. The other information comprises the following sections in the annual report (but does not include the financial statements and our auditors' report thereon):

- Chairman's Statement
- Directors' Statement

which we obtained prior to the date of this auditors' report, and other sections in the annual report:

- Board of Directors
- The Management Team
- Investment Properties
- Financials at a Glance
- Corporate Structure
- Corporate Information
- Sustainability Report
- Corporate Governance Report
- Additional Information
- Shareholdings Statistics

(collectively, "the Reports") which are expected to be made available to us after that date.

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditors' report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the Reports, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and take appropriate actions in accordance with SSAs.

Responsibilities of management and directors for the financial statements
Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and FRSs, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Group's financial reporting process.

INDEPENDENT AUDITORS' REPORT

Auditors' responsibilities for the audit of the financial statements
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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 Group's internal controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

INDEPENDENT AUDITORS' REPORT

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

The engagement partner on the audit resulting in this independent auditor's report is Tay Puay Cheng.

KPMG LLP
Public Accountants and
Chartered Accountants

Singapore
16 March 2018

STATEMENTS OF FINANCIAL POSITION

As at 31 December 2017

	Note	Group 2017 $'000	Group 2016 $'000	Company 2017 $'000	Company 2016 $'000
Non-current assets					
Property, plant and equipment	4	26,700	22,482	564	1,301
Investment properties	5	3,113,754	2,789,826	–	–
Subsidiaries	6	–	–	178,789	178,705
Associates	7	535,741	483,216	423,925	437,055
Jointly-controlled entities	8	312,761	308,787	265,388	277,635
Other assets	9	150	150	–	–
Financial assets	10	3,893	2,697	2,615	–
Other receivables	11	258,006	287,361	584,801	499,549
		4,251,005	3,894,519	1,456,082	1,394,245
Current assets					
Development properties	13	241,264	253,649	–	–
Financial assets	10	–	3,774	–	3,774
Trade and other receivables	14	28,453	28,629	107,432	78,748
Cash and cash equivalents	15	97,111	54,260	2,493	2,380
Assets held for sale	16	–	159,885	–	–
		366,828	500,197	109,925	84,902
Total assets		4,617,833	4,394,716	1,566,007	1,479,147
Equity attributable to equity holders of the Company					
Share capital	17	156,048	156,048	156,048	156,048
Reserves	18	2,971,514	2,769,233	1,186,450	1,180,394
		3,127,562	2,925,281	1,342,498	1,336,442
Non-controlling interests		14,200	13,939	–	–
Total equity		3,141,762	2,939,220	1,342,498	1,336,442
Non-current liabilities					
Loans and borrowings	19	1,181,496	1,111,028	–	–
Other liabilities	20	31,581	31,146	–	–
Deferred income	21	260	500	–	–
		1,213,337	1,142,674	–	–
Current liabilities					
Trade and other payables	22	47,148	42,568	92,724	12,747
Loans and borrowings	19	172,965	234,722	130,785	129,958
Deferred income	21	240	240	–	–
Deferred tax liabilities	12	–	–	–	–
Current tax payable		42,381	35,292	–	–
		262,734	312,822	223,509	142,705
Total liabilities		1,476,071	1,455,496	223,509	142,705
Total equity and liabilities		4,617,833	4,394,716	1,566,007	1,479,147

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

CONSOLIDATED INCOME STATEMENT

Year ended 31 December 2017

	Note	2017 $'000	2016 $'000
Revenue	23	164,655	299,412
Other income	24	24,887	6,758
Total income		189,542	306,170
Fair value gain on investment properties	5	78,082	104,050
Cost of sales – residential development project		(14,687)	(125,368)
Direct rental expenses		(17,901)	(16,735)
Gain/(loss) on foreign exchange		711	(12,166)
Staff costs & directors' remuneration		(17,313)	(16,184)
Other operating expenses		(8,660)	(6,692)
Profit from operating activities		209,774	233,075
Net finance costs	26	(25,454)	(29,620)
Share of profits/(loss), net of tax, of:			
- associates		99,252	29,584
- jointly-controlled entities		(4,409)	3,718
Profit before income tax		279,163	236,757
Income tax expense	27	(28,386)	(19,723)
Profit for the year	28	250,777	217,034
Profit attributable to:			
Owners of the Company		249,260	216,756
Non-controlling interests		1,517	278
Profit for the year		250,777	217,034
Earnings per share			
Basic earnings per share (cents)	29	37.44	32.54
Diluted earnings per share (cents)	29	37.44	32.54

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2017

	2017 $'000	2016 $'000
Profit for the year	250,777	217,034
Other comprehensive income		
Items that are or may be reclassified subsequently to profit or loss:		
Effective portion of changes in fair value of cash flow hedges	928	(5,175)
Foreign currency translation differences relating to foreign operations	(2,693)	(37,408)
Share of foreign currency translation differences of equity-accounted investees	(6,427)	(21,274)
Total other comprehensive income for the year, net of income tax	(8,192)	(63,857)
Total comprehensive income for the year	242,585	153,177
Attributable to:		
Owners of the Company	242,224	152,547
Non-controlling interests	361	630
Total comprehensive income for the year	242,585	153,177

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2017

	← Attributable to owners of the Company →								
	Share capital $'000	Reserve for own shares $'000	Capital reserve $'000	Hedging reserve $'000	Foreign currency translation reserve $'000	Retained earnings $'000	Total $'000	Non-controlling interests $'000	Total equity $'000
Group									
At 1 January 2016	156,048	(62,859)	2,043	2,415	33,307	2,689,487	2,820,441	13,459	2,833,900
Total comprehensive income for the year									
Profit for the year	–	–	–	–	–	216,756	216,756	278	217,034
Other comprehensive income									
Foreign currency translation differences relating to foreign operations	–	–	–	–	(37,760)	–	(37,760)	352	(37,408)
Share of foreign currency translation differences of equity-accounted investees	–	–	–	–	(21,274)	–	(21,274)	–	(21,274)
Effective portion of changes in fair value of cash flow hedges	–	–	–	(5,175)	–	–	(5,175)	–	(5,175)
Total other comprehensive income	–	–	–	(5,175)	(59,034)	–	(64,209)	352	(63,857)
Total comprehensive income for the year	–	–	–	(5,175)	(59,034)	216,756	152,547	630	153,177
Transactions with owners of the Company, recognised directly in equity									
Distributions to owners of the Company									
Dividend paid to non-controlling shareholders	–	–	–	–	–	–	–	(150)	(150)
Final tax exempt dividend paid of 7 cents per share in respect of 2015	–	–	–	–	–	(46,636)	(46,636)	–	(46,636)
Purchase of treasury shares	–	(1,071)	–	–	–	–	(1,071)	–	(1,071)
Total distributions to owners of the Company	–	(1,071)	–	–	–	(46,636)	(47,707)	(150)	(47,857)
At 31 December 2016	156,048	(63,930)	2,043	(2,760)	(25,727)	2,859,607	2,925,281	13,939	2,939,220

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2017

	Share capital $'000	Reserve for own shares $'000	Capital reserve $'000	Hedging reserve $'000	Foreign currency translation reserve $'000	Retained earnings $'000	Total $'000	Non-controlling interests $'000	Total equity $'000
	← Attributable to owners of the Company →								
Group									
At 1 January 2017	156,048	(63,930)	2,043	(2,760)	(25,727)	2,859,607	2,925,281	13,939	2,939,220
Total comprehensive income for the year									
Profit for the year	–	–	–	–	–	249,260	249,260	1,517	250,777
Other comprehensive income									
Foreign currency translation differences relating to foreign operations	–	–	–	–	(1,537)	–	(1,537)	(1,156)	(2,693)
Share of foreign currency translation differences of equity-accounted investees	–	–	–	–	(6,427)	–	(6,427)	–	(6,427)
Effective portion of changes in fair value of cash flow hedges	–	–	–	928	–	–	928	–	928
Total other comprehensive income	–	–	–	928	(7,964)	–	(7,036)	(1,156)	(8,192)
Total comprehensive income for the year	–	–	–	928	(7,964)	249,260	242,224	361	242,585
Transactions with owners of the Company, recognised directly in equity									
Distributions to owners of the Company									
Dividend paid to non-controlling shareholders	–	–	–	–	–	–	–	(100)	(100)
Final tax exempt dividend paid of 6 cents per share in respect of 2016	–	–	–	–	–	(39,943)	(39,943)	–	(39,943)
Total distributions to owners of the Company	–	–	–	–	–	(39,943)	(39,943)	(100)	(40,043)
At 31 December 2017	156,048	(63,930)	2,043	(1,832)	(33,691)	3,068,924	3,127,562	14,200	3,141,762

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

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2017

	Note	2017 $'000	2016 $'000
Cash flows from operating activities			
Profit for the year		250,777	217,034
Adjustments for:			
Depreciation of property, plant and equipment	4	1,107	849
Property, plant and equipment written off		5	–
Gain on disposal of property, plant and equipment	24	–	(7)
Unrealised exchange (gain)/loss		(2,875)	8,778
Interest income	26	(2,640)	(2,191)
Distribution income from financial assets designated at fair value through profit or loss	24	(221)	(187)
Finance costs	26	28,094	31,811
Net changes in fair value of investment properties	5	(78,082)	(104,050)
Net changes in fair value of financial assets at fair value through profit or loss	28	440	115
Gain on disposal of property held for sale	24	(7,352)	–
Gain on disposal of quoted equity investment	24	(485)	–
Share of (profits)/losses of:			
- associates		(99,252)	(29,584)
- jointly-controlled entities		4,409	(3,718)
Income tax expense		28,386	19,723
		122,311	138,573
Changes in working capital:			
Development properties		11,990	67,807
Trade and other receivables		(7,631)	25,882
Trade and other payables		5,703	(22,699)
Cash generated from operations		132,373	209,563
Income taxes paid		(19,498)	(31,418)
Net cash generated from operating activities carried forward		112,875	178,145

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

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2017

	Note	2017 $'000	2016 $'000
Net cash generated from operating activities brought forward		112,875	178,145
Cash flows from investing activities			
Purchase of property, plant and equipment	4	(4,541)	(983)
Proceeds from disposal of property, plant and equipment		–	81
Proceeds from disposal of property held for sale	16	167,237	–
Interest received		1,539	1,088
Investment in jointly controlled entity		(9,651)	–
Distribution from associate (capital reduction)	7	13,130	–
Distribution from liquidation of jointly-controlled entity		–	640
Dividends from equity-accounted investee		34,975	–
Acquisition of subsidiary (net of cash acquired)	35	(230,536)	–
Decrease in amounts due from jointly-controlled entities (non-trade)		2,185	3,165
Advances to jointly-controlled operation		–	(418)
Distribution from jointly-controlled operation		23,707	–
Decrease in amount due from corporate shareholder of associate (non-trade)		–	19,973
Purchase of financial assets designated at fair value through profit or loss		(2,619)	(3,547)
Proceeds from sales of quoted equity investment		4,259	–
Distributions from financial assets designated at fair value through profit or loss		1,282	536
Net cash generated from investing activities		967	20,535
Cash flows from financing activities			
Proceeds from bank loans		310,652	147,963
Repayment of bank loans		(313,111)	(225,257)
Decrease in amounts due to jointly-controlled entities (non-trade)		–	(600)
Interest paid	26	(28,094)	(31,811)
Purchase of treasury shares		–	(1,071)
Dividends paid		(39,943)	(46,636)
Dividend paid to non-controlling shareholders		(100)	(150)
Net cash used in financing activities		(70,596)	(157,562)
Net increase in cash and cash equivalents		43,246	41,118
Cash and cash equivalents at 1 January		54,260	14,569
Effect of exchange rate fluctuations on cash held		(395)	(1,427)
Cash and cash equivalents at 31 December	15	97,111	54,260

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

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2017

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the Board of Directors on 16 March 2018.

1 DOMICILE AND ACTIVITIES

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

The financial statements of the Company as at and for the year ended 31 December 2017 comprise the Company and its subsidiaries (together referred to as the "Group" and individually as "Group entities") and the Group's interests in associates and jointly-controlled entities.

