ADVANCING
through experience & success

HO
BEE
LAND

ANNUAL
REPORT
2019

Advancing through experience and success

Our ability to deliver and sustain our performance levels since our inception has made us who we are today. While we are very much committed to the here and now, we are also focused on what's next – where we are going and how we are going to get there.

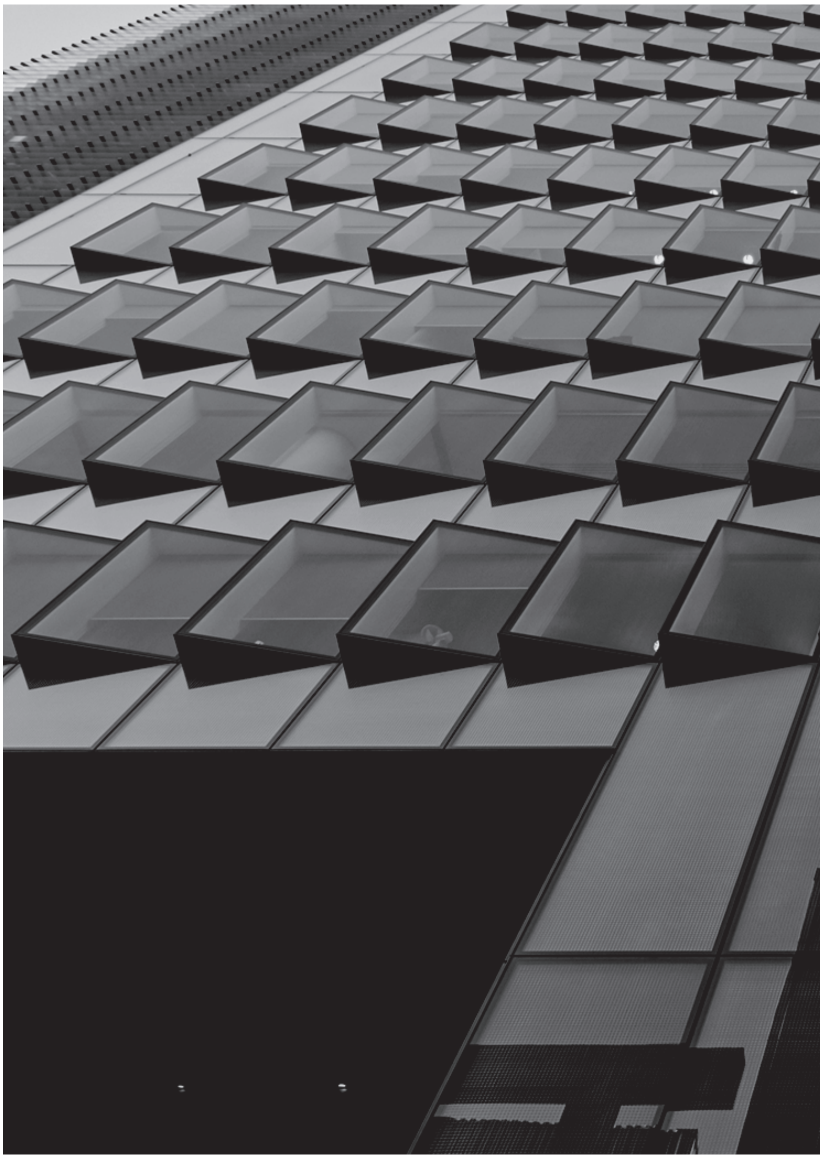
Global in scope, this far-sighted vision enables us to see farther, adapt earlier and think deeper. It drives us forward, allows us to meet goals and deliver sustainable value to our stakeholders. By continuing to advance through our invaluable experience and success, we believe we will always be ahead of the curve.

Contents

We will not be swayed by the winds of uncertainty...

as we move ahead confidently with the right strategies and expertise in place

Rising higher, growing stronger...



we will continue to spread our wings and seize opportunities to build on our momentum

Stretching out beyond us is a sustainable future filled with promise...

and unlimited possibilities that will be brought to fruition through courage, conviction and the will to always stay one step ahead

Words from the Chairman

BY **CHUA THIAN POH**
Chairman &
Chief Executive Officer

Dear Shareholders,

On behalf of the Board of Directors, I am pleased to report another year of satisfactory performance in spite of Brexit and the very challenging global environment. More importantly, the robust recurring income base which the Group has strategically built up over the years will help us through the increasingly volatile and difficult times.

Financial Review

In FY2019, profit increased 23% to S$332.3 million from S$270.0 million a year ago. The key drivers of our improved profitability were higher rental income from Ropemaker Place (acquired in mid-June 2018) and positive rental reversions, as well as higher fair value gains from our portfolio of investment properties in Singapore and London.

Development profits from associates and jointly-controlled entities declined year-on-year, mainly due to a lower number of residential units handed over to buyers in FY2019.

Due to the improvement in results in FY2019, the Group's earnings per share increased to 49.95 cents from 40.58 cents a year ago. Total shareholders' fund as at 31 December 2019 was S$3.54 billion, representing a net asset value of S$5.32 per share. Net gearing improved to 0.63 times from 0.70 times a year ago.

Business Review

Singapore
The Group's portfolio of properties in Singapore generated total rental income of S$96.4 million in FY2019 (FY2018: S$91.4 million), contributing to 45% of Group revenue (FY2018: 46%).

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.

In FY2019, the Group recorded a fair value gain of S$168.0 million on The Metropolis (FY2018: S$76.8 million), which enjoyed 100% occupancy and positive rental reversions.

The occupancy rate for the residential units in Sentosa Cove has improved from 80% to 88% during the year.

London
The London portfolio generated total rental income of £64.0 million in FY2019 compared to £48.0 million in the previous financial year. This represented 52% of Group revenue in FY2019 (FY2018: 44%). This was mainly due to a full year rental income from Ropemaker Place of £30.3 million in FY2019 compared to £15.3 million a year ago when Ropemaker Place was acquired in mid-June 2018.

In FY2019, the Group recorded a fair value gain of £38.0 million on its London portfolio (FY2018: £25.2 million), which enjoyed almost 100% occupancy and positive rental reversions.

Europe
The Group has invested in a European real estate fund and also co-invested in a commercial redevelopment project in Munich, Germany. The Munich development, located in the city centre, is currently undergoing a planning process that would enlarge its gross floor area by 30% to 61,600 square metres. The Group holds approximately 40% interest in the Munich redevelopment project.

Words from the Chairman

Australia

Over the years, the Group has sold and settled most of the residential units in its high-rise projects in Australia, except for Rhapsody in Gold Coast. This project is 88% sold as of 31 December 2019. The balance units are currently leased out.

