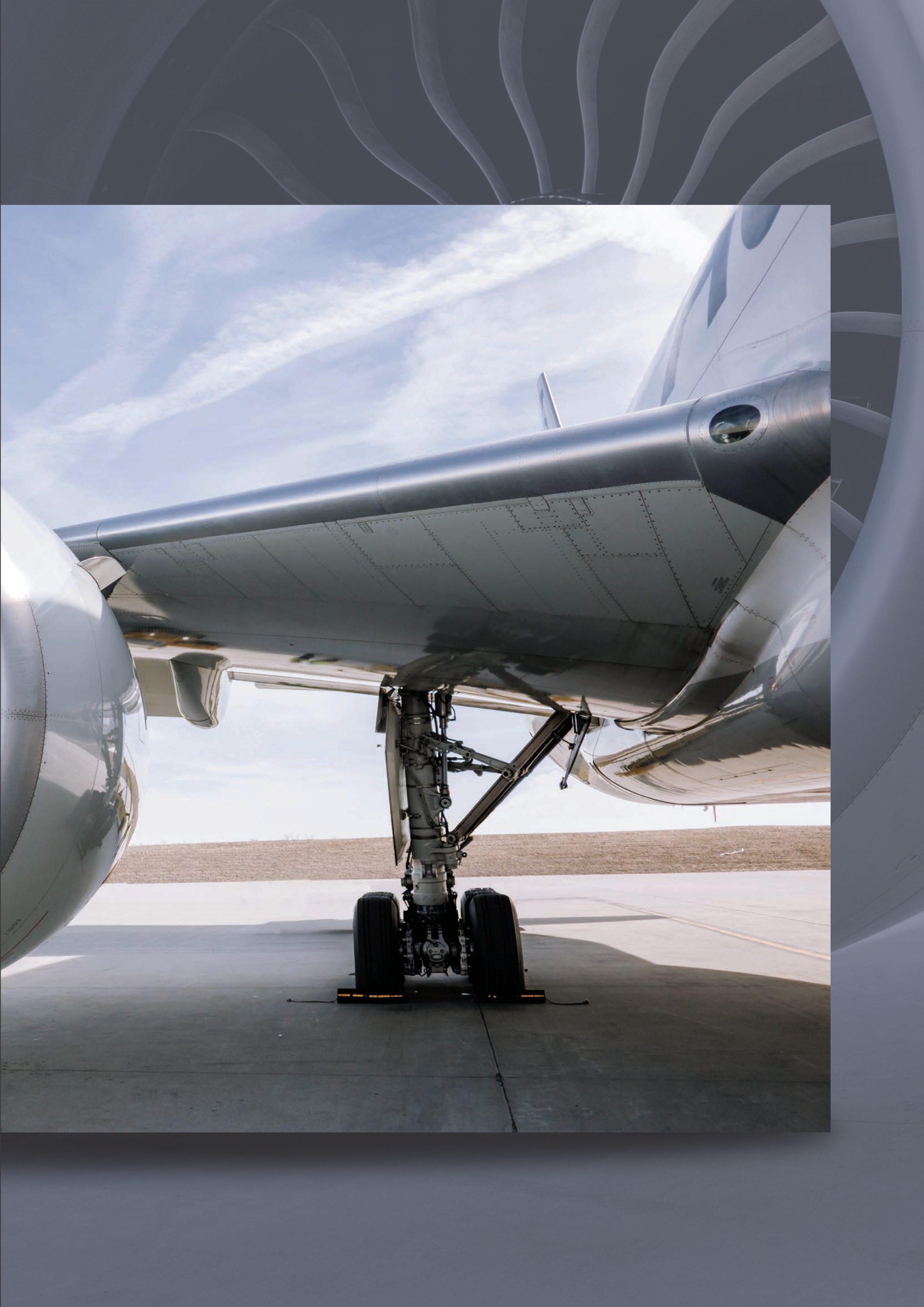
HO BEE LAND ANNUAL REPORT 2020

THE WORLD AS WE KNOW IT HAS CHANGED

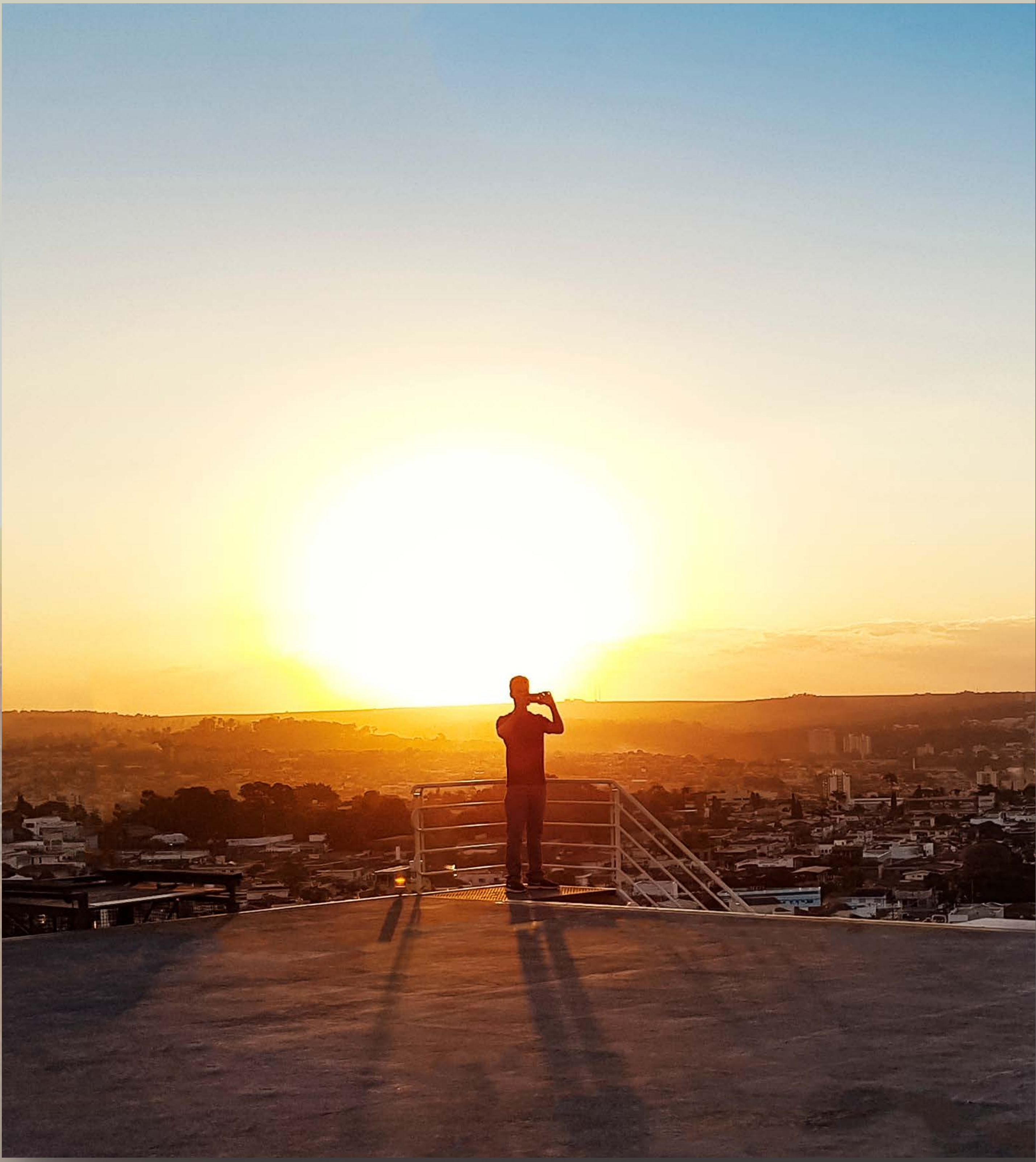
CONTENTS

INDUSTRIES HAVE COME TO A STANDSTILL



BUSINESSES HAVE TAKEN A BIG HIT

THERE'S A NEW NORMAL



Amidst these challenging conditions, we have our eyes cast over the horizon at the possibilities that lie before us. History has consistently shown that the most successful companies are the ones that turn challenges into opportunities. As we stay on course to ride out this storm, we will continue to keep our gaze firmly focused on the future to keep us ahead of our times –

FUTURE FOCUSED

WORDS FROM THE CHAIRMAN

Dear Shareholders

The negative narrative of the COVID-19 pandemic that caused disruptions to the global economies in 2020 has been well documented. Our financial performance was not spared by the crisis but fortunately for us, our Group's resilient income base from our investment portfolio built up since the last global financial crisis has helped us navigate through the challenges. I am therefore pleased to report that the Group remained profitable for FY2020.

I will now share how the Group has performed in FY2020 and provide a brief overview of our operations in each geographical market.

FINANCIAL OVERVIEW

In FY2020, profit declined 59% to S$137.1 million from S$332.3 million a year ago. Excluding the net fair value loss on the investment properties of S$32.8 million in FY2020 and the fair value gain on investment properties of S$243.7 million and the related tax impact in FY2019, profit for FY2020 would have been S$169.9 million as compared to S$99.6 million in FY2019.

Rental income continued to underpin the Group's financial performance and profitability in FY2020. Rental income increased 2.6% year-on-year to S$215.0 million (FY2019: S$209.5 million), mainly due to positive rental reversions.

Development profits from associates increased 406% year-on-year to S$53.2 million (FY2019: S$10.5 million). This was mainly due to a higher number of units completed and handed over to purchasers in our China joint ventures, higher interest income, and the write-back of development costs during the year.

The share of profits from the Group's jointly controlled entities recorded a year-on-year improvement to S$2.2 million (FY2019: share of losses of S$3.6 million). The increase was due to the profits recognised from the handover of units to purchasers of the Group's jointly owned Tangshan project in China. The increase could have been higher if not for the Group's share of the write down in the net realisable value of Cape Royale in Sentosa amounting to S$25.9 million (FY2019: nil).

Overall, the Group's earnings per share declined to 20.62 cents from 49.95 cents a year ago. Total shareholders' fund as of 31 December 2020 was S$3.62 billion, representing a net asset value of S$5.46 per share (FY2019: S$5.32 per share).

Our Group's financial position remains strong. Net gearing was 0.64 times as of 31 December 2020, largely unchanged from a year ago.

WORDS FROM THE CHAIRMAN

BUSINESS REVIEW

Singapore

The Group's portfolio of properties in Singapore generated total rental income of S$100.9 million in FY2020 (FY2019: S$96.4 million), contributing to 47% of Group revenue (FY2019: 45%).

The key rental contributor is The Metropolis which is 99% occupied. During FY2020, the F&B outlets in The Metropolis were badly affected by the pandemic. The Group granted rental rebates to these affected tenants. Rental collections from office tenants were largely not impacted by the pandemic.

In FY2020, we undertook an asset enhancement initiative to increase the lettable area on levels two and three in Tower 1 of The Metropolis by about 15,000 sq ft. The new addition will be completed by 2Q 2021.

The residential units in Sentosa Cove continued to enjoy a high occupancy rate of approximately 88% as at the end of FY2020.

In March 2020, we were awarded a land site in one-north to develop a biomedical sciences facility. This would allow us to tap into the rapidly growing biomedical sciences sector following the outbreak of the COVID-19 pandemic. The development will be seamlessly connected to The Metropolis through the lush greeneries of the Rail Corridor, creating a prominent gateway to one-north.

London

Our London portfolio which includes seven prime offices in London generated total rental income of £63.8 million in FY2020 which was comparable to £64.0 million in the previous financial year. This represented 53% of Group revenue in FY2020 (FY2019: 52%).

The London office properties enjoy virtually 100% occupancy rate. Similar to Singapore, the ancillary F&B outlets were badly affected by the pandemic. We had provided rental relief to help them tide over the period. Apart from these F&B tenants, we did not face any issues from the rest of our office tenants in rental collection or default.

Europe

The Group has existing investments in a European real estate fund and co-investment in a redevelopment project in Munich, Germany. The redevelopment project is expected to commence works in mid-2021. When completed, the project's gross floor area would increase by 30% to 63,455 sqm. The project will have large floor plates, a rarity in the city centre. The Group holds approximately 40% interest in this redevelopment project.

In FY2020, the Group co-invested in another commercial redevelopment project in Berlin, Germany. The project is currently in its planning, design, and technical assessment stages.

As of 31 December 2020, the Group had invested €104.5 million into these European investments.

Australia

The Group has set up a local team to focus on developing master-planned residential communities in Queensland and Victoria. During the year, the team had acquired five sites for such developments. In total, these sites will generate approximately 2,000 lots for sale over the next few years.

Despite the pandemic, the demand for housing lots in the master-planned communities remains strong. We have fully sold the 95-lot Sunshine Coast project in FY2020 and started to hand over the lots to the purchasers in March 2021.

China

The project in Shanghai has been fully sold and handed over to purchasers. The Group's share of profits of S$28.8 million from this project in FY2020 arose mainly from interest income and write-back of development costs following the finalisation of final accounts with key subcontractors.

The Group's 20% joint venture residential project in Zhuhai comprises 3,669 units. To-date, approximately 86% of the units have been sold. During the year, the Group recognised its share of profits from the Zhuhai project amounting to S$34.4 million. To-date, we have recognised 84% of our share of the sold units.

Phase Two of the Group's 50% joint venture residential project in Tangshan comprising 1,220 units is fully sold. During the year, approximately 40% of the total units were handed over to purchasers with the remaining 60% to be handed over in the first half of FY2021. The Group's share of profit from the Tangshan project in FY2020 was S$22.3 million.

PROPOSED DIVIDEND

The Board is pleased to recommend a dividend of 10 cents per share, comprising a first and final dividend of 8 cents per share and a special dividend of 2 cents per share, similar to FY2019. Subject to shareholders' approval at the Annual General Meeting of the Company to be held on 28 April 2021, the dividends will be paid on 28 May 2021.

BUSINESS PROSPECTS

The pandemic has illustrated to us the importance of building resilience. It has also pushed us to relook at the way we live, work and play. The world, as we know it, has changed. Some of these changes are temporary while others are structural and permanent. Nevertheless, we must remain nimble and respond swiftly to the changing landscapes.

The robust recurring income base we built over the past decade has provided a strong foundation for us to face the unprecedented crisis of FY2020. We are able to continue driving growth even in these tough times from a position of strength.

The global economic outlook continues to be cautious and uncertain. The recovery is likely to be uneven and protracted. However, with the vaccine roll-out globally, we hope that the worst of the pandemic is behind us.

ACKNOWLEDGEMENTS

I would like to express my heartfelt gratitude and appreciation to my fellow Board members, who have provided much guidance in conducting the affairs of the Board.

I would also like to acknowledge the hard work and dedication of management and staff of the Company, especially those in the frontline managing our investment properties to ensure a safe working environment for our stakeholders.

Finally, my sincere appreciation to our shareholders, tenants and business associates for their continued support and confidence in the Company. May I take this opportunity to wish you a safe and healthy year ahead.

CHUA THIAN POH
Chairman & Chief Executive Officer

BOARD OF DIRECTORS

Chua Thian Poh

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Dr Chua Thian Poh is the founder of Ho Bee Group. He was appointed as the Group's Chairman and Chief Executive Officer in 1999.

Dr Chua has held several public appointments. He was appointed as the Non-Resident Ambassador of Singapore to the Republic of Maldives (2015 – 2019), a member of the Constitutional Commission for the review of Elected Presidency (2016), an alternate member (2017) and subsequently a full member (2019) of the Council of Presidential Advisers.

An active community leader, Dr Chua serves as Honorary President of Singapore Federation of Chinese Clan Associations, Honorary President of Singapore Chinese Chamber of Commerce & Industry, Immediate Past President of Singapore Hokkien Huay Kuan, Honorary Chairman of Bishan East Citizens' Consultative Committee, Chairman of Ren Ci Hospital, Chairman of Board of Trustee of the Chinese Development Assistance Council, and Chairman of Singapore Chinese Cultural Centre.

Dr Chua has received many accolades for his business leadership and philanthropic impact, as well as contributions towards the community and public service sector. In July 2019, National University of Singapore conferred on him the Honorary Doctor of Letters.

Among the other awards conferred on him include the Public Service Star (BBM, 2004), Justice of the Peace (2005 – 2020), Businessman of the Year (2006), President's Award for Philanthropy (Individual, 2012), Forbes Asia's Heroes of Philanthropy (2014), and Distinguished Service Order (2014).

Ong Chong Hua

EXECUTIVE DIRECTOR AND CHIEF OPERATING OFFICER

Mr Ong Chong Hua joined the Group in 1995 as an Executive Director and was appointed as the Group's Chief Operating Officer on 1 October 2018.

Mr Ong works closely with the Group Chairman and Chief Executive Officer in charting the Group's investment, development and marketing strategies. He is also responsible for all operational aspects of the Group's businesses in Singapore and overseas.

Mr Ong has more than 40 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 Master's Degree in Town and Regional Planning from the University of Sheffield, UK.

Desmond Woon Choon Leng

EXECUTIVE DIRECTOR

Mr Desmond Woon joined the Group in 1987 and was appointed as an Executive Director in 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.

Bobby Chin Yoke Choong

LEAD INDEPENDENT DIRECTOR

Mr Bobby Chin was appointed to the Board in 2006. He was the Managing Partner of KPMG Singapore from 1992 until his retirement in 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 was formerly a board member of Singapore Telecommunications Limited and a member of the Council of Presidential Advisers.

Mr Chin is Chairman of the Housing & Development Board, NTUC Fairprice Co-operative Limited and Deputy Chairman of NTUC Enterprise Co-operative Limited. Mr Chin sits on the boards of the Singapore Labour Foundation, Temasek Holdings Private Limited and several listed companies including Yeo Hiap Seng Limited and AV Jennings Limited.

BOARD OF DIRECTORS

Jeffery Chan Cheow Tong

INDEPENDENT DIRECTOR

Mr Jeffery Chan was appointed to the Board in 2002. He was also appointed as a board member of Ho Bee Foundation in May 2017.

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 Goodhope Asia Holdings Ltd and 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.

Ko Kheng Hwa

INDEPENDENT DIRECTOR

Mr Ko Kheng Hwa was appointed to the Board in May 2016. He is currently Chairman of Envision Digital International Pte Ltd and Senior Advisor to Envision Digital Group. Headquartered in Singapore, the group provides Artificial Intelligence of Things (AIoT) digital platform and solutions for smart energy and smart cities globally. He is an Independent Director of AIMS APAC REIT Management Limited, manager of the public-listed AIMS APAC REIT. He also serves as Senior or Expert Advisor to several companies.

Public sector leadership positions previously held by Mr Ko 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 of Sustainable Development & Living Business Division of Keppel Corporation Ltd, Director of China-incorporated joint venture companies which master-developed the Sino-Singapore Guangzhou Knowledge City and Sino-Singapore Tianjin Eco-City, and Chairman of former NASDAQ-listed Pacific Internet Ltd.

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

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, a Director of Sin Chew Jit Poh (Singapore) Ltd, Focus Publishing Ltd and Times Properties Pte Ltd. Mr Seow is a veteran in the media industry having worked in SPH group for 41 years. He held various senior appointments in SPH which includes helming the human resource, administration, circulation, properties and editorial services/cultural industry promotion departments of the Chinese newspapers.

Mr Seow is an Honorary Council Member of the Singapore Chinese Chamber of Commerce and Industry. He is actively involved in grassroots and community organisations. He serves as Board of Trustee for Chinese Development Assistance Council, Vice-Chairman of Ulu Pandan Citizens' Consultative Committee and Ren Ci Hospital. He is also a board member of Kwong Wai Shiu Hospital & Nursing Home, Singapore Chinese Cultural Centre, Straco Leisure Pte Ltd and SPH Silver Care Pte Ltd. In December 2019, Mr Seow was appointed as Independent Director of Hi-P International Ltd.

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

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 a Director and Chairman of Dr Oon Chiew Seng Trust Limited and also a Director of Jesuit Refugee Service (Singapore) 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

Nicholas Chua

DEPUTY CHIEF EXECUTIVE OFFICER

Mr Nicholas Chua was appointed as Deputy Chief Executive Officer on 1 October 2018. Prior to the appointment, he held various senior management positions since joining the Group in 2002.

He has been involved in developing the Group's businesses, particularly in Australia and China. He also spearheaded the Group's investments into Europe. With his role as the Deputy Chief Executive Officer, he assists the Chief Executive Officer in implementing the Group's strategies and policies, and in the overall management of the Group's businesses.

Mr Chua started his career with DBS Group Holdings Ltd. He graduated with a Bachelor of Science in Finance and Marketing from the University of Oregon.

Mr Chua is also the Board Chairman of Chua Foundation.

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 joining the Group in 1995.

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 (Honours) degree in Estate Management from the National University of Singapore. He currently serves as the Assistant Honorary Treasurer on the Management Committee of the Real Estate Developers Association of Singapore.

Michael Vinodolac

CHIEF EXECUTIVE OFFICER, AUSTRALIA

Mr Michael Vinodolac joined Ho Bee Land in February 2020 as the CEO in Australia. He is responsible for charting the Group's property business and growth strategy in Australia.

Mr Vinodolac has more than 15 years of experience in the master-planned residential communities, having initially started his career as a lawyer before moving into development finance, followed by residential development roles. Prior to joining Ho Bee Land, Mr Vinodolac was the Chief Operating Officer for Villa World Limited, an ASX-listed residential developer and home builder where he oversaw a substantial growth phase for the business.

Mr Vinodolac holds a Bachelor of Commerce in Accounting and Finance from Notre Dame University Australia and a Bachelor of Laws from Griffith University.

Josephine Lee

FINANCE DIRECTOR

Ms Josephine Lee joined Ho Bee Land as Financial Controller in July 2018. She is responsible for managing the Group's finance and accounting operations, financial and management reporting, capital management and budgeting and budgetary control. Ms Lee was promoted to Finance Director with effect from 1 January 2021.

She has more than 20 years of diversified experience in the Big Four audit firms and commercial experience in Singapore and China.

Prior to joining Ho Bee Land, Ms Lee was the Chief Financial Officer of Frasers Hospitality Asset Management Pte Ltd and Frasers Hospitality Trust Management Pte Ltd, and was responsible for the managers' financial management and regulatory compliance and reporting, and the financial and capital management for Frasers Hospitality Trust.

Ms Lee holds a Bachelor of Accountancy (Honours) degree from Nanyang Technological University, Singapore, and is a Chartered Accountant of Singapore.

Katharine Kum

GENERAL MANAGER, PROJECTS AND PROPERTY MANAGEMENT

Ms Katharine Kum joined Ho Bee Land as General Manager, Projects and Property Management in April 2020.

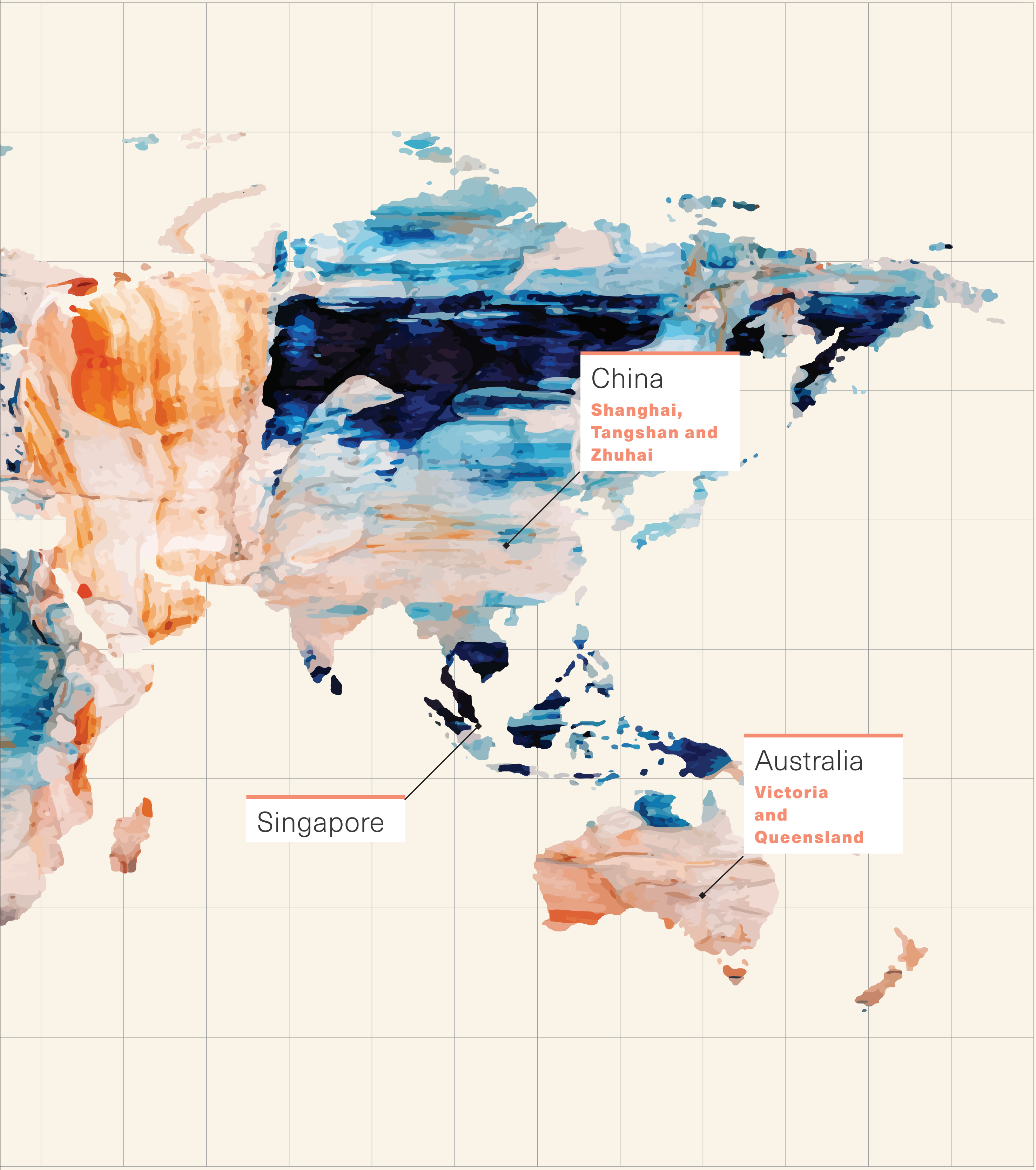
She is responsible for planning, execution, design, construction and performance of the Company's development projects and oversight of the property management of the Company's portfolio of investment properties in Singapore.

Ms Kum has more than 20 years of project development experience and prior to joining Ho Bee Land, she was the General Manager, Head of Projects in Bukit Sembawang Estates Ltd, responsible for the design and development of the Group's properties.

Ms Kum holds a Bachelor of Architecture (Honours) degree and a Bachelor of Environmental Design degree from the University of Western Australia. She is a registered architect with the Singapore Board of Architects, a member of the Singapore Institute of Architects and the Singapore Institute of Arbitrators.

OUR PRESENCE

The global landscape is our canvas where we strategically paint our footprints upon.



OUR DEVELOPMENT PROPERTIES

In this section we take a closer look at a selected composition of our development properties and acquisitions in Australia.

DEVELOPMENT PROJECTS

Parklakes II Bli Bli, Queensland

Parklakes II is an established boutique master-planned community situated on the Sunshine Coast. HB QLD acquired the final two stages comprising of 95 approved lots. The Sunshine Coast is situated 115km north of Brisbane and is home to beaches, national parks and lush countryside.

Ripley, Queensland

Bellevue is a 47.41ha site located within Ripley Valley. Ripley is a priority development area and Bellevue holds a development permit for 577 residential lots, a regional sports facility and associated community facilities. Ripley is a major growth corridor in South East Queensland and is located 42km from Brisbane CBD and 15km from Springfield Town Centre.

NEW ACQUISITIONS

Collingwood Park, Queensland

The 27.15ha Collingwood Park site is located 30km from Brisbane CBD in the Ipswich area and holds a development permit for 323 residential lots, green space and parklands. Collingwood Park is well located close to Springfield Town Centre, train lines and local schools.

OUR DEVELOPMENT PROPERTIES

NEW ACQUISITIONS

Leakes Road, Tarneit, Victoria

The 60ha site is located 28km west of Melbourne CBD and holds a development permit for 783 residential lots, a 3.5ha school, a 5.67ha regional sports reserve and a 8.2ha future development parcel. The property directly adjoins established residential estates and is close to local shopping and in between two future rail stations. The property is also adjacent to the future Riverdale Major Town Centre and future Wyndham City Stadium.

Bayview Road, Officer, Victoria

The 8.31ha site is located 50km south east of Melbourne CBD and holds a development permit for 104 residential lots which will be amended to allow for 119 lots. Officer is serviced by an abundance of high-quality schools, existing and planned shopping centres, a new railway station, indoor and outdoor sports facilities, and medical centres.

NEW INVESTMENT PROPERTY

In March 2020, Ho Bee Land was awarded a mixed-use site in a JTC tender to develop a biomedical sciences project next to its flagship commercial office development, The Metropolis.