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

2 BASIS OF PREPARATION

2.1 Statement of compliance

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

2.2 Basis of measurement

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

2.3 Functional and presentation currency

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

2.4 Use of estimates and judgements

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

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

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

- Note 34 – valuation of financial instruments
- Note 38 – accounting estimates and judgements

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2017

2 BASIS OF PREPARATION (CONT'D)

2.4 Use of estimates and judgements (cont'd)

Measurement of fair values

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

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

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

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

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

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

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

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

- Note 34 – valuation of financial instruments
- Note 37 – determination of fair values

2.5 Changes in accounting policies

Revised standards

The Group has applied the following amendments for the first time for the annual period beginning on 1 January 2017:

- Disclosure Initiative (Amendments to FRS 7);
- Recognition of Deferred Tax Assets for Unrealised Losses (Amendments to FRS 12); and
- Clarification of the scope of FRS 112 (Improvements to FRSs 2016).

Other than the amendments to FRS 7, the adoption of these amendments did not have any impact on the current or prior period and is not likely to affect future periods.

Disclosure Initiative (Amendments to FRS 7)

From 1 January 2017, as a result of the amendments to FRS 7, the Group has provided additional disclosure in relation to the changes in liabilities arising from financing activities for the year ended 31 December 2017. Comparative information has not been presented (see note 19).

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2017

3 SIGNIFICANT ACCOUNTING POLICIES

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

3.1 Basis of consolidation

Business combinations

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

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

Any contingent consideration payable is recognised at fair value at the date of acquisition and included in the consideration transferred. If the contingent consideration that meets the definition of a financial instrument is classified as equity, it is not remeasured and settlement is accounted for within equity. Otherwise, other contingent consideration is remeasured at fair value at each reporting date and subsequent changes to the fair value of the contingent consideration are recognised in profit or loss.

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

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

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

Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

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

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2017

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.1 Basis of consolidation (cont'd)

Loss of control

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

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

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

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

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

Joint operations

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

Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income or expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with associates and jointly-controlled entities are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

Accounting for subsidiaries, associates, jointly-controlled entities by the Company

Investments in subsidiaries, associates and jointly-controlled entities are stated in the Company's statement of financial position at cost less accumulated impairment losses.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2017

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.2 Foreign currency

Foreign currency transactions

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

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items in a foreign currency that are measured in terms of historical cost are translated using the exchange rate at the date of the transaction.

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

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

Foreign operations

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2017

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.2 Foreign currency (cont'd)

Hedge of a net investment in foreign operation

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

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

3.3 Financial instruments

Non-derivative financial assets

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

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred, or it neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control over the transferred asset. Any interest in transferred financial assets that is created or retained by the Group is recognised as a separate asset or liability.

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

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

Financial assets at fair value through profit or loss

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

Available-for-sale financial assets

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

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.

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.3 Financial instruments (cont'd)

Loans and receivables

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

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

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and short-term deposits with maturities of three months or less from the date of acquisition that are subject to an insignificant risk of changes in their fair value, and are used by the Group in the management of its short-term commitments. For the purpose of the statement of cash flows, pledged deposits are excluded whilst bank overdrafts that are repayable on demand and that form an integral part of the Group's cash management are included in cash and cash equivalents.

Non-derivative financial liabilities

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

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

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

The Group classifies non-derivative financial liabilities into the following category: other financial liabilities.

Other non-derivative financial liabilities are initially measured at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method. These financial liabilities comprise loans and borrowings, trade and other payables, and other liabilities.

Impairment of financial assets

A financial asset not carried at fair value through profit or loss, including an interest in an associate and jointly-controlled entity, is assessed at the end of each reporting period to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event has an impact on the estimated future cash flows of that asset that can be estimated reliably.

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

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2017

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.3 Financial instruments (cont'd)

Impairment of financial assets (cont'd)

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

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

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

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

Intra-group financial guarantees in the separate financial statements

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

Financial guarantee contracts are classified as financial liabilities unless the Group or the Company has previously asserted explicitly that it regards such contracts as insurance contracts and accounted for them as such.

Financial guarantees classified as financial liabilities

Such financial guarantees are recognised initially at fair value and are classified as financial liabilities. Subsequent to initial measurement, the financial guarantees are stated at the higher of the initial fair value less cumulative amortisation and the amount that would be recognised if they were accounted for as contingent liabilities. When financial guarantees are terminated before their original expiry date, the carrying amount of the financial guarantees is transferred to profit or loss.

Financial guarantees classified as insurance contracts

These financial guarantees are accounted for as insurance contracts. Provision is recognised based on the Group's estimate of the ultimate cost of settling all claims incurred but unpaid at the end of the reporting period.

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

Where share capital recognised as equity is repurchased (treasury shares), the amount of the consideration paid, including directly attributable costs, net of any tax effects, is recognised as a deduction from equity. Repurchased shares are classified as treasury shares and are presented in the reserve for own share account. Where such shares are subsequently reissued, sold or cancelled, the consideration received is recognised as a change in equity and the resulting surplus or deficit on the transaction is presented in non-distributable capital reserve.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2017

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.3 Financial instruments (cont'd)

Derivative financial instruments, including hedge accounting

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

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

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

Cash flow hedges

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

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

3.4 Property, plant and equipment

Items of property, plant and equipment are stated at cost, which includes capitalised borrowing costs, less accumulated depreciation and accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

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

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2017

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.4 Property, plant and equipment (cont'd)

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

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

Depreciation is recognised from the date that the property, plant and equipment are installed and are ready for use.

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

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

Depreciation methods, useful lives and residual values are reviewed, and adjusted as appropriate, at each reporting date. Property, plant and equipment which are fully depreciated, are retained in the financial statements until they are no longer in use.

3.5 Goodwill

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

Goodwill represents the excess of:

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

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

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

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

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2017

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.6 Investment properties

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

Investment property is measured at cost on initial recognition and subsequently at fair value with any change therein recognised in profit or loss. At each year end, the Group's investment property portfolio is valued by an external, independent valuation company, having appropriate recognised professional qualifications. Rental income from investment properties is accounted for in the manner described in note 3.13.

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

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

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

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

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

3.7 Non-current assets held for sale

Non-current assets comprising assets and liabilities, that are expected to be recovered primarily through sale rather than through continuing use, are classified as held for sale. Immediately before classification as held for sale, the assets are remeasured in accordance with the applicable FRSs. Thereafter, the assets are generally measured at the lower of their carrying amount and fair value less costs to sell. Impairment losses on initial classification as held for sale or distribution and subsequent gains or losses on remeasurement are recognised in profit or loss. Gains are not recognised in excess of any cumulative impairment loss.

3.8 Leases

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2017

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.9 Impairment – non-financial assets

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

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

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

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

3.10 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.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2017

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.11 Employee benefits

Defined contribution plans

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

Short-term employee benefits

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

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

Loans to subsidiaries and associate

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

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

3.13 Revenue recognition

Sale of development properties in Singapore

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

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

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

Sale of development properties overseas

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

Rental income

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

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2017

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.13 Revenue recognition (cont'd)

Dividend income

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

Interest income

Interest income from bank deposits is recognised as it accrues, using the effective interest method.

Distribution income

Distribution received from investment in private equity fund is taken to profit or loss.

Management fee income

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

3.14 Finance income and finance costs

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

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

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

3.15 Tax

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

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;

- temporary differences relating to investments in subsidiaries, associates and jointly-controlled entities to the extent that the Group is able to control the timing of the reversal of the temporary difference and it is probable that they will not reverse in the foreseeable future; and

- taxable temporary differences arising on initial recognition of goodwill.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2017

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.15 Tax (cont'd)

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

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

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

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

3.16 Earnings per share

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

3.17 Segment reporting

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

3.18 Full convergence with Singapore Financial Reporting Standards (International) (SFRS(I)) and adoption of new standards

Applicable to 2018 financial statements

In December 2017, the Accounting Standards Council (ASC) issued the Singapore Financial Reporting Standards (International) (SFRS(I)). SFRS(I) comprises standards and interpretations that are equivalent to International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) at 31 December 2017 that are applicable for annual period beginning on 1 January 2018. Singapore-incorporated companies that have issued, or are in the process of issuing equity or debt instruments for trading in a public market in Singapore, will apply SFRS(I) with effect from annual periods beginning on or after 1 January 2018.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2017

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.18 Full convergence with Singapore Financial Reporting Standards (International) (SFRS(I)) and adoption of new standards (cont'd)

Applicable to 2018 financial statements (cont'd)

The Group's financial statements for the financial year ending 31 December 2018 will be prepared in accordance with SFRS(I). As a result, this will be the last set of financial statements prepared under the current FRS.

In adopting the new framework, the Group will be required to apply the specific transition requirements in SFRS(I) 1 First-time Adoption of Singapore Financial Reporting Standards (International).

In addition to the adoption of the new framework, the Group will also concurrently apply the following SFRS(I)s, interpretations of SFRS(I)s and requirements of SFRS(I)s which are mandatorily effective from the same date.

- SFRS(I) 15 Revenue from Contracts with Customers which includes the clarifications to IFRS 15 Revenue from Contracts with Customers issued by the IASB in April 2016;
- SFRS(I) 9 Financial Instruments which includes the amendments to IFRS 4 Insurance Contracts – Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts issued by the IASB in September 2016;
- requirements in SFRS(I) 2 Share-based Payment arising from the amendments to IFRS 2 – Classification and Measurement of Share-based Payment Transactions issued by the IASB in June 2016;
- requirements in SFRS(I) 1-40 Investment Property arising from the amendments to IAS 40 – Transfers of Investment Property issued by the IASB in December 2016;
- requirements in SFRS(I) 1 arising from the amendments to IFRS 1 – Deletion of short-term exemptions for first-time adopters issued by the IASB in December 2016;
- requirements in SFRS(I) 1-28 Investments in Associates and Joint Ventures arising from the amendments to IAS 28 – Measuring an associate or joint venture at fair value issued by the IASB in December 2016; and
- SFRS(I) INT 22 Foreign Currency Transactions and Advance Consideration.

The Group does not expect the application of the above standards and interpretations to have a significant impact on the financial statements.

SFRS(I) 1

When the Group adopts SFRS(I) in 2018, the Group will apply SFRS(I) 1 with 1 January 2017 as the date of transition for the Group and the Company. SFRS(I) 1 generally requires that the Group applies SFRS(I) on a retrospective basis, as if such accounting policy had always been applied. If there are changes to accounting policies arising from new or amended standards effective in 2018, restatement of comparatives may be required because SFRS(I) 1 requires both the opening balance sheet and comparative information to be prepared using the most current accounting policies. SFRS(I) 1 provides mandatory exceptions and optional exemptions from retrospective application, but these are often different from those specific transition provisions in individual FRSs applied to the FRS financial statements. Except as described below, the Group does not expect the application of the mandatory exceptions and the optional exemptions in SFRS(I) 1 to have any significant impact on the financial statements.

Foreign currency translation reserve (FCTR)

The Group plans to elect the optional exemption in SFRS(I) 1 to reset its cumulative FCTR for all foreign operations to nil at the date of transition, and reclassify the cumulative FCTR of $25,727,000 as at 1 January 2017 determined in accordance with FRS at that date to retained earnings. After the date of transition, any gain or loss on disposal of any foreign operations will exclude translation differences that arose before the date of transition.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2017

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.18 Full convergence with Singapore Financial Reporting Standards (International) (SFRS(I)) and adoption of new standards (cont'd)

SFRS(I) 15

SFRS(I) 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It also introduces new cost guidance which requires certain costs of obtaining and fulfilling contracts to be recognised as separate assets when specified criteria are met.

The Group plans to adopt SFRS(I) 15 in its financial statements for the year ending 31 December 2018, using the retrospective approach. As a result, the Group will apply all of the requirements of SFRS(I) 15 retrospectively, except as described below, and the comparative period presented in the 2018 financial statements will be restated.

The Group plans to use the practical expedients for completed contracts. This means that completed contracts that began and ended in the same comparative reporting period, as well as completed contracts at the beginning of the earliest period presented, are not restated.

The expected impact upon the adoption of SFRS(I) 15 is described below. The information below reflects the Group's expectations of the tax implications arising from the changes in accounting treatment. Tax effects may change when the transition adjustments are finalised.

Contract cost

Currently, the Group recognises selling and marketing costs (including sales commission) as expenses when incurred for its overseas development properties, but would capitalise such costs as part of development properties under SFRS(I) 15 as they are recoverable. Development properties are expected to increase by $1,318,000 as at 31 December 2017, and correspondingly decrease the cost of sales – residential development project by $128,000 for 2017 and increase opening retained earnings by $1,190,000 as at 1 January 2017. Deferred tax liabilities are expected to increase by $395,000 as at 31 December 2017 and correspondingly increase the tax expense for 2017 by $38,000 and decrease opening retained earnings as at 1 January 2017 by $357,000.