Having diversified into Australia since 2012, the Group has plans to expand its development business. In late 2019, it established a local team in Brisbane with an initial focus on developing master-planned residential communities in Queensland and Victoria.

China

The project in Shanghai is completed and 100% sold.

The Group's 20% joint venture residential project in Zhuhai comprises 3,669 units. To-date, we have launched approximately 2,800 units for sale (up to Phase Three) and 93% of the launched units have been sold.

Phase Two of the Group's 50% joint venture residential project in Tangshan comprising 1,220 units is fully sold but not yet completed. We expect the profit contribution from Phase Two units to be in FY2021 when units are handed over to purchasers.

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. Subject to shareholders' approval at the Annual General Meeting of the Company to be held on 29 April 2020, the dividends will be paid on 29 May 2020.

Business Prospects

The Singapore office market is expected to remain stable. Our Grade A office building, The Metropolis, continues to be in demand with 100% occupancy rate and we expect further positive rental reversions in FY2020.

The Group has recently won a tender to develop a biomedical sciences (BMS) project on a site adjacent to The Metropolis. The land tenure and size of this site is 60 years and 7,521 sqm, respectively. The total allowable gross floor area of 41,366 sqm will comprise 85% of BMS space and 15% of office and F&B space.

This new 12-storey landmark development is designed to achieve the BCA Green Mark Platinum Award standard.

When completed in 2022, it will house a new generation of labs and help to establish Singapore as the BMS hub of Asia.

On the local residential front, we expect the market to remain soft in view of the supply pipeline and the impact of cooling measures.

With Brexit done, there is more certainty. Demand for office space remains strong in London with limited supply. We are expecting further positive rental reversions from our portfolio of London commercial properties.

The global economy is expected to weaken, exacerbated by the COVID-19 outbreak. However, our strong recurring income and balance sheet position will help to cushion the negative impact. It will also enable us to seize more compelling investment and development opportunities that may emerge during these challenging times.

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.

Last but not least, special thanks to our shareholders, bankers, tenants and business associates for your support of the Group over the years.

Chua Thian Poh
Chairman & Chief Executive Officer

The development is designed by Skidmore, Owings & Merill (SOM). Together with The Metropolis, it will create an exciting precinct and gateway to one-north when completed in 2022.

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.

In July 2019, National University of Singapore conferred on him the Honorary Doctor of Letters in recognition of his business leadership and community contributions. Dr Chua was also awarded the Businessman of the Year in 2006.

As an active community leader, Dr Chua's appointments include those of 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 holds several other public appointments. He was appointed as the Non-Resident Ambassador of Singapore to the Republic of Maldives from 2015 to September 2019, and a member of the Constitutional Commission for the review of Elected Presidency in 2016. In 2017, he was appointed to the Council of Presidential Advisers as an alternate member and in 2019, a full member.

In recognition of his extensive community and public service contributions, he was conferred the Public Service Star (BBM) in 2004, Justice of the Peace in 2005 and the Distinguished Service Order in 2014.

For his philanthropic activities and impact, Dr Chua was awarded the President's Award for Philanthropy (Individual) in 2012 and listed in Forbes Asia's Heroes of Philanthropy honour roll in 2014.

Ong Chong Hua

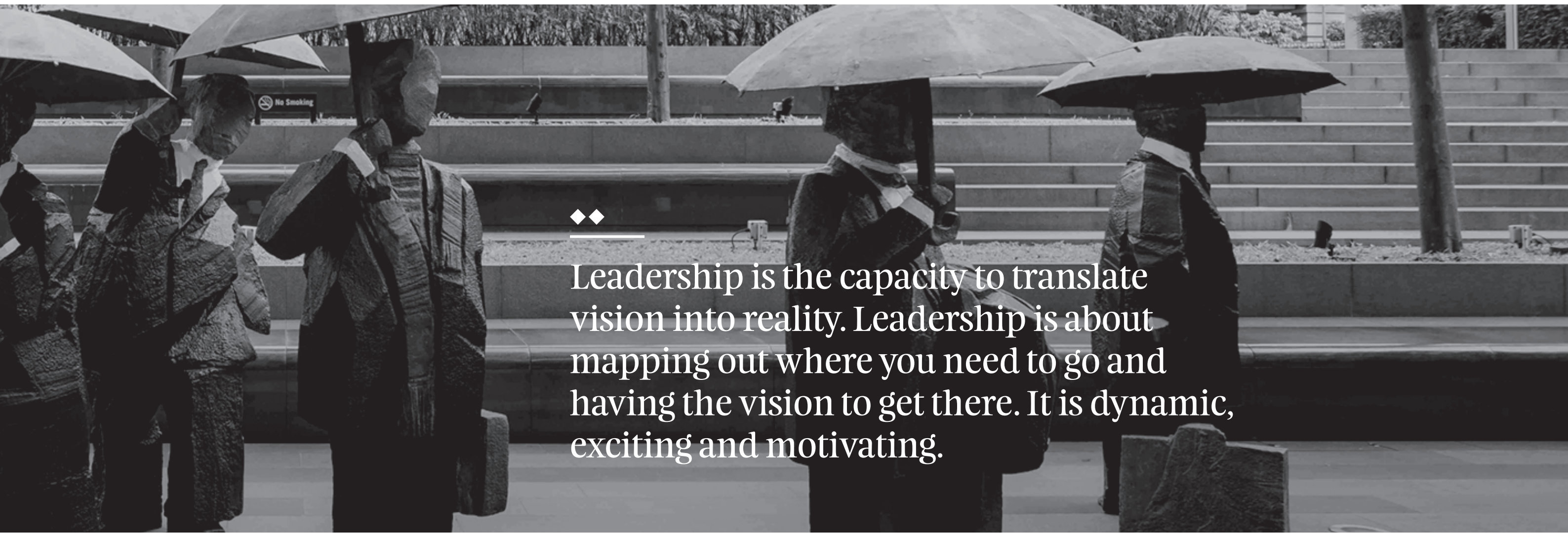
Executive Director and Chief Operating Officer

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's 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 30 years of experience in the real estate sector. He began his career as a town planner with the Urban Redevelopment Authority in 1980 before joining Jones Lang Wootton (now known as Jones Lang LaSalle) in 1990 as Head of its Consultancy and Project Management Department.

Mr Ong holds a Master's Degree in Town and Regional Planning from the University of Sheffield, UK.



Leadership is the capacity to translate vision into reality. Leadership is about mapping out where you need to go and having the vision to get there. It is dynamic, exciting and motivating.