Biopolis Phase 6, Singapore

With a total allowable gross floor area of 41,366 sqm, the Biopolis Phase 6 will have 85% of the area set aside for biomedical sciences research and supporting activities, and 15% for office and retail uses.

This new 12-storey landmark development is poised to achieve the Green Mark Platinum Award standard set by the Building and Construction Authority (BCA).

Designed by the internationally acclaimed architecture firm, Skidmore, Owings & Merill (SOM) and supported by local architect firm, DCA Architects, the development seeks to seamlessly fuse elements of nature, technology and wellness into a community-focused design.

The adjacent Rail Corridor's Buona Vista node will be integrated with the development, and transformed into a vibrant urban park.

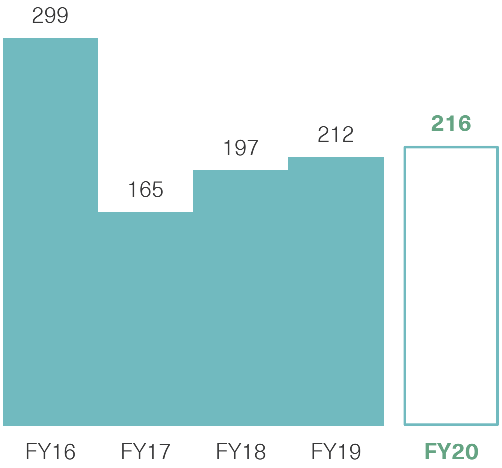
When completed in 2023, the Biopolis Phase 6 will house a new generation of labs and help to establish Singapore as the biomedical sciences hub of Asia.

Together with The Metropolis, the new investment portfolio will create an exciting precinct and gateway to one-north.

FINANCIALS AT A GLANCE

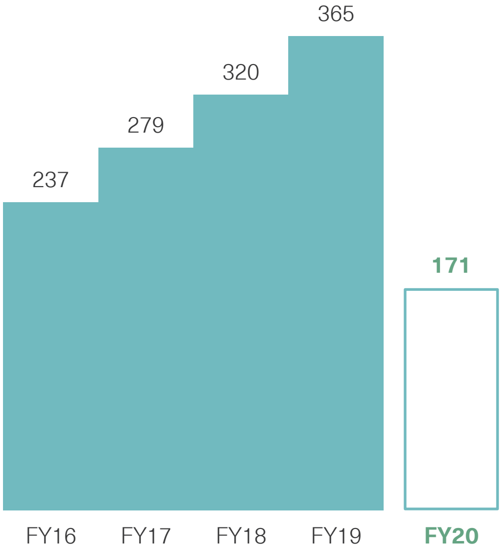
Turnover

(S$million)



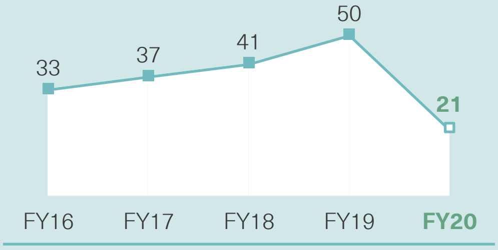
Profit Before Taxation

(S$million)



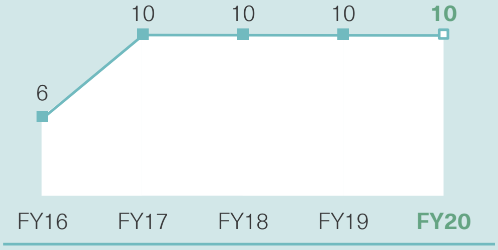
Earnings Per Share

(Cents)



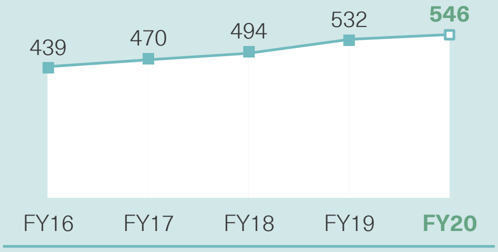
Dividends Per Share

(Cents)



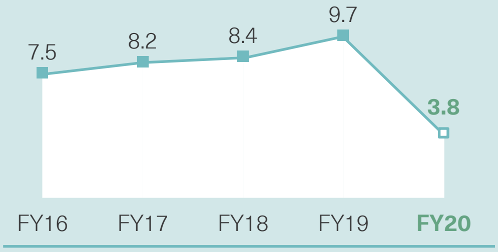
Net Assets Value Per Share

(Cents)



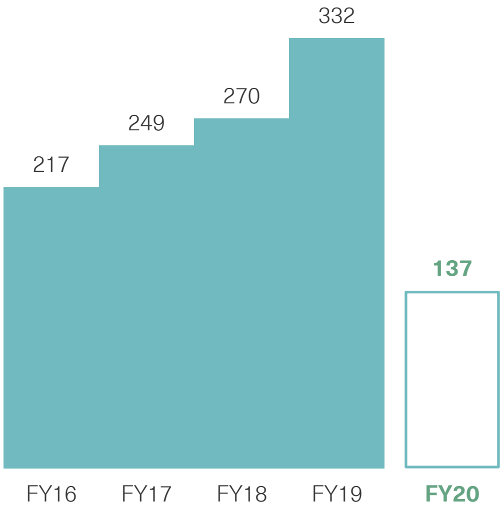
Return On Equity

(%)



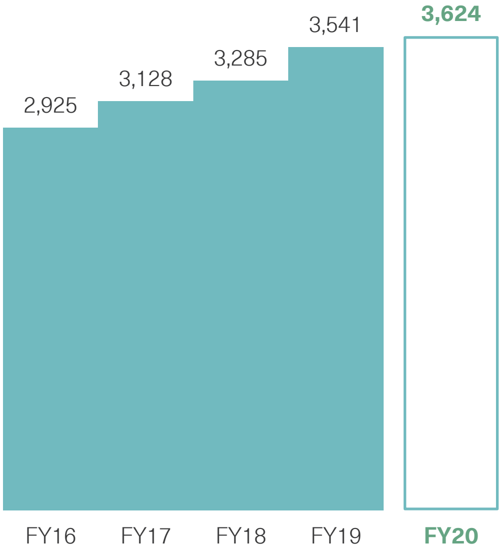
Profit Attributable To Shareholders

(S$million)

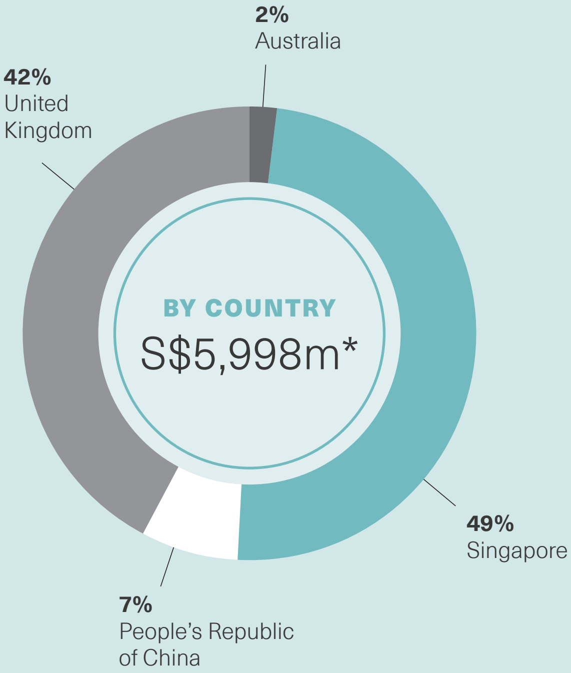


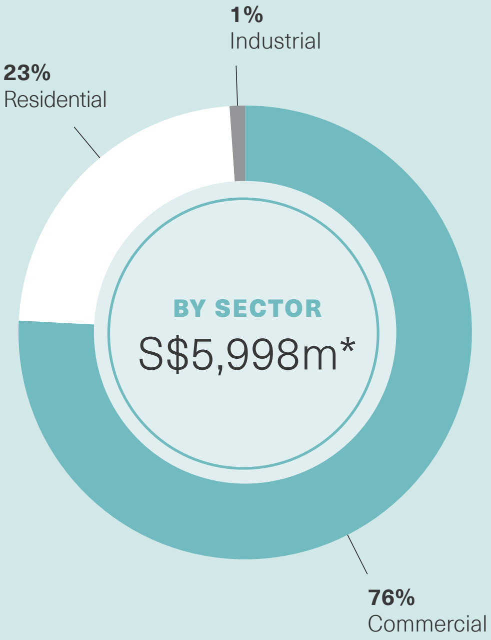
Shareholders' Equity

(S$million)



Property Investments





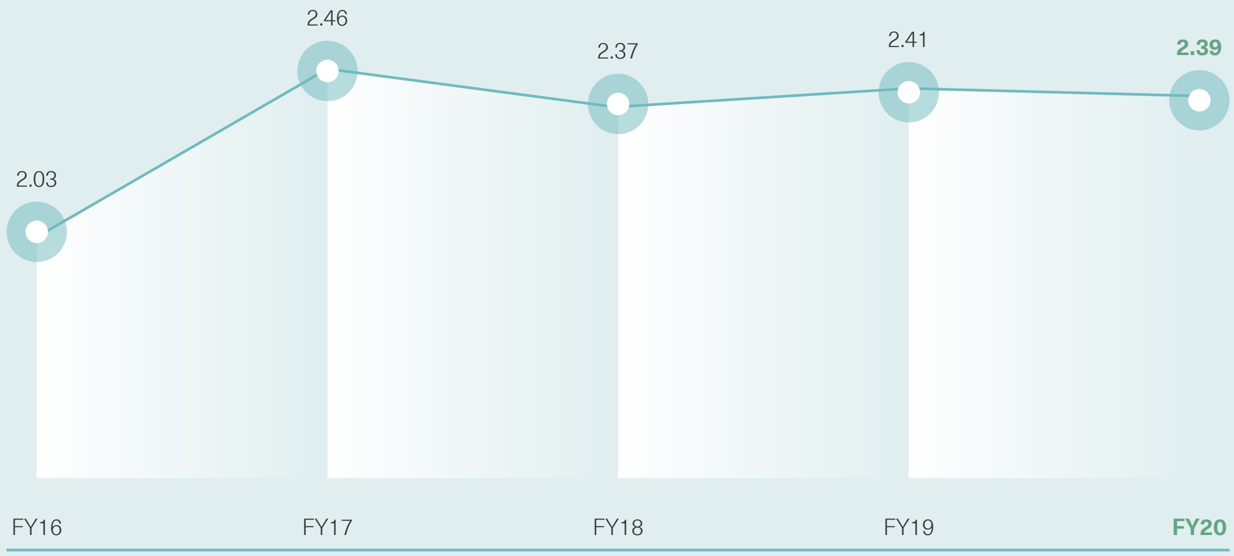
* Includes property investments held by jointly-controlled entities and associates

INVESTOR RELATIONS

Share Price

(S$)

Based on closing share price as at 31 December.



2021 Financial Calendar

26
FEBRUARY

Financial results release for the financial year ended 31 December 2020

28
APRIL

Annual General Meeting

12
AUGUST

Financial results release for the half year ending 30 June 2021

CORPORATE STRUCTURE

Ho Bee Land Limited

- 🟦 Ho Bee Developments Pte Ltd
  - 🟦 Ho Bee Realty Pte Ltd
  - 🟦 Ho Bee (Eastwood Park) Pte Ltd
  - 🟦 Ho Bee (Pasir Ris) Pte Ltd
  - 🟦 Ho Bee (One-North) Pte Ltd
- 🟦 HB Properties International Pte Ltd
- 🟦 Pacific Rover Pte Ltd
- 🟦 HB Venture Capital Pte Ltd
- 🟦 HBS Investments Pte Ltd
  - ⬛ Parliament View Developments Limited
    - ⬛ Parliament View Management Company Limited
- 🟦 HB Le Grand Pte Ltd
- 🟦 HB St Martins Pte Ltd
- 🟦 HB Mayfair Pte Ltd
- 🟦 HB Victoria Pte Ltd
- 🟦 HB Croydon Pte Ltd
  - 🟧 Kempster Investments Limited
- 🟦 HB Universal Pte Ltd
- 🟦 TMK Orion Pte Ltd
- 🟧 Stream Field Investments Limited
  - 🟧 Emmatown Properties Ltd
- 🟧 Grandeur Property Investments Limited
- 🟥 HB Australia Pty Ltd
- 🟥 HB Ferny Pty Ltd
  - 🟥 **60%** Elwood Tiuna Development Pty Ltd
- 🟥 HB Oracle Pty Ltd
  - 🟥 **49%** Wollert JV Pty Ltd
  - 🟥 **49%** Elwood Tiuna Pty Ltd
- 🟥 HB Doncaster Pty Ltd
- 🟥 HB Land Pty Ltd
  - 🟥 HB QLD Pty Ltd
  - 🟥 HBL VIC Pty Ltd
  - 🟥 HBL NSW Pty Ltd
- 🟥 Queensgate Investments Pty Ltd
- 🟦 **90%** Ho Bee Cove Pte Ltd
- 🟦 **50%** Seaview (Sentosa) Pte Ltd
- 🟦 **35%** Pinnacle (Sentosa) Pte Ltd
- 🟦 **80%** HB Investments (China) Pte Ltd
  - 🟦 **50%** Yanlord Ho Bee Investments Pte Ltd
    - 🟩 **100%** Yanlord Ho Bee Property Development (Tangshan) Co., Ltd
- 🟩 **40%** Shanghai Yanlord Hongqiao Property Co., Ltd
  - 🟩 **75%** Nanjing Renbei Property Development Co., Ltd
    - 🟩 **26%** Nanjing Yusheng Real Estate Co., Ltd
- 🟩 **20%** Zhuhai Yanlord Heyou Land Co., Ltd
  - 🟩 **100%** Zhuhai Yanlord Heyuan Land Co., Ltd

- 🟦 Incorporated in Singapore
- 🟥 Incorporated in Australia
- 🟧 Incorporated in British Virgin Islands
- 🟩 Incorporated in People's Republic of China
- ⬛ Incorporated in United Kingdom

Note: Entities are 100% owned unless otherwise stated.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Chua Thian Poh
Chairman and
Chief Executive Officer

Ong Chong Hua
Executive Director and
Chief Operating Officer

Desmond Woon Choon Leng
Executive Director

Bobby Chin Yoke Choong
Lead Independent Director

Jeffery Chan Cheow Tong
Independent Director

Ko Kheng Hwa
Independent Director

Seow Choke Meng
Independent Director

Josephine Choo Poh Hua
Independent Director

MANAGEMENT TEAM

Nicholas Chua
Deputy Chief
Executive Officer

Chong Hock Chang
Group Director,
Projects and Marketing

Michael Vinodolac
Chief Executive Officer,
Australia

Josephine Lee
Finance Director

Katharine Kum
General Manager,
Projects and Property
Management

AUDIT & RISK COMMITTEE

Bobby Chin Yoke Choong
Chairman

Jeffery Chan Cheow Tong

Ko Kheng Hwa

Josephine Choo Poh Hua

NOMINATING COMMITTEE

Ko Kheng Hwa
Chairman

Chua Thian Poh

Bobby Chin Yoke Choong

Seow Choke Meng

REMUNERATION COMMITTEE

Jeffery Chan Cheow Tong
Chairman

Seow Choke Meng

Josephine Choo Poh Hua

COMPANY SECRETARY

Wince Fung

COMPANY REGISTRATION NO.

198702381M

REGISTERED OFFICE

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

SHARE REGISTRAR

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

EXTERNAL AUDITORS

KPMG LLP
Public Accountants
and Chartered
Accountants Singapore
Partner-In-Charge:
Ms Shelley Chan Hoi Yi
(since 2020)
16 Raffles Quay #22-00
Hong Leong Building
Singapore 048581

INTERNAL AUDITORS

Nexia TS Risk Advisory Pte. Ltd.
80 Robinson Road
#25-00
Singapore 068898

SUSTAINABILITY REPORT

BOARD STATEMENT

The Government has unveiled the Singapore Green Plan 2030 (or the Green Plan), a "whole-of-nation movement" to advance Singapore's national agenda on sustainable development. The Green Plan charts concrete targets over the next ten years, strengthening Singapore's commitments under the UN's 2030 Sustainable Development Agenda and Paris Agreement.

Recently, new key targets were announced for the Green Plan. These include the development of over 130ha of new parks, and the enhancement of existing parks with more lush vegetation and natural landscapes by end of 2026. "80-80-80 by 2030" targets to have 80% of buildings in Singapore to be green by 2030.

Ho Bee Land would like to build upon what we have already done and strengthen ongoing efforts in support of the Green Plan. In this regard, we are happy to announce that we have been awarded a site, Biopolis Phase 6, to develop a mixed-use biomedical sciences and office development at one-north. Not only will this project be designed to achieve Green Mark Platinum Award set by the Building and Construction Authority ("**BCA**"), it will also be within the Buona Vista node of the Green Corridor. The Green Corridor is believed to be part of the Green Plan 2030 and we are glad to be contributing towards the national goal. When completed, the 12-storey development seeks to seamlessly fuse elements of nature, technology, and wellness into its community-focused design.

Since we started publishing our first Sustainability Report in 2017, we have been following the Global Reporting Initiative ("**GRI**") standards 2016 to chart our journey towards more responsible Environmental, Social and Governance ("**ESG**") practices. The framework is an internationally recognised reporting framework that matches Ho Bee Land's sustainability disclosures closely.

The key ESG factors that were identified in previous years are still relevant in the current year and have been carefully incorporated in the formulation of our business strategies. One of our focuses is to ensure that our buildings and properties are sustainable and energy efficient. This would go towards helping to reduce our carbon footprint in the fight against climate change. Climate change has a significant impact on our planet and communities, and it is imperative that we do our part to help save the Earth.

We are therefore pleased to inform that our flagship development in Singapore, The Metropolis, continues to be Green Mark Platinum Certified, and its energy and water consumption during the year has been highly efficient. The water and power consumption declined by 37% and 11% respectively year-on-year in part due to the reduced activities in the development during the COVID-19 pandemic and in part due to our constant monitoring of our conservation efforts. We remain committed to minimising the environmental impact of our properties through the responsible consumption of water and energy resources in our operations.

In addition, following the green loans secured for The Metropolis and Ropemaker Place, London, in 2018, the Group has secured a S$271 million green loan for the Biopolis Phase 6 development with three major banks acting as Green Loan advisers under the Group's Green Finance Framework. The adoption of this Framework is another example of the Group's initiatives towards meeting sustainable development goals.

The Board remains committed and will continue to adopt resilient and sustainable business practices in the pursuit to increase shareholders' value.

We thank all our stakeholders for their continued support.

Board of Directors
Ho Bee Land Limited

SUSTAINABILITY REPORT

ABOUT THIS REPORT

Ho Bee Land (“**HBL**”) publishes a sustainability report annually which outlines the Group’s commitment towards sustainable growth through the disclosure of selected performance and targets of significant assets of the Group. This year, we continue to provide our stakeholders’ insights to our Environmental, Social and Governance (“**ESG**”) practices and initiatives with reference to (GRI) Standards 2016. This report complies with the SGX-ST Listing Rules 711A and 711B.

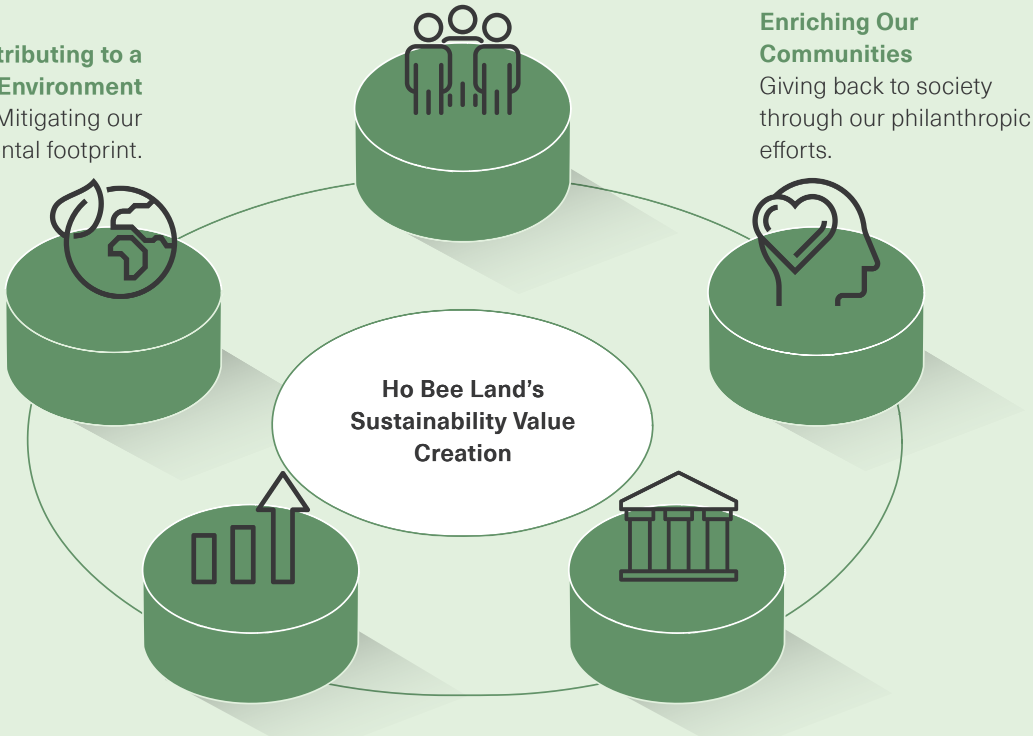
In this report, we have also aligned factors we deemed material to relevant United Nations Sustainability Development Goals (“**SDGs**”). Through this shared blueprint towards the 2030 Agenda for Sustainable Development, we hope to contribute to a better and more sustainable future for all.

All data in the Sustainability Report 2020 is presented in good faith and to the best of our knowledge. We have not obtained any independent assurance of the information reported for this report and may consider doing so in future as we progress through our sustainability journey.

We welcome your feedback on our sustainability report and performance. Please share your views with us at enquiries@hobee.com.

As part of HBL’s sustainability efforts, no hard copies of the report have been printed. The report, together with the previous editions are available at our corporate website at www.hobee.com.

Mission



Developing Our People
Talent management strategy and practices.

Contributing to a Sustainable Environment
Mitigating our environmental footprint.

Enriching Our Communities
Giving back to society through our philanthropic efforts.

Enhancing Economic Value
Enhanced profitability, value creation, distribution and retention for shareholders.

Strengthening Corporate Governance
Compliance with applicable laws and regulations including, ethics, integrity and anti-corruption.

Sustainability Integration

HBL provides a roadmap for employees to work towards the mission of “Ho Bee Land’s Sustainability Value Creation” through five pillars – Enhancing Economic Value, Contributing to a Sustainable Environment, Developing Our People, Enriching Our Communities and Strengthening Corporate Governance.

Sustainability Governance

Stakeholder Engagement

Key stakeholders were identified based on their influence on the Group's business and the impact of our businesses on them. The Group engages stakeholders through various channels to identify and understand issues pertinent to them. Our approach towards stakeholder engagement is outlined in the table below:

Stakeholders	Key Topics Raised	Engagement Platforms	Frequency
Investors/ Shareholders	• Long-term value creation • Strategy for growth • Sustain profitability and enhance shareholder return • Transparent reporting • Sound corporate governance practices • Active portfolio management	• Investor meetings • Singapore Exchange announcements and press releases on our corporate website • Email and phone channels	Throughout the year
		• Annual General Meeting	Annually
Customers -Tenants/ Home Buyers	• Lease terms and facilities management • Responsiveness to requests and feedback of tenants • Data privacy	• Tenant meetings and feedback sessions to exchange ideas and updates on important initiatives and matters • Networking sessions • Established channels of communication for tenants and property-related issues	Throughout the year
Employees	• Equitable remuneration • Fair and competitive employment practices and policies • Safe and healthy work environment • Focus on employee development and well-being	• Training and development • Recreational and wellness activities • Regular e-mailers, meetings, and town-halls sessions • Induction programme for new employees	Throughout the year
	• Performance	• Career development performance appraisals	Annually
Communities	• Environmental and social impact • Responsible and ethical business practices • Contributions to communities	• Corporate volunteering • Corporate giving and philanthropy activities through Ho Bee Foundation	Throughout the year
Government and Regulators	• Environmental compliance • Labour standard compliance • Regulatory and SGX listing requirements	• On-site inspections • Meetings and dialogue sessions • Membership in industry associations • Regulatory filings	Throughout the year
Business Partners/ Suppliers	• Equitable treatment of business partners • Regular and punctual payments upon enlistment of service	• Business partners/Supplier assessments • Regular dialogue sessions with service providers and property managers • Established channels of communication	Throughout the year

Memberships and External Initiatives

Real Estate Developers' Association of Singapore (REDAS)
Singapore Chinese Chamber of Commerce and Industry (SCCCI)
Singapore Business Federation (SBF)

Material Environmental, Social and Governance (ESG) Factors

A materiality assessment exercise which took reference from the GRI Standards Materiality Principle was conducted while preparing our inaugural sustainability report for FY2017. Through the exercise, we have identified, prioritised and validated that the following ESG factors to be of significance to business operations and of interest to key stakeholders.

As an expansion of our sustainability commitments, we have now aligned our ESG efforts with 12 relevant Sustainable Development Goals (SDGs) out of the total of 17 SDGs as shown below:

Material Factors	GRI Standard Referenced	Impact Boundary	Sustainable Development Goals (SDG)
Enhancing Economic Value			
	• Economic Performance (GRI 201)	All business operations	8 DECENT WORK AND ECONOMIC GROWTH 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE
Contributing to a Sustainable Environment			
	• Energy (GRI 302) • Water (GRI 303)	Development and Investment properties	6 CLEAN WATER AND SANITATION 7 AFFORDABLE AND CLEAN ENERGY 13 CLIMATE ACTION
Developing Our People			
	• Employment (GRI 401) • Training and Development (GRI 404)	Employees	3 GOOD HEALTH AND WELL-BEING 4 QUALITY EDUCATION 5 GENDER EQUALITY 8 DECENT WORK AND ECONOMIC GROWTH 10 REDUCED INEQUALITIES
Enriching Our Communities			
	• Local Communities (GRI 413)	Singapore	11 SUSTAINABLE CITIES AND COMMUNITIES 12 RESPONSIBLE CONSUMPTION AND PRODUCTION
Strengthening Corporate Governance			
	• Anti-Corruption (GRI 205) • Environmental Compliance (GRI 307) • Socioeconomic Compliance (GRI 419)	All business operations	16 PEACE, JUSTICE AND STRONG INSTITUTIONS

The five ESG factors identified to be material to HBL are reviewed on an annual basis. For the financial year ended 31 December 2020, the Board is satisfied that there are no significant changes in these factors.

SUSTAINABILITY REPORT

Contributing to a Sustainable Environment

Singapore has committed to reduce emissions in accordance with the Paris Agreement, pledging a reduction in emission intensity of 36% by 2030 from 2005 levels.

The BCA of Singapore also aims to have 80% of buildings in Singapore achieve the BCA Green Mark standard by 2030 to improve the overall energy efficiency of the buildings.

As a real estate developer, owner and manager, HBL is cognisant of the impact we create on the environment through our business and operational activities. We are strongly committed to do our part to proactively support environmentally friendly practices and respond to the needs of our stakeholders. We continue to seek to reduce our energy consumption and carbon emissions from electricity generation, as well as water consumption to play our part in fulfilling these targets. Development and management of energy and water efficient buildings reduce the Group's environmental footprint, and translate to cost savings for our customers and tenants.

HBL has adopted an Environmental Policy in 2017 which advocates 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 legislations.

The Metropolis

Conservation of energy and water contributes to our operational efficiency and long-term sustainability. Hence, we monitor our energy and water consumption patterns closely to ensure responsible usage.

We continued to adopt practicable energy and resource saving initiatives without compromising on the standard of maintenance or in our delivery of good service. We are committed to optimising our water usage and enhancing our assets towards becoming water-resilient in the future.

As property owner and manager, we are conscious of the role we play in engaging with our stakeholders to reduce and manage waste efficiently. In Singapore, we support the government's vision of transitioning to a Zero Waste Nation by collaborating with partners to enhance our recycling programmes while encouraging our tenants' participation.

Due to the COVID-19 outbreak early 2020, more people have started working from home. We had closed off two out of three car park levels during Phase 1 post circuit breaker. These parking spaces were reopened only in Phase 2 towards the end of the year. During the year, several COVID-19 measures were put in place. The Group saw further energy savings largely due to low demand and turning off of non-essential equipment during this period. The suspension of landscape services, water features as required from the authorities also contributed to the reduction in carbon footprint.