SFRS(I) 9

SFRS(I) 9 contains new requirements for classification and measurement of financial instruments, a new expected credit loss model for calculating impairment of financial assets, and new general hedge accounting requirements.

Changes in accounting policies resulting from the adoption of SFRS(I) 9 will generally be applied by the Group retrospectively, except as described below.

- The Group plans to take advantage of the exemption in SFRS(I) 1 allowing it not to restate comparative information in the 2018 SFRS(I) financial statements. Differences in the carrying amounts of financial assets and financial liabilities resulting from the adoption of SFRS(I) 9 are recognised in retained earnings and reserves as at 1 January 2018.
- The following assessments have to be made on the basis of facts and circumstances that existed at 1 January 2018.
  - The determination of the business model within which a financial asset is held.
  - The determination of whether the contractual terms of a financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.
  - The designation of an investment in equity instruments that is not held for trading at fair value through other comprehensive income (FVOCI).
  - The designation and revocation of previous designations of certain financial assets and financial liabilities measured at fair value through profit or loss (FVTPL).

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2017

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.18 Full convergence with Singapore Financial Reporting Standards (International) (SFRS(I)) and adoption of new standards (cont'd)

SFRS(I) 9 (cont'd)

- If an investment in a debt security has low credit risk at 1 January 2018, the Group plans to assume that the credit risk on the asset has not increased significantly since its initial recognition.
- New hedge accounting requirements are applied prospectively. All hedging relationships designated under FRS 39 Financial Instruments: Recognition and Measurement at 31 December 2017 that meet the criteria for hedge accounting under SFRS(I) 9 at 1 January 2018 will be regarded as continuing hedging relationships.

SFRS(I) 9 replaces the current 'incurred loss' model with a forward-looking expected credit loss ("ECL") model. The new impairment model will apply to financial assets measured at amortised cost or fair value through other comprehensive income ("FVOCI"), except for investments in equity instruments, and certain loan commitments and financial guarantee contracts.

The expected impact on adoption of SFRS(I) 9 are described below. The information below reflects the Group's expectation of the implications arising from changes in the accounting treatment, however, the actual tax effect may change when the transition adjustments are finalised.

For financial assets currently held at fair value, the Group expects to continue measuring all of these assets amounting to $3,754,000 at fair value under SFRS(I) 9. The Group plans to elect to present in OCI the changes in fair value of its Available-for-sale (AFS) equity securities that are held by the Group because these investments are not held for trading.

Impairment

The Group plans to apply the simplified approach and record lifetime ECL on all trade receivables and cash at bank. The Group expects an increase in impairment charge for trade receivables and cash at bank of $Nil and $45,000 respectively as at 1 January 2018. The Group is currently finalising the testing of its ECL model and the quantum of the final transition adjustments may be different upon finalisation.

Applicable to financial statements for the year 2019 and thereafter

The following new SFRS(I), amendments to and interpretations of SFRS(I) are effective for annual periods beginning after 1 January 2018:

Applicable to 2019 financial statements

- SFRS(I) 16 Leases
- SFRS(I) INT 23 Uncertainty over Income Tax Treatments
- *Long-term Interests in Associates and Joint Ventures* (Amendments to SFRS(I) 1-28)
- *Prepayment Features with Negative Compensation* (Amendments to SFRS(I) 9)

Applicable to 2021 financial statements

- SFRS(I) 17 Insurance Contracts

Mandatory effective date deferred

- *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture* (Amendments to SFRS(I) 10 and SFRS(I) 1-28).

The Group is still in the process of assessing the impact of the new SFRS(I)s, amendments to and interpretations of SFRS(I)s on the financial statements. The Group's preliminary assessment of SFRS(I) 16, which is not expected to have a significant impact on the Group, is as described below. The Group also preliminarily assessed that SFRS(I) 17 is not relevant to the Group as the Group does not issue insurance contracts nor account for financial guarantee contracts as insurance contracts.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2017

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.18 Full convergence with Singapore Financial Reporting Standards (International) (SFRS(I)) and adoption of new standards (cont'd)

SFRS(I) 16

SFRS(I) 16 replaces existing lease accounting guidance. SFRS(I) 16 is effective for annual periods beginning on or after 1 January 2019, with early adoption permitted if SFRS(I) 15 is also applied. SFRS(I) 16 eliminates the lessee's classification of leases as either operating leases or finance leases and introduces a single lessee accounting model. Applying the new model, a lessee is required to recognise right-of-use (ROU) assets and lease liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value.

The Group plans to adopt the standard when it becomes effective in 2019 and expects to apply the standard using the modified retrospective approach. The Group also expects the ROU assets recognised at date of initial application to be equal to their lease liabilities.

The Group is likely to elect the practical expedient not to reassess whether a contract contains a lease at the date of initial application, 1 January 2019. Accordingly, existing lease contracts that are still effective on 1 January 2019 continue to be accounted for as lease contracts under SFRS(I) 16.

Until 2018, the approximate financial impact of the standard is unknown due to factors that impact calculation of lease liabilities such as discount rate, expected term of leases including renewal options and exemptions for short-term leases. The Group will continue to assess its portfolio of leases to calculate the impending impact of transition to the new standard.

The Group as lessee

The Group expects its existing operating lease arrangements to be recognised as ROU assets with corresponding lease liabilities under SFRS(I) 16. Under the new standard, remaining lease payments of the operating leases will be recognised at their present value discounted using appropriate discount rate. In addition, the nature of expenses related to those leases will now change as SFRS(I) 16 replaces the straight-line operating lease expense with depreciation charge of ROU assets and interest expense on lease liabilities.

The Group as lessor

SFRS(I) 16 substantially carries forward the existing lessor accounting requirements. Accordingly, the Group continues to classify its leases as operating leases or finance leases, and to account for these two types of leases using the existing operating lease and finance lease accounting models, respectively. However, SFRS(I) 16 requires more extensive disclosures to be provided by a lessor.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2017

4 PROPERTY, PLANT AND EQUIPMENT

	Freehold property $'000	Leasehold improvements $'000	Paintings and sculptures $'000	Furniture, fittings and office equipment $'000	Motor vehicles $'000	Total $'000
Group						
Cost						
At 1 January 2016	1,813	625	18,301	4,421	2,129	27,289
Additions	–	–	695	58	230	983
Disposals	–	–	–	(43)	(227)	(270)
Effects of movements in exchange rate	22	–	–	–	(8)	14
At 31 December 2016	1,835	625	18,996	4,436	2,124	28,016
Additions	–	–	3,034	1,295	212	4,541
Reclassification from development properties	–	899	–	–	–	899
Disposals	–	–	–	(162)	–	(162)
Effects of movements in exchange rate	(5)	2	–	(22)	3	(22)
At 31 December 2017	1,830	1,526	22,030	5,547	2,339	33,272
Accumulated depreciation and impairment losses						
At 1 January 2016	146	625	–	2,964	1,148	4,883
Depreciation charge for the year	36	–	–	677	136	849
Disposals	–	–	–	(34)	(162)	(196)
Effects of movements in exchange rate	2	–	–	–	(4)	(2)
At 31 December 2016	184	625	–	3,607	1,118	5,534
Depreciation charge for the year	37	23	–	869	178	1,107
Disposals	–	–	–	(68)	–	(68)
Effects of movements in exchange rate	(1)	1	–	(3)	2	(1)
At 31 December 2017	220	649	–	4,405	1,298	6,572
Carrying amounts						
At 1 January 2016	1,667	–	18,301	1,457	981	22,406
At 31 December 2016	1,651	–	18,996	829	1,006	22,482
At 31 December 2017	1,610	877	22,030	1,142	1,041	26,700

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2017

4 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	Furniture, fittings and office equipment $'000	Motor vehicles $'000	Paintings $'000	Total $'000
Company				
Cost				
At 1 January 2016	3,464	686	3	4,153
Additions	40	230	–	270
Disposals	(27)	(227)	–	(254)
At 31 December 2016	3,477	689	3	4,169
Additions	9	–	–	9
Disposals	(17)	–	–	(17)
At 31 December 2017	3,469	689	3	4,161
Accumulated depreciation and impairment losses				
At 1 January 2016	2,082	228	–	2,310
Depreciation charge for the year	653	95	–	748
Disposals	(27)	(163)	–	(190)
At 31 December 2016	2,708	160	–	2,868
Depreciation charge for the year	651	95	–	746
Disposals	(17)	–	–	(17)
At 31 December 2017	3,342	255	–	3,597
Carrying amounts				
At 1 January 2016	1,382	458	3	1,843
At 31 December 2016	769	529	3	1,301
At 31 December 2017	127	434	3	564

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2017

5 INVESTMENT PROPERTIES

	Note	Group 2017 $'000	Group 2016 $'000
Freehold properties			
At 1 January		903,419	1,304,708
Additions	35	232,934	–
Reclassification	16	–	(159,885)
Changes in fair value		38,282	(52,843)
Movements in exchange rates		11,787	(188,561)
At 31 December		1,186,422	903,419
Leasehold properties			
At 1 January		1,886,407	1,744,810
Changes in fair value		39,800	156,893
Movements in exchange rates		1,125	(15,296)
At 31 December		1,927,332	1,886,407
Total investment properties		3,113,754	2,789,826

Investment properties comprise a number of commercial properties that are leased to third party customers. Each of the leases contains an initial non-cancellable period of 1 to 15 years. Subsequent renewals are negotiated with the lessee. During the year, contingent rent of $102,776 (2016: $126,726) was charged and recognised as rental income in profit or loss.

Certain investment properties with carrying value amounting to $3,100,954,000 (2016: $2,777,026,000) have been pledged to secure banking facilities granted to the Group (see note 19).

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

In 2017, the Group recognised a fair value gain of $78,082,000 (2016: $104,050,000) on its investment properties. See note 37 – Determination of fair values for disclosure on the valuation techniques used by the independent valuers.

6 SUBSIDIARIES

	Company 2017 $'000	Company 2016 $'000
Equity investments, at cost	202,307	202,307
Discount implicit in interest-free loans to subsidiaries	2,161	2,161
Impairment loss	(25,679)	(25,763)
	178,789	178,705

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2017

6 SUBSIDIARIES (CONT'D)

Details of the significant subsidiaries are as follows:

Name of subsidiary	Country of incorporation	Effective equity held by the Group 2017 %	2016 %
HB Australia Pty Ltd*	Australia	100	100
HB Ferny Pty Ltd*	Australia	100	100
HB Oracle Pty Ltd*	Australia	100	100
HB Doncaster Pty Ltd*	Australia	100	100
Stream Field Investments Limited	British Virgin Islands	100[1]	–
Ho Bee Developments Pte Ltd	Singapore	100	100
Ho Bee Realty Pte Ltd	Singapore	100	100
Ho Bee (One North) Pte. Ltd.	Singapore	100	100
Pacific Rover Pte Ltd	Singapore	100	100
Ho Bee Cove Pte. Ltd.	Singapore	90	90
HB Investments (China) Pte. Ltd.	Singapore	80	80
Grandiose Investments Pte Ltd	Singapore	100	100
HB Le Grand Pte Ltd	Singapore	100	100
HB St Martins Pte Ltd	Singapore	100	100
HB Victoria Pte Ltd	Singapore	100	100
HB Mayfair Pte Ltd	Singapore	100	100
HB Croydon Pte Ltd	Singapore	100	100

[1] *Stream Field Investments Limited was incorporated on 18 May 2017*

All significant subsidiaries are audited by KPMG LLP Singapore except those marked with an asterisk(*):

* Audited by member firm of KPMG International.

The Group does not have non-controlling interest of which its results are material and significant to the Group.