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 is Chairman of the Housing & Development Board, NTUC Fairprice Co-operative Limited, Frasers Commercial Asset Management 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.

Mr Chin was formerly a board member of Singapore Telecommunications Limited and a member of the Council of Presidential Advisers.

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. Founded in China, the group provides Internet-of-Things digital platform for smart energy and smart cities. He is an Independent Director of AIMS AMP Capital Industrial REIT Management Limited, manager of the public-listed AIMS AMP Capital Industrial REIT. He also serves as Senior or Expert Advisor to several companies including Boston Consulting Group International, Inc.

Public sector leadership positions 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 Sustainable Development & Living Business Division of Keppel Corporation Ltd, Chairman of Arcasia (now Ascendas) Land Singapore Pte 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. He was also an Independent Director at iX Biopharma 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 40 years. He held various senior appointments in SPH which include helming the human resource, administration, circulation 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, National Healthcare Group, Singapore Chinese Cultural Centre, National Council of Social Service 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 also a Director and Vice-Chairman of Dr Oon Chiew Seng Trust Limited.

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

The Management Team

Talent, ambition and hard work. To be willing to step ahead of the pack and blaze a new trail. To be willing to set the highest standards for oneself – and then live up to them, time and again. These are the hallmarks of a great management team.

Nicholas Chua

Deputy Chief Executive Officer

Mr Nicholas Chua was appointed as Deputy Chief Executive Officer on 1 October 2018. Prior to his current 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. Most recently, he 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. 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 Degree (Honours) in Estate Management from the National University of Singapore. He currently serves as the Honorary Secretary 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
Financial Controller

Ms Josephine Lee joined Ho Bee Land as Financial Controller on 2 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.

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.

Our Presence

To establish a global presence, it is imperative to develop a global mindset in order to recognise and capitalise on opportunities as they arise.


Singapore
China
Shanghai,
Tangshan and
Zhuhai
Australia
Victoria
and
Queensland

Investment Properties

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

1

Ropemaker Place
Ropemaker Place is a 21-storey freehold Grade A office tower that occupies a substantial island site of about 1.37 acres in the heart of the City of London. Located in one of the city's top growth areas due to the introduction of Crossrail at Moorgate, the property is also six minutes' walk away from Liverpool Street Station – the busiest transportation hub in London.

The property was awarded BREEAM 'Excellent' sustainability rating, and achieved a LEED Platinum pre-certification for sustainability - the first building in the City of London to achieve this.

Location:
— 51° 31′ 11.604″ N
0° 5′ 23.64″ W

25 Ropemaker Street,
London EC2

2

1 St Martin's Le Grand
Originally constructed in the late 19th Century, 1 St Martin's Le Grand comprises approximately 276,792 sq ft of Grade A offices. The 11-storey freehold building is around 50 metres north of the London Stock Exchange, and is in close proximity to St Paul's and Barbican Underground Stations, offering excellent transport facilities.

Location:
— 51° 30′ 58.932″ N
0° 5′ 50.316″ W

1 St Martin's Le Grand,
London EC1A 4NP

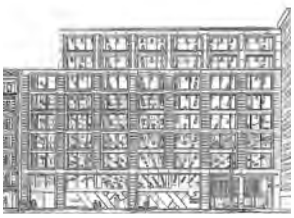
3

67 Lombard Street
A brand-new Grade A office building acquired in June 2017, 67 Lombard Street is set behind a historic retained façade. The freehold property sits amongst some of the world's biggest global companies and iconic buildings in the core of City of London. It benefits from exceptional transport links to the rest of central London, commuter destinations and London's airports.

Location:
— 51° 30′ 45.5112″ N
0° 5′ 12.84″ W

67 Lombard Street,
London EC3V 9LJ

4



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

Location:
— 51° 32′ 27.1356″ N
0° 0′ 12.276″ E

39 Victoria Street,
London SW1

5

60 St Martin's Lane
Located in the heart of Covent Garden, 60 St Martin's Lane has an unrivalled access to four Underground Stations. The freehold trophy building comprises six floors of high-quality Grade A offices and a well-configured retail/restaurant on the ground and lower ground floor. It was comprehensively refurbished in 2011 behind a striking retained Portland Stone façade.

Location:
— 51° 30′ 40.8276″ N
0° 7′ 37.236″ W

60 St Martin's Lane,
London WC2 4JS

6

110 Park Street
Positioned between Bond Street (Central and Jubilee Lines) and Marble Arch (Central Line) Underground Stations, 110 Park Street is a prominent, newly refurbished office building in the heart of Mayfair. The 5-storey building benefits from its proximity to the numerous world-renowned retailers. It is also within walking distance along Oxford Street to the Crossrail Station in Bond Street which is targeted to open in 1Q 2021.

Location:
— 51° 30′ 47.736″ N
0° 9′ 21.348″ W

110 Park Street,
Mayfair, London W1

7

Apollo & Lunar House
Apollo & Lunar House is situated in the heart of Croydon Town Centre, which is undergoing significant expansion and rejuvenation. The freehold property comprises two office buildings of 20 storeys and 22 storeys with impressive views across the Croydon skyline. It enjoys excellent public transport connectivity with the Tramlink and subway links nearby.