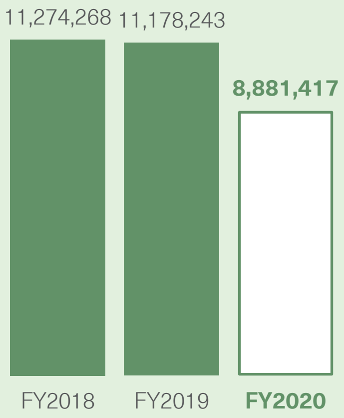
In FY2020, there was a reduction of our annual energy consumption in The Metropolis by 21% from the previous year (FY2019: 1% reduction). Our consumption of Domestic Water reduced by almost 43% (or about 26,600 cubic metres) (FY2019: 8% reduction) and NeWater reduced by almost 23% (or about 9,800 cubic metres) (FY2019: 3% increase).

Performance

The total energy consumption within The Metropolis in FY2020 is 8,881,417 kWH mainly in electricity consumption. There is no heating, cooling or steam purchased or self-generated for consumption in The Metropolis. There is also no fuel consumption, whether from renewable or non-renewal sources.

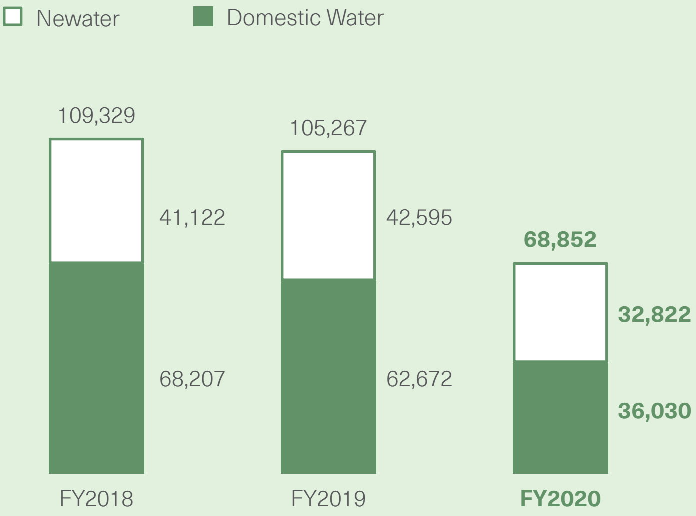
Electricity Consumption

(kWh)



Total Water Consumption

(m^3)



Going Green at The Metropolis

The Metropolis exemplifies HBL'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 implemented green features as described below have helped 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)
- 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 0.55 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

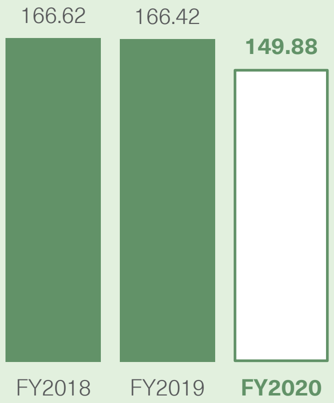
Other sustainable operations and management features

- Recycling bins are located at L1 and B1 for the collection of recyclables such as plastics, cans, paper, lamps or light tubes, and ad-hoc E-Waste (Electrical/ Electronic) recycling collection
- Provision of carpark guidance system
- Carbon monoxide sensors for basement carpark ventilation

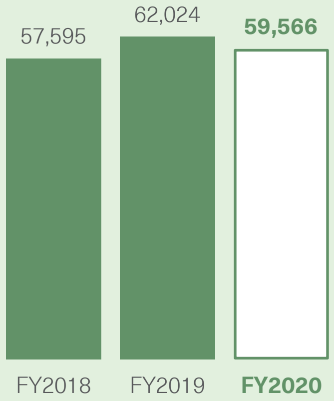
Performance

The Metropolis - Energy Saving Highlights:

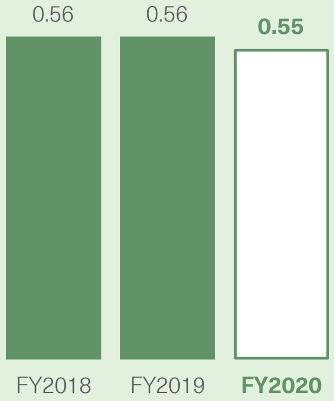
Energy Efficiency Index (EEI)
(kWh/yr/m²)



Renewable energy generated by Solar Photovoltaic technology
(kWh/yr)



System efficiency of the energy efficient chiller plant
(kW/RT)



Target

Maintain Green Mark Platinum Certification for The Metropolis.

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. HBL is committed to this endeavour and targets to achieve the BCA Green Mark Certification for all new developments in Singapore and equivalent certification for the Group's new developments in Australia.

Supply Chain Responsibility

We recognise that our operations are dependent on a reliable supply chain that ensures we are able to receive the goods and services we require. We engage with various contractors and consultants across our supply chain for supplies, fixtures, amenities, IT support and other services. Our most critical suppliers undergo a high-level supplier assessment during the tender process.

At The Metropolis, we engage a number of SME and MNC contractors and suppliers. They carry out maintenance work on the facilities and supply the required fittings and other consumables. We are selective in the vendors that we work with, and they have to satisfy a set of pre-qualification criterion before we invite any vendors to participate in the tender/quotation for the provision of services. The work involved in the suppliers' engagement is mainly labour intensive, requiring work to be performed onsite.

There were no significant changes to our supply chain in FY2020.

Human Capital Management

HBL believes that human capital is important to an organisation, because it is believed to increase productivity and thus profitability. The more we invest in our employees' education and training, the more productive and profitable our business should be.

Diversity & Inclusivity in the Workplace

Cultural diversity in the workplace happens when companies are open to hiring employees from different backgrounds, regardless of race, age, religion, and cultural background. HBL believes that having a diversified pool of employees brings about different benefits to our organisation.

A diversified workforce brings different talents, knowledge and skills to our organisation. Employees get to learn from their colleagues' experiences from a different perspective, thus lends themselves with higher-level goals, increased innovation with better result.

An inclusive workplace that understands our employees' needs, making them feel valued and respected, has a significant and positive impact on our employee retention. Companies that value diversity and inclusivity tend to appeal to the public and other talents in the market.

Diversity and inclusivity shall continue to be key priorities in the recruitment process as we expand the Group's businesses.

Training & Development

Training presents a prime opportunity to address gaps in our employees' job knowledge and skill sets, which is key to business growth. As part of our business continuity plan, in-house trainings on telecommunications tools were organised to help the employees work from home during the pandemic.

Performance

Many business practices, including workplace training and development, have changed dramatically since the global pandemic began. In FY2020, our target training participation rate was 90% but due to the pandemic, we only managed to achieve 75% with an average training of 12 hours for each staff.

Target

There will be training for our staff on how to further reduce waste and drive an even more eco-friendly work environment.

Management supports employees' career development and discuss their plans through regular performance review to assess and provide feedback on their performance. During FY2020, 100% of employees had received a regular performance and career development review.

Welfare & Wellness

HBL is a strong advocate that a happy, vested team of employees is of immense value to the Company. On top of providing a good and safe office environment, HBL offers competitive salaries and staff benefits such as medical insurance and healthcare benefits to its employees.

All our staff are entitled to parental leave as long as they fulfil the entitlement eligibility. This will encourage and support shared parental responsibilities in taking care of their young children.

HBL will continue to invest in the welfare and wellness of the employees whenever possible and will maintain the camaraderie of all the employees.

Enriching Our Communities

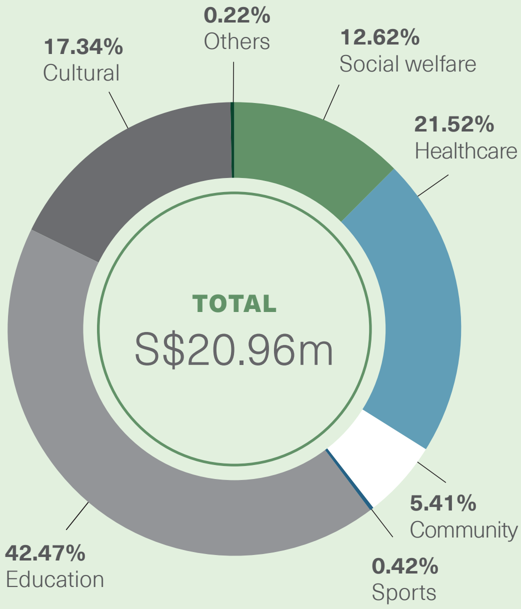
Ho Bee Foundation

Ho Bee Foundation ("**HBF**") was set up in October 2010 to serve as the philanthropic arm of the Ho Bee Group.

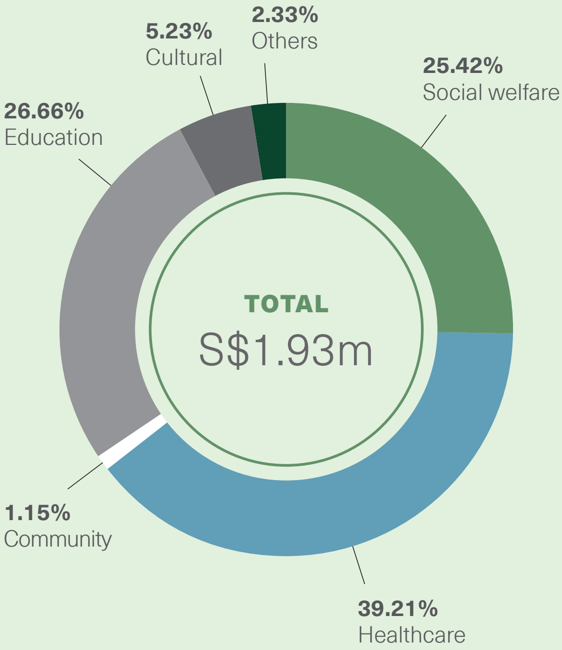
Since its establishment, HBF has supported a wide range of charitable causes in education and skills training, community and social welfare, as well as healthcare, arts, and culture. In FY2020, the total amount of charitable donations disbursed by the Foundation was S$1.93 million (FY2019: S$2.55 million). To-date, the Foundation has donated S$20.96 million (FY2019: S$ 19.03 million since inception).

The following pie charts depict the percentage of contribution to the various sectors for (i) total contributions from FY2011 to FY2020, (ii) FY2020 and (iii) FY2019.

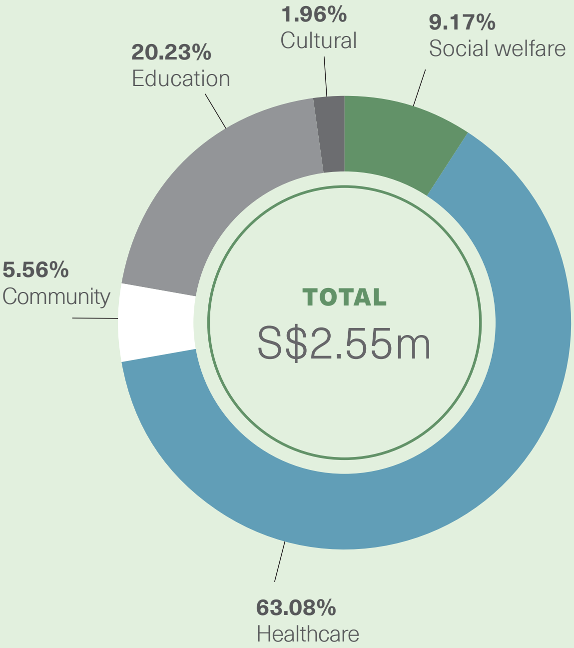
Total Contributions from FY2011 to FY2020



Contributions by Sectors in FY2020



Contributions by Sectors in FY2019



SUSTAINABILITY REPORT

COVID-19

Despite unprecedented challenges and business impact from the COVID-19 pandemic, HBF remained strongly committed to serve the local community in needs.

On 20 May 2020, HBF announced the setting up of a S$1.3 million COVID-19 Support Fund ("**Fund**"). The Fund was made up of a pledged contribution of S$1.0 million from HBL and S$300,000 from its Board of Directors and Senior Management.

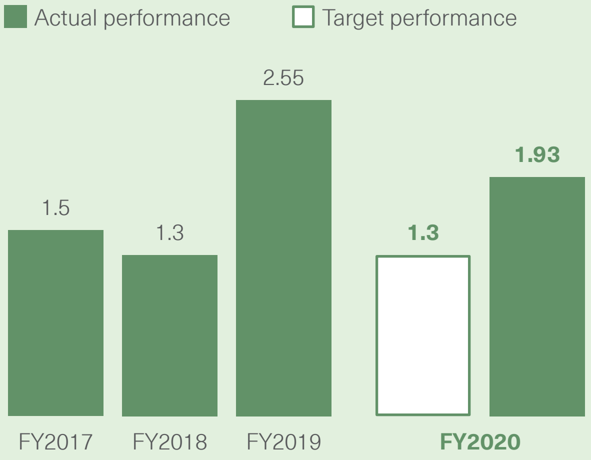
On top of the Fund, HBF also supported the President's Challenge 2020, a national movement led by the President to rally Singaporeans to build a caring and cohesive society together. In recognition of its philanthropic commitment during the challenging year, HBF was lauded at the President's Challenge 2020 Appreciation Event held on 20 November.

For its giving efforts, HBF was also nominated for the President's Volunteerism & Philanthropy Award 2020 Special Edition, organised by National Volunteerism and Philanthropy Centre.

Performance

Materiality Performance Target

Donations towards charitable causes
(S$ million)



Target

Maintain the target donation amount towards charitable causes.

Strengthening Corporate Governance

HBL 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 up on a company's agenda. We will constantly develop robust corporate policies and internal processes to address these areas.

Anti-Corruption

HBL has established prudent policies and measures to promote and uphold integrity throughout the organisation. We have a zero-tolerance approach towards corruption and fraud. Included in the Ho Bee Land Staff Handbook is our Professional Conduct and Discipline guide. All employees are required to adhere to our corporate policies and standard operating procedures, which sets out the Group's philosophy in running its business and acts as a benchmark of ethical behaviour for all staff to follow.

All employees are also required to submit an undertaking to safeguard official information, a declaration for software use policy, a declaration for the personal data protection notice, and a conflict-of-interest disclosure statement upon commencement of their employment with HBL.

In light of the heightened cybersecurity risk, HBL takes a firm stance to safeguard vital company information and has crafted neccesary policies and procedures for this purpose.

Whistle-blowing Policy

On recommendation by the Audit and Risk Committee, the Board approved an updated whistleblowing policy in line with the requirements of the Singapore Code of Governance 2018 on 9 November 2020. The updated policy has been communicated to all employees of the Group and may be found on our website at www.hobee.com.

The whistleblowing policy provides a transparent channel for employees and external parties to report concerns about possible fraud, improprieties in financial reporting and other matters. We empower our employees and external parties, such as contractors and tenants, to raise concerns in good faith about misconduct, fraudulent activities or malpractices in any matter related to the Group.

To ensure fair investigations, all reports are to be submitted to the Chairman of the Audit & Risk Committee ("**ARC**") via email or by post. Reports deemed significant by the ARC Chairman after consultation with the Chairman of the Board will be duly investigated by an Investigation Committee. The Investigation Committee shall comprise independent members appointed by the ARC.

Performance

In FY2020, there were no confirmed incidents of corruption. No employees were dismissed or disciplined for corruption and no confirmed incidents where contracts with business partners were terminated or not renewed due to violations related to corruption.

In this reporting year, no public legal cases regarding corruption was brought against HBL or its employees.

Materiality Performance Target

Zero incident of corruption

Nil incident	**Nil incident**	**Nil incident**
FY2018	FY2019	**FY2020**

Target

Maintain a clean record with no incident of corruption for FY2021.

The Group takes reasonable steps to protect the confidentiality and identity of the Whistleblower, subject always to the prevailing laws and regulations. The Whistleblower acting in good faith shall be protected from any reprisal. If it is determined that the Whistleblower who is an employee experienced any form for reprisal as a consequence of his report, the ARC shall ensure that immediate action is taken to reinstate the employee to his former position and/or be fully compensated for any losses or damages suffered.

Compliance with Laws and Regulations

HBL adheres to the highest standards of corporate governance practices as guided by the Code of Corporate Governance 2018. 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 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.

Performance

Materiality Performance Target

No significant instances of non-compliance with all applicable laws and regulations.

Nil incident	Nil incident	Nil incident
FY2018	FY2019	**FY2020**

Target

Maintain a clean record with no incident of regulatory non-compliance for FY2021.

Customer Data Privacy

We collect personal data of customers across the property businesses and recognises the need to take utmost care in storing and handling this information. HBL continues to abide by strict guidelines under the Personal Data Protection Act (PDPA) and works closely with third-party real estate agents to ensure high standards of customer data privacy through all transactions.

Performance

In FY2020, we had no complaints concerning breaches of customer privacy and losses of customer data.

Target

Maintain no breaches of customer data privacy in FY2021.

CORPORATE GOVERNANCE

INTRODUCTION

Ho Bee Land Limited (the "**Company**", and together with its subsidiaries, the "**Group**") 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.

In line with the listing rules of the SGX-ST (the "**SGX Listing Rules**"), this report outlines the main corporate governance practices that are in place, with specific reference to the principles of the Code of Corporate Governance 2018 (the "**Code**").

The Company has adhered to most of the principles and provisions of the Code. To the extent the Company's practices may vary from any provision, we will explain the reason for the variation and how its practices nonetheless are consistent with the intent of the relevant principle of the Code. The Company is also guided by the voluntary Practice Guidance which was issued to complement the Code setting out the best practices for companies. We hope this will continue to strengthen investor and stakeholder confidence in the Group.

A summary of compliance with the express disclosure requirements in the principles and provisions of the Code is set out on pages 69 to 70.

BOARD MATTERS

Principle 1: The Board's Conduct of Affairs

The Company is headed by an effective Board comprising professionals from various disciplines and entrusted with the responsibility for the overall management of the Group.

The principal role of the Board is to provide entrepreneurial leadership, 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 all duties and responsibilities outlined below:

- sets strategic objectives, provides leadership in an enterprising and innovative manner, and ensures that the Company has sufficient resources to achieve its objectives;
- sets direction for the establishment of adequate and effective internal control systems and risk management framework to identify, assess and manage risks, so as to safeguard shareholders' interests and the Company's assets;
- reviews and monitors Management's performance to ensure accountability and provides guidance to the management;
- ensures that Management's and the Company's actions meet the needs of various stakeholders and repudiate actions which are harmful to the Company's repute;
- ensures that good values, culture and ethical standards permeate the organisation;
- ensures that the Company provides good quality products to meet customer needs, and carries out its obligations to shareholders and other stakeholders in a fair, equitable and reasonable manner; and
- ensures that the Company has put in place a sustainability framework and considers sustainability issues (environment, social and governance factors) when formulating strategies.

The Board has been working closely with Management in monitoring the challenges posed by the COVID-19 pandemic. Pertinent issues were reviewed by the Board in the face of the pandemic, including changes to business fundamentals and the significant risks facing the Group as a result of the pandemic. The pandemic has accelerated digitalisation efforts within the Group.

In line with Provision 1.1 of the Code, the Board confirms its fiduciary commitments to act objectively in the best interests of the Company.

CORPORATE GOVERNANCE

Pursuant to SGX Listing Rule 720(1), all directors and key executive officers 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.

Delegation by the Board to the Board committees

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 which clearly set out their authority and duties. These terms of references were approved by the Board.

The Board 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. Other than the physical meetings, decisions of the Board and Board committees are also made by way of circular resolutions in writing as permitted by the Company's Constitution and the Terms of References of the various Board committees.

There was a total of five Board meetings (including the annual business review meeting), four ARC meetings, one NC meeting and two RC meetings held in the year ended 31 December 2020 ("**FY2020**").

The attendance of the directors at Board and Board committee meetings in FY2020 was as follows:

	Board	ARC	NC	RC
Number of meetings held in FY2020	**5**	**4**	**1**	**2**
Chua Thian Poh	5	N.A.	1	N.A.
Ong Chong Hua	5	N.A.	N.A.	N.A.
Desmond Woon Choon Leng	5	N.A.	N.A.	N.A.
Bobby Chin Yoke Choong	5	4	1	N.A.
Jeffery Chan Cheow Tong	5	4	N.A.	2
Ko Kheng Hwa	5	4	1	N.A.
Seow Choke Meng	5	N.A.	1	2
Josephine Choo Poh Hua	5	4	N.A.	2

N.A. means not applicable.

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.

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. Directors are entitled to request from Management and will be provided with such additional information as needed, in a timely manner, to make informed decisions.

During the course of the year under review, the Board was promptly informed of the Company's COVID-19 business continuity and staff and customer safety plans which were implemented to ensure appropriate systems and procedures within the Group to specifically address the impact of the pandemic on business operational risks.

CORPORATE GOVERNANCE

The Company's crisis management team closely monitored developments on the COVID-19 situation within the Group and coordinated the escalation of information regarding any impact and mitigation measures to the Board.

The Board was also updated on relevant legal and regulatory requirements in light of the rapidly evolving COVID-19 situation.

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.

Matters requiring Board's approval

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

- annual budgets;
- half-yearly and full year results announcements;
- annual reports and financial statements;
- letters to shareholders and circulars;
- declarations of dividends;
- major decisions and strategic plans;
- major acquisitions and disposals;
- major bank borrowings and other debt instruments; and
- conflicts of interest, interested person transactions and related party transactions.

All matters which are not specifically reserved for the Board and necessary for the day-to-day management of the Company and the implementation of corporate objectives are delegated to Management.

The Board has established policy on delegation of authority and set authorisation limits delegated to Management for specific types of transactions (including investments, acquisitions and divestments) to enable efficient and effective management of the Company's affairs while at the same time ensuring that the Board's approval is required on more significant and key strategic decisions.

The Board has a 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 a 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.

Each Director is aware of the requirements in respect of his/her disclosure of interests in securities, disclosure of conflicts of interest in transactions involving the Company, prohibition on dealings in the Company's securities and restrictions on the disclosure of price-sensitive information.

Principle 2: Board Composition and Guidance

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

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 14 to 17 of the Annual Report.

CORPORATE GOVERNANCE

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: 72
Date of first appointment as director: 8 August 1987
Date of last re-appointment as director: N.A.
Date of next re-appointment as director: 28 April 2021[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)	N.A.	***Other listed companies*** Nil ***Other principal commitments***[2] (1) Singapore Federation of Chinese Clan Associations (Honorary President) (2) Singapore Chinese Cultural Centre (Chairman) (3) Singapore Hokkien Huay Kuan (Immediate Past President) (4) Singapore Chinese Chamber of Commerce & Industry (Honorary President) (5) Ren Ci Hospital (Chairman) (6) Chinese Development Assistance Council Board of Trustee (Chairman) (7) Ho Bee Foundation (Member/Chairman) (8) Council of Presidential Advisers (Member)	Nil

[1] Listing Rule 720(5) requires all directors to submit themselves for re-nomination and re-appointment at least once every 3 years with effect from FY2020. SGX does not require the company to amend our constitution but the said listing rule shall take precedence.

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

CORPORATE GOVERNANCE

ONG CHONG HUA
Executive Director and Chief Operating Officer
Age: 66
Date of first appointment as director: 11 August 1995
Date of last re-appointment as director: 30 April 2019

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. Kingdom Investment Holdings Pte, Ltd. is a subsidiary of Ho Bee Holdings (Pte) Ltd ("**HBH**"), the substantial shareholder of the Company. FNA Group International Pte. Ltd. and Focus Network Agencies (Singapore) Pte. Ltd. are associates of HBH.

DESMOND WOON CHOON LENG
Executive Director
Age: 65
Date of first appointment as director: 11 August 1995
Date of last re-appointment as director: 26 April 2018
Date of next re-appointment as director: 28 April 2021[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 33rd annual general meeting and he has offered himself for re-election. Mr Woon is also required under Listing Rule 720(5) to submit himself for re-nomination and re-appointment at least once every 3 years. 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.

CORPORATE GOVERNANCE

BOBBY CHIN YOKE CHOONG
Lead Independent Director
Age: 69
Date of first appointment as director: 29 November 2006
Date of last re-appointment as director: 26 April 2018
Date of next re-appointment as director: 28 April 2021[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) ***Other principal commitments*** (1) Singapore Labour Foundation (Member) (2) NTUC Enterprise Co-operative Limited (Deputy Chairman) (3) NTUC Fairprice Co-operative Ltd (Chairman) (4) NTUC Fairprice Foundation Ltd (Chairman) (5) Temasek Holdings (Private) Ltd (Independent Director) (6) Frasers Logistics & Commercial Asset Management Pte Ltd (Director) (7) Housing and Development Board (Chairman) (8) Corporate Governance Advisory Committee (Chairman)	(1) Sembcorp Industries Ltd (2) Singapore Telecommunications Limited (3) Frasers Commercial Asset Management Ltd

[1] Mr Bobby Chin Yoke Choong is retiring by rotation under Article 104 of the Company's Constitution at the 33rd annual general meeting and he has offered himself for re-election. Mr Chin is also required under Listing Rule 720(5) to submit himself for re-nomination and re-appointment at least once every 3 years. Except as disclosed on page 73 of this Annual Report, there is no relationship (including immediate family relationship) between Mr Chin and the other directors, the Company, or its substantial shareholders.

JEFFERY CHAN CHEOW TONG
Independent Non-Executive Director
Age: 72
Date of first appointment as director: 15 October 2002
Date of last re-appointment as director: 30 April 2019

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*** Ho Bee Foundation (Member/Director)	Goodhope Asia Holdings Ltd

CORPORATE GOVERNANCE

KO KHENG HWA
Independent Non-Executive Director
Age: 66
Date of first appointment as director: 1 May 2016
Date of last re-appointment as director: 29 April 2020

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*** Nil ***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 Digital Group (Senior Advisor) (7) Envision Digital International Pte Ltd (Non-Executive Chairman) (8) AIMS APAC REIT Management Limited (Independent Director), Manager of the listed AIMS APAC REIT.	iX Biopharma Ltd

JOSEPHINE CHOO POH HUA
Independent Non-Executive Director
Age: 49
Date of first appointment as director: 26 April 2017
Date of last re-appointment as director: 26 April 2018
Date of next re-appointment as director: 28 April 2021(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/ Chairman) (3) Jesuit Refugee Service (Singapore) Limited (Director)	Nil

(1) Ms Josephine Choo is retiring by rotation under Article 104 of the Company's Constitution at the 33rd annual general meeting and she has offered herself for re-election. Ms Choo is also required under Listing Rule 720(5) to submit herself for re-nomination and re-appointment at least once every 3 years. There is no relationship (including immediate family relationship) between Ms Choo and the other directors, the Company, or its substantial shareholders.

CORPORATE GOVERNANCE

SEOW CHOKE MENG
Independent Non-Executive Director
Age: 71
Date of first appointment as director: 26 April 2017
Date of last re-appointment as director: 29 April 2020

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*** Hi-P International Limited (Independent Director) ***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) Focus Publishing Ltd (Director) (5) Sin Chew Jit Poh (Singapore) Ltd (Director) (6) Times Development Pte Ltd (Director) (7) Times Properties Pte Ltd (Director) (8) Singapore Chinese Chamber of Commerce & Industry (Honorary Council Member) (9) Chinese Development Assistance Council Board of Trustee (Member) (10) Singapore Chinese Cultural Centre (Director) (11) Straco Leisure Pte Ltd (Director) (12) Ho Bee Foundation (Member/Director) (13) SPH Silver Care Pte Ltd (Director) (14) National Skin Centre Health Endowment Fund Committee (Member) (15) TTSH Community Fund (Director) (16) Invest Healthcare Pte Ltd (Director) (17) Orange Valley 3-T Rehab Pte Ltd (Director) (18) Orange Valley Nursing Homes Pte Ltd (Director) (19) Orange Valley Properties Pte Ltd (Director) (20) Life-Medic Healthcare Supplies Pte Ltd (Director) (21) Singapore Nutri-Diet Industries Pte Ltd (Director)	Nil

Notes:

a. Information on directors' shareholdings in the Company and its related corporations is set out in the Directors' Statement on pages 72 to 74 of this Annual Report.

b. N.A. means not applicable.

CORPORATE GOVERNANCE

Proportion of independent directors

There are five independent directors, constituting more than 50% of the Board. 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) Josephine Choo Poh Hua
(5) Seow Choke Meng

The independent directors held one independent meeting in FY2020 without the presence of Management. The meeting was held at the end of the annual business review meeting ("**ABR**") in December 2020 to assess the performance of the Board Chairman; discuss Board processes and governance; and discuss any significant issues to be brought up to the Board Chairman's attention. All independent directors attended the independent meeting.

Determining independence of independent directors

The NC assesses the independence of the independent directors annually based on the provisions set out in the Code and the applicable Listing Rules.

Each independent director is required to make a declaration annually to confirm that there is no relationship as stated in the Code that would otherwise deem him not to be independent. The Company has also incorporated the criteria set out under SGX Listing Rules 210(5)(d)(i) and 210(5)(d)(ii) in its latest set of declaration forms distributed to the independent directors in January 2021.

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 during the year.

The NC had reviewed the declarations of independence by the independent directors for FY2020, and was satisfied that all independent directors were suitable to be considered as independent for the purpose of Provision 2.1 the Code as well as SGX Listing Rules 210(5)(d)(i) and 210(5)(d)(ii). All independent directors were 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

The Board currently does not have a policy on director tenure, but the Board pays close attention to the recommendations and provisions of the Code, as well as the mandatory requirements of the new SGX Listing Rules governing directors' independence.