7 ASSOCIATES

	Group 2017 $'000	Group 2016 $'000	Company 2017 $'000	Company 2016 $'000
Interests in associates	535,741	483,216	423,925	437,055

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2017

7 ASSOCIATES (CONT'D)

The Group has two associates (2016: two) that are material to the Group which are equity-accounted for. Details of the material associates are as follows:

	Shanghai Yanlord Hongqiao Property Co., Ltd (Shanghai Yanlord Hongqiao) [1]	Zhuhai Yanlord Heyou Land Co., Ltd (Zhuhai Yanlord Heyou) [2]
Nature of relationship with the Group	Strategic property developer providing access to residential development projects in China	Strategic property developer providing access to residential development projects in China
Principal place of business/ Country of incorporation	China	China
Ownership interest/ Voting rights held	40% (2016: 40%)	20% (2016: 20%)

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

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

	Shanghai Yanlord Hongqiao $'000	Zhuhai Yanlord Heyou $'000	Total $'000
2017			
Revenue	811,860	78,529	
Profit from continuing operations	243,928	8,401	
Total comprehensive income	243,928	8,401	
Attributable to investee's shareholders	243,928	8,401	
Non-current assets	56	208,744	
Current assets	1,255,651	912,792	
Non-current liabilities	–	(20,540)	
Current liabilities	(216,849)	(500,008)	
Net assets	1,038,858	600,988	
Attributable to investee's shareholders	1,038,858	600,988	
Group's interest in net assets of investee at beginning of the year	349,708	133,508	483,216
Group's share of profit	97,572	1,680	99,252
Dividends received during the year	(27,170)	–	(27,170)
	70,402	1,680	72,082
Other comprehensive income:			
Capital reduction with no change in effective shareholding	–	(13,130)	(13,130)
Foreign currency translation differences	(4,652)	(1,775)	(6,427)
Carrying amount of interest in investee at end of the year	415,458	120,283	535,741

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2017

7 ASSOCIATES (CONT'D)

	Shanghai Yanlord Hongqiao $'000	Zhuhai Yanlord Heyou $'000	Total $'000
2016			
Revenue	496,211	407,543	
Profit from continuing operations	64,291	19,337	
Total comprehensive income	64,291	19,337	
Attributable to investee's shareholders	64,291	19,337	
Non-current assets	103	4,062	
Current assets	1,268,784	1,156,188	
Non-current liabilities	–	(2,082)	
Current liabilities	(394,403)	(491,060)	
Net assets	874,484	667,108	
Attributable to investee's shareholders	874,484	667,108	
Group's interest in net assets of investee at beginning of the year	347,229	135,482	482,711
Group's share of profit	25,716	3,868	29,584
Dividends received during the year	(7,805)	–	(7,805)
	17,911	3,868	21,779
Other comprehensive income:			
Foreign currency translation differences	(15,432)	(5,842)	(21,274)
Carrying amount of interest in investee at end of the year	349,708	133,508	483,216

8 JOINTLY-CONTROLLED ENTITIES

The Group has two (2016: two) jointly-controlled entities that are material and two (2016: two) joint-controlled entities that are individually immaterial to the Group.

These jointly-controlled controlled entities are structured as separate vehicles and the Group has a residual interest in their net assets.

	Group		Company	
	2017 $'000	2016 $'000	2017 $'000	2016 $'000
Interests in jointly-controlled entities	312,761	308,787	377,170	377,170
Impairment loss	–	–	(111,782)	(99,535)
	312,761	308,787	265,388	277,635

Company
The cumulative impairment loss as at 31 December 2017 is $111,782,000 (2016: $99,535,000).

During the year, an impairment loss of $12,247,000 (2016: $Nil) was made against the Company's investment in its jointly-controlled entity. Management of the jointly-controlled entity obtained an external valuation of its development project as at 31 December 2017 which showed a decline in the net realisable value of the development. Consequently, the development properties were written down to its net realisable value in the year which resulted in an impairment loss being recognised in the interest in jointly-controlled entities.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2017

8 JOINTLY-CONTROLLED ENTITIES (CONT'D)

Movements in impairment loss on the Company's jointly-controlled entities are as follows:

	Company	
	2017	2016
	$'000	$'000
At 1 January	99,535	99,535
Impairment loss for the year	12,247	–
At 31 December	111,782	99,535

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

The following are the material jointly-controlled entities:

	Seaview (Sentosa) Pte Ltd (Seaview) [1]	Pinnacle (Sentosa) Pte Ltd (Pinnacle) [1]
Nature of relationship with the Group	Strategic partner providing high end residential properties in Sentosa	Strategic partner providing high end residential properties in Sentosa
Principal place of business/ Country of incorporation	Singapore	Singapore
Ownership interest/ Voting rights held	50% (2016: 50%)	35% (2016: 35%)

[1] *Audited by KPMG LLP, Singapore*

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2017

8 JOINTLY-CONTROLLED ENTITIES (CONT'D)

	Seaview $'000	Pinnacle $'000	Immaterial jointly-controlled entities $'000	Total $'000
2017				
Revenue	9,812	23,445		
Profit from continuing operations	3,587	(36,430)		
Total comprehensive income	3,587	(36,430)		
Attributable to investee's shareholders	3,587	(36,430)		
Non-current assets	–	9,058		
Current assets	471,497	1,316,714		
Non-current liabilities	(366,890)	(553,000)		
Current liabilities	(2,450)	(15,950)		
Net assets	102,157	756,822		
Attributable to investee's shareholders	102,157	756,822		
Group's interest in net assets of investee at beginning of the year	49,453	271,498	(12,164)	308,787
Group's share of profit/(loss)	1,794	(12,750)	6,547	(4,409)
Intra-group eliminations*	(1,345)	(126)	–	(1,471)
Group's contribution during the year	–	–	9,651	9,651
Foreign currency translation differences	–	–	203	203
Carrying amount of interest in investee at end of the year	49,902	258,622	4,237	312,761

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2017

8 JOINTLY-CONTROLLED ENTITIES (CONT'D)

	Seaview $'000	Pinnacle $'000	Immaterial jointly-controlled entities $'000	Total $'000
2016				
Revenue	10,414	21,287		
Profit from continuing operations	4,152	2,157		
Total comprehensive income	4,152	2,157		
Attributable to investee's shareholders	4,152	2,157		
Non-current assets	–	1,563		
Current assets	472,302	1,364,115		
Non-current liabilities	(368,149)	(559,350)		
Current liabilities	(2,893)	(12,717)		
Net assets	101,260	793,611		
Attributable to investee's shareholders	101,260	793,611		
Group's interest in net assets of investee at beginning of the year	48,727	270,869	(13,028)	306,568
Group's share of profit	2,076	755	887	3,718
Intra-group eliminations*	(1,350)	(126)	–	(1,476)
Foreign currency translation differences	–	–	617	617
Distribution from liquidation of jointly-controlled entity	–	–	(640)	(640)
Carrying amount of interest in investee at end of the year	49,453	271,498	(12,164)	308,787

* *Includes elimination of intercompany loan interests and management fee for the year*

9 OTHER ASSETS

	Group 2017 $'000	Group 2016 $'000
At cost		
Club membership	150	150

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2017

10 FINANCIAL ASSETS

	Group		Company	
	2017 $'000	2016 $'000	2017 $'000	2016 $'000
Non-current financial assets				
Investments designated at fair value through profit or loss				
- Investments in private equity funds	3,754	2,547	2,615	–
Investments designated as available-for-sale				
- Investments in unquoted equity securities	139	150	–	–
	3,893	2,697	2,615	–
Current financial assets				
Investments designated at fair value through profit or loss				
- Investments in quoted equity securities	–	3,774	–	3,774

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

11 OTHER RECEIVABLES

	Group		Company	
	2017 $'000	2016 $'000	2017 $'000	2016 $'000
Non-current assets				
Amounts due from subsidiaries (non-trade)				
- interest bearing	–	–	153,377	151,973
- non-interest bearing	–	–	246,964	163,501
	–	–	400,341	315,474
Amounts due from jointly-controlled entities (non-trade)				
- interest bearing	183,445	184,075	183,445	184,075
- non-interest bearing	74,561	79,579	1,015	–
	258,006	263,654	184,460	184,075
Amount due from jointly-controlled operation (non-trade)				
- non-interest bearing	–	23,707	–	–
	258,006	287,361	584,801	499,549

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

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2017

11 OTHER RECEIVABLES (CONT'D)

Group

The settlement for the non-interest bearing amounts due from jointly-controlled entities of $74,561,000 (2016: $79,579,000) is neither planned nor likely to occur in the foreseeable future. As this amount is, in substance, a part of the Group's net investment in the jointly-controlled entities, it is stated at cost less accumulated impairment losses.

Interest bearing amounts due from jointly-controlled entities of $183,445,000 (2016: $184,075,000) are charged at an interest rate of 1.40% (2016: 1.40%) per annum.

The non-interest bearing amount due from jointly-controlled operation of $23,707,000 was fully repaid during the year.

Company

The settlement for the non-interest-bearing amounts due from subsidiaries of $246,964,000 (2016: $163,501,000) is neither planned nor likely to occur in the foreseeable future. As this amount is, in substance, a part of the Company's net investment in the subsidiary, it is stated at cost less accumulated impairment losses.

Interest bearing amounts due from subsidiaries of $153,377,000 (2016: $151,973,000) are charged at interest rates ranging from 3.50% to 7% (2016: 3.50% to 7%) per annum.

12 DEFERRED TAX

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

	At 1 January 2016 $'000	Recognised in income statement (note 27) $'000	At 31 December 2016 $'000	Recognised in income statement (note 27) $'000	At 31 December 2017 $'000
Group					
Deferred tax liabilities					
Property, plant and equipment	53	(53)	–	–	–
Income not remitted into Singapore	104	(104)	–	–	–
	157	(157)	–	–	–

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2017

13 DEVELOPMENT PROPERTIES

	Note	Group 2017 $'000	Group 2016 $'000
Properties held for sale		184,701	185,149
Properties under development:			
Costs incurred and attributable profits		189,510	189,274
Less : Transfer to cost of sales		(132,947)	(120,774)
		56,563	68,500
Total development properties		241,264	253,649
Interest capitalised during the year	26	–	1,001

In 2017, development properties of $12,173,000 (2016: $120,774,000) were recognised as an expense during the year and included in 'Cost of sales – residential development project'.

In 2016, finance costs were capitalised at rates ranging from 3.64% to 4.17% per annum for properties under development.

Certain development properties with carrying value amounting to $175,871,000 (2016: $175,448,000) were pledged to secure banking facilities granted to the Group (see note 19).

14 TRADE AND OTHER RECEIVABLES

	Group 2017 $'000	Group 2016 $'000	Company 2017 $'000	Company 2016 $'000
Trade receivables	4,439	1,752	–	–
Accrued rent receivables	12,404	16,560	–	–
Impairment losses	(1)	(20)	–	–
Net receivables	16,842	18,292	–	–
Other deposits	478	477	–	–
Amounts due from:				
- subsidiaries (non-trade)				
- non-interest-bearing	–	–	107,387	70,909
- jointly-controlled entities (non-trade)				
- non-interest-bearing	17	19	–	–
Derivative financial asset	–	317	–	–
Other receivables	10,532	8,814	10	7,806
	27,869	27,919	107,397	78,715
Prepayments	584	710	35	33
	28,453	28,629	107,432	78,748

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

Included within other receivables is an amount of $10,048,000 (2016: $Nil) held by lawyers in trust of the Group in relation to deposits received from the sale of a thirty-year lease.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2017

15 CASH AND CASH EQUIVALENTS

	Group		Company	
	2017 $'000	2016 $'000	2017 $'000	2016 $'000
Cash at banks and in hand	22,020	9,576	2,493	2,380
Fixed deposits	75,091	44,684	–	–
	97,111	54,260	2,493	2,380

The weighted average effective interest rates relating to fixed deposits at the balance sheet date for the Group is 0.35% (2016: 1.04%) per annum.

16 ASSETS HELD FOR SALE

	Group	
	2017 $'000	2016 $'000
Investment property	–	159,885

In 2016, the Group entered into an agreement for the sale of Rose Court in London to an unrelated Guernsey property unit trust for S$167,237,000. The transaction was completed on 21 February 2017. As at 31 December 2016, the investment property was pledged to secure banking facilities granted to the Company (see note 19).

17 SHARE CAPITAL

	Group and Company	
	2017 Number of shares ('000)	2016 Number of shares ('000)
Fully paid ordinary shares, with no par value:		
At 1 January and 31 December	703,338	703,338

As at 31 December 2017, included in the total number of ordinary shares was 37,617,400 (2016: 37,617,400) shares purchased by the Company (the "Treasury Shares") by way of market acquisition at an average price of $1.70 (2016: $1.70) per share. The Treasury Shares were deducted from total equity (see note 18).