Location:
— 51° 22′ 40.2168″ N
0° 5′ 57.624″ W

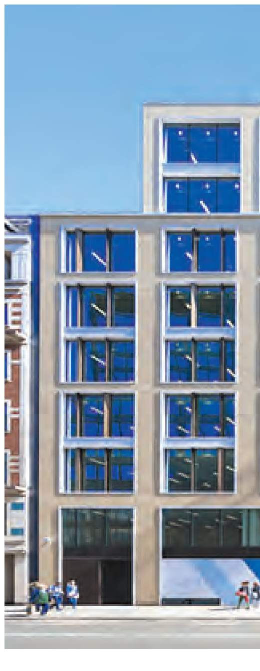
Wellesley Road,
Croydon, CR9

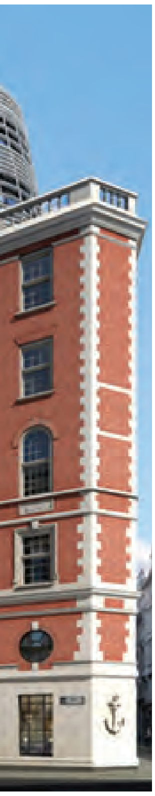
Investment Properties

Ropemaker Place

67 Lombard Street

1 St Martin's Le Grand





60 St Martin's Lane

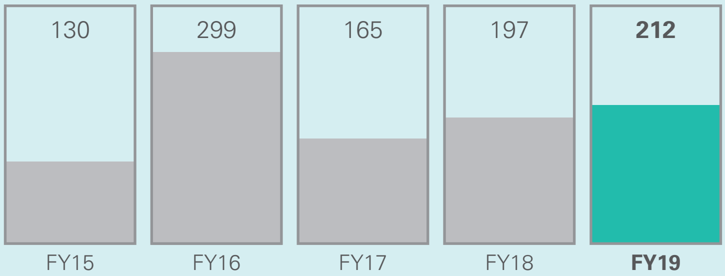
110 Park Street

39 Victoria Street

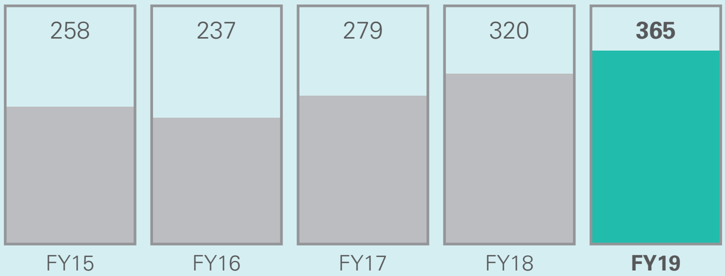
Apollo & Lunar House

Financials at a Glance

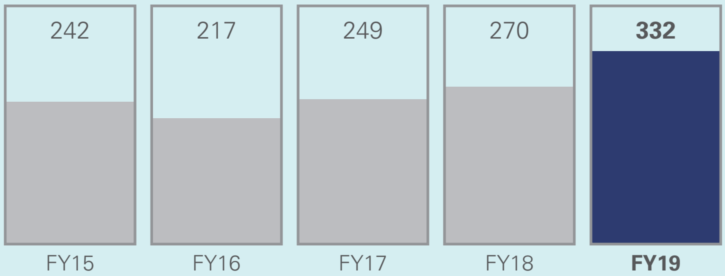
Turnover (S$million)



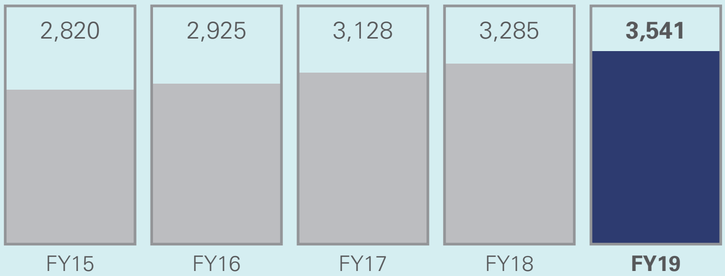
Profit Before Taxation (S$million)



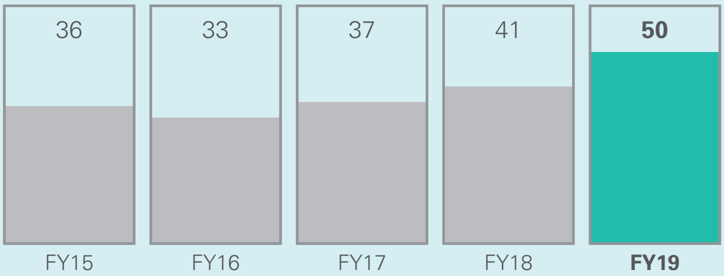
Profit Attributable To Shareholders (S$million)



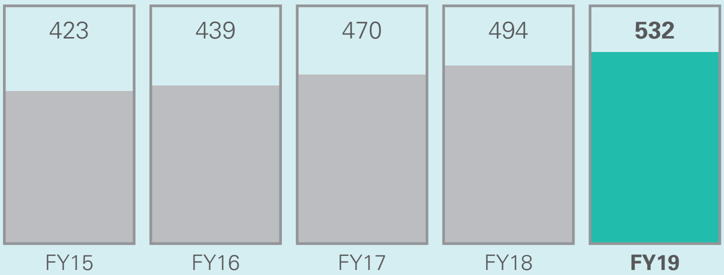
Shareholders' Equity (S$million)



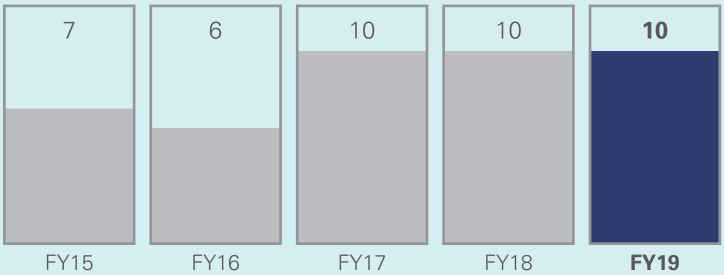
Earnings Per Share (Cents)



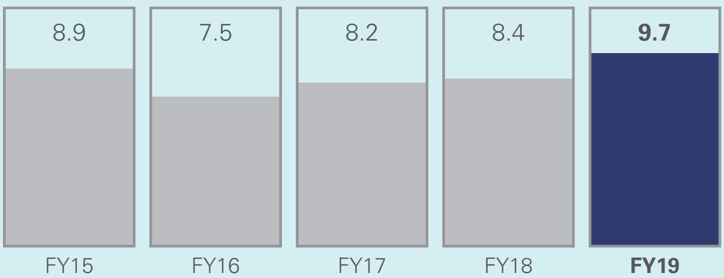
Net Assets Value Per Share (Cents)



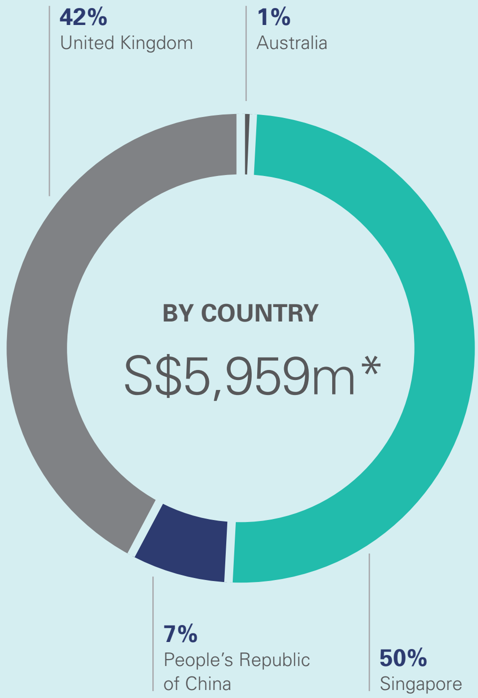
Dividends Per Share (Cents)