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 FY2020, 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, 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 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.

CORPORATE GOVERNANCE

The Board was of the view that a director's independence cannot be determined on the basis of a set tenure. The Board values continuity and stability and has recommended that Mr Bobby Chin and Mr Jeffery Chan continue to serve the Board.

In line with the SGX Listing Rule 210(5)(d)(iii) which will take effect from 1 January 2022, the Company is looking into reviewing its Board and Board committee's composition. More details will be provided via SGXNET in due course.

Determining Board's composition

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

- the composition of the Board should meet the requirements of the Code and the SGX Listing Rules;
- 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
- the Board should observe the statutory requirements and the Company's Constitution with regard to the rotation and retirement of directors.

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 pays close attention to the recommendations, guidelines and provisions of the Code on diversity. In April 2017, 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 FY2020, 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 (such as ethnicity, geographical experience etc.) for any future Board appointments.

Principle 3: Chairman and Chief Executive Officer ("CEO")

There is no separation of roles between the Chairman and CEO in the Company due to the fact that Dr Chua Thian Poh who indirectly owns the majority of the shares in the Company and 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 applicable SGX Listing Rules; and
- promoting high standards of corporate governance.

CORPORATE GOVERNANCE

As part of its leadership development plan and succession planning, the Board appointed Mr Nicholas Chua as the Deputy CEO in 2018. Mr Nicholas Chua is son of the Chairman and CEO, Dr Chua Thian Poh. The primary responsibility of the Deputy CEO is to assist the CEO in implementing the Group's strategies and policies, and in the overall management of the Group's business.

Concurrently, Mr Ong Chong Hua was appointed as the Chief Operating Officer ("**COO**") in addition to his current role as Executive Director. As COO, Mr Ong is primarily responsible for all operational aspects of the Group's business.

Role of the 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 the Code of Corporate Governance 2012. 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.

Principle 4: Board Membership

Nominating Committee ("NC")	
Membership	**Key objective(s)**
Ko Kheng Hwa (NC Chairman)	• Make recommendations to the Board on all board appointments and nomination of directors for election or re-election. • Assess Board's performance and Director's independence.
Bobby Chin Yoke Choong	
Chua Thian Poh	
Seow Choke Meng	

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 NC is guided by its Terms of Reference approved by the Board which sets out the following duties and responsibilities of the NC:

- making recommendations on all Board and Board committee appointments and re-appointments;
- determining the performance criteria and evaluation process for assessing the performance of the Board, the Board committees and individual directors;
- reviewing the size and composition of the Board to ensure the right mix to promote Board effectiveness;
- determining directors' independence;
- reviewing succession plans for directors and key management personnel; and
- reviewing and recommending training and professional development programmes for directors.

During FY2020, key activities of the NC include reviewing and making recommendations to the Board, the re-appointment of directors in accordance with the Company's constitution and the applicable Listing Rules, assessing the performance of the Board, its Committees and individual directors and determining the independence of directors (and conducting rigorous review of directors who have reached 9-year tenure).

CORPORATE GOVERNANCE

Process for selection, appointment of new directors, and re-appointment to the Board

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

There was no appointment of new director in FY2020.

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

Pursuant to SGX Listing Rule 720(5), all directors (including the CEO) appointed or re-appointed before 1 January 2019 will be subject to re-nomination and re-appointment latest by the Company's annual general meeting to be held on 28 April 2021. As the Exchange does not require the Company to amend its Constitution to allow for the CEO to be re-appointed to the Board, the Company will amend its Constitution to align with Listing Rule 720(5) in future, when necessary.

Supplementary information on the Directors seeking re-appointment for the upcoming AGM on 28 April 2021 is included in the Notice of AGM.

Induction and orientation for new directors

As part of the Company's induction programme, new directors appointed to the Board are briefed and each will be 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 will also be conducted by the senior management which will include briefings on the Group's current strategy, current projects, and annual budget.

Training for directors

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

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

The directors are also regularly briefed by the external auditors on new regulations and key changes to financial reporting standards. In FY2020, the directors were briefed by the external auditors from KPMG LLP ("**KPMG**") on key updates to regulatory requirements and reporting standards. The directors were provided with a quick overview on the IBOR reform, newly effective standards, key changes to SFRS(I) effective in 2020 and key SGX Regco changes. A detailed presentation by KPMG on the IBOR reform has been scheduled in FY2021.

CORPORATE GOVERNANCE

Each year, the Company organises an ABR for the directors. Presentations and briefings are conducted at the ABR by the senior management on the Group's operations, followed by discussion sessions on matters relating to operations, strategies and targets. Suitable site visits to the Group's overseas projects are also arranged so that the directors can have a better understanding of these projects. Due to the COVID-19 pandemic, the latest ABR was held in Singapore in December 2020 with safe distancing measures in place. During the ABR, Management gave a quick update to the Board on the effects of COVID-19 on the Group's business and the key strategies and targets for the next few years. A short tribute was paid to the late Mr Tan Eng Bock for his valuable contributions to the Group as a director of the Company for 15 years from 2002 to 2017. Mr Tan passed away in November 2020 at age 84.

Directors' time commitment

Each director is required to disclose 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 carries out reasoned assessment of the ability of any director who has significant number of listed company directorships and principal commitments in line with Provision 4.5 of the Code. While the Board no longer maintains the maximum limit on listed board representation by the directors, all Directors appreciate the high level of commitment required of a Director.

For FY2020, 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. The meeting attendance records of all Directors as well as a list of their directorships are fully disclosed in our Annual Report.

Appointment of Alternate Directors

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.

Principle 5: Board Performance

The Ho Bee Board Assessment Framework was developed with the assistance of the Company's consultant, KPMG Services Pte Ltd in 2012. 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 2017, 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.

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; and 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 FY2020, the directors were of the view that the Board and its various Board committees had been effective.

CORPORATE GOVERNANCE

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 result of the assessment is provided to the Board Chairman by the Lead Independent Director.

Individual directors are assessed annually using a director performance evaluation form. For FY2020, 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.

REMUNERATION MATTERS

Principle 6: Procedures for Developing Remuneration Policies
Principle 7: Level and Mix of Remuneration

Remuneration Committee ("RC")	
Membership	**Key objective(s)**
Jeffery Chan Cheow Tong (RC Chairman)	• Assist the Board in ensuring that the directors and key management personnel of the Company and its subsidiaries are fairly remunerated for their individual contribution to the overall performance of the Group. • Make recommendations to the Board (in consultation with the Chairman) a framework of remuneration for the directors and key management personnel of the Company and its subsidiaries.
Seow Choke Meng	
Josephine Choo Poh Hua	

The RC comprises three Board members, all of whom including the RC Chairman are independent directors.

The key duties and responsibilities of the RC under its Terms of Reference are as follows:

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

The RC members are familiar with executive compensation matters and may seek expert advice for these matters, if necessary.

The RC reviews the level, structure and mix of remuneration and benefits policies and practices of the Company, to ensure that they are appropriate and proportionate to the sustained performance of the Company taking into account the strategic objectives of the Company, and to attract, retain and motivate the Key Management Personnel to successfully manage the Company for the long term. The RC takes into account all aspects of remuneration, including termination terms, to ensure that they are fair.

The Company's remuneration mix 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 benchmarking survey annually 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 Board did not engage any external remuneration consultant to advise on remuneration matters for FY2020.

CORPORATE GOVERNANCE

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

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

Basic annual retainer fee for non-executive directors	
Board Chairman	N.A.
Board Member	S$60,000
Additional fee for other appointments	
Lead Independent Director	S$10,000
Audit & Risk Committee Chairman	S$30,000
Audit & Risk Committee Member	S$15,000
Nominating Committee Chairman	S$10,000
Nominating Committee Member	S$5,000
Remuneration Committee Chairman	S$10,000
Remuneration Committee Member	S$5,000

Note: N.A. means not applicable.

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.

During FY2020, the RC reviewed and recommended approvals of the annual wage packages for the Chairman and CEO, the Executive Directors and key management personnel of the Group. The RC also reviewed and recommended to the Board, the fees for the Independent Directors for FY2019 which were approved by shareholders at the AGM in May 2020. Each RC member had abstained from voting in respect of his own director's fees.

No director is involved in deciding his or her own remuneration.

CORPORATE GOVERNANCE

Principle 8: Disclosure on Remuneration

The remuneration of directors and key management personnel for FY2020 is set out in the tables below:

Remuneration of Directors and 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$8,250,000 and up to S$8,500,000						
Chua Thian Poh Chairman & CEO	-	11%	88%	1%	-	100%
Above S$1,500,000 and up to S$1,750,000						
Ong Chong Hua Executive director & COO	-	32%	67%	1%	-	100%
Above S$750,000 and up to S$1,000,000						
Desmond Woon Choon Leng Executive director	-	40%	59%	1%	-	100%
S$250,000 and below						
Bobby Chin Yoke Choong Non-executive independent director	S$105,000	-	-	-	-	S$105,000
Jeffery Chan Cheow Tong Non-executive independent director	S$85,000	-	-	-	-	S$85,000
Ko Kheng Hwa Non-executive independent director	S$85,000	-	-	-	-	S$85,000
Seow Choke Meng Non-executive independent director	S$70,000	-	-	-	-	S$70,000
Josephine Choo Poh Hua Non-executive independent director	S$80,000	-	-	-	-	S$80,000

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

The remuneration of each individual executive 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 exact remuneration of the executive directors and the CEO is not disclosed to maintain confidentiality. The Board is of the view that the above disclosures provide adequate information on the remuneration of the executive directors and the CEO. The actual fees of each independent director have been disclosed.

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

CORPORATE GOVERNANCE

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

Name of key management personnel	Base / Fixed Salary	Variable / Bonuses	Benefits / Allowances	Share-Based	Total
Above S$1,000,000 and up to S$1,250,000					
Nicholas Chua[2]	38%	62%	-	-	100%
Above S$500,000 and up to S$750,000					
Chong Hock Chang	48%	52%	-	-	100%
Michael Vinodolac[3]	80%	18%	2%	-	100%
Above S$250,000 and up to S$500,000					
Josephine Lee	69%	31%	-	-	100%
Below S$250,000					
Katharine Kum[4]	69%	30%	1%	-	100%

[1] The Company has only 5 key management personnel (who are not directors or the CEO) in FY2020.
[2] Mr Nicholas Chua is son of the Chairman & CEO, Dr Chua Thian Poh.
[3] Mr Michael Vinodolac was appointed as CEO of HB Land Pty Ltd, a wholly-owned subsidiary in Australia, on 3 February 2020.
[4] Ms Katharine Kum was appointed as General Manager, Project and Property Management on 6 April 2020.

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

The aggregate total remuneration paid to the above key management personnel (who are not directors or the CEO) for FY2020 is S$2,812,641.

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

Remuneration of employees who are immediate family member of a director or CEO

Besides Mr Nicholas Chua, who is son of the Chairman and CEO, Dr Chua Thian Poh, and whose salary is disclosed in the above remuneration table for key management personnel (who are not directors or the CEO), there is no other employee who is a substantial shareholder or is an immediate family member of a director, the CEO or a substantial shareholder of the Company whose remuneration exceeds S$100,000 in FY2020.

Employee share option 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 had reviewed the need to re-implement a share option scheme. The RC, having considered the Company's share price performance and the cost of implementing and administering the scheme, was of the view that a share option scheme was not cost beneficial. Accordingly, no recommendation had been made by the RC to the Board to re-implement a share scheme.

CORPORATE GOVERNANCE

Performance conditions for executive directors and key management personnel

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, Dr 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. 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.

The profit-sharing formula for the Chairman and CEO was last revised in FY2017 to incorporate the Group's Return on Equity and Total Shareholder Return as additional conditions to determine his total remuneration. There was an increase in the profit-sharing incentive for FY2020 compared to FY2019.

There was an overall decrease in performance bonuses awarded to the other executive directors and key management personnel for FY2020 due to the decrease in the Group's overall profit level compared to FY2019.

ACCOUNTABILITY AND AUDIT

Principle 9: Risk Management and Internal Controls

The Group has put in place an Enterprise Risk Management ("**ERM**") Framework, which governs the risk management process in the Group since 2012. 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 were reviewed and approved by the Board, and are subject to periodic review by the ARC and the Board.

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 Management and reported to the ARC and the Board half-yearly.

Based on Management's recommendation and review by the ARC, the Group's risk appetite statement was revised in 2018 to reflect the increase of the Group's business concentration in the commercial segment with corresponding decrease in the residential and industrial segments. In addition, the country diversification ratio was updated to take into account the Group's new investments in Europe.

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.

CORPORATE GOVERNANCE

Since 2017, the Group has 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 Group completed an IT upgrading exercise in 2018 for staff computers and initiated a data centre migration to adopt cloud and managed data centre platforms in place of existing in-house data centre facility for better cyber security controls. We also installed a new accounting consolidation tool to enhance our consolidation process.

With the COVID-19 situation and more staff accessing the network from home, the directors assessed the IT infrastructure of the Group when the Board met for the ABR in December 2020. Through a briefing conducted by our Group IT vendor, the directors were reassured on the level of security of our Group's IT infrastructure and systems. The Board also provided suggestions to reduce associated cybersecurity risks. The Board called for Vulnerability Assessment and Penetration Tests (VAPT) to be conducted for the Group and Management was tasked to have the said VAPT conducted in FY2021.

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.

Internal audit

The Company's internal audit function is outsourced and its current internal auditor is Nexia TS Risk Advisory Pte. Ltd. (appointed since 1 January 2012). The internal auditor reports directly to the Chairman of the ARC on audit matters and to 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 set by the IIA.

Pursuant to SGX Listing Rule 1207(10C), the ARC had assessed and was satisfied that the internal audit function carried out by the internal auditor was independent, effective and adequately resourced as at 31 December 2020.

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

Based on the internal controls established and maintained by the Group, work performed by independent external third parties, reviews performed by and assurance from Management, the Board with the concurrence of the ARC is of the view that the Group's system of internal controls (including financial, operational, compliance and information technology controls) and risk management system, were effective and adequately resourced as at 31 December 2020.

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.

CORPORATE GOVERNANCE

During the process of reviewing the financial statements of the Group for FY2020, the Board had received assurance from the CEO and the Executive Director (Finance) that (i) the Group's financial records had been properly maintained and the financial statements gave a true and fair view of the Group's operations and finances; and (ii) the Group's risk management and internal control systems were adequate and effective as at 31 December 2020.

Principle 10: Audit Committee

Audit & Risk Committee ("ARC")	
Membership	**Key objective(s)**
Bobby Chin Yoke Choong (ARC Chairman)	• Assist the Board in fulfilling its oversight responsibilities • Review the financial reporting process, the system of internal controls and risk management, the audit process, and the Company's process for monitoring compliance with laws and regulations and code of business conduct.
Jeffery Chan Cheow Tong	
Ko Kheng Hwa	
Josephine Choo Poh Hua	

The ARC is made up of non-executive Directors, all of whom including the ARC Chairman are independent directors. Both Mr Bobby Chin and Mr Jeffery Chan possess chartered accountant qualifications. The other ARC members have accumulated 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 last two years, and that none of the ARC members hold any financial interest in the auditing firm.

The Terms of Reference of the ARC provide that some key responsibilities of the ARC include:

- **External Audit Process:** Reviewing and reporting to the Board, its assessment of the adequacy, effectiveness, independence, scope and results of the external audit and to approve the appointment or re-appointment of the external auditors;
- **Internal Audit:** Reviewing and reporting to the Board, its assessment of the adequacy, effectiveness, independence, scope and results of the internal audit function and to approve the appointment or re-appointment of the internal auditors;
- **Financial Reporting:** Reviewing and reporting to the Board, the Company's quarterly and annual financial statements, and any announcements relating to the Company's financial performance;
- **Internal Controls and Risk Management:** Reviewing and reporting to the Board, on the adequacy and effectiveness of the Company's internal controls including financial, operational, compliance and information technology controls;
- **Interested Person Transactions:** reviewing related party transactions and interested person transactions to ensure compliance with the regulations set out in the SGX Listing Manual;
- **Whistle-blowing and investigations:** reviewing the Company's procedures for detecting fraud and ensure that these arrangements allow proportionate and independent investigation of such matters and appropriate follow up action.

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

The Company has provided all ARC members with a copy each of the Guidebook for Audit Committees in Singapore (Second Edition) issued jointly by the Monetary Authority of Singapore, the Accounting and Corporate Regulatory Authority ("**ACRA**") and the 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.

CORPORATE GOVERNANCE

During FY2020, key activities of the ARC include:

- reviewing and recommending for the approval of the Board, the Company's half-year and annual financial statements, and announcements relating to the Company's financial performance;
- assessing the impact of the COVID-19 pandemic and ensuring cash flow to sustain the Group's operations on an ongoing basis;
- reviewing related party transactions and interested person transactions;
- reviewing 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;
- reviewing the scope and results of the external audits, their cost effectiveness, and the independence and objectivity of the external auditors, using ACRA's Audit Quality Indicators Disclosure Framework as a basis;
- nominating external auditors for re-appointment, and reviewing their remuneration and terms of engagement;
- reviewing the internal audit programme including the scope (and adjustments to the annual internal audit programme to prioritise and address risks and constraints arising during the pandemic) and results of the internal audit procedures, and Management's responses to the recommendations;
- reviewing the independence and resource capability of the internal auditors, and the adequacy and effectiveness of internal audits;
- approving the re-appointment, evaluation and remuneration of the internal auditors;
- reviewing the Company's level of risk tolerance, its risk strategy and risk policies;
- reviewing the Company's overall risk assessment process, risk assessment framework, parameters used in these measures and the methodology adopted; and
- reviewing risk reports on the Company and reviewing and monitoring Management's responsiveness to the findings.

For FY2020, the ARC had assessed and concurred with the Board that the Group's system of internal controls (including financial, operational, compliance and information technology controls) and risk management system were adequate and effective as at 31 December 2020.

Audit & Risk Committee's commentary on key audit matters

The ARC had discussed the key audit matters for FY2020 with 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 FY2020. For more information on the key audit matters, please refer to pages 77 to 79 of this Annual Report.

Fees paid to external auditors

The total fees paid to the external auditors, KPMG LLP, for FY2020 are as disclosed in the table below:

External auditor fees for FY2020	S$'000	% of total fees
Total Audit Fees	435	72%
Total Non-Audit Fees	170	28%
Total Fees Paid	**605**	**100%**

The ARC had reviewed the nature of non-audit services provided by the external auditors in FY2020. Based on the evaluation of external auditors for FY2020, and taking into consideration the external auditors' confirmation of independence, the ARC was of the view that the level of non-audit services and non-audit fees would not affect the independence and objectivity of the external auditors. For FY2020, the external auditors were assessed based on the audit quality indicators disclosure framework introduced by ACRA in October 2015.

CORPORATE GOVERNANCE

Whistle-blowing policy

The Company has in place a whistle-blowing policy since 2007. It was last updated in 2014. Taking into consideration the provision of the Code and the upcoming changes to Listing Rules, Management proposed amendments to the policy which were reviewed by the ARC. On ARC's recommendation, the Board approved an updated policy on 9 November 2020.

Amendments to the whistle-blowing policy include the following:

- increasing the scope of the policy to cover external parties such as tenants, contractors (in addition to employees);
- setting out the required information for reporting;
- setting out ARC duties and reporting to the Board for whistleblowing matters;
- ensuring that the policy is specifically communicated to all employees; and
- making an additional communication channel of reporting via email available at whistleblow@hobee.com. All whistle-blowing reports are submitted to the Chairman of the ARC.

The policy emphasised protection of whistle-blowers against reprisal, whether direct or indirect, carried out by Management, other employees, tenants, business partners or clients, at work or outside the workplace. If it is determined that the whistle-blower who is an employee experienced any reprisal consequential to his report, the ARC shall ensure that immediate action is taken to reinstate the employee to his former position or be fully compensated for any losses suffered.

The updated policy was made available to all employees and publicly available on the corporate website at www.hobee.com/investor-relations/corporate-governance/.

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. The Company also 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.

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

In FY2020, other than a baseless complaint on a Management Council election result, there was no whistle-blower report received and no outstanding whistle-blower report under investigation as of the date of this report.

SHAREHOLDER RIGHTS AND ENGAGEMENT

Principle 11: Shareholder Rights and Conduct of General Meetings

The Company endeavours to treat all shareholders fairly and equitably, and recognise, protect and facilitate the exercise of shareholders' rights. It is the aim of the Board, in presenting the half-year and annual financial statements announcements, to provide shareholders with a comprehensive and balanced assessment of the Group's performance, financial position and prospects.

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. However, with the pandemic, our annual general meeting in 2020 was held electronically in accordance with the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020 (the "**Order**"). Abiding by the rules and guidance from the Accounting and Corporate Regulatory Authority, Monetary Authority of Singapore and Singapore Exchange Regulation on the conduct of general meetings, the Company held its annual general meeting for FY2019 electronically on 19 May 2020. All directors, the company secretary and auditors attended the annual general meeting (whether in person or by electronic means).

The Board welcomes views and questions from shareholders. At every annual general meeting, 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. The external auditors are also present to address shareholders' queries, if necessary.

CORPORATE GOVERNANCE

Notices for general meetings are announced via SGXNet 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.

2021 Annual General Meeting

In view of the current COVID-19 situation in Singapore, the 2021 Annual General Meeting will be convened and held by electronic means pursuant to the Order, similar to the Annual General Meeting held in 2020. Alternative arrangements such as attendance by electronic means, submission of questions in advance of the meeting and proxy voting by appointing Chairman of the meeting, and so on, will be in place. Shareholders are reminded to stay updated on the Company's SGXNet announcement as these meeting arrangements may change on short notice with the evolving pandemic situation.

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.

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 are in place.

The Company maintains minutes of general meetings (usually within 10 days of the meetings). Commencing 2020, the Company publishes these minutes on its corporate website as soon as practicable after the relevant general meeting. Such minutes will record substantial and relevant comments from shareholders relating to the agenda of the general meeting, and responses from the Board and Management. These minutes are also uploaded onto the corporate website.

Dividends

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. A chart depicting dividends paid by the Company for the past 5 years can be found on page 26 of this Annual Report.

For FY2020, the Board has recommended a first and final dividend of 8 cents and a special dividend of 2 cents per ordinary share. This represents 48.4% of the Group's net profit after tax and non-controlling interests. Subject to shareholders' approval at the annual general meeting on 28 April 2021, the proposed dividends will be paid on 28 May 2021.

Principle 12: Engagement with Shareholders

The Company has a formalised investor relations policy which sets out the Company's principles and procedures for communicating with shareholders and the investment community. A copy of the investor relations 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. Following the amendment to Rule 705 of the Listing Rules effective 7 February 2020, the Company has ceased Quarterly Reporting and had announced its half-year and full year results in FY2020. Half-year results were released via SGXNet not later than 45 days after the half-year end and full year results were announced within 60 days from the financial year end. Each half-year and full year financial results announcement was accompanied by a media release.

CORPORATE GOVERNANCE

The Company's investor relations function is led by an Executive 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 Executive Director is assisted by the Finance Director. The Executive Director and the Finance Director meet regularly with analysts and fund managers to facilitate shareholders' and investors' communication. They are augmented by the Board Chairman and CEO, as well as other senior management who participate and contribute actively to the Group's corporate communication and investor relations efforts.

MANAGING STAKEHOLDERS RELATIONSHIPS

Principle 13: Engagement with Stakeholders

The Company has identified stakeholders as those who affect, and are affected by, the Group's business and operations. The Company engages its stakeholders through various channels to ensure that the business interests of the Group are balanced against the needs and interests of its stakeholders.

In order to review and assess the key focus areas relevant to the Company's business activities, the Company from time to time proactively engages with various stakeholders, including investors, tenants, employees, communities, government and regulators and business partners to gather feedback on the sustainability issues most important to them. Please refer to the Sustainability Report for more details.

SECURITIES TRANSACTIONS

The Company has its own internal Code of Best Practices on Securities Transactions which provides guidance to its officers with regard to dealings by the Company and its officers in the Company's securities. It also sets out the prohibitions and provisions on insider trading of the SGX Listing Manual and the Securities and Futures Act.

With the amendment to Rule 705 of the Listing Rules and cessation of Quarterly Reporting, the Company amended its internal code in FY2020. Under the revised internal code, the Company and its officers are not allowed to deal in the Company's securities during the periods commencing one month before the announcement of the Company's half-year and full year results, as the case may be, and ending on the date of the 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 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. The Company has complied with the best practices set out in the SGX Listing Manual.

INTERESTED PERSON TRANSACTIONS

The Company has adopted a set of procedures for reporting and approving interested person transactions. Details of the interested person transactions for FY2020 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.

N.A. means not applicable.

CORPORATE GOVERNANCE

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.

MATERIAL CONTRACTS

Save for the service agreements between the Chairman and CEO, and the Company, there were no material contracts of the Group involving the interests of the Chairman and CEO, each Director or controlling shareholding, either still subsisting at the end of FY2020 or if not then subsisting, entered into since the end of the previous financial year.

Express disclosure requirements in principles and provisions of the Code

PRINCIPLES AND PROVISIONS OF THE CODE		PAGE REFERENCE IN HBL AR2020
THE BOARD'S CONDUCT OF AFFAIRS		
Provision 1.2	The induction, training and development provided to new and existing directors.	56
Provision 1.3	Matters that require Board approval.	47
Provision 1.4	Names of the members of the Board Committees, the terms of reference of the Board Committees, any delegation of the Board's authority to make decisions, and a summary of each Board Committee's activities.	55, 58 and 64
Provision 1.5	The number of meetings of the Board and Board Committees held in the year, as well as the attendance of every Board member at these meetings.	46
BOARD COMPOSITION AND GUIDANCE		
Provision 2.4	The board diversity policy and progress made towards implementing the board diversity policy, including objectives.	54
BOARD MEMBERSHIP		
Provision 4.3	Process for the selection, appointment and re-appointment of Directors to the Board, including the criteria used to identify and evaluate potential new directors and channels used in searching for appropriate candidate.	56
Provision 4.4	Where the Board considers a Director to be independent in spite of the existence of a relationship which may affect his or her independence, the nature of the Director's relationship and the reasons for considering him or her as independent should be disclosed.	53
Provision 4.5	The listed company directorships and principal commitments of each director, and where a director holds a significant number of such directorships and commitments, the NC's and Board's reasoned assessment of the ability of the director to diligently discharge his or her duties are disclosed.	48 to 52, 57

CORPORATE GOVERNANCE

PRINCIPLES AND PROVISIONS OF THE CODE		PAGE REFERENCE IN HBL AR2020
BOARD PERFORMANCE		
Provision 5.2	How the assessments of the Board, its Board Committees and each Director have been conducted, including the identity of any external facilitator and its connection, if any, with the Company or any of its Directors.	57 to 58
PROCEDURES FOR DEVELOPING REMUNERATION POLICIES		
Provision 6.4	The Company discloses the engagement of any remuneration consultants and their independence.	58
DISCLOSURE ON REMUNERATION		
Provision 8.1	The Company discloses the policy and criteria for setting remuneration, as well as names, amounts and breakdown of remuneration of (a) each individual director and the CEO, and (b) at least the top five key management personnel (who are not Directors or the CEO) in bands no wider than SGD250,000 and in aggregate the total remuneration paid to these key management personnel.	60 to 61
Provision 8.2	Names and remuneration of employees who are substantial shareholders of the company, or are immediate family members of a Director, the CEO or a substantial shareholder of the company, and whose remuneration exceeds SGD100,000 during the year, in bands no wider than SGD100,000. The disclosure states clearly the employee's relationship with the relevant director or the CEO or substantial shareholder.	61
Provision 8.3	The Company discloses all forms of remuneration and other payments and benefits, paid by the Company and its subsidiaries to directors and key management personnel of the Company, and also discloses details of employee share schemes.	61 to 62
RISK MANAGEMENT AND INTERNAL CONTROLS		
Provision 9.2	Whether the Board has received assurance from (a) the CEO and the CFO that the financial records have been properly maintained and the financial statements give true and fair view of the Company's operations and finances; and (b) the CEO and the other key management personnel who are responsible, regarding the adequacy and effectiveness of the Company's risk management and internal control systems.	63 to 64
SHAREHOLDER RIGHTS AND CONDUCT OF GENERAL MEETINGS		
Provision 11.3	Directors' attendance at general meetings of shareholders held during the financial year.	66
ENGAGEMENT WITH SHAREHOLDERS		
Provision 12.1	The steps taken to solicit and understand the views of shareholders.	67 to 68
ENGAGEMENT WITH STAKEHOLDERS		
Provision 13.2	The strategy and key focus areas in relation to the management of stakeholder relationships during the reporting period.	68

FINANCIAL STATEMENTS

DIRECTORS' STATEMENT

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 2020.