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

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2017

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

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

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

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

	Group		Company	
	2017 $'000	2016 $'000	2017 $'000	2016 $'000
Borrowings	1,354,461	1,345,750	130,785	129,958
Less: Cash and cash equivalents	(97,111)	(54,260)	(2,493)	(2,380)
Net debt	1,257,350	1,291,490	128,292	127,578
Total equity (excluding non-controlling interests)	3,127,562	2,925,281	1,342,498	1,336,442
Gearing ratio	0.40	0.44	0.10	0.10

Certain entities in the Group are required to comply with certain externally imposed capital requirements in respect of some of their external borrowings, and these have been complied with during the year.

18 CAPITAL AND RESERVES

	Group		Company	
	2017 $'000	2016 $'000	2017 $'000	2016 $'000
Reserve for own shares	(63,930)	(63,930)	(63,930)	(63,930)
Capital reserve	2,043	2,043	–	–
Hedging reserve	(1,832)	(2,760)	–	–
Foreign currency translation reserve	(33,691)	(25,727)	–	–
Retained earnings	3,068,924	2,859,607	1,250,380	1,244,324
	2,971,514	2,769,233	1,186,450	1,180,394

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2017

18 CAPITAL AND RESERVES (CONT'D)

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

Capital reserve
The capital reserve which arose prior to 1 January 2001, comprises negative goodwill arising on acquisition of interests in subsidiaries and effect of discounting of a loan extended to a subsidiary.

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

Retained earnings
Included in retained earnings is net accumulated gain of $67,248,000 (2016: loss of $27,595,000) representing share of post-acquisition results of associates and jointly-controlled entities.

19 LOANS AND BORROWINGS

	Group		Company	
	2017	2016	2017	2016
	$'000	$'000	$'000	$'000
Non-current liabilities				
Secured bank loans	1,181,496	1,111,028	–	–
Current liabilities				
Secured bank loans	172,965	234,722	130,785	129,958
	1,354,461	1,345,750	130,785	129,958

The bank loans are secured on the following assets:

		Group	
	Note	2017	2016
		$'000	$'000
Investment properties	5	3,100,954	2,777,026
Development properties	13	175,871	175,448
Assets held for sale	16	–	159,885
Carrying amounts		3,276,825	3,112,359

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

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2017

19 LOANS AND BORROWINGS (CONT'D)

Terms and debt repayment schedule

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

	Effective interest rate %	Expected year of maturity	2017 Face value $'000	2017 Carrying amount $'000	2016 Face value $'000	2016 Carrying amount $'000
Group						
Secured bank loans						
- floating rate	1.25 – 2.36	2018 – 2022	1,354,461	1,354,461	1,345,750	1,345,750
Company						
Secured bank loans						
- floating rate	1.25 – 1.55	2018	130,785	130,785	129,958	129,958

Intra-group financial guarantees

Intra-group financial guarantees comprise guarantees provided by the Company to banks in respect of banking facilities amounting to $1,417,226,000 (2016: $1,411,564,000) extended to its subsidiaries, associates and jointly-controlled entities. The periods in which the financial guarantees expire are as follows:

	Group 2017 $'000	Group 2016 $'000	Company 2017 $'000	Company 2016 $'000
Less than 1 year	–	–	42,180	38,696
Between 1 and 5 years	193,550	195,773	1,375,046	1,372,868
	193,550	195,773	1,417,226	1,411,564

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2017

19 LOANS AND BORROWINGS (CONT'D)

Reconciliation of movements of liabilities to cash flows arising from financing activities

	Liabilities	Derivative (assets) / liabilities held to hedge long-term borrowings	Equity		
	Loans and borrowings $'000	Interest rate swap – liabilities (net) $'000	Retained earnings $'000	Non-controlling interests $'000	Total $'000
Balance at 1 January 2017	1,345,750	2,760	2,859,607	13,939	4,222,056
Changes from financing cash flows					
Proceeds from borrowings	310,652	–	–	–	310,652
Repayment of borrowings	(313,111)	–	–	–	(313,111)
Interest paid	(28,094)	–	–	–	(28,094)
Dividend paid	–	–	(39,943)	–	(39,943)
Dividend paid to non-controlling shareholders	–	–	–	(100)	(100)
Total changes from financing cash flows	(30,553)	–	(39,943)	(100)	(70,596)
The effect of changes in foreign exchange rates	11,170	–	–	(1,156)	10,014
Change in fair value	–	(928)	–	–	(928)
Other changes					
Liability-related					
Interest expense	28,094	–	–	–	28,094
Total liability-related other changes	28,094	–	–	–	28,094
Total equity-related other changes	–	–	249,260	1,517	250,777
Balance at 31 December 2017	1,354,461	1,832	3,068,924	14,200	4,439,417

20 OTHER LIABILITIES

	Group	
	2017 $'000	2016 $'000
Rental deposits	16,368	15,933
Amount due to a non-controlling shareholder (non-trade)	15,213	15,213
	31,581	31,146

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

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2017

21 DEFERRED INCOME

	Group 2017 $'000	Group 2016 $'000
Rental advances from tenants	500	740
	500	740
Non-current	260	500
Current	240	240
	500	740

22 TRADE AND OTHER PAYABLES

	Group 2017 $'000	Group 2016 $'000	Company 2017 $'000	Company 2016 $'000
Rental deposits	4,703	3,164	–	–
Accrued operating expenses and development expenditure	16,715	22,189	13,445	11,894
Amounts due to subsidiaries (non-trade)	–	–	79,219	779
Other payables	20,197	11,115	–	–
Derivative financial liability	1,832	3,077	–	–
Goods and services tax payable	3,701	3,023	60	74
	47,148	42,568	92,724	12,747

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

23 REVENUE

Revenue represents sale of development properties, rental income and service charges, after eliminating inter-company transactions.

	Group 2017 $'000	Group 2016 $'000
Sales of development properties	17,488	154,910
Rental income and service charges	147,167	144,502
	164,655	299,412

Included in rental income and service charges is lease income generated from investment properties of $140,343,000 (2016: $139,600,000).

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2017

24 OTHER INCOME

	Group 2017 $'000	Group 2016 $'000
Gain on disposal of property, plant and equipment	–	7
Gain on disposal of property held for sale	7,352	–
Gain on disposal of quoted equity investment	485	–
Distribution income from financial assets designated at fair value through profit or loss	221	187
Distribution income from jointly controlled operation	12,981	–
Forfeiture income	259	587
Management fee income	345	341
Sale of management rights on development property project	452	3,894
Others	2,792	1,742
	24,887	6,758

25 DIRECTORS' REMUNERATION

Number of directors in remuneration bands:

	2017 Number of Directors	2016 Number of Directors
$500,000 and above	3	3
$250,000 to $499,999	–	–
Below $250,000	5*	5*
Total	8	8

* *Includes 5 (2016: 5) independent directors.*

26 FINANCE INCOME AND FINANCE COSTS

	Note	Group 2017 $'000	Group 2016 $'000
Interest income on loans and receivables		2,640	2,191
Finance income		2,640	2,191
Interest expenses on financial liabilities measured at amortised cost		(28,094)	(32,812)
Interest expenses capitalised in properties under development	13	–	1,001
Finance costs		(28,094)	(31,811)
Net finance costs recognised in profit or loss		(25,454)	(29,620)

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2017

27 INCOME TAX EXPENSE

	Group 2017 $'000	Group 2016 $'000
Current tax expense		
Current year	28,390	19,946
Over provision of tax in prior years	(4)	(66)
	28,386	19,880
Deferred tax expense		
Movements in temporary differences (note 12)	–	(157)
	–	(157)
Total income tax expense	28,386	19,723
Reconciliation of effective tax rate		
Profit for the year	250,777	217,034
Total income tax expense	28,386	19,723
Profit excluding income tax	279,163	236,757
Tax calculated using Singapore tax rate of 17% (2016: 17%)	47,458	40,249
Expenses not deductible for tax purposes	4,500	4,244
Tax exempt revenue	(134)	(130)
Income not subject to tax	(27,559)	(24,173)
Effect of different tax rates in other countries	5,623	4,359
Tax incentives	(1,498)	(3,239)
Utilisation of previously unrecognised tax losses	–	(1,521)
Over provision of tax in prior years	(4)	(66)
	28,386	19,723

28 PROFIT FOR THE YEAR

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

	Note	Group 2017 $'000	Group 2016 $'000
Direct operating expenses from investment properties		15,127	15,262
Audit fees payable/paid to auditors of the Company		463	419
Non-audit fees paid to auditors of the Company		224	120
Depreciation of property, plant and equipment	4	1,107	849
Property, plant and equipment written off		5	–
Fair value loss on financial assets at fair value through profit or loss		440	115
Staff costs		8,300	7,999
Contributions to defined contribution plans included in staff costs		434	427
Allowance for impairment loss reversed on trade receivables		(19)	(6)

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2017

29 EARNINGS PER SHARE

	Group 2017 $'000	Group 2016 $'000
Basic earnings per share is based on:		
Net profit attributable to ordinary shareholders	249,260	216,756

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

	Group 2017 Number of shares '000	Group 2016 Number of shares '000
Ordinary shares in issue at beginning of the year	703,338	703,338
Effect of own shares held	(37,617)	(37,189)
Weighted average number of ordinary shares in issue during the year	665,721	666,149

30 DIVIDENDS

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

	Group and Company 2017 $'000	Group and Company 2016 $'000
Proposed first and final tax-exempt dividend of 8 cents (2016: 6 cents) and special dividend of 2 cents (2016: Nil) per share	66,572	39,943

31 SIGNIFICANT RELATED PARTY TRANSACTIONS

Key management personnel

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

Key management personnel compensation comprises:

	Group 2017 $'000	Group 2016 $'000
Directors' fees	391	386
Directors' remuneration:		
- short-term employee benefits	12,649	11,584
	13,040	11,970

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2017

31 SIGNIFICANT RELATED PARTY TRANSACTIONS (CONT'D)

Other related party transactions

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

		Group	
	Note	2017 $'000	2016 $'000
Associates and jointly-controlled entities			
Management fee		294	294
Interest income		1,285	1,290
Dividend income		27,170	7,805
Related corporations			
Rental income		43	43
Other operating expenses:			
- insurance on investment properties		83	45
- other insurances		104	64
- printing		31	40
- others		55	50
Other related parties			
Donations made	(i)	2,000	1,500

(i) The donation of $2,000,000 (2016: $1,500,000) was made to Ho Bee Foundation ("Foundation"), of which Mr Chua Thian Poh is a director.

32 COMMITMENTS

As at 31 December 2017, commitments for expenditure which have not been provided for in the financial statements were as follows:

	Group	
	2017 $'000	2016 $'000
Authorised and contracted for:		
- subscription for additional interest in private equity funds	61,392	92

The Group leases out its investment properties and certain properties held for sale. The future minimum lease receivables under non-cancellable leases are as follows:

	Group	
	2017 $'000	2016 $'000
Within 1 year	150,512	143,605
After 1 year but within 5 years	381,606	390,884
After 5 years	236,437	247,396
	768,555	781,885

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2017

33 FINANCIAL RISK MANAGEMENT

Overview

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

Credit risk

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

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

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

Financial guarantee

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

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

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

Liquidity risk

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

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2017

33 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 to achieve a certain level of protection against interest rate hikes. Where appropriate, the Group uses interest rate derivatives to hedge its interest rate exposure for specific underlying debt obligations.

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

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

Cash flow hedges

Subsidiaries of the Group have entered into interest rate swaps to fix the interest relating to the payment of quarterly interest charges arising on the drawdown of term loan facilities totalling $382,984,078 (2016: $391,044,582), and designated these as cash flow hedges. The risk being hedged was the variability of cash flows arising from movements in interest rates. The hedges will be in place until the term loans mature in 2019 and 2020.

The cash flows will occur on a quarterly basis until the loan balances mature in 2019 and 2020 and these hedges which are designated as cash flow hedges, are considered to be highly effective. The carrying value of the hedging instruments were restated to their fair value at each reporting date, with the effective portion of changes in fair value since inception being taken to the hedging reserve. The gain/loss recognised in the other comprehensive income in 2017 in respect of the changes in fair value of the hedging instruments were a gain of $928,000 (2016: loss of $5,175,000). There were no ineffectiveness recognised in profit or loss that arose from the cash flow hedges.

Foreign currency risk

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

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

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2017

34 FINANCIAL INSTRUMENTS

Credit risk

Exposure to credit risk

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

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

At the balance sheet date, the Group has receivables due from jointly-controlled entities and jointly-controlled operation totalling $258,006,000 (2016: $287,361,000) representing 90% (2016: 91%) of total gross trade and other receivables. Except for these receivables, there was no concentration of credit risk.