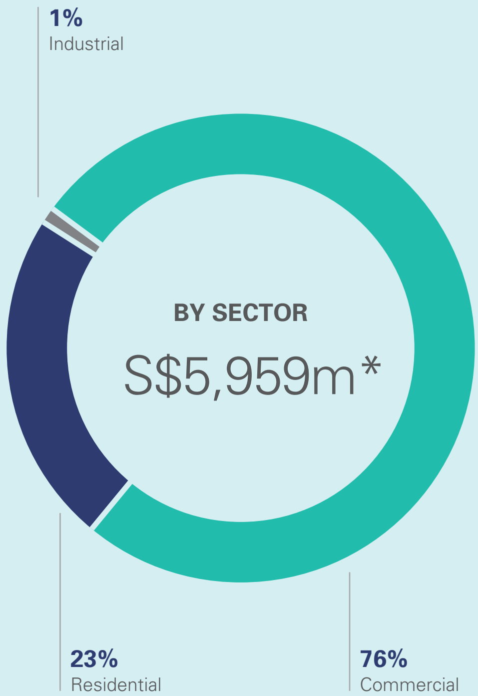


Return On Equity (%)



Property Investments

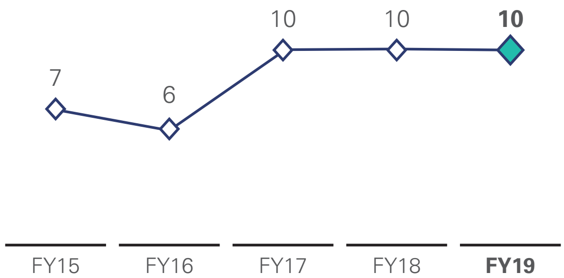




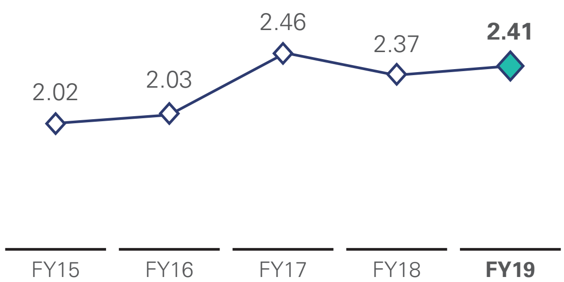
* Includes property investments held by jointly-controlled entities and associates

Investor Relations

5-Year Dividend (Cents)



Share Price (S$)
Based on closing share price as at 31 December.



2020 Financial Calendar

28 February — Financial results release for the financial year ended 31 December 2019

29 April — Annual General Meeting

13 August — Financial results release for the half year ending 30 June 2020

Corporate Structure

Ho Bee Land Limited

- Ho Bee Developments Pte Ltd 100%
  - Ho Bee Realty Pte Ltd 100%
  - Ho Bee (Eastwood Park) Pte Ltd 100%
  - Ho Bee (Pasir Ris) Pte Ltd 100%
  - Ho Bee (One-North) Pte. Ltd. 100%
- HB Properties International Pte Ltd 100%
- Pacific Rover Pte Ltd 100%
- HB Venture Capital Pte Ltd 100%
- HBS Investments Pte Ltd 100%
  - Parliament View Developments Limited [UK] 100%
    - Parliament View Management Company Limited [UK] 100%
- HB Le Grand Pte. Ltd. 100%
- HB St Martins Pte. Ltd. 100%
- HB Mayfair Pte. Ltd. 100%
- HB Victoria Pte. Ltd. 100%
- HB Croydon Pte. Ltd. 100%
  - Kempster Investments Limited [BVI] 100%
- HB Universal Pte. Ltd. 100%
- Stream Field Investments Limited [BVI] 100%
  - Emmatown Properties Ltd [BVI] 100%
- Grandeur Property Investments Limited [BVI] 100%
  - Accordion Property S.à.r.l [LUX] 100%
- HB Australia Pty Ltd [AU] 100%
- HB Ferny Pty Ltd [AU] 100%
  - Elwood Tiuna Development Pty Ltd [AU] 60%
- HB Oracle Pty Ltd [AU] 100%
  - Wollert JV Pty Ltd [AU] 49%
  - Elwood Tiuna Pty Ltd [AU] 49%
- HB Doncaster Pty Ltd [AU] 100%
- Accordion Investments Pty Ltd [AU] 100%
- HB Land Pty Ltd [AU] 100%
  - HB Qld Pty Ltd [AU] 100%
- Ho Bee Cove Pte. Ltd. 90%
- Seaview (Sentosa) Pte. Ltd. 50%
- Pinnacle (Sentosa) Pte. Ltd 35%
- HB Investments (China) Pte. Ltd. 80%
  - Yanlord Ho Bee Investments Pte. Ltd. 50%
    - Yanlord Ho Bee Property Development (Tangshan) Co., Ltd. [PRC] 100%
- Shanghai Yanlord Hongqiao Property Co., Ltd. [PRC] 40%
  - Nanjing Renbei Property Development Co., Ltd. [PRC] 75%
    - Nanjing Yusheng Real Estate Co., Ltd. [PRC] 26%
- Zhuhai Yanlord Heyou Land Co., Ltd. [PRC] 20%
  - Zhuhai Yanlord Heyuan Land Co., Ltd, [PRC] 100%

Notes

[AU] Incorporated in Australia

[BVI] Incorporated in British Virgin Islands

[LUX] Incorporated in Luxembourg

[PRC] Incorporated in People's Republic of China

[UK] Incorporated in United Kingdom

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

AUDIT AND 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

MANAGEMENT TEAM

Nicholas Chua
Deputy Chief Executive Officer

Chong Hock Chang
Group Director
(Projects and Marketing)

Michael Vinodolac
Chief Executive Officer,
Australia

Josephine Lee
Financial Controller

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:
Mr Tay Puay Cheng (since 2015)
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

In FY2017, we published our first Sustainability Report. This year, we continue to report our journey towards more responsible Environmental, Social and Governance ("**ESG**") practices with reference to the Global Reporting Initiative ("**GRI**") Standards 2016. This framework was selected as it is an internationally recognised reporting framework that covers a comprehensive range of sustainability disclosures and is relevant to Ho Bee Land's business.

The key ESG factors identified in the previous year have been reviewed taking into consideration the current and future business environment, our business strategy and the expectations of both our internal and external stakeholders. The Board has considered these issues as part of our strategic formulation and found the ESG factors continue to be relevant to Ho Bee Land ("**HBL**").