In our opinion:

(a) the financial statements set out on pages 83 to 168 are drawn up 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 2020 and the consolidated financial performance, consolidated changes in equity and consolidated 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 (International); 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
Josephine Choo Poh Hua

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 (the Act), 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**	**At end of the year**	**At beginning of the year**	**At end of the year**
Chua Thian Poh				
The Company				
- ordinary shares	–	–	499,346,900	501,104,150

DIRECTORS' STATEMENT

DIRECTORS' INTERESTS IN SHARES OR DEBENTURES (CONT'D)

	Holdings in the name of the director, spouse or infant children		Other holdings in which the director is deemed to have an interest	
Name of director and corporation in which interests are held	**At beginning of the year**	**At end of the year**	**At beginning of the year**	**At end of the year**
Chua Thian Poh (cont'd)				
Immediate and ultimate holding company				
Ho Bee Holdings (Pte) Ltd				
- ordinary shares	22,000,000	22,000,000	–	–
Related corporations				
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	–	–
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	–	–

DIRECTORS' STATEMENT

DIRECTORS' INTERESTS IN SHARES OR DEBENTURES (CONT'D)

By virtue of Section 7 of the Act, Dr 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 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 2021.

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

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

SHARE OPTIONS

During the financial year, there were:

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

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

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

DIRECTORS' STATEMENT

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.

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 2021

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 2020, 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 83 to 168.

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 Singapore Financial Reporting Standards (International) ('SFRS(I)s') 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 2020 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

MEMBERS OF THE COMPANY
HO BEE LAND LIMITED

VALUATION OF INVESTMENT PROPERTIES (S$4,630 MILLION)

(Refer to Notes 5 & 38 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 to be made in the determination of the appropriate valuation methodologies, and the assumptions and estimates. Changes to these valuation methodologies and assumptions used may have a significant impact to the valuations of investment properties. Certain valuation reports obtained from the external valuers highlighted the estimation uncertainty arising from the COVID-19 pandemic, and consequently, less certainty, and a higher degree of caution should be attached to their valuations than would normally be the case. The external valuers have also recommended to keep the valuation of these properties under frequent review as the valuations were based on the information available as at the date of the valuations, and the fair values may change significantly and unexpectedly over a short period of time.	As part of our audit procedures, we have: • Evaluated the competency 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, and compared the assumptions and parameters used to externally derived data. Where appropriate, we also involved our in-house valuation specialists to assist us in the assessments. • Held discussion with the valuers to understand how they have considered the implications of COVID-19 and market uncertainty in their valuations. • Ascertained that the changes in fair value of investment properties are appropriately recognised in the consolidated income statement. • Assessed the accuracy and relevance of disclosures in the Group's financial statements, especially on sources of estimation uncertainty. *Findings:* The valuers are members of recognised professional bodies for valuers and have considered their own independence in carrying out their work. We found the valuation methodologies used are in line with generally accepted market practices and the key assumptions used to be within a reasonable range of our expectations. 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. Estimation uncertainties inherent in the valuations are appropriately disclosed in the Group's financial statements.

INDEPENDENT AUDITORS' REPORT

MEMBERS OF THE COMPANY
HO BEE LAND LIMITED

VALUATION OF DEVELOPMENT AND COMPLETED PROPERTIES (S$267 MILLION)

(Refer to Note 14 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 development projects in Singapore and 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 consolidated statement of financial position. 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. The determination of the NRV is critically dependent upon the Group's expectations of future selling prices. Changes to these estimates can result in material changes in the carrying value of the properties. The risk of unforeseen losses on disposal of these properties is increased especially in times when the global economic outlook is uncertain.	As part of our audit procedures, we have: Development projects held by the Group's subsidiaries and jointly-controlled entities in Singapore • 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 comparable properties sold in the vicinity of the Group's development projects, where applicable. • Held discussions with management to obtain an understanding of the macroeconomic and real estate price trends that have been taken into account in their NRV assessment. • Compared the NRV against the estimated total development costs for each development property unit and assessed whether a write down is required. Development projects held by the Group's associates and jointly-controlled entities in China • Reviewed the working papers of the Component Auditors and ascertained that the above procedures undertaken for development properties in Singapore have been performed to determine that these projects 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 in their NRV assessment. • Ascertained that write-down of completed properties is appropriately recognised in the consolidated income statement. *Findings:* In making its estimates of the expected selling prices, the Group considered the macroeconomic and real estate price trend for the markets in which the properties are located. 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 within the range of observable selling prices in the market.

INDEPENDENT AUDITORS' REPORT

MEMBERS OF THE COMPANY
HO BEE LAND LIMITED

SHARE OF PROFITS OF ASSOCIATES AND JOINTLY-CONTROLLED ENTITIES IN CHINA (S$76 MILLION)

(Refer to Notes 8 & 9 to the financial statements)

The key audit matter	*How the matter was addressed in our audit*
The Group has interests in development projects in China held by its associates and jointly-controlled entities. The Group accounts for these 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 2020. In addition, significant judgement and estimates are made by management in the valuation of the development properties, accrual of project costs and related tax provisions such as land appreciation taxes. Incorrect revenue recognition and changes to the aforementioned estimates made by management could result in material impact to the Group's share of results 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 and areas of significant judgement and estimates. • Obtained audit clearance from the Component Auditors, and reviewed their working papers. • Checked the accuracy of management's calculation of the Group's share of profits of associates and jointly-controlled entities and ascertained that they are appropriately equity accounted for by the Group. *Findings:* We obtained the audit clearance from the Component Auditors. The revenue recognition policy adopted by these associates and jointly-controlled entities is consistent with the Group's accounting policy. Revenue of these associates and jointly-controlled entities is recognised in accordance with this policy. With respect to the valuation of development properties, accrual of project costs and related tax provisions, we found the estimates applied by management to be within a reasonable range of our expectations. 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

**MEMBERS OF THE COMPANY
HO BEE LAND LIMITED**

Other information

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

- Words from the Chairman
- Directors' Statement

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

- The Board of Directors
- The Management Team
- Our Presence
- Our Development Properties
- New Investment Property
- Financials at a glance
- Corporate Governance Report
- Corporate Structure
- Corporate Information
- Additional Information
- Shareholding Statistics
- Sustainability Report
- Investor Relations

(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 SFRS(I)s, 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

MEMBERS OF THE COMPANY
HO BEE LAND LIMITED

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 auditors' 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 auditors' 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 auditors' report unless the law or regulations preclude 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

**MEMBERS OF THE COMPANY
HO BEE LAND LIMITED**

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 auditors' report is Shelley Chan Hoi Yi.

KPMG LLP
Public Accountants and
Chartered Accountants

Singapore
16 March 2021

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2020

		Group		Company	
	Note	2020 $'000	2019 $'000	2020 $'000	2019 $'000
Non-current assets					
Property, plant and equipment	4	**43,526**	34,877	**3,494**	4,669
Investment properties	5	**4,629,845**	4,600,366	**–**	–
Deposit for land premium	6	**55,900**	–	**–**	–
Subsidiaries	7	**–**	–	**181,535**	180,179
Associates	8	**414,050**	441,756	**233,270**	314,538
Jointly-controlled entities	9	**315,011**	311,784	**231,266**	253,695
Other assets	10	**150**	150	**–**	–
Financial assets	11	**174,508**	103,420	**174,086**	102,716
Other receivables	12	**252,528**	251,086	**1,063,780**	926,200
Deferred tax assets	13	**112**	–	**–**	–
		5,885,630	5,743,439	**1,887,431**	1,781,997
Current assets					
Development properties	14	**267,458**	226,275	**–**	–
Trade and other receivables	15	**54,431**	34,999	**17,053**	399,895
Cash and cash equivalents	16	**118,739**	191,378	**47,712**	78,768
		440,628	452,652	**64,765**	478,663
Total assets		**6,326,258**	6,196,091	**1,952,196**	2,260,660
Equity attributable to equity holders of the Company					
Share capital	17	**156,048**	156,048	**156,048**	156,048
Reserves	18	**3,468,081**	3,384,606	**1,726,785**	1,580,534
		3,624,129	3,540,654	**1,882,833**	1,736,582
Non-controlling interests		**16,541**	12,476	**–**	–
Total equity		**3,640,670**	3,553,130	**1,882,833**	1,736,582
Non-current liabilities					
Loans and borrowings	19	**1,995,634**	2,146,166	**2,113**	3,225
Other liabilities	20	**32,295**	29,906	**–**	–
Deferred income	21	**44,594**	46,505	**–**	–
Deferred tax liabilities	13	**19,053**	17,628	**–**	–
		2,091,576	2,240,205	**2,113**	3,225
Current liabilities					
Trade and other payables	22	**90,385**	65,514	**31,546**	487,091
Loans and borrowings	19	**433,901**	277,254	**34,460**	33,762
Deferred income	21	**1,671**	1,671	**–**	–
Current tax payable		**68,055**	58,317	**1,244**	–
		594,012	402,756	**67,250**	520,853
Total liabilities		**2,685,588**	2,642,961	**69,363**	524,078
Total equity and liabilities		**6,326,258**	6,196,091	**1,952,196**	2,260,660

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

CONSOLIDATED INCOME STATEMENT

YEAR ENDED 31 DECEMBER 2020

	Note	2020 $'000	2019 $'000
Revenue	23	**215,681**	212,432
Other income	24	**3,875**	8,395
Total income		**219,556**	220,827
Fair value (loss)/gain on investment properties	5	**(32,792)**	243,729
Cost of sales – residential development projects		**(1,530)**	(2,640)
Direct rental expenses		**(16,094)**	(20,003)
Gain/(loss) on foreign exchange		**15,547**	(6,239)
Staff costs & directors' remuneration		**(17,748)**	(16,327)
Other operating expenses		**(8,861)**	(9,100)
Profit from operating activities		**158,078**	410,247
Net finance costs	26	**(42,835)**	(52,135)
Share of profits/(loss), net of tax, of:			
- associates		**53,203**	10,505
- jointly-controlled entities		**2,238**	(3,615)
Profit before income tax		**170,684**	365,002
Income tax expense	27	**(29,029)**	(33,710)
Profit for the year	28	**141,655**	331,292
Profit attributable to:			
Owners of the Company		**137,065**	332,310
Non-controlling interests		**4,590**	(1,018)
Profit for the year		**141,655**	331,292
Earnings per share			
Basic earnings per share (cents)	29	**20.62**	49.95
Diluted earnings per share (cents)	29	**20.62**	49.95

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

YEAR ENDED 31 DECEMBER 2020

	2020 $'000	2019 $'000
Profit for the year	**141,655**	331,292
Other comprehensive income		
Item that will not be reclassified to profit or loss:		
Equity investments at fair value through other comprehensive income ("FVOCI")		
– net change in fair value	**–**	1,792
Items that are or may be reclassified subsequently to profit or loss:		
Effective portion of changes in fair value of cash flow hedges	**(18,270)**	(8,751)
Foreign currency translation differences relating to foreign operations	**7,613**	5,708
Net gain on hedges of net investment in foreign operations	**2,696**	2,908
Realisation of exchange differences on liquidation of a subsidiary to profit or loss	**–**	(1,088)
Share of foreign currency translation differences of equity-accounted investees	**23,236**	(10,049)
Total other comprehensive income for the year, net of income tax	**15,275**	(9,480)
Total comprehensive income for the year	**156,930**	321,812
Attributable to:		
Owners of the Company	**152,715**	322,952
Non-controlling interests	**4,215**	(1,140)
Total comprehensive income for the year	**156,930**	321,812

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

YEAR ENDED 31 DECEMBER 2020

	Attributable to owners of the Company									
	Share capital $'000	**Reserve for own shares $'000**	**Capital reserve $'000**	**Fair value 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 2019	156,048	(65,079)	2,043	(1,477)	(6,479)	(46,246)	3,246,667	3,285,477	14,714	3,300,191
Total comprehensive income for the year										
Profit for the year	–	–	–	–	–	–	332,310	332,310	(1,018)	331,292
Other comprehensive income										
Net changes in fair value of equity investments at FVOCI	–	–	–	1,792	–	–	–	1,792	–	1,792
Effective portion of changes in fair value of cash flow hedges	–	–	–	–	(8,751)	–	–	(8,751)	–	(8,751)
Foreign currency translation differences relating to foreign operations	–	–	–	–	–	5,830	–	5,830	(122)	5,708
Net gain on hedge of net investment in foreign operations	–	–	–	–	–	2,908	–	2,908	–	2,908
Realisation of exchange differences on liquidation of a subsidiary to profit or loss	–	–	–	–	–	(1,088)	–	(1,088)	–	(1,088)
Share of foreign currency translation differences of equity-accounted investees	–	–	–	–	–	(10,049)	–	(10,049)	–	(10,049)
Total other comprehensive income	–	–	–	1,792	(8,751)	(2,399)	–	(9,358)	(122)	(9,480)
Total comprehensive income for the year	–	–	–	1,792	(8,751)	(2,399)	332,310	322,952	(1,140)	321,812
Realisation of fair value gain on financial asset at FVOCI	–	–	–	(315)	–	–	315	–	–	–
Transactions with owners of the Company, recognised directly in equity										
Distributions to owners of the Company										
Dividend paid to non-controlling shareholders	–	–	–	–	–	–	–	–	(180)	(180)
Final tax-exempt dividend paid of 8 cents and special dividend of 2 cents per share in respect of 2018	–	–	–	–	–	–	(66,523)	(66,523)	–	(66,523)
Total distributions to owners of the Company	–	–	–	–	–	–	(66,523)	(66,523)	(180)	(66,703)

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

YEAR ENDED 31 DECEMBER 2020

	Attributable to owners of the Company									
	Share capital $'000	Reserve for own shares $'000	Capital reserve $'000	Fair value reserve $'000	Hedging reserve $'000	Foreign currency translation reserve $'000	Retained earnings $'000	Total $'000	Non-controlling interests $'000	Total equity $'000
Group										
Changes in ownership interests in subsidiaries										
Acquisition of non-controlling interests without a change in control (refer to note 36)	–	–	(1,252)	–	–	–	–	(1,252)	(918)	(2,170)
Total changes in ownership interests in subsidiaries	–	–	(1,252)	–	–	–	–	(1,252)	(918)	(2,170)
Total transactions with owners	–	–	(1,252)	–	–	–	(66,523)	(67,775)	(1,098)	(68,873)
At 31 December 2019	156,048	(65,079)	791	–	(15,230)	(48,645)	3,512,769	3,540,654	12,476	3,553,130

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

YEAR ENDED 31 DECEMBER 2020

	Attributable to owners of the Company									
	Share capital $'000	Reserve for own shares $'000	Capital reserve $'000	Fair value 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 2020	156,048	(65,079)	791	–	(15,230)	(48,645)	3,512,769	3,540,654	12,476	3,553,130
Total comprehensive income for the year										
Profit for the year	–	–	–	–	–	–	137,065	137,065	4,590	141,655
Other comprehensive income										
Effective portion of changes in fair value of cash flow hedges	–	–	–	–	(18,270)	–	–	(18,270)	–	(18,270)
Foreign currency translation differences relating to foreign operations	–	–	–	–	–	7,988	–	7,988	(375)	7,613
Net gain on hedge of net investment in foreign operations	–	–	–	–	–	2,696	–	2,696	–	2,696
Share of foreign currency translation differences of equity-accounted investees	–	–	–	–	–	23,236	–	23,236	–	23,236
Total other comprehensive income	–	–	–	–	(18,270)	33,920	–	15,650	(375)	15,275
Total comprehensive income for the year	–	–	–	–	(18,270)	33,920	137,065	152,715	4,215	156,930
Transactions with owners of the Company, recognised directly in equity										
Distributions to owners of the Company										
Dividend paid to non-controlling shareholder	–	–	–	–	–	–	–	–	(150)	(150)
Final tax-exempt dividend paid of 8 cents and special dividend of 2 cents per share in respect of 2019	–	–	–	–	–	–	(66,523)	(66,523)	–	(66,523)
Purchase of treasury shares	–	(2,717)	–	–	–	–	–	(2,717)	–	(2,717)
Total distributions to owners of the Company	–	(2,717)	–	–	–	–	(66,523)	(69,240)	(150)	(69,390)
At 31 December 2020	156,048	(67,796)	791	–	(33,500)	(14,725)	3,583,311	3,624,129	16,541	3,640,670

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

CONSOLIDATED STATEMENT OF CASH FLOWS

YEAR ENDED 31 DECEMBER 2020

	Note	2020 $'000	2019 $'000
Cash flows from operating activities			
Profit for the year		**141,655**	331,292
Adjustments for:			
Depreciation of property, plant and equipment and right-of-use assets	4	**776**	682
Write down to net realisable value of properties held for sale	14	**536**	–
Loss on disposal of property, plant and equipment	24	**–**	1
Allowance for doubtful receivables		**584**	–
Unrealised exchange (gain)/loss		**(12,225)**	4,552
Interest income	26	**(2,149)**	(3,314)
Dividend income from:			
- quoted equity investment designated at FVOCI	24	**–**	(5,341)
- investment designated at FVTPL	24	**(13)**	(33)
Distribution income from financial assets designated at fair value through profit or loss	24	**(113)**	(15)
Finance costs	26	**44,984**	55,449
Net changes in fair value of investment properties	5	**32,792**	(243,729)
Net changes in fair value of financial assets designated at fair value through profit or loss		**66**	(326)
Share of (profits)/losses of:			
- associates		**(53,203)**	(10,505)
- jointly-controlled entities		**(2,238)**	3,615
Income tax expense		**29,029**	33,710
		180,481	166,038
Changes in:			
Development properties		**(34,407)**	835
Trade and other receivables		**(23,372)**	(670)
Trade and other payables		**5,853**	(530)
Cash generated from operations		**128,555**	165,673
Income taxes paid		**(18,704)**	(25,598)
Net cash generated from operating activities carried forward		**109,851**	140,075

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

CONSOLIDATED STATEMENT OF CASH FLOWS

YEAR ENDED 31 DECEMBER 2020

	Note	2020 $'000	2019 $'000
Net cash generated from operating activities brought forward		**109,851**	140,075
Cash flows from investing activities			
Purchase of property, plant and equipment	4	**(9,085)**	(5,286)
Proceeds from sale of property, plant and equipment		**14**	6
Interest received		**2,149**	1,916
Dividends received from:			
- quoted equity investment designated at FVOCI		**–**	5,341
- investment designated at FVTPL		**13**	–
- equity-accounted investee		**21,536**	–
Investment in jointly-controlled entities		**(1,298)**	(7,032)
Distribution from associate (capital reduction)		**78,887**	81,268
Acquisition of non-controlling interest without a change in control	36	**–**	(2,170)
Repayment from/(advances to) jointly-controlled entities (non-trade)		**4,335**	(1,461)
Additions to investment properties		**(12,591)**	(4,280)
Deposit for land premium	6	**(55,900)**	–
Purchase of financial assets designated at FVTPL		**(59,977)**	(5,365)
Purchase of financial assets designated at FVOCI		**–**	(14,976)
Proceeds from sales of equity investments designated at FVOCI		**–**	29,945
Distributions from financial assets designated at fair value through profit or loss		**232**	157
Net cash (used in)/generated from investing activities		**(31,685)**	78,063
Cash flows from financing activities			
Proceeds from bank loans		**182,009**	149,894
Repayment of bank loans		**(220,424)**	(229,719)
Payment of lease liability		**(7)**	–
Interest paid		**(44,984)**	(55,449)
Purchase of treasury shares		**(2,717)**	–
Dividends paid		**(66,523)**	(66,523)
Dividend paid to non-controlling shareholder		**(150)**	(180)
Net cash used in financing activities		**(152,796)**	(201,977)
Net (decrease)/increase in cash and cash equivalents		**(74,630)**	16,161
Cash and cash equivalents at 1 January		**191,378**	176,318
Effect of exchange rate fluctuations on cash held		**1,991**	(1,101)
Cash and cash equivalents at 31 December	16	**118,739**	191,378

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

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2020

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 2021.

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 2020 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 (International) ('SFRS(I)s'). The changes to significant accounting policies are described in note 2.5.

2.2 Basis of measurement

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

The consolidated financial statements have been prepared on a going concern basis notwithstanding that as at 31 December 2020, the Group's total current liabilities exceeded its total current assets by $153,384,000. The Group expects to refinance $387,000,000 of its short-term borrowings in 2021 and is confident that the refinancing of the facilities will occur as required. Coupled with the undrawn revolving credit facility available to the Group (refer to Note 34), the expected capital distribution from two of the Group's associates in China, and the estimated positive cash flows from the Group's operations, management assessed that the Group will be able to meet its obligations that are due within the next twelve months.

At the date of approval of these financial statements, the refinancing process for short-term borrowings amounting to $140,711,000 has commenced and the Group is in final stages of securing the refinancing with the banks.

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 BASIS OF PREPARATION (CONT'D)

2.4 Use of estimates and judgements

The preparation of financial statements in conformity with SFRS(I) 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 2.2	Management's use of the going concern basis for accounting
•	Notes 5 and 38	Valuation of investment properties
•	Note 14	Measurement of realisable amounts of development properties
•	Note 15	Estimation of credit loss allowance on trade and other receivables
•	Note 13 and 27	Estimation of provisions for current and deferred taxation
•	Note 35	Valuation of financial instruments

Impact of COVID-19 on the Group

The World Health Organisation declared a global pandemic in March 2020 as a result of COVID-19. The global economic outlook continues to be cautious and uncertain as the effects of this health crisis continues to unfold in various parts of the world.

The Group has considered the impact of COVID-19 in preparing its financial statements for the year. Specifically, management has given additional consideration and analysis to areas involving critical accounting estimates. Given the uncertainty over the duration of the pandemic, changes to the estimates and outcome that have been applied in the measurement of the Group's assets and liabilities may arise in the future. Other than adjusting events that provide evidence of conditions that existed at the end of the financial year, the impact of events that arise after the reporting period will be accounted for in future reporting periods.

Key accounting estimates and judgement applied by the Group

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

(a) Valuation of investment properties

The Group's investment properties are stated at their fair values, which are determined annually. The fair values of investment properties are 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. In determining the fair value, the valuers have used valuation techniques which involve certain estimates. The valuations reflect where appropriate, comparable sales of similar properties or estimated market values based on projection of income and expense streams over the period of leases, using market rates of return.

2 BASIS OF PREPARATION (CONT'D)

2.4 Use of estimates and judgements (cont'd)

Key accounting estimates and judgement applied by the Group (cont'd)

(a) Valuation of investment properties (cont'd)

The independent valuers have considered available information as at 31 December 2020 relating to COVID-19 and have made necessary adjustments due to the COVID-19 pandemic to the valuation. Certain valuation reports from the independent valuers have highlighted that given the unprecedented set of circumstances on which to base their judgement, less certainty and a higher degree of caution, should be attached to their valuations than would normally be the case. Due to the unknown future impact that COVID-19 might have on the real estate market, the independent valuers have recommended to keep the valuation of these properties under frequent review. In relying on the valuation reports, management has exercised its judgement and is satisfied that the valuation methods and estimates are reflective of market conditions as at 31 December 2020.

The Group's valuation policies and procedures are further discussed in Notes 3.6, 5 and 38.

(b) Valuation of unsold development and completed properties

The Group's development and completed properties are carried at lower of cost and net realisable value. The determination of net realisable value requires judgement and estimate by management. 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 were 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 to determine whether a write down is required.

The carrying amount of the Group's unsold development and completed properties is disclosed in Note 14.

(c) Credit loss allowance on trade and other receivables

The Group uses an allowance matrix to measure the estimated credit losses (ECLs) of trade and other receivables from customers. The measurement of expected credit loss involves management's estimate of the probabilities of a receivable progressing through successive stages of delinquency to write-off, and scalar factors' adjustments to reflect the Group's view of economic conditions over the expected lives of these receivables.

The impairment loss on trade and other receivables is disclosed in Notes 15 and 35.

(d) Income taxes

Significant judgement is required in determining the Group's 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 carrying amounts of provision for taxation, deferred tax assets and liabilities are as disclosed in the Group's statement of financial position.

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 & Risk 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 35 – valuation of financial instruments
- Note 38 – determination of fair values

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2020

2 BASIS OF PREPARATION (CONT'D)

2.5 Changes in accounting policies

New standards and amendments

The Group has applied the following SFRS(I)s, amendments to and interpretations of SFRS(I) for the first time for the annual period beginning on 1 January 2020:

- *Amendments to References to Conceptual Framework in SFRS(I) Standards*
- *Definition of a Business* (Amendments to SFRS(I) 3)
- *Definition of Material* (Amendments to SFRS(I) 1-1 and SFRS(I) 1- 8)
- *Interest Rate Benchmark Reform* (Amendments to SFRS(I) 9, SFRS(I) 1-39 and SFRS(I) 7)
- *Covid-19-Related Rent Concessions* (Amendment to SFRS(I) 16)

The Group applied the interest rate benchmark reform amendments retrospectively to hedging relationships that existed at 1 January 2020 or were designated thereafter and that are directly affected by interest rate benchmark reform. These amendments also apply to the gain or loss accumulated in the cash flow hedging reserve in OCI that existed at 1 January 2020. The details of the accounting policies are disclosed in note 3.3(vi), and related disclosures about risks and hedge accounting are also discussed in note 34.

The application of these amendments to standards and interpretations did not have a material effect on the Group's financial statements.

3 SIGNIFICANT ACCOUNTING POLICIES

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

The accounting policies have been applied consistently by Group entities.

3.1 Basis of consolidation

(i) Business combinations

The Group accounts for business combinations using the acquisition method when the acquired set of activities and assets meets the definition of a business and control is transferred to the Group (see note ii). In determining whether a particular set of activities and assets is a business, the Group assesses whether the set of assets and activities acquired includes, at a minimum, an input and substantive process and whether the acquired set has the ability to produce outputs.

The Group has an option to apply a 'concentration test' that permits a simplified assessment of whether an acquired set of activities and assets is not a business. The optional concentration test is met if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets.

The Group measures goodwill at the date of acquisition as:

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

over the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed. Any goodwill that arises is tested annually for impairment.

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

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.1 Basis of consolidation (cont'd)

(i) Business combinations (cont'd)

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

NCI that are present ownership interests and entitle their holders to a proportionate share of the acquiree's net assets in the event of liquidation are measured either at fair value or at the NCI's proportionate share of the recognised amounts of the acquiree's identifiable net assets, at the date of acquisition. The measurement basis taken is elected on a transaction-by-transaction basis. All other NCI are measured at acquisition-date fair value, unless another measurement basis is required by SFRS(I)s.

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

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

(ii) 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 NCI in a subsidiary are allocated to the NCI even if doing so causes the NCI to have a deficit balance.

(iii) Loss of control

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2020

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.1 Basis of consolidation (cont'd)

(iv) 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.

(v) 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.

(vi) 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.

(vii) Subsidiaries, associates and jointly-controlled entities in the separate financial statements

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

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.2 Foreign currency

(i) 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 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 ("OCI") arising on the translation of:

- an investment in equity securities designated as at fair value through other comprehensive income (FVOCI);
- a financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective; and
- qualifying cash flow hedges to the extent the hedges are effective.

(ii) Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to Singapore dollars at exchange rates at the reporting date. The income and expenses of foreign operations are translated to Singapore dollars at exchange rates at the dates of the transactions.

Foreign currency differences are recognised in OCI. However, if the foreign operation is a non-wholly-owned subsidiary, then the relevant proportionate share of the translation difference is allocated to the NCI. 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 NCI. When the Group disposes of only part of its investment in an associate or joint venture 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.

(iii) Net investment in a foreign operation

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.

(iv) Hedge of a net investment in foreign operation

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.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2020

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.3 Financial instruments

(i) Recognition and initial measurement

Non-derivative financial assets and financial liabilities

Trade receivables and debt investments issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provision of the instrument.

A financial asset (unless it is a trade receivable without significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

(ii) Classification and subsequent measurement

Non-derivative financial assets

On initial recognition, a financial asset is classified as measured at: amortised cost; FVOCI – debt investment; FVOCI – equity investment; or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

Financial assets at amortised cost

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt investments at FVOCI

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Equity investments at FVOCI

On initial recognition of an equity investment that is not held-for-trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an investment-by-investment basis.

Financial assets at FVTPL

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI, at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.3 Financial instruments (cont'd)

(ii) Classification and subsequent measurement (cont'd)

Financial assets: Business model assessment

The Group makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Group's management;
- the risk that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Group's continuing recognition of the assets.

Financial assets that are held-for-trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

Non-derivative financial assets: Assessment whether contractual cash flows are solely payments of principal and interest

For the purpose of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable rate features;
- prepayment and extension features; and
- terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a significant discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2020

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.3 Financial instruments (cont'd)

(ii) Classification and subsequent measurement (cont'd)

Non-derivative financial assets: Subsequent measurement and gains and losses

Financial assets at FVTPL

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.

Financial assets at amortised cost

These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit of loss.

Debt investments at FVOCI

These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are reclassified to profit or loss.

Equity investment at FVOCI

These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in other comprehensive income and are never reclassified to profit or loss.

Non-derivative financial liabilities: Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Directly attributable transaction costs are recognised in profit or loss as incurred.