Impairment losses

The ageing of trade receivables at the reporting date was as follows:

Group	Gross 2017 $'000	Impairment losses 2017 $'000	Gross 2016 $'000	Impairment losses 2016 $'000
Not past due	12,949	–	18,076	–
Past due 0 – 30 days	3,341	–	135	–
Past due 31 – 120 days	553	1	59	–
More than 120 days past due	–	–	42	20
	16,843	1	18,312	20

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

	Group 2017 $'000	Group 2016 $'000
At 1 January	20	26
Impairment loss reversed	(19)	(6)
At 31 December	1	20

Based on historical default rates and the Group's assessment of the recoverability of amounts due from specific customers, the Group believes that no impairment allowance is necessary in respect of trade receivables not past due, past due 0 – 30 days and past due 31 – 120 days.

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

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2017

34 FINANCIAL INSTRUMENTS (CONT'D)

Liquidity risk

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

		Cash flows			
	Carrying amount $'000	Contractual cash flows $'000	Within 1 year $'000	Within 2 to 5 years $'000	More than 5 years $'000
Group					
2017					
Non-derivative financial liabilities					
Secured bank loans*	1,354,461	(1,408,441)	(201,459)	(1,206,982)	–
Rental deposits	16,368	(16,368)	–	(16,368)	–
Trade and other payables	47,148	(47,148)	(47,148)	–	–
	1,417,977	(1,471,957)	(248,607)	(1,223,350)	–
2016					
Non-derivative financial liabilities					
Secured bank loans*	1,345,750	(1,413,203)	(242,849)	(1,170,354)	–
Rental deposits	15,933	(15,933)	–	(15,933)	–
Trade and other payables	42,568	(42,568)	(42,568)	–	–
	1,404,251	(1,471,704)	(285,417)	(1,186,287)	–
Company					
2017					
Non-derivative financial liabilities					
Secured bank loans	130,785	(131,832)	(131,832)	–	–
Amounts due to subsidiaries	79,219	(79,219)	(79,219)	–	–
Trade and other payables	13,505	(13,505)	(13,505)	–	–
	223,509	(224,556)	(224,556)	–	–
2016					
Non-derivative financial liabilities					
Secured bank loans	129,958	(130,649)	(130,649)	–	–
Amounts due to subsidiaries	779	(779)	(779)	–	–
Trade and other payables	11,968	(11,968)	(11,968)	–	–
	142,705	(143,396)	(143,396)	–	–

* *The contractual cashflows are net of the impact of interest rate swap.*
For secured bank loans with no interest rate swap arrangements, the contractual cashflows include the estimated interest payments based on interest rates repriced in the 4th quarter of 2017.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2017

34 FINANCIAL INSTRUMENTS (CONT'D)

Currency risk

Exposure to currency risk

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

	2017 USD $'000	2017 GBP $'000	2017 AUD $'000	2016 USD $'000	2016 GBP $'000	2016 AUD $'000
Group						
Financial assets	1,278	–	–	2,697	–	–
Trade and other receivables	73,546	301,530	97,181	79,598	226,432	97,143
Cash and cash equivalents	831	21,884	67,958	597	13,593	33,994
Loans and borrowings	–	(866,462)	–	–	(814,250)	–
	75,655	(543,048)	165,139	82,892	(574,225)	131,137
Company						
Trade and other receivables	–	297,126	96,757	–	224,367	96,175
Loans and borrowings	–	(130,785)	–	–	(129,958)	–
	–	166,341	96,757	–	94,409	96,175

Sensitivity analysis

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

	Group Profit before income tax $'000
31 December 2017	
USD (10% strengthening of Singapore dollar)	(7,565)
GBP (10% strengthening of Singapore dollar)	54,305
AUD (10% strengthening of Singapore dollar)	(16,514)
31 December 2016	
USD (10% strengthening of Singapore dollar)	(8,289)
GBP (10% strengthening of Singapore dollar)	57,422
AUD (10% strengthening of Singapore dollar)	(13,114)

34 FINANCIAL INSTRUMENTS (CONT'D)

Currency risk (cont'd)

Sensitivity analysis (cont'd)

	Company Profit before income tax $'000
31 December 2017	
GBP (10% strengthening of Singapore dollar)	(16,634)
AUD (10% strengthening of Singapore dollar)	(9,676)
31 December 2016	
GBP (10% strengthening of Singapore dollar)	(9,441)
AUD (10% strengthening of Singapore dollar)	(9,618)

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

Interest rate risk

Profile

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

	Group Carrying amount		Company Carrying amount	
	2017 $'000	2016 $'000	2017 $'000	2016 $'000
Fixed rate instruments				
Financial assets	258,536	228,759	407,603	336,048
Effect of interest rate swaps	(290,117)	(292,715)	–	–
	(31,581)	(63,956)	407,603	336,048
Variable rate instruments				
Financial liabilities	(1,354,461)	(1,345,750)	(130,785)	(129,958)
Effect of interest rate swaps	290,117	292,715	–	–
	(1,064,344)	(1,053,035)	(130,785)	(129,958)

Sensitivity analysis

Fixed rate instruments

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

Variable rate instruments

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

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2017

34 FINANCIAL INSTRUMENTS (CONT'D)

Interest rate risk (cont'd)

Variable rate instruments (cont'd)

	Profit before income tax 100 bp increase $'000	Profit before income tax 100 bp decrease $'000
Group		
31 December 2017		
Variable rate instruments	(10,643)	10,643
31 December 2016		
Variable rate instruments	(10,530)	10,530
Company		
31 December 2017		
Variable rate instruments	(1,308)	1,308
31 December 2016		
Variable rate instruments	(1,300)	1,300

Estimation of fair values for financial assets and liabilities

Valuation processes applied by the Group

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

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

Financial assets designated at fair value through profit or loss

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

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

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

Amounts due from/to subsidiaries, jointly-controlled entities and non-controlling shareholders

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

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2017

34 FINANCIAL INSTRUMENTS (CONT'D)

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

Interest-bearing bank loans (secured)

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

Other financial assets and liabilities

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

Interest rates used in determining fair values

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

	2017 %	2016 %
Financial liabilities	1.3 – 2.4	1.3 – 4.2
Receivables	1.4	1.4
Payables	1.3 – 2.4	1.3 – 4.2

Fair values versus carrying amounts

The carrying amounts of the Group's and the Company's financial instruments carried at cost or amortised cost are not materially different from their fair values as at 31 December 2017 and 2016.

Fair value hierarchy

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

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

	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Financial assets carried at fair value				
Group				
31 December 2017				
Financial assets designated at fair value through profit or loss	–	–	3,754	3,754
Interest rate swaps used for hedging	–	(1,832)	–	(1,832)
	–	(1,832)	3,754	1,922
31 December 2016				
Financial assets designated at fair value through profit or loss	3,774	–	2,547	6,321
Interest rate swaps used for hedging	–	(2,760)	–	(2,760)
	3,774	(2,760)	2,547	3,561

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2017

34 FINANCIAL INSTRUMENTS (CONT'D)

Level 2 fair values

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

	Group	
	Contract/ notional amount $'000	Fair value of assets $'000
2017		
Cash flow hedges – Interest rate swaps	290,117	(1,832)
2016		
Cash flow hedges – Interest rate swaps	292,715	(2,760)

Level 3 fair values

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

	Financial assets at fair value through profit or loss $'000
Group	
1 January 2017	2,547
Fair value changes	(440)
Distribution income	221
Exchange gain recognised in profit or loss	89
Purchases	2,619
Settlements	(1,282)
31 December 2017	3,754
Total loss for the year included in profit or loss for assets held as at 31 December 2017	(130)
1 January 2016	3,189
Fair value changes	(352)
Distribution income	187
Exchange gain recognised in profit or loss	49
Purchases	10
Settlements	(536)
31 December 2016	2,547
Total loss for the year included in profit or loss for assets held as at 31 December 2016	(116)

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2017

34 FINANCIAL INSTRUMENTS (CONT'D)

Level 3 fair values (cont'd)

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

	2017 $'000	2016 $'000
Other income/(expense)		
Fair value loss	(440)	(352)
Distribution income	221	187
	(219)	(165)
Gain on foreign exchange		
Exchange gain recognised	89	49
Total loss included in profit or loss for the year	(130)	(116)

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2017

34 FINANCIAL INSTRUMENTS (CONT'D)

Financial instruments by category

	Loans and receivables $'000	Financial assets at fair value through profit or loss $'000	Available -for-sale $'000	Fair value - hedging instruments $'000	Financial liabilities at amortised cost $'000	Total $'000
Group						
31 December 2017						
Trade and other receivables*	211,314	–	–	–	–	211,314
Available-for-sale equity securities	–	–	139	–	–	139
Financial assets at fair value through profit or loss	–	3,754	–	–	–	3,754
Cash and cash equivalents	97,111	–	–	–	–	97,111
Loans and borrowings	–	–	–	–	(1,354,461)	(1,354,461)
Trade and other payables**	–	–	–	(1,832)	(45,316)	(47,148)
	308,425	3,754	139	(1,832)	(1,399,777)	(1,089,291)
31 December 2016						
Trade and other receivables*	211,677	–	–	317	–	211,994
Available-for-sale equity securities	–	–	150	–	–	150
Financial assets at fair value through profit or loss	–	6,321	–	–	–	6,321
Cash and cash equivalents	54,260	–	–	–	–	54,260
Loans and borrowings	–	–	–	–	(1,345,750)	(1,345,750)
Trade and other payables**	–	–	–	(3,077)	(39,491)	(42,568)
	265,937	6,321	150	(2,760)	(1,385,241)	(1,115,593)

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2017

34 FINANCIAL INSTRUMENTS (CONT'D)

Financial instruments by category (cont'd)

	Loans and receivables $'000	Financial assets at fair value through profit or loss $'000	Financial liabilities at amortised cost $'000	Total $'000
Company				
31 December 2017				
Trade and other receivables*	444,219	–	–	444,219
Financial assets at fair value through profit or loss	–	2,615	–	2,615
Cash and cash equivalents	2,493	–	–	2,493
Loans and borrowings	–	–	(130,785)	(130,785)
Trade and other payables	–	–	(92,724)	(92,724)
	446,712	2,615	(223,509)	225,818
31 December 2016				
Trade and other receivables*	414,763	–	–	414,763
Financial assets at fair value through profit or loss	–	3,774	–	3,774
Cash and cash equivalents	2,380	–	–	2,380
Loans and borrowings	–	–	(129,958)	(129,958)
Trade and other payables	–	–	(12,747)	(12,747)
	417,143	3,774	(142,705)	278,212

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

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

35 ACQUISITION OF INVESTMENT PROPERTY, NET OF CASH MOVEMENTS

On 20 June 2017, the Group acquired 100% of the issued share capital of a company which owns the investment property, 67 Lombard Street, from an unrelated third party. The acquisition was accounted for as an acquisition of investment property based on assessment by the management.

From the acquisition date to 31 December 2017, 67 Lombard Street contributed revenue of $4,043,000 and profit after tax of $2,699,000. If the acquisition had occurred on 1 January 2017, management estimates that the contribution to the Group in terms of revenue and profit after tax would have been $7,822,000 and $21,332,000 respectively. In determining this amount, management has assumed that the fair value adjustments that arose on the date of acquisition would have been the same if the acquisition had occurred on 1 January 2017.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2017

35 ACQUISITION OF INVESTMENT PROPERTY, NET OF CASH MOVEMENTS (CONT'D)

The cash flows, and net assets and liabilities of the acquisition are set out as follows:

	Recognised values on acquisition	
	2017	2016
	$'000	$'000
Investment property (note 5)	232,934	–
Cash and cash equivalents	1,670	–
Other payables	(2,398)	–
Net identifiable assets and liabilities acquired	232,206	–
Total consideration	(232,206)	–
Cash and cash equivalents acquired	1,670	–
Cash outflow on acquisition of investment property	(230,536)	–

Acquisition of investment property is complex in nature and can be material to the financial statements. Assessment is required to determine the most appropriate accounting treatment of asset acquired and of potential contractual arrangements relating to the acquisition. The acquisition during 2017 was accounted for as acquisition of investment property based on assessment by the management.