We recognise that climate change has had a significant impact on our planet and our communities. Consequential to climate change and urbanisation, our cities have become more vulnerable to natural disasters. Therefore, it is vital to ensure that our buildings and properties are sustainable and energy-efficient.

In Singapore, we continue to achieve reductions for both water and energy consumption at our properties. With FY2017 as the base year, consumption of water and energy for The Metropolis has been reduced from 109.8 thousand m^3 to 105.3 thousand m^3 and 168.82 kwh/year/m^2 to 166.42 kwh/year/m^2, respectively. To manage our consumption, we constantly explore systems with higher efficiency and green technologies in our buildings as part of our water and energy conservation efforts. The Metropolis is BCA Green Mark Platinum certified. We remain committed to minimising our properties' environmental impact through the responsible consumption of water and energy resources in our operations.

However, we could not have achieved all these without the strong support of our colleagues. The Group places immense value on human capital and will continue to focus on nurturing and supporting our employees. A suite of training programmes tailored to different levels are available to employees to enhance their skills and job knowledge and personal development. In FY2019, 100% of our staff attended at least 22 hours of training. Employees are also encouraged to participate in community activities, contributing to the society through various community involvement programmes. Our employees continue to be actively engaged through multiple touch-points. Details can be found on pages 36 to 41.

The Board will continue its practice of adopting a more resilient and sustainable business model.

We thank all our stakeholders for their support.

Board of Directors
Ho Bee Land Limited

We present this year's report in compliance with the requirements of SGX-ST Listing Rules 711A and 711B and with reference to GRI Standards (2016). We are also guided by Practice Note 7.6 of the Sustainability Reporting Guide issued by SGX-ST, in particular, paragraph 4 within.

All data in this report is presented in good faith and to the best of our knowledge.

We welcome your feedback on our sustainability report and performance as it enables continual improvement in the Group's sustainability efforts. Please share your views with us at enquiries@hobee.com.

REPORTING FRAMEWORK

HBL has selected the GRI Standards based on the recommendation of an independent consultant who assisted the Group in developing this framework. The standard was widely used by sustainability reporters globally and it offers sector specific guidance for the real estate sector. The GRI guidelines are also closely aligned with the SGX requirements. In particular, we have included in this report certain disclosures on our strategy, ethics and integrity, governance, stakeholder engagement, management approach, material topics, environmental compliance, employment, training and education and socioeconomic compliance.

HBL has not obtained any independent assurance of the information being reported for the financial year ended 31 December 2019, but may consider to do so in future. In line with the Group's sustainability efforts, this report is available for download from the corporate website as part of the Annual Report 2019 at www.hobee.com/investor-relations/annual-reports/.

STAKEHOLDER ENGAGEMENT

Our business operations affect, and is affected by, a diverse group of stakeholders – both internal and external. At HBL, we recognise that effective collaboration with our key stakeholders is critical in aligning our business decisions with their needs and concerns.

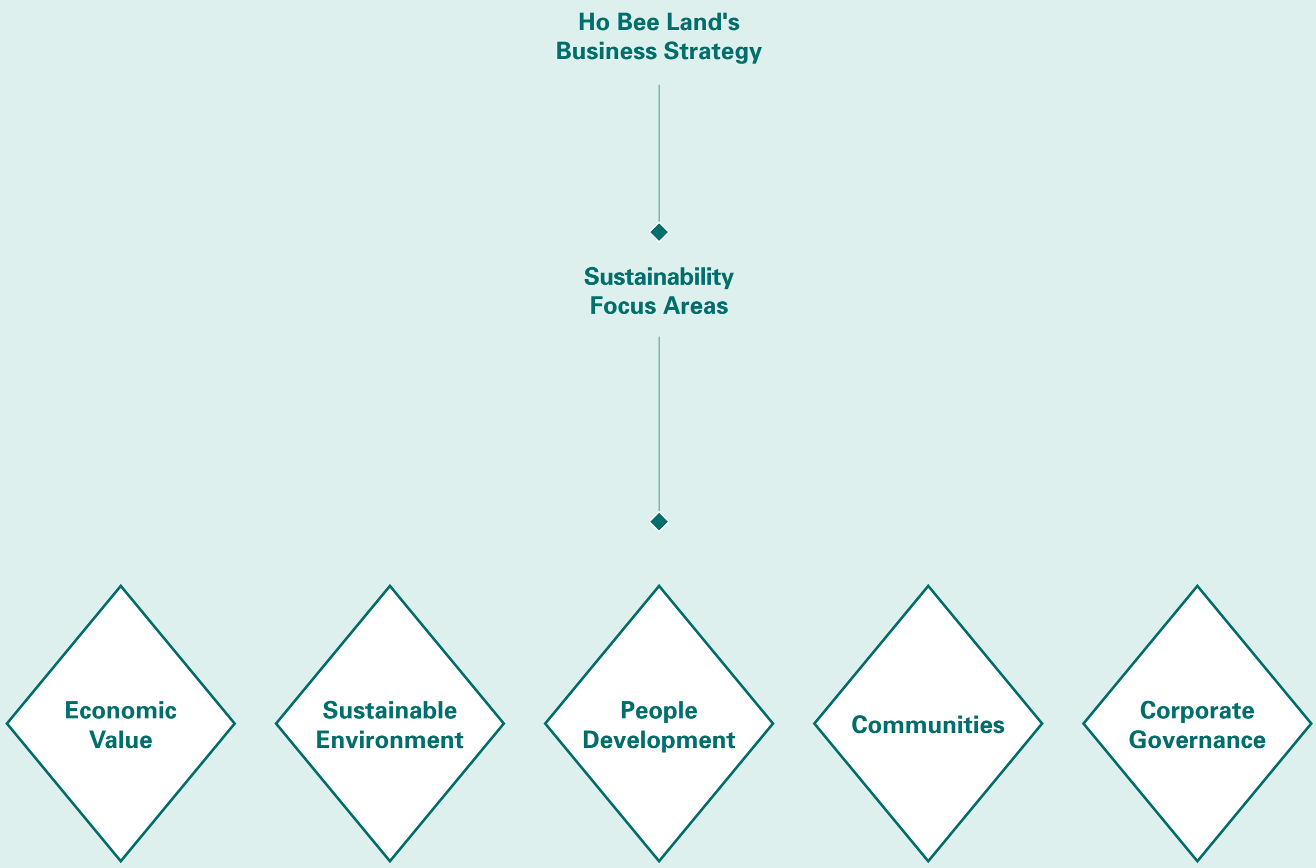
We thus proactively engage stakeholders through various channels to identify and understand issues pertinent to them. We also strive to maintain regular two-way communication to foster accountability and transparency. Our approach towards stakeholder engagement is summarised below:

Key Stakeholders	Engagement Methods	Frequency	Key Topics of Interest
Investors	Timely updates of financial results and announcements, business developments, press releases, and other relevant disclosures via SGXNet and website	Throughout the year	• Sustain profitability and enhance shareholder return • Transparent reporting • Sound corporate governance practices • Active portfolio management
	Annual General Meeting	Annually	
Tenants (existing and potential)	Regular formal or informal tenant meetings and feedback sessions to exchange ideas and updates on important initiatives and matters	Throughout the year	• Safe and secure office premises • Responsiveness to requests and feedback of tenants
	Established channels of communication for tenant and property-related issues	Throughout the year	
Employees	Induction programme for new employees	Throughout the year	• Equitable remuneration • Fair and competitive employment practices and policies • Safe and healthy work environment • Focus on employee development and well-being
	Training and development programmes	Throughout the year	
	Career development performance appraisals	Annually	
	Recreational and wellness activities	Throughout the year	
	Regular e-mailers, meetings, and town-halls sessions	Throughout the year	

Key Stakeholders	Engagement Methods	Frequency	Key Topics of Interest
Communities	Corporate giving and philanthropy activities through Ho Bee Foundation	Throughout the year	◆ Contributions to communities ◆ Responsible and ethical business practices
	Corporate volunteering	Throughout the year	
Government and Regulators	Meetings and dialogue sessions	Throughout the year	◆ Compliance with, and keep abreast to, ever-changing laws and regulations
	Membership in industry associations such as Real Estate Developers' Association of Singapore (REDAS), Singapore Chinese Chamber of Commerce and Industry (SCCCI), Singapore Business Federation (SBF)	Throughout the year	
Business Partners (such as Third-Party Service Providers)	Regular dialogue sessions with service providers and property managers	Throughout the year	◆ Equitable treatment of business partners ◆ Regular and punctual payments upon enlistment of service
	Established channels of communication	Throughout the year	

Sustainability Report

INTEGRATING SUSTAINABILITY



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

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. The objective of the exercise was to identify, prioritise and validate ESG factors that were of significance to business operations and of interest to key stakeholders. Facilitated by an independent consultant, participants responded to an online questionnaire and participated in a workshop that required them to consider the followings:

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

The five key areas of focus identified to be material to HBL are reviewed on an annual basis. For the financial year ended 31 December 2019, the Board is satisfied that there are no significant changes in key focus areas.

Sustainability Focus Areas	Material Factors	Read more in our:
Enhancing Economic Value Enhanced profitability, value creation, distribution and retention for shareholders.	Economic performance	• Financial Statements, page 72
Contributing to a Sustainable Environment Mitigating our environmental footprint.	Energy Water	• Sustainability Report, page 33
Developing our People Talent management strategy and practices.	Employment Training and Education	• Sustainability Report, page 36
Enriching our Communities Giving back to society through our philanthropic efforts.	Local Communities	• Sustainability Report, page 38 • Corporate Website: Corporate Social Responsibility
Strengthening Corporate Governance Compliance with applicable laws and regulations including, ethics, integrity and anti-corruption.	Anti-corruption Socio-economic Compliance Environmental Compliance	• Sustainability Report, page 43 • Corporate Governance, page 45 • Corporate Website: Whistle-blowing Policy Statement

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 Building and Construction Authority (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 reduces the Group's environmental footprint, and translate to cost savings for our customers and tenants.

HBL has adopted an Environmental Policy 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.

Ropemaker Place

In FY2018, HBL affirmed its position as a forward-looking company with Singapore's first green loan in funding the acquisition of Ropemaker Place, a 21-storey commercial development in London. The building has been LEED Platinum pre-certified and has a BREEM Excellent rating.

HBL's Green Loan was the first green loan in Singapore that aligns to the Green Loan Principles set jointly by the Loan Market Association and the Asia Pacific Loan Market Association. Today, our commitment towards building a sustainable model remains strong.

In this report, we focus on energy and water consumption impacts of The Metropolis in Singapore. Moving forward, we target to expand our reporting to cover other buildings in Singapore and the Ropemaker Place in London.

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. During the year, we made adjustments to reduce electricity consumption at the basement carparks and improved our irrigation system to reduce water consumption. 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. As we track the amount of waste being collected and recycled by our tenants, we target to provide more information on them in our next sustainability report.

As a result of our sustainability efforts, there was a reduction of our annual energy consumption in The Metropolis by 1% from the previous year (FY2018: 3% reduction).

Our consumption of Domestic Water reduced by almost 8% (or about 5,535 cubic metres) (FY2018: 2% reduction).

To demonstrate support for raising awareness for energy consumption and effects on the environment, The Metropolis continued its participation in Earth Hour on 30 March 2019 from 8:30pm to 9:30pm. We also encourage our tenants to participate in this campaign by turning off any non-essential lightings in the offices during Earth Hour.

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 Metropolis - Energy Saving Highlights:

Energy Efficiency Index (EEI)

FY2019	166.42 kwh/yr/m²
FY2018	166.62 kwh/yr/m²
FY2017	168.82 kwh/yr/m²

System efficiency of the energy efficient chiller plant

FY2019	0.56 kW/RT
FY2018	0.56 kW/RT
FY2017	0.57 kW/RT

Renewable energy generated by Solar Photovoltaic technology

FY2019	62,024 kwh/yr
FY2018	57,595 kwh/yr
FY2017	56,467 kwh/yr

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)
- Naturally ventilated atrium, toilets and staircases
- Pre-fitted tanks installed to harvest rainwater which is used for the auto-irrigation system
- A paper recycling chute was installed

Energy Efficiency Features

- High efficiency plant system that achieves a 29% energy improvement over the national baseline standard
- Energy efficient lighting system such as the T5 fluorescent lighting with high frequency electronic ballast in all office and retail spaces
- Motion sensors in lavatories and stairwells
- Variable voltage variable frequency lifts and escalators which are also equipped with sleep mode feature
- Energy-efficient chiller plant with a system efficiency of 0.56 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 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 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
- Provision of carpark guidance system
- Carbon monoxide sensors for basement carpark ventilation

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

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.

Sustainability Report

DEVELOPING OUR PEOPLE

Human Capital

HBL recognises that human capital, who are our employees, is an intangible asset to the Company.

Each employee plays a significant role in the overall business performance of the Company. Hence, we constantly improve the quality of this capital by investing in our employees, by improving staff welfare and sending staff for skills upgrading.