Other financial liabilities are initially measured at fair value less directly attributable transaction cost. They are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. These financial liabilities comprised loans and borrowings, bank overdrafts, and trade and other payables.

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.3 Financial instruments (cont'd)

(iii) Derecognition

Financial assets

The Group derecognises a financial asset when:

- the contractual rights to the cash flows from the financial asset expire, or
- it transfers the rights to receive the contractual cash flows in a transaction in which either:
  - substantially all of the risks and rewards of ownership of the financial asset are transferred; or
  - the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

Transferred assets are not derecognised when the Group enters into transactions whereby it transfers assets recognised in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets.

Financial liabilities

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or when they expire. The Group also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

(iv) Offsetting

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

(v) 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.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2020

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.3 Financial instruments (cont'd)

(vi) Derivative financial instruments and 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 host contract is not a financial asset and certain criteria are met.

Derivatives are initially measured at fair value and any directly 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 generally recognised in profit or loss.

The Group designates certain derivatives and non-derivative financial instruments as hedging instruments in qualifying hedging relationships. At inception of designated hedging relationships, the Group documents the risk management objective and strategy for undertaking the hedge. The Group also documents the economic relationships between the hedged item and the hedging instrument, including whether the changes in cash flows of the hedged item and hedging instrument are expected to offset each other.

Hedges directly affected by interest rate benchmark reform

For the purpose of evaluating whether there is an economic relationship between the hedged item(s) and the hedging instrument(s), the Group assumes that the benchmark interest rate is not altered as a result of interest rate benchmark reform.

For a cash flow hedge of a forecast transaction, the Group assumes that the benchmark interest rate will not be altered as a result of interest rate benchmark reform for the purpose of assessing whether the forecast transaction is highly probable and presents an exposure to variations in cash flows that could ultimately affect profit or loss. In determining whether a previously designated forecast transaction in a discontinued cash flow hedge is still expected to occur, the Group assumes that the interest rate benchmark cash flows designated as a hedge will not be altered as a result of interest rate benchmark reform.

The Group will cease to apply the specific policy for assessing the economic relationship between the hedged item and the hedging instrument (i) to a hedged item or hedging instrument when the uncertainty arising from interest rate benchmark reform is no longer present with respect to the timing and the amount of the interest rate benchmark-based cash flows of the respective item or instrument or (ii) when the hedging relationship is discontinued. For its highly probable assessment of the hedged item, the Group will no longer apply the specific policy when the uncertainty arising from interest rate benchmark reform about the timing and the amount of the interest rate benchmark-based future cash flows of the hedged item is no longer present, or when the hedging relationship is discontinued.

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.3 Financial instruments (cont'd)

(vi) Derivative financial instruments and hedge accounting (cont'd)

Cash flow hedges

The Group designates certain derivatives as hedging instruments to hedge the variability in cash flows associated with highly probable forecast transactions arising from changes in interest rates.

When a derivative is designated as a cash flow hedging instrument, the effective portion of changes in the fair value of the derivative is recognised in other comprehensive income and accumulated in the hedging reserve. The effective portion of changes in the fair value of the derivative that is recognised in other comprehensive income is limited to the cumulative change in fair value of the hedged item, determined on a present value basis, from inception of the hedge. Any ineffective portion of changes in the fair value of the derivative is recognised immediately in profit or loss.

The Group designates only the change in fair value of the spot element of forward exchange contracts as the hedging instrument in cash flow hedging relationships. The change in fair value of the forward element of forward exchange contracts ("forward points") is separately accounted for as a cost of hedging and recognised in a cost of hedging reserve within equity.

When the hedged forecast transaction subsequently results in the recognition of a non-financial item such as inventory, the amount accumulated in the hedging reserve and the cost of hedging reserve is included directly in the initial cost of the non-financial item when it is recognised.

For all other hedged forecast transactions, the amount accumulated in the hedging reserve and the cost of hedging reserve is reclassified to profit or loss in the same period or periods during which the hedged expected future cash flows affect profit or loss.

If the hedge no longer meets the criteria for hedge accounting or the hedging instrument is sold, expires, is terminated or is exercised, then hedge accounting is discontinued prospectively. When hedge accounting for cash flow hedges is discontinued, the amount that has been accumulated in the hedging reserve and the cost of hedging reserve remains in equity until, for a hedge of a transaction resulting in recognition of a non-financial item, it is included in the non-financial item's cost on its initial recognition or, for other cash flow hedges, it is reclassified to profit or loss in the same period or periods as the hedged expected future cash flows affect profit or loss.

If the hedged future cash flows are no longer expected to occur, then the amounts that have been accumulated in the hedging reserve and the cost of hedging reserve are immediately reclassified to profit or loss.

Net investment hedges

The Group designates certain derivative and non-derivative financial liabilities as hedges of foreign exchange risk on a net investment in a foreign operation.

When a derivative instrument or a non-derivative financial liability is designated as the hedging instrument in a hedge of a net investment in a foreign operation, the effective portion of, for a derivative, changes in the fair value of the hedging instrument or, for a non-derivative, foreign exchange gains or losses is recognised in OCI and presented in the translation reserve within equity. Any ineffective portion of the changes in the fair value of the derivative or foreign exchange gains or losses on the non-derivative is recognised immediately in profit or loss. The amount recognised in OCI is reclassified to profit or loss as a reclassification adjustment on disposal of the foreign operation.

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.3 Financial instruments (cont'd)

(vii) Share capital

Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity. Income tax relating to transaction costs of an equity transaction is accounted for in accordance with SFRS(I) 1-12.

Repurchase, disposal and reissue of share capital (treasury shares)

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

(viii) 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 guarantees issued are initially measured at fair value. Subsequently, they are measured at the higher of the loss allowance determined in accordance with SFRS(I) 9 and the amount initially recognised less, when appropriate, the cumulative amount of income recognised in accordance with the principles of SFRS(I) 15.

Expected credit losses (ECLs) are a probability-weighted estimate of credit losses. ECLs are measured for financial guarantees issued as the expected payments to reimburse the holder less any amounts that the Company expects to recover.

Liabilities arising from financial guarantees are included within 'loans and borrowings'.

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.

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.

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.4 Property, plant and equipment (cont'd)

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
Right-of-use asset – office premise	3 to 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

For the measurement of goodwill at initial recognition, see note 3.1.

Subsequent measurement

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2020

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.7 Leases

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

As a lessee

At commencement or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of property, the Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the right-of-use asset reflects that the Group will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

The Group determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, if the Group changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Group presents right-of-use assets that do not meet the definition of investment property in 'property, plant and equipment' and lease liabilities in 'loans and borrowings' in the statement of financial position.

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.7 Leases (cont'd)

As a lessee (cont'd)

Short-term leases and leases of low-value assets

The Group has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases, including IT equipment. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

As a lessor

At inception or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices.

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

If an arrangement contains lease and non-lease components, then the Group applies SFRS(I) 15 to allocate the consideration in the contract.

The Group applies the derecognition and impairment requirements in SFRS(I) 9 to the net investment in the lease (see Note 3.8(i)). The Group further regularly reviews estimated unguaranteed residual values used in calculating the gross investment in the lease.

The Group recognises lease payments received from investment property under operating leases as income on a straight-line basis over the lease term as part of 'revenue'.

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.8 Impairment

(i) Non-derivative financial assets

The Group recognises loss allowances for expected credit losses (ECLs) on:

- financial assets measured at amortised costs; and
- intra-group financial guarantee contracts (FGC).

Loss allowances of the Group are measured on either of the following bases:

- 12-month ECLs: these are ECLs that result from default events that are possible within the 12 months after the reporting date (or for a shorter period if the expected life of the instrument is less than 12 months); or
- Lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument

Simplified approach

The Group applies the simplified approach to provide for ECLs for all trade receivables. The simplified approach requires the loss allowance to be measured at an amount equal to lifetime ECLs.

General approach

The Group applies the general approach to provide for ECLs on all other financial instruments. Under the general approach, the loss allowance is measured at an amount equal to 12-month ECLs at initial recognition.

At each reporting date, the Group assesses whether the credit risk of a financial instrument has increased significantly since initial recognition. When credit risk has increased significantly since initial recognition, loss allowance is measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and includes forward-looking information.

If credit risk has not increased significantly since initial recognition or if the credit quality of the financial instruments improves such that there is no longer a significant increase in credit risk since initial recognition, loss allowance is measured at an amount equal to 12-month ECLs.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Group considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or
- the financial asset is more than 90 days past due.

The Company considers a FGC to be in default when the debtor of the loan is unlikely to pay its credit obligations to the creditor and the Company in full, without recourse by the Company to actions such as realising security (if any is held). The Company only applies a discount rate if, and to the extent that, the risks are not taken into account by adjusting the expected cash shortfalls.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.8 Impairment (cont'd)

(i) Non-derivative financial assets (cont'd)

Measurement of ECLs

ECLs are probability-weighted estimates of credit losses. Credit losses are measured at the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

Credit-impaired financial assets

At each reporting date, the Group assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 90 days past due;
- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
- it is probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

Presentation of allowance for ECLs in the statement of financial position

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of these assets.

Loss allowances for FGC are recognised as a financial liability to the extent that they exceed the initial carrying amount of the FGC less the cumulated income recognised.

Write-off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.8 Impairment (cont'd)

(ii) Non-financial assets

The carrying amounts of the Group's non-financial assets, other than investment properties, development 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, and intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each year at the same time. An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit (CGU) exceeds its estimated recoverable amount.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs of disposal. 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 CGU. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs. For the purposes of goodwill impairment testing, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes. Goodwill acquired in a business combination is allocated to groups of CGUs that are expected to benefit from the synergies of the combination.

The Group's corporate assets do not generate separate cash inflows and are utilised by more than one CGU. Corporate assets are allocated to CGUs on a reasonable and consistent basis and tested for impairment as part of the testing of the CGU to which the corporate asset is allocated.

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the CGU (group of CGUs), and then to reduce the carrying amounts of the other assets in the CGU (group of CGUs) on a *pro rata* basis.

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.

An impairment loss in respect of an associate or joint venture is measured by comparing the recoverable amount of the investment with its carrying amount in accordance with the requirements for non-financial assets. An impairment loss is recognised in profit or loss. An impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount and only to the extent that the recoverable amount increases.

Goodwill that forms part of the carrying amount of an investment in an associate is not recognised separately, and therefore is not tested for impairment separately. Instead, the entire amount of the investment in an associate is tested for impairment as a single asset when there is objective evidence that the investment in an associate may be impaired.

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.9 Development properties

Development properties are those properties which are held with the intention of development and sale in the ordinary course of business. They are measured at the lower of cost and net realisable value. Cost includes acquisition costs, development expenditure, capitalised borrowing costs and other costs directly attributable to the development activities.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and selling expenses. The write-down to net realisable value is presented as allowance for foreseeable losses.

3.10 Contract costs

Incremental costs of obtaining a contract for the sale of a development property are capitalised if these costs are recoverable. Costs incurred to fulfil a contract are capitalised only if the costs relate directly to the contract, generate or enhance resources used in satisfying future performance obligations, and are expected to be recovered. These costs are amortised consistently with the pattern of revenue for the related contract. Other costs are expensed as incurred.

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 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.13 Revenue recognition

Sale of development properties in Singapore and overseas

Revenue is recognised when control over the property has been transferred to the customer.

In respect of a development property where the Group has an enforceable right to payment for performance completed to date, revenue is recognised based on the percentage of completion. The percentage of completion is measured by reference to the work performed, based on the stage of completion certified by quantity surveyors. Profits are recognised only in respect of finalised sales contracts to the extent that such profits relate to the progress of the construction work.

In respect of a development property where the Group has no enforceable right to payment until the property is delivered to the customer (i.e. overseas property development projects where no progress payments are received from purchasers during construction), revenue is recognised upon handover of units to the customers.

Revenue is measured at the transaction price agreed under the contract. Progress billings to the customer are based on a payment schedule in the contract and are typically triggered upon achievement of specified construction milestones.

Where the period between the satisfaction of a performance obligation and payment by the customer exceeds a year, the Group adjusts the transaction price with its customer and recognises a financing component. In adjusting for the financing component, the Group uses a discount rate that would reflect that of a separate financing transaction between the Group and its customer at contract inception.

Rental income

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

Dividend income

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

Interest income

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

Management fee income

The Group recognises income after the services are rendered.

3.14 Government grants

Government grants are initially recognised as deferred income when there is reasonable assurance that they will be received and the Group will comply with the conditions associated with the grant. Grants that compensate the Group for expenses incurred are recognised in profit or loss as 'other income' on a systematic basis in the same periods in which the expenses are recognised, unless the conditions for receiving the grant are met after the related expenses have been recognised. In this case, the grant is recognised when it becomes receivable.

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.15 Finance income and finance costs

The Group's finance income and finance costs include:

- interest income on funds invested;
- interest expense on borrowings; and
- hedge ineffectiveness recognised in profit or loss.

Interest income or expense is recognised using the effective interest method.

The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

- the gross carrying amount of the financial asset; or
- the amortised cost of the financial liability.

In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortised cost of the liability. However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

3.16 Tax

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

The Group has determined that interest and penalties related to income taxes, including uncertain tax treatments, do not meet the definition of income taxes, and therefore accounted for them under SFRS(I) 1-37 *Provisions, Contingent Liabilities and Contingent Assets*.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, measured 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. Current tax also includes any tax arising from dividends.

Current tax assets and liabilities are offset only if certain criteria are met.

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

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.16 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. For investment property that is measured at fair value, the carrying amount of the investment property is presumed to be recovered through sale, and the Group has not rebutted this presumption. 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, and reflects uncertainty related to income taxes, if any.

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.

Deferred tax assets are recognised for unused tax losses, unused 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 used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for individual subsidiaries in the Group. 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; such reductions are reversed when the probability of future taxable profits improves.

Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

3.17 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.

3.18 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, and for which discrete financial information is available.

Segment results that are reported to the Group's Finance Director include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets (primarily the Company's headquarters), head office expenses, and tax assets and liabilities.

Segment capital expenditure is the total cost incurred during the year to acquire property, plant and equipment, and intangible assets other than goodwill.

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.19 New standards and interpretations not yet adopted

A number of new standards and amendments to standards are effective for annual periods beginning after 1 January 2020 and earlier application is permitted; however, the Group has not early adopted the new or amended standards in preparing these financial statements.

The new SFRS(I)s, amendments to and interpretations of SFRS(I)s are not expected to have a significant impact on the Group's consolidated financial statements and the Company' statement of financial position, except for the *Interest Rate Benchmark Reform – Phase 2* (Amendments to SFRS(I) 9, SFRS(I) 1-39, SFRS(I) 7, SFRS(I) 4 and SFRS(I) 16).

***Interest Rate Benchmark Reform – Phase 2* (Amendments to SFRS(I) 9, SFRS(I) 1-39, SFRS(I) 7, SFRS(I) 4 and SFRS(I) 16)**

The amendments address issues that might affect financial reporting as a result of the reform of an interest rate benchmark, including the effects of changes to contractual cash flows or hedging relationships arising from the replacement of an interest rate benchmark with an alternative benchmark rate. The amendments provide practical relief from certain requirements in SFRS(I) 9, SFRS(I) 1-39, SFRS(I) 7, SFRS(I) 4 and SFRS(I) 16 relating to:

- changes in the basis for determining contractual cash flows of financial assets, financial liabilities and lease liabilities; and
- hedge accounting.

The Group plans to apply the amendments from 1 January 2021. Application will not impact amounts reported for 2020 or prior periods.

Applicable to 2021 financial statements

- *Interest Rate Benchmark Reform – Phase 2* (Amendments to SFRS(I) 9, SFRS(I) 1-39, SFRS(I) 7, SFRS(I) 4 and SFRS(I) 16)

Applicable to 2022 financial statements

- *Reference to the Conceptual Framework* (Amendments to SFRS(I) 3)
- *Property, Plant and Equipment – Proceeds before Intended Use* (Amendments to SFRS(I) 1-16)
- *Onerous Contracts – Cost of Fulfilling a Contract* (Amendments to SFRS(I) 1-37)
- Annual Improvements to SFRS(I)s 2018-2020

Applicable to 2023 financial statements

- SFRS(I) 17 *Insurance Contracts*
- *Classification of Liabilities as Current or Non-current* (Amendments to SFRS(I) 1-1)
- Amendments to 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)

4 PROPERTY, PLANT AND EQUIPMENT

	Freehold property $'000	Right-of-use asset – office premise $'000	Leasehold improvements $'000	Paintings and sculptures $'000	Furniture, fittings and office equipment $'000	Motor vehicles $'000	Total $'000
Group							
Cost							
At 1 January 2019	1,693	–	1,492	26,515	5,749	1,170	36,619
Additions	–	–	–	4,126	166	994	5,286
Reclassification to development properties	–	–	(1)	–	(46)	–	(47)
Disposals	–	–	–	–	(8)	(10)	(18)
Effects of movements in exchange rate	(36)	–	17	22	(16)	14	1
At 31 December 2019	1,657	–	1,508	30,663	5,845	2,168	41,841
Additions	–	184	–	8,617	468	–	9,269
Disposals	–	–	–	–	(26)	–	(26)
Effects of movements in exchange rate	132	9	18	(5)	76	19	249
At 31 December 2020	1,789	193	1,526	39,275	6,363	2,187	51,333
Accumulated depreciation and impairment losses							
At 1 January 2019	237	–	734	–	4,745	602	6,318
Depreciation charge for the year	33	–	87	–	315	247	682
Reclassification to development properties	–	–	(1)	–	(18)	–	(19)
Disposals	–	–	–	–	(8)	(3)	(11)
Effects of movements in exchange rate	(5)	–	3	–	(7)	3	(6)
At 31 December 2019	265	–	823	–	5,027	849	6,964
Depreciation charge for the year	33	8	89	–	392	254	776
Disposals	–	–	–	–	(12)	–	(12)
Effects of movements in exchange rate	23	–	5	–	44	7	79
At 31 December 2020	321	8	917	–	5,451	1,110	7,807
Carrying amounts							
At 1 January 2019	1,456	–	758	26,515	1,004	568	30,301
At 31 December 2019	1,392	–	685	30,663	818	1,319	34,877
At 31 December 2020	1,468	185	609	39,275	912	1,077	43,526

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2020

4 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	Right-of-use asset – office premise $'000	**Furniture, fittings and office equipment $'000**	**Motor vehicles $'000**	**Paintings $'000**	**Total $'000**
Company					
Cost					
At 1 January 2019	–	3,597	689	3	4,289
Recognition of right-of-use asset on initial application of SFRS(I) 16	5,368	–	–	–	5,368
Adjusted balance as at 1 January 2019	5,368	3,597	689	3	9,657
Additions	–	42	9	–	51
Disposals	–	–	(4)	–	(4)
At 31 December 2019	5,368	3,639	694	3	9,704
Additions	–	21	–	–	21
At 31 December 2020	5,368	3,660	694	3	9,725
Accumulated depreciation and impairment losses					
At 1 January 2019	–	3,434	350	–	3,784
Recognition of right-of-use asset on initial application of SFRS(I) 16	–	–	–	–	–
Adjusted balance as at 1 January 2019	–	3,434	350	–	3,784
Depreciation charge for the year	1,111	47	96	–	1,254
Disposals	–	–	(3)	–	(3)
At 31 December 2019	1,111	3,481	443	–	5,035
Depreciation charge for the year	1,111	52	33	–	1,196
At 31 December 2020	2,222	3,533	476	–	6,231
Carrying amounts					
At 1 January 2019	–	163	339	3	505
At 31 December 2019	4,257	158	251	3	4,669
At 31 December 2020	3,146	127	218	3	3,494

The Company leases its office space from a subsidiary. The right-of-use asset arising from this lease is presented as part of property, plant and equipment.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2020

5 INVESTMENT PROPERTIES

	Group	
	2020 **$'000**	**2019** **$'000**
Freehold properties		
At 1 January	**2,417,394**	2,302,189
Additions/capital expenditure	–	4,280
Changes in fair value	**(16,830)**	66,393
Movements in exchange rates	**48,075**	44,532
At 31 December	**2,448,639**	2,417,394
Leasehold properties		
At 1 January	**2,182,972**	2,004,095
Additions/capital expenditure	**12,591**	–
Changes in fair value	**(15,962)**	177,336
Movements in exchange rates	**1,605**	1,541
At 31 December	**2,181,206**	2,182,972
Total investment properties	**4,629,845**	4,600,366
Comprising:		
- Completed investment properties	**4,617,254**	4,600,366
- Investment properties under development	**12,591**	–
	4,629,845	4,600,366

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 lessees. During the year, contingent rent of $219,572 (2019: $96,901) was charged and recognised as rental income in profit or loss.

Certain investment properties with carrying value amounting to $4,474,837,000 (2019: $4,535,938,000) 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 and Cushman & Wakefield Debenham Tie Leung Limited. Both the valuers have recognised professional qualifications and relevant experience in the location and category of property being valued.

In 2020, the Group recognised a fair value loss of $32,792,000 (2019: gain of $243,729,000) on its investment properties. See note 38 – Determination of fair values for disclosure on the valuation techniques used by the independent valuers.

6 DEPOSIT FOR LAND PREMIUM

The deposit for land premium of $55,900,000 as at 31 December 2020 pertains to the progressive payment made for the acquisition of land parcel located at Buona Vista, Singapore. The site was awarded to the Group's subsidiary, HB Universal Pte Ltd, in March 2020. A biomedical sciences development will be built on the site and will form part of the Group's portfolio of investment properties when it is completed.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2020

7 SUBSIDIARIES

	Company	
	2020 $'000	2019 $'000
Equity investments, at cost	**186,526**	184,655
Discount implicit in interest-free loans to subsidiaries	**2,161**	2,161
Impairment loss	**(7,152)**	(6,637)
	181,535	180,179

Impairment loss

The investments in subsidiaries were written down to their respective recoverable amounts, determined using the net asset value of the subsidiaries. During the year, the Company recognised an impairment loss of $515,000 (2019: reversal of impairment loss $5,025,000) on its investment in certain subsidiaries, taking into consideration the carrying values of the underlying assets held by the subsidiaries.

Details of the significant subsidiaries are as follows:

Name of subsidiary	Country of incorporation	Effective equity held by the Group	
		2020 %	2019 %
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
HB Land Pty Ltd#	Australia	**100**	100
Stream Field Investments Limited#	British Virgin Islands	**100**	100
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
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
HB Universal Pte Ltd	Singapore	**100**	100
Grandeur Property Investments Ltd#	British Virgin Islands	**100**	100

Not required to be audited under the laws in the country of incorporation.

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

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

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2020

8 ASSOCIATES

	Group		Company	
	2020 $'000	2019 $'000	2020 $'000	2019 $'000
Interests in associates	**414,050**	441,756	**233,270**	314,538

The Group has two associates (2019: two) which are equity-accounted for. Both the associates are material to the Group, and their details 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% (2019: 40%)	20% (2019: 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

8 ASSOCIATES (CONT'D)

The following summarises the financial information of each of the Group's material associates based on their respective financial statements prepared in accordance with SFRS(I), 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
31 December 2020			
Revenue	31,933	553,063	
Profit from continuing operations	72,065	171,888	
Total comprehensive income	72,065	171,888	
Attributable to investee's shareholders	72,065	171,888	
Non-current assets	637	200,451	
Current assets	896,784	745,103	
Non-current liabilities	–	(911)	
Current liabilities	(151,127)	(316,981)	
Net assets	746,294	627,662	
Attributable to investee's shareholders	746,294	627,662	
Group's interest in net assets of investee at beginning of the year	334,467	107,289	441,756
Group's share of profit from continuing operations	28,826	34,377	63,203
Group's adjustment: allowance for foreseeable losses on development project	–	(10,000)	(10,000)
Adjusted Group's share of profit	28,826	24,377	53,203
Dividends received during the year	–	(21,536)	(21,536)
Capital reduction with no change in effective shareholding	(81,268)	–	(81,268)
Foreign currency translation differences	16,493	5,402	21,895
Carrying amount of interest in investee at end of the year	298,518	115,532	414,050

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2020

8 ASSOCIATES (CONT'D)

	Shanghai Yanlord Hongqiao $'000	Zhuhai Yanlord Heyou $'000	Total $'000
31 December 2019			
Revenue	37,503	100,419	
Profit from continuing operations	19,190	14,144	
Total comprehensive income	19,190	14,144	
Attributable to investee's shareholders	19,190	14,144	
Non-current assets	608	196,939	
Current assets	1,038,533	897,177	
Non-current liabilities	–	(79,104)	
Current liabilities	(202,974)	(478,568)	
Net assets	836,167	536,444	
Attributable to investee's shareholders	836,167	536,444	
Group's interest in net assets of investee at beginning of the year	415,002	107,347	522,349
Group's share of profit from continuing operations	7,676	2,829	10,505
Capital reduction with no change in effective shareholding	(81,268)	–	(81,268)
Foreign currency translation differences	(6,943)	(2,887)	(9,830)
Carrying amount of interest in investee at end of the year	334,467	107,289	441,756

9 JOINTLY-CONTROLLED ENTITIES

The Group has three (2019: two) jointly-controlled entities that are material and four (2019: five) jointly-controlled entities that are individually immaterial to the Group.

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

	Group		Company	
	2020 $'000	**2019 $'000**	**2020 $'000**	**2019 $'000**
Interests in jointly-controlled entities	**315,011**	311,784	**378,185**	378,185
Impairment loss	**–**	–	**(146,919)**	(124,490)
	315,011	311,784	**231,266**	253,695

Company

The cumulative impairment loss as at 31 December 2020 is $146,919,000 (2019: $124,490,000).

During the year, an impairment loss of $22,429,000 (2019: nil) was made against the Company's investment in its jointly-controlled entity, Pinnacle (Sentosa) Pte Ltd. The Group obtained an external valuation of its development project as at 31 December 2020 which indicated a decline in the estimated selling price of the property. Coupled with management's expectations of the estimated selling expenses, an impairment loss was recognised in the year.

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

	Company	
	2020 $'000	**2019 $'000**
At 1 January	**124,490**	124,490
Impairment loss for the year	**22,429**	–
At 31 December	**146,919**	124,490

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2020

9 JOINTLY-CONTROLLED ENTITIES (CONT'D)

The following are the material jointly-controlled entities:

	Seaview (Sentosa) Pte Ltd (Seaview)[1]	**Pinnacle (Sentosa) Pte Ltd (Pinnacle)[1]**	**Yanlord Ho Bee Investments Pte Ltd (Yanlord Ho Bee)[2]**
Nature of relationship with the Group	Strategic partner providing high end residential properties in Sentosa	Strategic partner providing high end residential properties in Sentosa	Strategic partner providing high end residential properties in China
Principal place of business/ Country of incorporation	Singapore	Singapore	Singapore
Ownership interest/ Voting rights held	50% (2019: 50%)	35% (2019: 35%)	50% (2019: 50%)

[1] Audited by KPMG LLP, Singapore

[2] Audited by Deloitte & Touche LLP, Singapore

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

	Seaview $'000	**Pinnacle $'000**	**Yanlord Ho Bee $'000**	**Immaterial jointly-controlled entities $'000**	**Total $'000**
31 December 2020					
Revenue	19,766	28,151	206,267		
Profit from continuing operations	5,895	9,573	44,549		
OCI	–	(174)	–		
Total comprehensive income	5,895	9,399	44,549		
Attributable to investee's shareholders	5,895	9,399	44,549		
Non-current assets	–	1,549	16,301		
Current assets	459,545	1,278,698	560,279		
Non-current liabilities	–	(540,000)	(149,150)		
Current liabilities	(351,079)	(6,914)	(403,298)		
Net assets	108,466	733,333	24,132		
Attributable to investee's shareholders	108,466	733,333	24,132		

9 JOINTLY-CONTROLLED ENTITIES (CONT'D)

	Seaview $'000	Pinnacle $'000	Yanlord Ho Bee $'000	Immaterial jointly-controlled entities $'000	Total $'000
31 December 2020					
Group's interest in net assets of investee at beginning of the year	**51,261**	**247,237**	**(9,685)[#]**	**22,971**	**311,784**
Group's share of profit/(loss) from continuing operations	**2,948**	**3,351**	**22,274**	**(435)**	**28,138**
Group's adjustment: additional allowance for foreseeable losses on development project	**–**	**(25,900)**	**–**	**–**	**(25,900)**
Adjusted Group's share of profit/(loss)	**2,948**	**(22,549)**	**22,274**	**(435)**	**2,238**
Group's share of OCI	**–**	**(61)**	**–**	**–**	**(61)**
Total comprehensive income	**2,948**	**(22,610)**	**22,274**	**(435)**	**2,177**
Intra-group eliminations*	**(1,153)**	**(126)**	**–**	**(310)**	**(1,589)**
Group's contribution during the year	**–**	**–**	**–**	**1,298**	**1,298**
Foreign currency translation differences	**–**	**–**	**(523)**	**1,864**	**1,341**
Carrying amount of interest in investee at end of the year	**53,056[1]**	**224,501[1]**	**12,066**	**25,388**	**315,011**

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

[#] Excludes the non-trade amount owing from Yanlord Ho Bee, which represents the Group's long-term interest in the jointly-controlled entity (see note 12(ii)).