36 OPERATING SEGMENTS

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

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

Other segments include investing in quoted securities and private equity funds. These segments do not meet any of the quantitative thresholds for determining reportable segments in 2017 or 2016.

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

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2017

36 OPERATING SEGMENTS (CONT'D)

(a) Operating segments

	Property Development $'000	Property Investment $'000	Others $'000	Total $'000
2017				
Turnover	17,488	147,167	–	164,655
Operating results	2,801	129,266	–	132,067
Other operating income				102,969
Other operating expenses				(25,262)
Profit from operations				209,774
Net finance costs				(25,454)
Share of profits of associates				99,252
Share of losses of jointly-controlled entities				(4,409)
Income tax expense				(28,386)
Profit for the year				250,777
Other material non-cash items:				
- Fair value changes on investment properties	–	78,082	–	78,082
Reportable segment assets	315,956	3,153,009	3,893	3,472,858
Investments in associates and jointly-controlled entities	923,063	–	–	923,063
Capital expenditure	1,038	–	–	1,038
Reportable segment liabilities	19,186	1,335,276	–	1,354,462

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2017

36 OPERATING SEGMENTS (CONT'D)

(a) Operating segments (cont'd)

	Property Development $'000	Property Investment $'000	Others $'000	Total $'000
2016				
Turnover	154,910	144,502	–	299,412
Operating results	29,542	127,767	–	157,309
Other operating income				110,808
Other operating expenses				(35,042)
Profit from operations				233,075
Net finance costs				(29,620)
Share of profits of associates				29,584
Share of profits of jointly-controlled entities				3,718
Income tax expense				(19,723)
Profit for the year				217,034
Other material non-cash items:				
- Fair value changes on investment properties	–	104,050	–	104,050
Reportable segment assets	290,196	2,977,536	6,471	3,274,203
Investments in associates and jointly-controlled entities	895,289	–	–	895,289
Reportable segment liabilities	18,920	1,326,830	–	1,345,750

Reconciliations of reportable segment assets and liabilities and other material items

	2017 $'000	2016 $'000
Assets		
Total assets for reportable segments	3,468,965	3,267,732
Other assets	3,893	6,471
	3,472,858	3,274,203
Investments in equity accounted investees*	922,048	895,289
Other unallocated amounts	222,927	225,224
Consolidated total assets	4,617,833	4,394,716
Liabilities		
Total liabilities for reportable segments	1,354,462	1,345,750
Other unallocated amounts	121,609	109,746
Consolidated total liabilities	1,476,071	1,455,496

* Include amounts due from jointly-controlled entities which are in substance, a part of the Group's investments in the jointly-controlled entities.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2017

36 OPERATING SEGMENTS (CONT'D)

(a) Operating segments (cont'd)

	Reportable segment $'000	Unallocated amounts $'000	Consolidated totals $'000
Other material items			
2017			
Capital expenditure	1,038	3,503	4,541
Depreciation of property, plant and equipment	140	967	1,107
2016			
Capital expenditure	–	983	983
Depreciation of property, plant and equipment	–	849	849

(b) Geographical segments

The Group operates principally in Singapore, United Kingdom and Australia.

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

	Singapore $'000	China $'000	United Kingdom $'000	Australia $'000	Consolidated total $'000
2017					
Revenue	90,347	54	55,560	18,694	164,655
Non-current assets*	2,317,504	456,780	1,202,752	12,070	3,989,106
2016					
Revenue	87,709	52	56,688	154,963	299,412
Non-current assets*	2,133,860	391,472	1,077,471	1,658	3,604,461

* Excludes financial assets and other receivables.

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

37 DETERMINATION OF FAIR VALUES

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

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2017

37 DETERMINATION OF FAIR VALUES (CONT'D)

Financial assets and liabilities

The valuation techniques and the inputs used in the fair value measurements of the financial assets and financial liabilities for measurement and/or disclosure purposes are set out in note 34.

Investment properties

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

The fair values are based on market values, being the estimated amount for which a property could be exchanged on the date of the valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing, wherein the parties had each acted knowledgeably. Such valuation is based on price per square foot for the buildings derived from observable market data from an active and transparent market.

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

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

Assets held for sale

The fair value of the Group's assets held for sale is either valued by an independent valuer or based on agreed contractual selling price on a willing buyer and a willing seller basis in an arm's length transaction. For assets held for sale valued by an independent valuer, the valuer has considered the income capitalisation approach in arriving at the open market value as at the balance sheet date. In determining the fair value, the valuer used valuation techniques which involve certain estimates similar to those described above under Investment Properties.

Fair value hierarchy

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

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

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

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37 DETERMINATION OF FAIR VALUES (CONT'D)

	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Non-financial assets carried at fair value				
Group				
31 December 2017				
Investment properties	–	–	3,113,754	3,113,754
31 December 2016				
Investment properties	–	–	2,789,826	2,789,826
Assets held for sale	–	–	159,885	159,885
	–	–	2,949,711	2,949,711

Level 3 fair values

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

	Investment properties 2017 $'000	Assets held for sale 2017 $'000
Group		
1 January	2,789,826	159,885
Additions	232,934	–
Disposal	–	(159,885)
Gains and losses for the year		
Changes in fair value	78,082	–
Movements in exchange rates	12,912	–
At 31 December	3,113,754	–

	Investment properties 2016 $'000	Assets held for sale 2016 $'000
Group		
1 January	3,049,518	–
Reclassification from investment properties to assets held for sale	(159,885)	159,885
Gains and losses for the year		
Changes in fair value	104,050	–
Movements in exchange rates	(203,857)	–
At 31 December	2,789,826	159,885

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37 DETERMINATION OF FAIR VALUES (CONT'D)

Valuation technique and significant unobservable inputs

The following table shows the key unobservable inputs used in the valuation models for deriving Level 3 fair values as at 31 December 2017:

Type	Valuation technique	Key unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
Commercial properties in Singapore	Market comparison method	Transacted price of comparable properties[1]: $575 - $1,800 psf (2016: $616 - $1,742 psf)	The estimated fair value would increase/(decrease) if: - The transacted price of comparable properties was higher/(lower)
	Income capitalisation approach	Capitalisation rates: 3.75% - 4.75% (2016: 3.75% - 4.75%)	The estimated fair value would increase/(decrease) if: - The capitalisation rate was lower/(higher)
Commercial properties in United Kingdom	Income capitalisation approach	Capitalisation rates: 4.00% - 5.25% (2016: 4.11% - 5.6%)	The estimated fair value would increase/(decrease) if: - The capitalisation rate was lower/(higher)

[1] Adjusted for any differences in location, tenure, size and conditions of the specific property.

38 ACCOUNTING ESTIMATES AND JUDGEMENTS

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

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

Impairment loss on trade receivables

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

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2017

38 ACCOUNTING ESTIMATES AND JUDGEMENTS

Valuation of unsold development and completed properties

Where necessary, allowance for impairment loss would be set up for estimated losses which may result from deterioration in the estimated market values for unsold development properties. The Group estimates the level of allowance based on the prevailing selling prices of the development properties or similar development properties within the vicinity at the reporting date. In the absence of current prices in an active market, valuations are obtained from an independent property valuer. Similarly, the Group estimates the net realisable values of completed properties based on the latest transacted prices of these properties or comparable properties within the vicinity to determine whether a write down is required.

Valuation of investment properties

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

Income taxes

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

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

ADDITIONAL INFORMATION

as at 31 December 2017

Investment Properties

Location	Description	Tenure	Lettable Area (sq m)	Group's effective interest
Singapore				
623A Bukit Timah Rd	SPC petrol station	Leasehold - 999 years	1,857	100%
Eastwood Centre 20 Eastwood Road	2 retail units	Leasehold - 99 years from 6 November 1995	972	100%
HB Centre I 12 Tannery Road	A block of 10-storey high-tech industrial building	Freehold	7,662	100%
HB Centre 2 31 Tannery Lane	A block of 8-storey light industrial building	Freehold	3,216	100%
The Metropolis 9 & 11 North Buona Vista Drive	Two office towers of 21 and 23 storeys with retail component	Leasehold - 99 years from 3 November 2010	100,396	100%
London				
1 St Martin's Le Grand London EC1A 4NP	A block of 11-storey office building	Freehold	25,715	100%
60 St Martin's Lane London WC2 4JS	A block of 6-storey office building	Freehold	3,377	100%
39 Victoria Street London SW1	A block of 10-storey office building	Freehold	9,104	100%
110 Park Street, Mayfair London W1	A block of 5-storey office building	125-year lease from June 1996	2,600	100%
Apollo House and Lunar House Wellesley Road, Croydon London CR9	Two office buildings of 20 and 22 storeys	Freehold	41,040	100%
67 Lombard Street London EC3V 9LJ	A block of 10-storey office building	Freehold	8,699	100%

ADDITIONAL INFORMATION

as at 31 December 2017

Development Properties

Location	Description	Tenure	Stage of completion	Site area (Sq m)	Gross Floor Area (Sq m)	Group's effective interest
Australia						
Broadbeach, Gold Coast	Mixed use site	Freehold	-	11,342	73,723	100%
Ferny Avenue, Gold Coast	Residential site	Freehold	-	1,055	6,858	100%

ADDITIONAL INFORMATION

as at 31 December 2017

Properties held for sale

Location	Description	Tenure	Type of Development	Net Lettable/ Saleable Area (Sq m)	Group's effective interest
Singapore					
Turquoise Cove Drive, Sentosa Cove	48 apartments	Leasehold - 99 years from 12 March 2007	Residential	11,438	90%
Seascape Cove way, Sentosa Cove	103 apartments	Leasehold - 99 years from 9 June 2007	Residential	26,209	50%
Cape Royale Cove way, Sentosa Cove	302 apartments	Leasehold - 99 years from 7 April 2008	Residential	64,934	35%
Australia					
Rhapsody Surfers Paradise, Gold Coast	43 apartments	Freehold	Residential	3,708	100%
Pearl Doncaster, Melbourne	8 apartments	Freehold	Residential	538	100%
Shanghai					
Changyuan 888 Yu Yuan Road, Shanghai	1 apartment	Leasehold - 70 years from 1 August 2001	Residential	190	100%
London					
Parliament View 1 Albert Embankment London SE 1	2 apartments	Freehold	Residential	271	70%
Goodman's Fields 37 Leman St. London E1 8EY	17 apartments	Leasehold - 999 years	Residential	708	100%
Canaletto City Road London EC1V 1AD	21 apartments	Leasehold - 999 years	Residential	1,048	100%

SHAREHOLDINGS STATISTICS

as at 8 March 2018

SHARE CAPITAL

Class of shares	- Ordinary shares with equal voting rights @
No. of subsidiary holdings	- Nil
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 8 March 2018, 22.55% of the issued ordinary shares of the Company is held by the public and therefore, Rule 723 of the Listing Manual is complied with.

ANALYSIS OF SHAREHOLDINGS

Range of Shareholdings	No. of Shareholders	%	No. of Shares	%
1 - 99	15	0.22	331	0.00
100 - 1,000	2,497	36.40	2,452,506	0.35
1,001 - 10,000	3,483	50.78	15,840,956	2.25
10,001 - 1,000,000	840	12.25	46,371,132	6.59
1,000,001 and above	24	0.35	638,673,075	90.81
	6,859	100.00	703,338,000	100.00

TOP 20 SHAREHOLDERS

No.	Name of Shareholder	No. of Shares	%**
1	Ho Bee Holdings (Pte) Ltd	493,048,900	74.06
2	Citibank Nominees Singapore Pte Ltd	35,570,300	5.34
3	DBS Nominees Pte Ltd	11,354,800	1.71
4	Raffles Nominees (Pte) Ltd	7,525,607	1.13
5	Estate Of Chua Pin Chong, Deceased	6,610,000	0.99
6	DB Nominees (S) Pte Ltd	6,377,011	0.96
7	Chua Thiam Chok	4,265,000	0.64
8	BNP Paribas Nominees Singapore Pte Ltd	4,096,750	0.62
9	Nanyang Gum Benjamin Manufacturing (Pte) Ltd	3,988,000	0.60
10	Phillip Securities Pte Ltd	3,595,900	0.54
11	Yap Boh Sim	3,300,000	0.50
12	United Overseas Bank Nominees Pte Ltd	2,406,300	0.36
13	Chua Weijie	2,226,900	0.33
14	Chua Wee-Chern	2,202,000	0.33
15	Woon Choon Leng Desmond	2,100,000	0.32
16	Hexacon Construction Pte Ltd	1,865,000	0.28
17	OCBC Securities Private Ltd	1,817,930	0.27
18	Ong Chong Hua	1,800,000	0.27

SHAREHOLDINGS STATISTICS

as at 8 March 2018

TOP 20 SHAREHOLDERS (CONT'D)

No.	Name of Shareholder	No. of Shares	%**
19	Lee Seak Sung @ Lee Seak Song	1,752,000	0.26
20	Kingdom Investment Holdings Pte Ltd	1,414,000	0.21
		597,316,398	89.72

@ Ordinary shares purchased and held as treasury shares by the Company will have no voting rights. As at 8 March 2018, the Company has 37,617,400 shares held as treasury shares and this represents approximately 5.65% against the total number of issued shares excluding treasury shares as at that date.

** The percentage is calculated based on the number of issued ordinary shares of the Company as at 8 March 2018, excluding 37,617,400 shares held as treasury shares as at that date.

SUBSTANTIAL SHAREHOLDERS

	Direct Interest		Deemed Interest	
Substantial Shareholders	No. of Shares	%(1)	No. of Shares	%(1)
Ho Bee Holdings (Pte) Ltd	493,048,900	74.06	1,414,000(2)	0.21
Chua Thian Poh	-	-	494,462,900(3)	74.27

Notes

(1) The percentage is calculated based on the number of issued shares of the Company as at 8 March 2018, excluding 37,617,400 shares held as treasury shares as at that date.

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

(3) Mr Chua Thian Poh has a deemed interest in the 493,048,900 shares held by Ho Bee Holdings (Pte) Ltd and 1,414,000 shares held by Kingdom Investment Holdings Pte. Ltd.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the 30th Annual General Meeting of Ho Bee Land Limited (the "**Company**") will be held at NTU@one-north, Alumni House, Level 3, Auditorium 302, 11 Slim Barracks Rise, Singapore 138664 on Thursday, 26 April 2018 at 10.30 a.m. to transact the following business:-

ROUTINE BUSINESS

1. To receive and adopt the directors' statement and audited financial statements for the financial year ended 31 December 2017 and the auditors' report thereon. (**Resolution 1**)

2. To declare a first and final one-tier tax exempt dividend of 8 cents per share and a special one-tier tax exempt dividend of 2 cents per share for the financial year ended 31 December 2017. (**Resolution 2**)

3. To approve directors' fees of S$375,000 for the financial year ended 31 December 2017. (2016: S$375,000) (**Resolution 3**)

4. To re-elect Mr Desmond Woon Choon Leng, a director who will retire by rotation in accordance with Article 104 of the Company's Constitution and who, being eligible, will offer himself for re-election. (**Resolution 4**)

5. To re-elect Mr Bobby Chin Yoke Choong, a director who will retire by rotation in accordance with Article 104 of the Company's Constitution and who, being eligible, will offer himself for re-election. (**Resolution 5**)

6. To re-elect Mr Seow Choke Meng, a director who will cease to hold office in accordance with Article 108 of the Company's Constitution and who, being eligible, will offer himself for re-election. (**Resolution 6**)

7. To re-elect Ms Josephine Choo Poh Hua, a director who will cease to hold office in accordance with Article 108 of the Company's Constitution and who, being eligible, will offer herself for re-election. (**Resolution 7**)

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

SPECIAL BUSINESS

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

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

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

   (ii) make or grant offers, agreements or options (collectively, "**instruments**") that might or would require shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures or other instruments convertible into shares,

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

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

NOTICE OF ANNUAL GENERAL MEETING

provided that:-

(1) the aggregate number of the shares to be issued pursuant to this resolution (including shares to be issued in pursuance of instruments made or granted pursuant to this resolution), does not exceed 50% of the total number of issued shares (excluding treasury shares and subsidiary holdings) (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of shares to be issued other than on a pro rata basis to shareholders of the Company (including shares to be issued in pursuance of instruments made or granted pursuant to this resolution) does not exceed 20% of the total number of issued shares (excluding treasury shares and subsidiary holdings) (as calculated in accordance with sub-paragraph (2) below);

(2) (subject to such manner of calculation as may be prescribed by the Singapore Exchange Securities Trading Limited ("**SGX-ST**") for the purpose of determining the aggregate number of shares that may be issued under sub-paragraph (1) above, the percentage of issued shares shall be based on the total number of issued shares (excluding treasury shares and subsidiary holdings) at the time this resolution is passed, after adjusting for:-

(i) new shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which are outstanding or subsisting at the time this resolution is passed; and

(ii) any subsequent bonus issue, consolidation or subdivision of shares,

and in sub-paragraph (1) above and this sub-paragraph (2), "subsidiary holdings" has the meaning given to it in the Listing Manual of the SGX-ST;

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

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

10. That:-

(a) for the purposes of Sections 76C and 76E of the Companies Act, Chapter 50 (the "**Companies Act**"), the exercise by the directors of the Company of all the powers of the Company to purchase or otherwise acquire issued ordinary shares of the Company ("**shares**") not exceeding in aggregate the Prescribed Limit (as hereinafter defined), at such price(s) as may be determined by the directors of the Company from time to time up to the Maximum Price (as hereinafter defined), whether by way of:-

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

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

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

NOTICE OF ANNUAL GENERAL MEETING

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

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

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

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

(c) in this resolution:-

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

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

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

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

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

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

"**Prescribed Limit**" means the number of shares representing 5% of the total number of issued shares of the Company as at the date of passing of this resolution (excluding treasury shares and subsidiary holdings (as defined in the Listing Manual of the SGX-ST)); and

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

(**Resolution 10**)

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

By Order of the Board
Tan Sock Kiang
Company Secretary
Ho Bee Land Limited
29 March 2018

NOTICE OF ANNUAL GENERAL MEETING

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

Ordinary Resolution 3: This resolution is to seek approval for the payment of a total sum of S$375,000 as directors' fees for the financial year ended 31 December 2017 to be paid to the non-executive directors.

Ordinary Resolution 4: Mr Desmond Woon Choon Leng is an executive director. Key information on Mr Woon is set out on page 45 of the Annual Report.

Ordinary Resolution 5: Mr Bobby Chin Yoke Choong will, upon re-election as a director, remain as the lead independent director, chairman of the Audit & Risk Committee and a member of the nominating committee. He is considered an independent director. Key information on Mr Chin is set out on page 46 of the Annual Report.

Ordinary Resolution 6: Mr Seow Choke Meng will, upon re-election as a director, remain as a member of the Nominating Committee and a member of the Remuneration Committee. He is considered an independent director. Key information on Mr Seow is set out on page 48 of the Annual Report.

Ordinary Resolution 7: Ms Josephine Choo Poh Hua will, upon re-election as a director, remain as a member of the Audit & Risk Committee and a member of the Remuneration Committee. She is considered an independent director. Key information on Ms Choo is set out on page 49 of the Annual Report.

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

Ordinary Resolution 10: This resolution is to renew the Share Buyback Mandate, which was originally approved by shareholders on 29 April 2008 and was last renewed at the annual general meeting of the Company held on 25 April 2017. Please refer to the Letter to Shareholders dated 29 March 2018 for more details.

Books Closure Date and Payment Date for Dividends

Subject to the approval of the shareholders for the proposed first and final one-tier tax exempt dividend and the proposed special one-tier tax exempt dividend being obtained at the 30th Annual General Meeting, the register of members and the transfer book of the Company will be closed on 18 May 2018 for the purpose of determining shareholders' entitlements to the proposed dividends for the financial year ended 31 December 2017.

Duly completed transfers received by the Company's Share Registrar, M & C Services Private Limited at 112 Robinson Road #05-01, Singapore 068902 up to 5.00 p.m. on 17 May 2018 will be registered before entitlements to the proposed dividends are determined.

Shareholders whose securities accounts with The Central Depository (Pte) Limited are credited with shares at 5.00 p.m. on 17 May 2018 will be entitled to the proposed dividends.

The proposed dividends, if approved by shareholders at the 30th Annual General Meeting will be paid on 31 May 2018.

NOTICE OF ANNUAL GENERAL MEETING

Notes

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

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

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

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

3. The instrument appointing a proxy or proxies must be deposited at the office of the Company's Share Registrar, M & C Services Private Limited at 112 Robinson Road #05-01, Singapore 068902 not less than 72 hours before the time appointed for the meeting.

PERSONAL DATA PRIVACY

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

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

ANNUAL GENERAL MEETING

PROXY FORM

IMPORTANT

1. Relevant intermediaries as defined in Section 181 of the Companies Act, Chapter 50 may appoint more than two proxies to attend, speak and vote at the Annual General Meeting.
2. For CPF / SRS investors holding Ho Bee Land Limited shares, this form of proxy is not valid for use and shall be ineffective for all intents and purposes if used or purported to be used by them. CPF / SRS investors should contact their respective Agent Banks / SRS Operators if they have any queries regarding their appointment as proxies.
3. By submitting an instrument appointing proxy(ies) and/or representative(s), a member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 29 March 2018.

I/We ______________________________ (Name), ____________ (NRIC/Passport/Co Reg No.)
of ____ (Address)
being a member/members of Ho Bee Land Limited (the "**Company**") hereby appoint:

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

as my/our proxy/proxies to attend, speak and vote for me/us on my/our behalf at the 30th Annual General Meeting of the Company ("**AGM**") to be held at NTU@one-north, Alumni House, Level 3, Auditorium 302, 11 Slim Barracks Rise, Singapore 138664 on Thursday, 26 April 2018 at 10.30 a.m. and at any adjournment thereof.

I/We direct my/our proxy/proxies to vote for or against the resolutions to be proposed at the AGM as indicated hereunder. In the absence of specific directions, the proxy/proxies will vote or abstain as he/they may think fit, as he/they will on any other matter arising at the AGM and at any adjournment thereof.

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

No.	Resolutions	No. of Votes For	No. of Votes Against
Routine Business			
1	To receive and adopt the directors' statement and audited financial statements for the financial year ended 31 December 2017 and the auditors' report thereon.		
2	To declare a first and final one-tier tax exempt dividend of 8 cents per share and a special one-tier tax exempt dividend of 2 cents per share for the financial year ended 31 December 2017.		
3	To approve directors' fees of S$375,000 for the financial year ended 31 December 2017. (2016: S$375,000)		
4	To re-elect Mr Desmond Woon Choon Leng as director.		
5	To re-elect Mr Bobby Chin Yoke Choong as director.		
6	To re-elect Mr Seow Choke Meng as director.		
7	To re-elect Ms Josephine Choo Poh Hua as director		
8	To re-appoint KPMG LLP as auditors and to authorise the directors to fix their remuneration.		
Special Business			
9	To approve the authority to issue shares and make or grant instruments convertible to shares.		
10	To approve the renewal of the Share Buyback Mandate.		

Dated this ______ day of ______________ 2018

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

IMPORTANT: PLEASE READ NOTES OVERLEAF

Total Number of Ordinary Shares Held (Note 1)

NOTES TO PROXY FORM

1 Please insert the total number of shares held by you. If you have shares entered against your name in the Depository Register (maintained by The Central Depository (Pte) Limited), you should insert that number. If you have shares registered in your name in the Register of Members of the Company (maintained by or on behalf of the Company), you should insert that number. If you have shares entered against your name in the Depository Register and shares registered in your name in the Register of Members, you should insert the aggregate number. If no number is inserted, this form of proxy will be deemed to relate to all the shares held by you.

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

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

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

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

4 The instrument appointing a proxy or proxies must be deposited at the office of the Company's Share Registrar, M & C Services Private Limited at 112 Robinson Road #05-01, Singapore 068902 not less than 72 hours before the time appointed for the meeting.

5 Completion and return of an instrument appointing a proxy or proxies shall not preclude a member from attending, speaking and voting at the meeting. Any appointment of a proxy or proxies shall be deemed to be revoked if a member attends the meeting in person, and in such event, the Company reserves the right to refuse to admit any person or persons appointed under the relevant instrument appointing a proxy or proxies to the meeting.

6 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.

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

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

9 The Company shall be entitled to reject an instrument of proxy which is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified on the instrument of proxy. In addition, in the case of shares entered in the Depository Register, the Company may reject an instrument of proxy if the member, being the appointor, is not shown to have shares entered against his name in the Depository Register as at 72 hours before the time appointed for holding the meeting, as certified by The Central Depository (Pte) Limited to the Company.

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

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