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

NOTES TO THE FINANCIAL STATEMENTS

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9 JOINTLY-CONTROLLED ENTITIES (CONT'D)

	Seaview $'000	Pinnacle $'000	Immaterial jointly-controlled entities $'000	Total $'000
31 December 2019				
Revenue	19,431	26,367		
Profit from continuing operations	4,426	2,626		
OCI	–	(1,386)		
Total comprehensive income	4,426	1,240		
Attributable to investee's shareholders	4,426	1,240		
Non-current assets	–	1,552		
Current assets	462,006	1,279,564		
Non-current liabilities	(354,024)	–		
Current liabilities	(3,106)	(556,822)		
Net assets	104,876	724,294		
Attributable to investee's shareholders	104,876	724,294		
Group's interest in net assets of investee at beginning of the year	50,779	245,914	13,491	310,184
Group's share of profit/(loss) from continuing operations	2,213	919	(6,747)	(3,615)
Group's share of OCI	–	(485)	–	(485)
Total comprehensive income	2,213	434	(6,747)	(4,100)
Intra-group eliminations*	(1,731)	(126)	(271)	(2,128)
Group's contribution during the year	–	–	7,032	7,032
Capitalisation of non-trade amount to equity	–	1,015[2]	–	1,015
Foreign currency translation differences	–	–	(219)	(219)
Carrying amount of interest in investee at end of the year	51,261[1]	247,237[1]	13,286	311,784

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

[2] In 2019, the Company capitalised a non-trade amount of $1,015,000 into equity of the joint venture.

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

10 OTHER ASSETS

	Group	
	2020 $'000	2019 $'000
At cost		
Club membership	**150**	150

11 FINANCIAL ASSETS

	Note	Group		Company	
		2020 $'000	2019 $'000	2020 $'000	2019 $'000
Non-current					
Investments designated at FVTPL:					
- Private equity funds		**345**	626	**–**	–
- European property fund		**41,212**	26,912	**41,212**	26,912
Investments mandatorily at FVTPL:					
- Debt instruments – subscription of notes	(i)	**132,874**	75,804	**132,874**	75,804
Investments designated at FVOCI:					
- Unquoted equity securities		**77**	78	**–**	–
		174,508	103,420	**174,086**	102,716

(i) Included in debt instruments is the Company's subscription of notes via a private placement in Europe. Proceeds from the private placement were used for investing in commercial properties. Distribution and redemption of the notes, including interest at 8% per annum, is dependent on the underlying properties' performance. The expected holding period of the notes ranges from 3 to 5 years, with no fixed coupon repayment schedule. As the contractual cash flows from the notes are not solely payments of principal and interest, the debt instruments are mandatorily measured at FVTPL.

NOTES TO THE FINANCIAL STATEMENTS

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12 OTHER RECEIVABLES

		Group		Company	
	Note	2020 $'000	2019 $'000	2020 $'000	2019 $'000
Non-current assets					
Other receivables		**682**	–	**–**	–
Prepayments		**5,487**	–	**–**	–
		6,169	–	**–**	–
Amounts due from subsidiaries (non-trade)					
- interest bearing	(i)	**–**	–	**623,452**	473,540
- non-interest bearing	(ii)	**–**	–	**266,695**	275,648
		–	–	**890,147**	749,188
Amounts due from jointly-controlled entities (non-trade)					
- interest bearing	(i)	**173,633**	177,012	**173,633**	177,012
- non-interest bearing	(ii)	**72,726**	74,074	**–**	–
		246,359	251,086	**173,633**	177,012
		252,528	251,086	**1,063,780**	926,200

(i) Interest-bearing amounts due from jointly-controlled entities and subsidiaries are charged at an interest rate of 1.25% (2019: 1.85%) and 1.25% to 4.00% (2019: 3.50%) per annum, respectively.

(ii) Amounts owing from jointly-controlled entities and subsidiaries are unsecured, interest-free, and have no fixed terms of repayment. The settlement of these balances is neither planned nor likely to occur in the foreseeable future, and hence are classified as non-current receivables. Allowance for impairment on the amounts owing by jointly-controlled entities and subsidiaries under SFRS(I) 9 is insignificant.

13 DEFERRED TAX

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

	At 1 January 2019 $'000	Recognised in income statement (note 27) $'000	At 31 December 2019 $'000	Recognised in income statement (note 27) $'000	Exchange differences $'000	At 31 December 2020 $'000
Group						
Deferred tax liabilities						
Investment properties	5,996	11,015	17,011	389	244	17,644
Development properties	643	(26)	617	713	79	1,409
	6,639	10,989	17,628	1,102	323	19,053
Deferred tax assets						
Tax losses	52	(52)	–	107	5	112

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 laws and prior experience.

14 DEVELOPMENT PROPERTIES

	Group	
	2020 $'000	**2019 $'000**
Properties for which revenue is to be recognised at a point in time		
Properties held for sale	**200,404**	199,125
Properties under development	**67,599**	27,150
	268,003	226,275
Allowance for foreseeable losses	**(545)**	–
Total development properties	**267,458**	226,275

In 2020, development properties of $583,000 (2019: $2,426,000) were recognised as cost of sales and included in 'cost of sales – residential development project'.

In addition, allowance for foreseeable losses of $536,000 (2019: Nil) was made as a result of the Group's write-down of the properties to net realisable values. The allowance for foreseeable losses was included in the 'cost of sales – residential development projects'.

Movements in allowance for foreseeable losses are as follows:

	Group	
	2020 $'000	**2019 $'000**
At 1 January	**–**	–
Allowance made	**(536)**	–
Movement in exchange difference	**(9)**	–
At 31 December	**(545)**	–

The allowance for foreseeable losses is determined by the management after taking into account estimated selling prices. The estimated selling prices are based on comparable properties, prevailing property market conditions and management's expected net selling prices.

Certain development properties with carrying value amounting to $175,501,000 (2019: $175,383,000) were pledged to secure banking facilities granted to the Group (see note 19).

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2020

15 TRADE AND OTHER RECEIVABLES

	Group		Company	
	2020 $'000	**2019 $'000**	**2020 $'000**	**2019 $'000**
Trade receivables	**20,381**	7,271	**–**	–
Accrued rent receivables	**4,938**	5,675	**–**	–
Impairment losses	**(593)**	(4)	**–**	–
Net receivables	**24,726**	12,942	**–**	–
Other deposits	**2,734**	1,820	**1**	1
Amounts due from:				
- subsidiaries (non-trade)				
- interest bearing	**–**	–	**12,024**	53,372
- non-interest bearing	**–**	–	**4,919**	346,375
- jointly-controlled entities (non-trade)				
- interest bearing	**10,347**	8,955	**–**	–
- non-interest bearing	**17**	17	**–**	–
Other receivables	**6,063**	842	**55**	81
	43,887	24,576	**16,999**	399,829
Deposits for land premium – paid for development properties	**6,841**	–	**–**	–
GST recoverable	**446**	–	**–**	–
Prepayments	**3,257**	10,423	**54**	66
	54,431	34,999	**17,053**	399,895

Amounts due from subsidiaries and jointly-controlled entities are unsecured and repayable within the next twelve months. These balances are amounts lent to subsidiaries and jointly-controlled entities to meet their short-term funding requirements.

Interest-bearing amounts due from subsidiaries and jointly-controlled entities are charged at an interest rate of 1.25% to 4% (2019: 4.00%) and 7.50% (2019: 7.50%) per annum, respectively.

16 CASH AND CASH EQUIVALENTS

	Group		Company	
	2020 $'000	**2019 $'000**	**2020 $'000**	**2019 $'000**
Cash at banks and in hand	**90,425**	34,849	**47,712**	971
Fixed deposits	**28,314**	156,529	**–**	77,797
	118,739	191,378	**47,712**	78,768

The weighted average effective interest rates relating to fixed deposits at the balance sheet date for the Group is 0.03% (2019: 1.12%) per annum.

17 SHARE CAPITAL

	Group and Company	
	2020 Number of shares ('000)	**2019 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 2020, included in the total number of ordinary shares was 39,321,600 (2019: 38,107,400) shares purchased by the Company (the "Treasury Shares") by way of market acquisition at an average price of $1.72 (2019: $1.71) 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 2020

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 debt. 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 shareholders' values and provide greater flexibility over the Company'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	
	2020 $'000	**2019 $'000**	**2020 $'000**	**2019 $'000**
Borrowings	**2,429,535**	2,423,420	**36,573**	36,987
Less: Cash and cash equivalents	**(118,739)**	(191,378)	**(47,712)**	(78,768)
Net debt	**2,310,796**	2,232,042	**(11,139)**	(41,781)
Total equity (excluding non-controlling interests)	**3,624,129**	3,540,654	**1,882,833**	1,736,582
Gearing ratio	**0.64**	0.63	**(0.01)**	(0.02)

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.

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18 RESERVES

	Group		Company	
	2020 $'000	**2019 $'000**	**2020 $'000**	**2019 $'000**
Reserve for own shares	**(67,796)**	(65,079)	**(67,796)**	(65,079)
Capital reserve	**791**	791	**–**	–
Fair value reserve	**–**	–	**–**	–
Hedging reserve	**(33,500)**	(15,230)	**–**	–
Foreign currency translation reserve	**(14,725)**	(48,645)	**–**	–
Retained earnings	**3,583,311**	3,512,769	**1,794,581**	1,645,613
	3,468,081	3,384,606	**1,726,785**	1,580,534

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.

Fair value reserve

The fair value reserve comprises the cumulative net change in the fair value of equity instruments designated at FVOCI.

Hedging reserve

The hedging reserve comprises the effective portion of the cumulative net change in the fair value of hedging instruments used in cash flow hedges.

Foreign currency translation reserve

The foreign 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, the gain or loss on instruments used to hedge the Group's net investment in foreign operations that are determined to be effective hedges and exchange differences on monetary items which form part of the Group's net investment in foreign operations, provided certain conditions are met.

Retained earnings

Included in retained earnings is net accumulated gain of $228,396,000 (2019: $172,955,000) representing share of post-acquisition results of associates and jointly-controlled entities.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2020

19 LOANS AND BORROWINGS

	Group		Company	
	2020 $'000	2019 $'000	2020 $'000	2019 $'000
Non-current liabilities				
Secured bank loans	**1,995,634**	2,146,166	**–**	–
Lease liabilities	**–**	–	**2,113**	3,225
	1,995,634	2,146,166	**2,113**	3,225
Current liabilities				
Secured bank loans	**433,714**	277,254	**33,348**	32,677
Lease liabilities	**187**	–	**1,112**	1,085
	433,901	277,254	**34,460**	33,762
	2,429,535	2,423,420	**36,573**	36,987

The bank loans are secured on the following assets:

		Group	
	Note	2020 $'000	2019 $'000
Investment properties	5	**4,474,837**	4,535,938
Development properties	14	**175,501**	175,383
Carrying amounts		**4,650,338**	4,711,321

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

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	Face value $'000	Carrying amount $'000
Group				
31 December 2020				
Secured bank loans				
- floating rate	**1.02 – 2.69**	**2021 – 2025**	**2,429,348**	**2,429,348**
Lease liabilities	**4.00**	**2021**	**199**	**187**
31 December 2019				
Secured bank loans				
- floating rate	1.08 – 3.06	2020 – 2024	2,423,420	2,423,420
Company				
31 December 2020				
Secured bank loans				
- floating rate	**1.02 – 1.76**	**2021**	**33,348**	**33,348**
Lease liabilities	**2.50**	**2021 – 2023**	**3,344**	**3,225**
31 December 2019				
Secured bank loans				
- floating rate	1.71 – 1.73	2020	32,677	32,677
Lease liabilities	2.50	2020 – 2023	4,524	4,310

Intra-group financial guarantees

Intra-group financial guarantees comprise guarantees provided by the Company to banks in respect of banking facilities amounting to $2,584,305,000 (2019: $2,583,244,000) extended to its subsidiaries and jointly-controlled entities. The periods in which the financial guarantees expire are as follows:

	Group		Company	
	2020 $'000	**2019 $'000**	**2020 $'000**	**2019 $'000**
Less than 1 year	**–**	192,500	**400,017**	437,078
Between 1 and 5 years	**189,000**	–	**2,184,288**	2,146,166
More than 5 years	**–**	–	**–**	–
	189,000	192,500	**2,584,305**	2,583,244

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2020

19 LOANS AND BORROWINGS (CONT'D)

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

	Liabilities		Derivative liabilities held to hedge long-term borrowings	
	Secured bank loans $'000	Lease liabilities $'000	Interest rate swap – liabilities (net) $'000	Total $'000
Group				
Balance at 1 January 2019	2,467,827	–	7,025	2,474,852
Changes from financing cash flows				
Proceeds from bank loans	149,894	–	–	149,894
Repayment of bank loans	(229,719)	–	–	(229,719)
Interest paid	(55,449)	–	–	(55,449)
Total changes from financing cash flows	(135,274)	–	–	(135,274)
The effect of changes in foreign exchange rates	35,418	–	–	35,418
Change in fair value	–	–	8,266	8,266
Other changes				
Liability-related				
Interest expense	55,449	–	–	55,449
Total liability-related other changes	55,449	–	–	55,449
Balance at 31 December 2019	2,423,420	–	15,291	2,438,711
Balance at 1 January 2020	**2,423,420**	**–**	**15,291**	**2,438,711**
Changes from financing cash flows				
Proceeds from bank loans	**182,009**	**–**	**–**	**182,009**
Repayment of bank loans and lease liabilities	**(220,424)**	**(7)**	**–**	**(220,431)**
Interest paid	**(44,983)**	**(1)**	**–**	**(44,984)**
Total changes from financing cash flows	**(83,398)**	**(8)**	**–**	**(83,406)**
The effect of changes in foreign exchange rates	**44,343**	**2**	**–**	**44,345**
Change in fair value	**–**	**–**	**18,209**	**18,209**
Other changes				
Liability-related				
Lease liabilities recognised	**–**	**192**	**–**	**192**
Interest expense	**44,983**	**1**	**–**	**44,984**
Total liability-related other changes	**44,983**	**193**	**–**	**45,176**
Balance at 31 December 2020	**2,429,348**	**187**	**33,500**	**2,463,035**

NOTES TO THE FINANCIAL STATEMENTS

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20 OTHER LIABILITIES

	Group	
	2020 **$'000**	**2019** **$'000**
Rental deposits	**17,082**	14,693
Amount due to non-controlling shareholder (non-trade)	**15,213**	15,213
	32,295	29,906

Amount due to a non-controlling shareholder (non-trade) represents the non-controlling shareholder's net investment in the Group. The amount is unsecured and interest-free, and not expected to be repayable within the next 12 months. Accordingly, this non-current financial liability is measured at amortised cost.

21 DEFERRED INCOME

	Group	
	2020 **$'000**	**2019** **$'000**
Rental advances from tenants	**46,265**	48,176
Non-current	**44,594**	46,505
Current	**1,671**	1,671
	46,265	48,176

Included within rental advances from tenants is an amount of $45,524,000 (2019: $47,195,000) received by the Group arising from its sale of a thirty-year leasehold interest in an investment property with 999-year tenure in 2018. The sale proceeds are amortised and recognised as rental income over the thirty-year leasehold period.

22 TRADE AND OTHER PAYABLES

	Group		Company	
	2020 **$'000**	**2019** **$'000**	**2020** **$'000**	**2019** **$'000**
Rental deposits	**3,123**	6,388	**–**	–
Accrued operating expenses and development expenditure	**16,710**	18,534	**11,290**	11,290
Amounts due to subsidiaries (non-trade)	**–**	–	**20,016**	475,570
Other payables	**27,363**	19,780	**3**	–
Derivative financial liability	**33,500**	15,291	**–**	–
Goods and services tax payable	**9,689**	5,521	**237**	231
	90,385	65,514	**31,546**	487,091

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

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23 REVENUE

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

	Group	
	2020 $'000	**2019 $'000**
Sales of development properties, transferred at a point in time	**679**	2,973
Rental income and service charges	**215,002**	209,459
	215,681	212,432

Included in rental income and service charges is lease income generated from investment properties of $207,940,000 (2019: $202,021,000).

24 OTHER INCOME

	Group	
	2020 $'000	**2019 $'000**
Government grant income	**5,828**	–
Government grant expense	**(4,636)**	–
Loss on disposal of property, plant and equipment	**–**	(1)
Dividend income from:		
- quoted equity investment designated at FVOCI	**–**	5,341
- investment designated at FVTPL	**13**	33
Distribution income from financial assets designated at fair value through profit or loss	**113**	15
Fair value (loss)/gain on financial assets at fair value through profit or loss	**(66)**	349
Forfeiture income	**–**	1
Income from tenants' usage of chilled water and air-conditioning	**1,222**	1,362
Management fee income	**354**	349
Sale of management rights on development property project	**169**	240
Others	**878**	706
	3,875	8,395

Government grant income

Various government grants were received to help companies deal with the impact from COVID-19:

- government grant income of $744,000 (2019: Nil) related to various temporary wage support schemes in Singapore and Australia; and
- government grant income of $5,084,000 (2019: Nil) related to property tax rebates and small and medium enterprises ("SME") cash grants received from the Singapore Government under the Rent Relief Framework. The Group is obliged to pass on the benefits to its tenants and has transferred these to tenants in the form of rent rebates during the current financial year. For the SME cash grant, the Group is obliged to waive up to two months of rental to eligible SME tenants.

24 OTHER INCOME (CONT'D)

Government grant expense

Government grant expense of $4,636,000 (2019: Nil) related to property tax rebates and SME cash grants received from the Singapore Government that were transferred to tenants in the form of rent rebates during the financial year and rental waivers provided to eligible SME tenants as part of the qualifying conditions of the cash grant under the Rent Relief Framework.

25 DIRECTORS' REMUNERATION

Number of directors in remuneration bands:

	2020 Number of Directors	**2019 Number of Directors**
$500,000 and above	**3**	3
$250,000 to $499,999	**–**	–
Below $250,000	**5***	5*
Total	**8**	8

* Includes 5 (2019: 5) independent directors.

26 FINANCE INCOME AND FINANCE COSTS

	Group	
	2020 $'000	**2019 $'000**
Interest income from debt investments carried at amortised cost/finance income	**2,149**	3,314
Interest expenses on financial liabilities measured at amortised cost/finance costs	**(44,984)**	(55,449)
Net finance costs recognised in profit or loss	**(42,835)**	(52,135)

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27 INCOME TAX EXPENSE

		Group	
	Note	2020 $'000	2019 $'000
Current tax expense			
Current year		**24,446**	24,814
Over provision of tax in prior years		**(1,845)**	(2,857)
		22,601	21,957
Deferred tax expense			
Movements in temporary differences		**494**	10,989
Under provision in respect of prior years		**501**	52
	13	**995**	11,041
Withholding taxes		**5,433**	712
Total income tax expense		**29,029**	33,710
Reconciliation of effective tax rate			
Profit for the year		**141,655**	331,292
Total income tax expense		**29,029**	33,710
Profit before income tax		**170,684**	365,002
Tax calculated using Singapore tax rate of 17% (2019: 17%)		**29,016**	62,050
Expenses not deductible for tax purposes		**9,014**	1,872
Tax exempt revenue		**(104)**	(87)
Income not subject to tax		**(4,177)**	(29,471)
Effect of different tax rates in other countries		**1,480**	4,262
Effect of results of equity-accounted investees presented net of tax		**(9,425)**	(1,171)
Withholding taxes		**5,433**	712
Tax incentives		**(855)**	(574)
Utilisation of previously unrecognised tax losses		**(9)**	(1,078)
Over provision of tax in prior years		**(1,344)**	(2,805)
		29,029	33,710

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2020

28 PROFIT FOR THE YEAR

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

		Group	
	Note	**2020 $'000**	**2019 $'000**
Direct operating expenses from investment properties		**13,372**	16,850
Audit fees payable/paid to auditors of the Company		**435**	492
Non-audit fees paid to auditors of the Company		**170**	156
Depreciation of property, plant and equipment and right-of-use assets	4	**776**	682
Net change in fair value on financial assets at fair value through profit or loss		**(66)**	(326)
Staff costs		**10,484**	9,243
Contributions to defined contribution plans included in staff costs		**552**	470
Allowance for impairment loss on trade receivables	35	**584**	–
Write down to net realisable value for properties held for sale	14	**536**	–

29 EARNINGS PER SHARE

	Group	
	2020 $'000	**2019 $'000**
Basic earnings per share is based on:		
Net profit attributable to ordinary shareholders	**137,065**	332,310

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

	Group	
	2020 Number of shares '000	**2019 Number of shares '000**
Ordinary shares in issue at beginning of the year	**703,338**	703,338
Effect of own shares held	**(38,475)**	(38,107)
Weighted average number of ordinary shares in issue during the year	**664,863**	665,231

30 DIVIDENDS

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

	Group and Company	
	2020 $'000	**2019 $'000**
Proposed first and final tax-exempt dividend of 8 cents (2019: 8 cents) and special dividend of 2 cents (2019: 2 cents) per share	**66,402**	66,523

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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	
	2020 $'000	**2019 $'000**
Directors' fees	**439**	439
Directors' remuneration:		
- short-term employee benefits	**11,001**	10,823
	11,440	11,262

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	**2020 $'000**	**2019 $'000**
Associates and jointly-controlled entities			
Management fee		**294**	294
Interest income		**1,415**	1,955
Related corporations			
Rental income		**83**	81
Other operating expenses:			
- insurance on investment properties		**83**	83
- other insurances		**150**	102
- printing		**13**	18
- others		**27**	34
Other related parties			
Donations made	(i)	**2,000**	2,250

(i) The donation of $2,000,000 (2019: $2,250,000) was made to Ho Bee Foundation ("Foundation"), of which Dr Chua Thian Poh is a director.

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32 LEASES

(a) Leases as lessee

The Group leases an office for its subsidiary in Australia.

The Company leases its office premise from a subsidiary. The lease runs for a period of 5 years, with an option to renew the lease after that date.

Information about the right-of-use asset relating to the leased office premise is in note 4.

Except for the above operating lease, the Group does not have any other activities as a lessee.

(b) Leases as lessor

The Group leases out its investment properties and certain properties held for sale. The Group classified these leases as operating leases, because they do not transfer substantially all of the risks and rewards incidental to the ownership of the assets. Note 5 sets out information about the operating leases of investment properties.

The following table sets out a maturity analysis of lease payments, showing the undiscounted lease payments to be received after the reporting date.

	Group	
	2020 $'000	**2019 $'000**
Operating leases under SFRS(I) 16		
Less than one year	**213,622**	204,048
One to two years	**195,705**	187,530
Two to three years	**160,403**	169,227
Three to four years	**122,490**	137,393
Four to five years	**71,160**	105,924
More than five years	**148,098**	155,327
Total	**911,478**	959,449

33 COMMITMENTS

As at 31 December 2020, commitments for expenditure which have not been provided for in the financial statements were as follows:

	Group	
	2020 $'000	**2019 $'000**
Authorised and contracted for:		
- subscription for additional interest in European property funds and notes	**86,973**	139,454
- development expenditure for properties under development	**16,689**	–
- capital expenditure for investment properties	**8,644**	–
- balance sum on purchase of land for development properties	**97,545**	–
- balance sum on purchase of land for investment property	**167,700**	–
	377,551	139,454

34 FINANCIAL RISK MANAGEMENT

Overview

The Group has exposure to the following risks from its use of financial instruments:

- credit risk
- liquidity risk
- market risk

This note presents information about the Group's exposure to each of the above risks, and the Group's objectives, policies and processes for measuring and managing the risk.

Risk management framework

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 the expected credit loss and specific loss component in respect of trade and other receivables. 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, associates and jointly-controlled entities.

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

The intra-group financial guarantees 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.

As of balance sheet date, there is no provision made in respect of the obligations as the Group believes it is remote that these corporate guarantees will be called upon.

34 FINANCIAL RISK MANAGEMENT (CONT'D)

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 maintains a revolving credit facility of a reasonable level compared to its current debt obligation. 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.

As at reporting date, the Group has an undrawn committed revolving credit facility of $301,106,000 which can be drawn down to meet short-term financing needs.

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.

The Group determines the existence of an economic relationship between the hedging instrument and hedged item based on the reference interest rates, tenors, repricing dates and maturities and the notional or par amounts. If a hedging relationship is directly affected by uncertainty arising from interest rate benchmark reform, then the Group assumes for this purpose that the benchmark interest rate is not altered as a result of interest rate benchmark reform.

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.

Hedging relationships that are impacted by the IBOR reform may experience ineffectiveness because of a timing mismatch between the hedged item and the hedging instrument regarding IBOR transition. For further details, see 'Managing interest rate benchmark reform and associated risks' below.

Cash flow hedges

As of 31 December 2020, a subsidiary of the Group has entered into interest swaps totalling $450,000,000 (2019: $497,770,000) to fix the interest relating to the payment of periodic interest charges arising from bank borrowings, 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 bank borrowings mature in 2024.

The cash flows will occur on a periodic basis until the loans mature in 2024 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 2020 in respect of the changes in fair value of the hedging instruments were a loss of $18,270,000 (2019: $8,751,000). There was no ineffectiveness recognised in profit or loss that arose from the cash flow hedges.

34 FINANCIAL RISK MANAGEMENT (CONT'D)

Managing interest rate benchmark reform and associated risks

Overview

A fundamental reform of major interest rate benchmarks is being undertaken globally, including the replacement of some interbank offered rates (IBORs) with alternative nearly risk-free rates (referred to as 'IBOR reform'). The Group has exposures to IBORs on its financial instruments that will be replaced or reformed as part of these market-wide initiatives. There is uncertainty over the timing and the methods of transition in some jurisdictions that the Group operates in. The Group anticipates that IBOR reform will impact its risk management and hedge accounting.

Management monitors and manages the Group's transition to alternative rates. The management evaluates the extent to which contracts reference IBOR cash flows, whether such contracts will need to be amended as a result of IBOR reform and how to manage communication about IBOR reform with counterparties. The management reports to the Company's Board of Directors quarterly and the reporting includes matters of interest rate risk and risks arising from IBOR reform.

Derivatives

The Group holds interest rate swaps for risk management purposes which are designated in cash flow hedging relationships. The interest rate swaps have floating legs that are indexed to Singapore swap offer rates (SOR). The Group's derivative instruments are governed by contracts based on the International Swaps and Derivatives Association (ISDA)'s master agreements. No derivative instruments have been modified as at 31 December 2020.

Hedge accounting

The Group's SOR cash flow hedging relationships extend beyond the anticipated cessation date for IBOR. However, there is uncertainty about when and how replacement may occur with respect to the relevant hedged items and hedging instruments. Such uncertainty may impact the hedging relationship. The Group applies the amendments to SFRS(I) 9 issued in December 2019 to those hedging relationships directly affected by IBOR reform.

Hedging relationships impacted by IBOR reform may experience ineffectiveness attributable to market participants' expectations of when the shift from the existing IBOR benchmark rate to an alternative benchmark interest rate will occur. This transition may occur at different times for the hedged item and hedging instrument, which may lead to hedge ineffectiveness. The Group has measured its hedging instruments indexed to SOR using available quoted market rates for SOR-based instruments of the same tenor and similar maturity and has measured the cumulative change in the present value of hedged cash flows attributable to changes in SOR on a similar basis.

The Group's exposure to SOR designated in hedging relationships that may be affected by the interest rate benchmark reform approximates $450,000,000 (2019: $497,770,000) as at 31 December 2020. This represents the nominal amount of the interest rate swaps to fix the interest relating to the payment of periodic interest charges arising from bank borrowings. The Group is managing the transition to new benchmark rates for affected financial liabilities.

34 FINANCIAL RISK MANAGEMENT (CONT'D)

Managing interest rate benchmark reform and associated risks (cont'd)

Foreign currency risk

The Group is exposed to foreign currency risk on sales, purchases, receivables and borrowings that are denominated in a currency other than the respective functional currencies of the Group's entities. The Group is also exposed to currency translation risk on its net investments in foreign operations. The currencies giving rise to these risks are primarily the United States dollar (USD), British pound (GBP), Australian dollar (AUD), Euro (EUR) and Renminbi (RMB).

Net investment hedge in foreign operation

The Group designated its GBP-denominated external borrowings as a hedge of the net investment in its subsidiaries that are denominated in GBP to minimise the Group's exposure to the currency risk arising on translation of net investments in foreign operations. The hedged risk in the net investment hedge is the risk of a weakening GBP against the Singapore dollar (SGD) that will result in a reduction in the carrying amount of the Group's net investment in the GBP foreign operations. The loan is designated as a hedging instrument for the changes in the value of the net investment that is attributable to changes in the SGD/GBP spot rate.

To assess hedge effectiveness, the Group determines the economic relationship between the hedging instrument and the hedged item by comparing changes in the carrying amount of the debt that is attributable to a change in the spot rate with changes in the investment in the foreign operation due to movements in the spot rate (the offset method). The Group's policy is to hedge the net investment only to the extent of the debt principal.

No ineffectiveness was recognised from the net investment hedge. The Group's investments in other subsidiaries are not hedged.

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35 FINANCIAL INSTRUMENTS

Credit risk

Exposure to credit risk

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

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

Impairment losses on financial assets recognised in profit or loss were as follows:

	Group	
	2020 **$'000**	**2019** **$'000**
Impairment loss on trade and other receivables	**584**	–

At the reporting date, the Group has receivables owing from jointly-controlled entities totalling to $256,723,000 (2019: $260,058,000) representing 83% (2019: 91%) of total gross trade and other receivables. Except for these receivables, there was no concentration of credit risk.

Impairment losses

Expected credit loss (ECL) assessment

The Group uses an allowance matrix to measure the ECLs of trade receivables from individual customers. ECL is calculated based on actual credit loss experience over the past three years, and adjusted for differences between economic conditions during the period over which the historic data has been collected, current market conditions and the Group's view of economic conditions over the expected lives of the receivables. As of 2020, no scalar factor has been applied.

The following table provides information about the exposure to credit risk and ECLs for trade receivables:

	2020		2019	
	Gross carrying amount $'000	**Impairment loss allowance $'000**	**Gross carrying amount $'000**	**Impairment loss allowance $'000**
Group				
Not past due	**23,189**	**–**	11,857	–
Past due 1 – 30 days	**180**	**(80)**	995	–
Past due 31 – 120 days	**415**	**(262)**	90	–
More than 120 days past due	**1,535**	**(251)**	4	(4)
	25,319	**(593)**	12,946	(4)

35 FINANCIAL INSTRUMENTS (CONT'D)

Movements in allowance for impairment in respect of trade receivables

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

	Group	
	2020 **$'000**	**2019** **$'000**
At 1 January	**4**	4
Impairment loss recognised	**584**	–
Effects of movements in exchange rate	**5**	–
At 31 December	**593**	4

In 2020, the impairment loss relates to tenants that are in financial difficulties and have defaulted on payments. Where the tenants have provided security deposits, the impairment loss were recognised based on rental in arrears net of security deposits.

Based on the Group's assessment, the Group believes that no further impairment allowance is necessary in respect of trade and other receivables as the balances are considered fully recoverable.

Guarantees

The Group's policy is to provide financial guarantees only for its subsidiaries, associates and jointly-controlled entities' liabilities. At 31 December 2020, the Company has issued guarantees to certain banks in respect of credit facilities granted to nine subsidiaries and one jointly-controlled entity (see note 19).

Amounts due from subsidiaries and jointly-controlled entities

The Group uses a similar approach for assessment of ECLs for these receivables to those used for debt investments. Impairment on these balances has been measured on the 12-month expected loss basis which reflects the low credit risk of the exposures. The amount of the allowance on these balances is insignificant.

Cash and cash equivalents

Impairment on cash and cash equivalents has been measured on the 12-month expected loss basis and reflects the short maturities of the exposures. The Group considers that its cash and cash equivalents have low credit risk based on the external credit ratings of the counterparties. The amount of the allowance on cash and cash equivalents was negligible.

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YEAR ENDED 31 DECEMBER 2020

35 FINANCIAL INSTRUMENTS (CONT'D)

Liquidity risk

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

		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					
31 December 2020					
Non-derivative financial liabilities					
Secured bank loans*	**2,429,348**	**(2,539,931)**	**(476,553)**	**(2,063,378)**	**–**
Rental deposits	**20,205**	**(20,205)**	**(3,123)**	**(17,082)**	**–**
Trade and other payables**	**59,286**	**(59,286)**	**(44,073)**	**(15,213)**	**–**
Lease liability	**187**	**(199)**	**(199)**	**–**	**–**
Recognised liabilities	**2,509,026**	**(2,619,621)**	**(523,948)**	**(2,095,673)**	**–**
Financial guarantees (unrecognised)	**–**	**(189,000)**	**–**	**(189,000)**	**–**
	2,509,026	**(2,808,621)**	**(523,948)**	**(2,284,673)**	**–**
31 December 2019					
Non-derivative financial liabilities					
Secured bank loans*	2,423,420	(2,598,042)	(327,888)	(2,270,154)	–
Rental deposits	14,693	(14,693)	–	(14,693)	–
Trade and other payables**	59,915	(59,915)	(44,702)	(15,213)	–
Recognised liabilities	2,498,028	(2,672,650)	(372,590)	(2,300,060)	–
Financial guarantees (unrecognised)	–	(192,500)	(192,500)	–	–
	2,498,028	(2,865,150)	(565,090)	(2,300,060)	–
Company					
31 December 2020					
Non-derivative financial liabilities					
Secured bank loans	**33,348**	**(33,688)**	**(33,688)**	**–**	**–**
Amounts due to subsidiaries	**20,016**	**(20,016)**	**(20,016)**	**–**	**–**
Trade and other payables**	**11,293**	**(11,293)**	**(11,293)**	**–**	**–**
Lease liability	**3,225**	**(3,344)**	**(1,180)**	**(2,164)**	**–**
Recognised liabilities	**67,882**	**(68,341)**	**(66,177)**	**(2,164)**	**–**
Intragroup financial guarantees (unrecognised)	**–**	**(2,584,305)**	**(400,017)**	**(2,184,288)**	**–**
	67,882	**(2,652,646)**	**(466,194)**	**(2,186,452)**	**–**
31 December 2019					
Non-derivative financial liabilities					
Secured bank loans	32,677	(33,234)	(33,234)	–	–
Amounts due to subsidiaries	475,570	(475,570)	(475,570)	–	–
Trade and other payables**	11,290	(11,290)	(11,290)	–	–
Lease liability	4,310	(4,524)	(1,180)	(3,344)	–
Recognised liabilities	523,847	(524,618)	(521,274)	(3,344)	–
Intragroup financial guarantees (unrecognised)	–	(2,583,244)	(437,078)	(2,146,166)	–
	523,847	(3,107,862)	(958,352)	(2,149,510)	–

* 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 each financial year.

** Exclude derivative financial liability and goods and services tax payable.

35 FINANCIAL INSTRUMENTS (CONT'D)

Currency risk

Exposure to currency risk

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

	2020					2019				
	USD $'000	GBP $'000	AUD $'000	EUR $'000	RMB $'000	USD $'000	GBP $'000	AUD $'000	EUR $'000	RMB $'000
Group										
Financial assets	421	–	–	174,086	–	704	–	–	102,716	–
Trade and other receivables	72,744	673,547	123,710	–	–	74,092	647,759	107,252	–	–
Cash and cash equivalents	120	46,904	14,793	7	28	752	48,668	58,087	6	77,890
Loans and borrowings	–	(1,876,892)	(882)	(101,761)	–	–	(1,904,792)	–	(35,628)	–
	73,285	(1,156,441)	137,621	72,332	28	75,548	(1,208,365)	165,339	67,094	77,890
Company										
Financial assets	–	–	–	174,086	–	–	–	–	102,716	–
Trade and other receivables	–	650,808	118,644	–	–	–	640,584	105,790	–	–
Cash and cash equivalents	–	–	–	3	28	–	–	–	3	77,890
Loans and borrowings	–	(33,348)	–	–	–	–	(32,677)	–	–	–
	–	617,460	118,644	174,089	28	–	607,907	105,790	102,719	77,890

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35 FINANCIAL INSTRUMENTS (CONT'D)

Currency risk (cont'd)

Sensitivity analysis

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

	Equity $'000	Profit before income tax $'000
Group		
31 December 2020		
USD (10% strengthening of Singapore dollar)	**(7,274)**	**(54)**
GBP (10% strengthening of Singapore dollar)	**118,154**	**(2,510)**
AUD (10% strengthening of Singapore dollar)	**(1,898)**	**(11,864)**
EUR (10% strengthening of Singapore dollar)	**–**	**(7,233)**
RMB (10% strengthening of Singapore dollar)	**–**	**(3)**
31 December 2019		
USD (10% strengthening of Singapore dollar)	(7,409)	(145)
GBP (10% strengthening of Singapore dollar)	123,516	(2,679)
AUD (10% strengthening of Singapore dollar)	(5,955)	(10,579)
EUR (10% strengthening of Singapore dollar)	–	(6,709)
RMB (10% strengthening of Singapore dollar)	–	(7,789)
Company		
31 December 2020		
GBP (10% strengthening of Singapore dollar)	**(59,304)**	**(2,442)**
AUD (10% strengthening of Singapore dollar)	**–**	**(11,864)**
EUR (10% strengthening of Singapore dollar)	**–**	**(17,409)**
RMB (10% strengthening of Singapore dollar)	**–**	**(3)**
31 December 2019		
GBP (10% strengthening of Singapore dollar)	(58,151)	(2,639)
AUD (10% strengthening of Singapore dollar)	–	(10,579)
EUR (10% strengthening of Singapore dollar)	–	(10,272)
RMB (10% strengthening of Singapore dollar)	–	(7,789)

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.

35 FINANCIAL INSTRUMENTS (CONT'D)

Currency risk (cont'd)

Hedge accounting

Net investment hedges

At 31 December 2019 and 2020, the Group's amounts relating to items designated as hedging instruments for net investment hedge are as follows:

	Nominal amount $'000	Carrying amount – assets $'000	Carrying amount – liabilities $'000	Line item in the statement of financial position where the hedging instrument is included	Change in value used for calculating hedge ineffectiveness $'000	Change in value of hedging instrument recognised in OCI $'000	Hedge ineffectiveness recognised in profit or loss $'000	Line item in profit or loss that includes hedge ineffectiveness	Amount reclassified from hedging reserve to profit or loss $'000	Line item affected in profit or loss because of the reclassification
2020										
Foreign exchange denominated debt (GBP)	**471,921**	**–**	**471,921**	**Loans and borrowings**	**2,696**	**2,696**	**–**	**NA**	**–**	**NA**
2019										
Foreign exchange denominated debt (GBP)	462,417	–	462,417	Loans and borrowings	2,908	2,908	–	NA	–	NA

	Change in value used for calculating hedge ineffectiveness $'000	Foreign currency translation reserve $'000	Balances remaining in the foreign currency translation reserve from hedging relationships for which hedge accounting is no longer applied $'000
For the year ended 31 December 2020			
GBP net investment	**2,696**	**1,362**	**–**
For the year ended 31 December 2019			
GBP net investment	2,908	(1,334)	–

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35 FINANCIAL INSTRUMENTS (CONT'D)

Interest rate risk

Profile

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

	Group Carrying amount		Company Carrying amount	
	2020 $'000	**2019 $'000**	**2020 $'000**	**2019 $'000**
Fixed rate instruments				
Financial assets	**212,294**	342,496	**809,109**	781,721
Lease liability	**(187)**	–	**(3,225)**	(4,310)
Effect of interest rate swaps	**(450,000)**	(497,770)	**–**	–
	(237,893)	(155,274)	**805,884**	777,411
Variable rate instruments				
Bank loans	**(2,429,348)**	(2,423,420)	**(33,348)**	(32,677)
Effect of interest rate swaps	**450,000**	497,770	**–**	–
	(1,979,348)	(1,925,650)	**(33,348)**	(32,677)

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.

35 FINANCIAL INSTRUMENTS (CONT'D)

Interest rate risk (cont'd)

Sensitivity analysis (cont'd)

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.

	Profit before income tax	
	100 bp increase $'000	**100 bp decrease $'000**
Group		
31 December 2020		
Variable rate instruments	**(19,793)**	**19,793**
31 December 2019		
Variable rate instruments	(19,257)	19,257
Company		
31 December 2020		
Variable rate instruments	**(333)**	**333**
31 December 2019		
Variable rate instruments	(327)	327

35 FINANCIAL INSTRUMENTS (CONT'D)

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 FVTPL and FVOCI

The fair value of the Group's and the Company's financial assets designated at FVTPL and FVOCI 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, European Property Fund and debt instruments (notes) are determined based on quotations from the respective fund managers.

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

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

Interest-bearing bank loans (secured)

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

Other financial assets and liabilities

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

35 FINANCIAL INSTRUMENTS (CONT'D)

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

Interest rates used in determining fair values

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

	2020 **%**	**2019** **%**
Receivables	**1.0 – 1.5**	1.9
Payables	**1.0 – 2.7**	1.1 – 3.1

Fair values versus carrying amounts

The carrying amounts of the Group's and the Company's financial instruments carried at amortised cost are not materially different from their fair values as at 31 December 2020 and 31 December 2019. Fair value disclosure of lease liability is not required.

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 2020				
Financial assets carried at FVTPL	**–**	**–**	**174,431**	**174,431**
Financial assets designated at FVOCI	**–**	**–**	**77**	**77**
Interest rate swaps used for hedging	**–**	**(33,500)**	**–**	**(33,500)**
	–	**(33,500)**	**174,508**	**141,008**
31 December 2019				
Financial assets carried at FVTPL	–	–	103,342	103,342
Financial assets designated at FVOCI	–	–	78	78
Interest rate swaps used for hedging	–	(15,291)	–	(15,291)
	–	(15,291)	103,420	88,129

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2020

35 FINANCIAL INSTRUMENTS (CONT'D)

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

Fair value hierarchy (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
31 December 2020		
Cash flow hedges – Interest rate swaps	**450,000**	**(33,500)**
31 December 2019		
Cash flow hedges – Interest rate swaps	497,770	(15,291)

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 FVTPL $'000	Financial assets at FVOCI $'000	Total $'000
Group			
2020			
At 1 January	**103,342**	**78**	**103,420**
Net changes in fair value	**(66)**	**–**	**(66)**
Distribution income	**113**	**–**	**113**
Exchange gain/(loss) recognised in profit or loss	**11,297**	**(1)**	**11,296**
Purchases	**59,977**	**–**	**59,977**
Distributions from financial assets designated at FVTPL	**(232)**	**–**	**(232)**
At 31 December	**174,431**	**77**	**174,508**
Total gain/(loss) for the year included in profit or loss for assets held as at 31 December	**11,344**	**(1)**	**11,343**

35 FINANCIAL INSTRUMENTS (CONT'D)

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

Fair value hierarchy (cont'd)

Level 3 fair values (cont'd)

	Financial assets at FVTPL $'000	Financial assets at FVOCI $'000	Total $'000
Group			
2019			
At 1 January	101,040	79	101,119
Net changes in fair value	326	–	326
Distribution income	15	–	15
Exchange loss recognised in profit or loss	(3,247)	(1)	(3,248)
Purchases	5,365	–	5,365
Distributions from financial assets designated at FVTPL	(157)	–	(157)
At 31 December	103,342	78	103,420
Total loss for the year included in profit or loss for assets held as at 31 December	(2,906)	(1)	(2,907)

The gain/(loss) included in profit or loss for the year (above) is presented as follows:

	2020 $'000	2019 $'000
Other income		
Fair value (loss)/gain	**(66)**	326
Distribution income	**113**	15
	47	341
Gain/(loss) on foreign exchange		
Exchange gain/(loss) recognised	**11,296**	(3,248)
Total gain/(loss) included in profit or loss for the year	**11,343**	(2,907)

The fair value of financial assets at fair value through profit or loss is determined by the investment property/fund manager based on the net asset value of the funds, which had underlying unlisted investments categorised as Level 3 in the fair value hierarchy. The fair value of such underlying investments is determined based on various unobservable inputs including contractual agreements, current and projected operating performance, rounds of financing and third-party transactions, discounted cash flow analysis and market-based information, including comparable company transactions, trading multiple and changes in market outlook, among other factors.

Due to 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.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2020

35 FINANCIAL INSTRUMENTS (CONT'D)

Financial instruments by category

	Financial assets at amortised cost $'000	Financial assets at FVTPL $'000	FVOCI – equity instruments $'000	Fair value – hedging instruments $'000	Financial liabilities at amortised cost $'000	Total $'000
Group						
31 December 2020						
Trade and other receivables*	**290,928**	**–**	**–**	**–**	**–**	**290,928**
Financial assets at FVOCI	**–**	**–**	**77**	**–**	**–**	**77**
Financial assets at FVTPL	**–**	**174,431**	**–**	**–**	**–**	**174,431**
Cash and cash equivalents	**118,739**	**–**	**–**	**–**	**–**	**118,739**
Loans and borrowings	**–**	**–**	**–**	**–**	**(2,429,535)**	**(2,429,535)**
Trade and other payables**	**–**	**–**	**–**	**(33,500)**	**(79,491)**	**(112,991)**
	409,667	**174,431**	**77**	**(33,500)**	**(2,509,026)**	**(1,958,351)**
31 December 2019						
Trade and other receivables*	275,662	–	–	–	–	275,662
Financial assets at FVOCI	–	–	78	–	–	78
Financial assets at FVTPL	–	103,342	–	–	–	103,342
Cash and cash equivalents	191,378	–	–	–	–	191,378
Loans and borrowings	–	–	–	–	(2,423,420)	(2,423,420)
Trade and other payables**	–	–	–	(15,291)	(74,608)	(89,899)
	467,040	103,342	78	(15,291)	(2,498,028)	(1,942,859)

* Excludes prepayments, deposits for land premium for development properties, and goods and services tax recoverable.

** Excludes goods and services tax payable.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2020

35 FINANCIAL INSTRUMENTS (CONT'D)

Financial instruments by category (cont'd)

	Financial assets at amortised cost $'000	Financial assets at FVTPL $'000	Financial liabilities at amortised cost $'000	Total $'000
Company				
31 December 2020				
Trade and other receivables*	**1,080,779**	**–**	**–**	**1,080,779**
Financial assets at FVTPL	**–**	**174,086**	**–**	**174,086**
Cash and cash equivalents	**47,712**	**–**	**–**	**47,712**
Loans and borrowings	**–**	**–**	**(36,573)**	**(36,573)**
Trade and other payables**	**–**	**–**	**(31,309)**	**(31,309)**
	1,128,491	**174,086**	**(67,882)**	**1,234,695**
31 December 2019				
Trade and other receivables*	1,326,029	–	–	1,326,029
Financial assets at FVTPL	–	102,716	–	102,716
Cash and cash equivalents	78,768	–	–	78,768
Loans and borrowings	–	–	(36,987)	(36,987)
Trade and other payables**	–	–	(486,860)	(486,860)
	1,404,797	102,716	(523,847)	983,666

* Excludes prepayments.

** Excludes goods and services tax payable.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2020

36 ACQUISITIONS OF NON-CONTROLLING INTERESTS

In March 2019, the Group acquired an additional 30% interest in its subsidiary, HBS Investments Pte Ltd (HBS), increasing its ownership from 70% to 100%. The carrying amount of HBS's net assets in the Group's consolidated financial statements on the date of the acquisition was $3,060,000.

	2019 **$'000**
Carrying amount of NCI acquired ($3,060,000 x 30%)	918
Consideration paid to NCI	(2,170)
Decrease in equity attributable to owners of the Company	(1,252)

The acquisition of NCI resulted in:
- a decrease in capital reserve of the Group of $1,252,000; and
- a decrease in non-controlling interests of the Group of $918,000.

37 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 equity securities, private equity and European property funds. These segments do not meet any of the quantitative thresholds for determining reportable segments in 2020 or 2019.

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 2020

37 OPERATING SEGMENTS (CONT'D)

(a) Operating segments

	Property Development $'000	Property Investment $'000	Others $'000	Total $'000
31 December 2020				
Turnover	**679**	**215,002**	**–**	**215,681**
Operating results	**(851)**	**198,908**	**–**	**198,057**
Other operating income				**19,422**
Other operating expenses				**(59,401)**
Profit from operations				**158,078**
Finance costs				**(42,835)**
Share of profits of associates				**53,203**
Share of profits of jointly-controlled entities				**2,238**
Income tax expense				**(29,029)**
Profit for the year				**141,655**
Other material non-cash items:				
- Fair value changes on investment properties	**–**	**(32,792)**	**–**	**(32,792)**
Capital expenditure	**–**	**12,591**	**–**	**12,591**
Deposit for land premium	**–**	**55,900**	**–**	**55,900**
Reportable segment assets	**339,845**	**4,755,047**	**174,508**	**5,269,400**
Investments in associates and jointly-controlled entities*	**801,787**	**–**	**–**	**801,787**
Reportable segment liabilities	**37,883**	**2,494,101**	**–**	**2,531,984**
31 December 2019				
Turnover	2,973	209,459	–	212,432
Operating results	333	189,456	–	189,789
Other operating income				252,124
Other operating expenses				(31,666)
Profit from operations				410,247
Finance costs				(52,135)
Share of profits of associates				10,505
Share of losses of jointly-controlled entities				(3,615)
Income tax expense				(33,710)
Profit for the year				331,292
Other material non-cash items:				
- Fair value changes on investment properties	–	243,729	–	243,729
Capital expenditure	–	4,280	–	4,280
Reportable segment assets	256,218	4,657,771	103,420	5,017,409
Investments in associates and jointly-controlled entities*	827,614	–	–	827,614
Reportable segment liabilities	35,592	2,485,322	–	2,520,914

* 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 2020

37 OPERATING SEGMENTS (CONT'D)

(a) Operating segments (cont'd)

Reconciliations of reportable segment assets and liabilities and other material items

	2020 $'000	2019 $'000
Assets		
Total assets for reportable segments	**5,094,892**	4,913,989
Financial assets	**174,508**	103,420
Investments in equity accounted investees*	**801,787**	827,614
Other unallocated amounts	**255,071**	351,068
Consolidated total assets	**6,326,258**	6,196,091
Liabilities		
Total liabilities for reportable segments	**2,531,984**	2,520,914
Other unallocated amounts	**153,604**	122,047
Consolidated total liabilities	**2,685,588**	2,642,961

* Include amounts due from jointly-controlled entities which are in substance, a part of the Group's investments in the jointly-controlled entities.

	Reportable segment totals $'000	Unallocated amounts $'000	Consolidated totals $'000
Other material items			
31 December 2020			
Capital expenditure	**12,591**	**9,085**	**21,676**
Deposit for land premium	**55,900**	**–**	**55,900**
Depreciation of property, plant and equipment	**–**	**776**	**776**
31 December 2019			
Capital expenditure	4,280	5,286	9,566
Depreciation of property, plant and equipment	–	682	682

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2020

37 OPERATING SEGMENTS (CONT'D)

(b) Geographical segments

The Group operates principally in Singapore, China, 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
31 December 2020					
Revenue	**100,858**	**–**	**113,189**	**1,634**	**215,681**
Non-current assets*	**2,540,341**	**426,116**	**2,464,804**	**27,221**	**5,458,482**
31 December 2019					
Revenue	96,437	–	111,319	4,676	212,432
Non-current assets*	2,495,117	432,073	2,436,901	24,842	5,388,933

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

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.

38 DETERMINATION OF FAIR VALUES

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

Financial assets and liabilities

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

38 DETERMINATION OF FAIR VALUES (CONT'D)

Investment properties

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

The fair values are based on market values, being the estimated amount for which a property could be exchanged on the date of the valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing, wherein the parties had each acted knowledgeably. The valuers have considered valuation techniques including market comparison method and the income capitalisation method in arriving at the open market value as at the reporting date. In determining the fair value, the valuers have used valuation techniques which involve certain estimates. The key assumptions used to determine the fair value of investment properties include market-corroborated capitalisation rate, discount rate, comparable market price and occupancy rate.

The market comparison method involves the analysis of comparable sales of similar properties and adjusting the sale prices to that reflective of the investment properties. The capitalisation method capitalises the estimated net income of the property for perpetuity or the balance term of the lease tenure at a capitalisation rate that is appropriate for the type of use, tenure and reflective of the quality of the investment property. Capital adjustments are then made to derive the capital value of the property.

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

Fair value hierarchy

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

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

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

	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Non-financial assets carried at fair value				
Group				
31 December 2020				
Investment properties	**–**	**–**	**4,629,845**	**4,629,845**
31 December 2019				
Investment properties	–	–	4,600,366	4,600,366

38 DETERMINATION OF FAIR VALUES (CONT'D)

Fair value hierarchy (Cont'd)

Level 3 fair values

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

	Investment properties 2020 $'000	**Investment properties 2019 $'000**
Group		
At 1 January	**4,600,366**	4,306,284
Additions	**12,591**	4,280
Gains and losses for the year		
Changes in fair value	**(32,792)**	243,729
Movements in exchange rates	**49,680**	46,073
At 31 December	**4,629,845**	4,600,366

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 2020:

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]: $585 - $2,301 psf (2019: $598 - $2,100 psf)	The estimated fair value would increase/(decrease) if: - The transacted price of comparable properties was higher/(lower)
	Income capitalisation approach	Capitalisation rates: 3.50% - 5.00% (2019: 3.50% - 4.25%)	The estimated fair value would increase/(decrease) if: - The capitalisation rate was lower/(higher)
Commercial properties in United Kingdom	Income capitalisation approach	Capitalisation rates: 4.02% - 5.50% (2019: 4.00% - 5.30%)	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.

ADDITIONAL INFORMATION

AS AT 31 DECEMBER 2020

INVESTMENT PROPERTIES

Location	Description	Land Tenure	Lettable Area (sq m)	Group's effective interest
Singapore				
623A Bukit Timah Road	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 1 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%
25 Ropemaker Street London EC2	A block of 21-storey office building	Freehold	55,857	100%

ADDITIONAL INFORMATION

AS AT 31 DECEMBER 2020

DEVELOPMENT PROPERTIES

Location	Description	Land 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%
2 Agnes Place, Bli Bli	Land (95 Lots)	Freehold	Completed	89,850	N.A.	100%
357 Ripley Road, Ripley	Land (577 Lots)	Freehold	Development approval received	474,000	N.A.	100%

PROPERTIES HELD FOR SALE

Location	Description	Land 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	98 apartments	Leasehold - 99 years from 9 June 2007	Residential	25,201	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	26 apartments	Freehold	Residential	2,369	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	100%
Goodman's Fields 37 Leman Street London E1 8EW	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 5 MARCH 2021

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 5 March 2021, 20.75% 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	0.23	283	0.00
100 - 1,000	2,370	36.41	2,307,206	0.33
1,001 - 10,000	3,259	50.07	14,662,774	2.08
10,001 - 1,000,000	841	12.92	46,001,667	6.54
1,000,001 and above	24	0.37	640,366,070	91.05
	6,509	100.00	703,338,000	100.00

[@] Ordinary shares purchased and held as treasury shares by the Company will have no voting rights. As at 5 March 2021, the Company has 39,321,600 shares held as treasury shares and this represents approximately 5.92% against the total number of issued shares excluding treasury shares as at that date.

TOP 20 SHAREHOLDERS

No.	**Name of Shareholder**	**No. of Shares**	**%***
1	Ho Bee Holdings (Pte) Ltd	499,173,900	75.17
2	DBS Nominees Pte Ltd	21,111,093	3.18
3	Raffles Nominees (Pte) Limited	16,645,107	2.51
4	Citibank Nominees Singapore Pte Ltd	14,610,188	2.20
5	Phillip Securities Pte Ltd	7,168,242	1.08
6	Estate Of Chua Pin Chong, Deceased	5,783,750	0.87
7	Chua Thiam Chok	4,265,000	0.64
8	BNP Paribas Nominees Singapore Pte Ltd	4,216,750	0.64
9	Nanyang Gum Benjamin Manufacturing (Pte) Ltd	3,988,000	0.60
10	Yap Boh Sim	3,300,000	0.50
11	Chua Wee-Chern	2,722,000	0.41
12	Woon Choon Leng Desmond	2,100,000	0.32
13	Ong Chong Hua	1,800,000	0.27
14	Hexacon Construction Pte Ltd	1,684,800	0.25
15	Ho Bee Foundation	1,669,200	0.25
16	DB Nominees (Singapore) Pte Ltd	1,536,700	0.23
17	United Overseas Bank Nominees Pte Ltd	1,502,800	0.23
18	Lee Seak Sung @ Lee Seak Song	1,500,800	0.23
19	Kingdom Investment Holdings Pte Ltd	1,414,000	0.21
20	Chua Siow Ling	1,394,900	0.21
		597,587,230	90.00

* The percentage is calculated based on the number of issued ordinary shares of the Company as at 5 March 2021, excluding 39,321,600 shares held as treasury shares as at that date.

SHAREHOLDINGS STATISTICS

AS AT 5 MARCH 2021

SUBSTANTIAL SHAREHOLDERS

	Direct Interest		Deemed Interest	
Substantial Shareholders	**No. of Shares**	**%(1)**	**No. of Shares**	**%(1)**
Ho Bee Holdings (Pte) Ltd	499,173,900	75.17	1,414,000(2)	0.21
Chua Thian Poh	–	–	501,104,150(3)	75.46

Notes

(1) The percentage is calculated based on the number of issued shares of the Company as at 5 March 2021, excluding 39,321,600 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 499,173,900 shares held by Ho Bee Holdings (Pte) Ltd, 1,414,000 shares held by Kingdom Investment Holdings Pte. Ltd. and 516,250 shares held by his spouse, Mdm Ng Noi Hinoy.

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Annual Report

Ho Bee Land

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(Company Registration No. 198702381M)

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