Diversity & Inclusivity in the Workplace

There is a myriad of benefits to building workforce diversity and inclusivity at every level of our Company. We recognise that people with different backgrounds bring with them different ideas and opinions, and we value that diversity. Open communication contributes to overcoming business challenges.

An inclusive workplace that understands the needs of our employees, 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 will continue to be imperative for talent succession to ensure the continuity of business operations.

Training & Education

Training presents a prime opportunity to address gaps in our employees' job knowledge and skill sets, which is key to business growth.

In 2019, we hit our target of 90% participation rate for employees' training and development. In fact, 100% of our staff attended at least 22 hours of training. In 2020, we will continue to work towards 90% participation rate, with an average of 16 training hours for each employee.

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

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 to its employees. Staff retreats and outings for our employees and their families create many opportunities for social interaction and team-building outside the work environment.

The benefits of a happy and vested team of employees are immeasurable but tangible. Much can be said about the effects of a positive work environment and a high level of camaraderie on employee morale and performance. As such, HBL will continue to invest in the well-being of our employees.

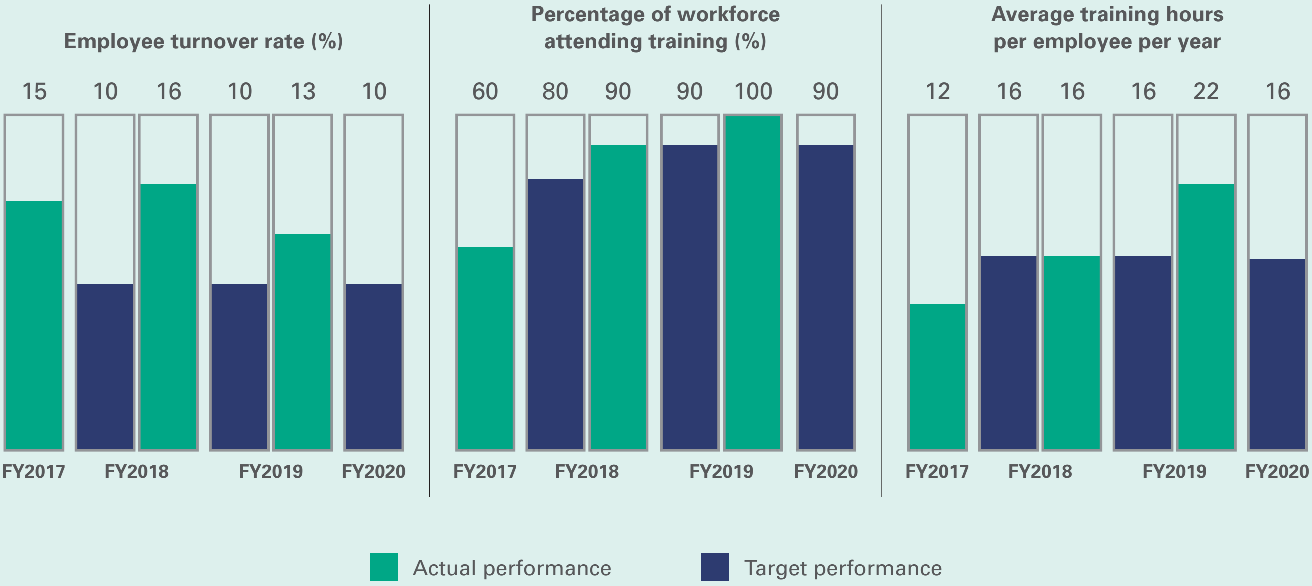
6
April
2019

Ho Bee Land's Step Challenge
In conjunction with Health Promotion Board's Corporate Step Challenge 2019, the Ho Bee Land's Step Challenge was organised for our employees and their families. The event concluded with a sumptuous dinner at Satay by the Bay.

16 August 2019 & 23 August 2019

The Bicentennial Experience
Ho Bee Land's staff were treated to two sessions of The Bicentennial Experience with our Board of Directors, Chairman and senior management. The exclusive multimedia sensory tour brought us back in time to discover Singapore's evolution from 1299.

Materiality Performance Target



Sustainability Report

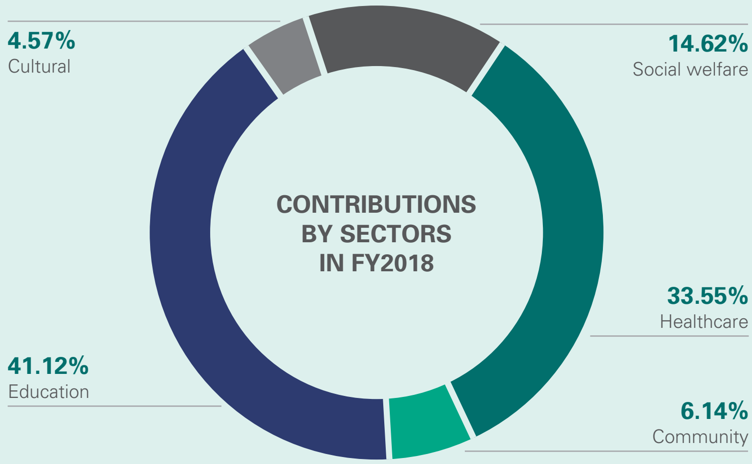
ENRICHING OUR COMMUNITIES

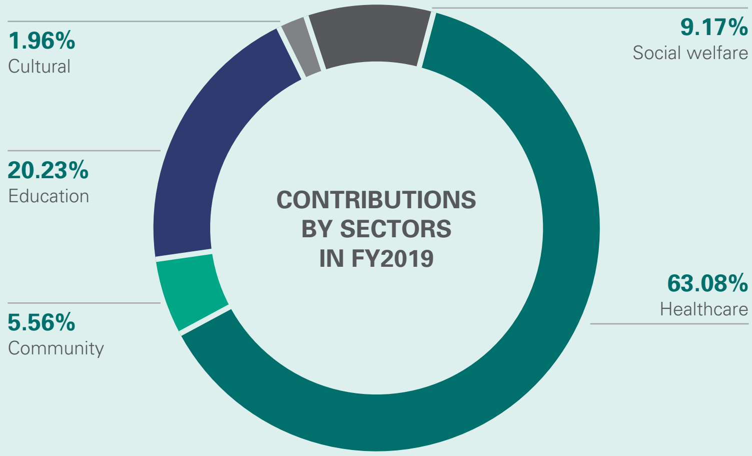
We believe that strong companies build strong communities, and vice versa. Ho Bee Land has a long history of community involvement that goes back to decades ago.

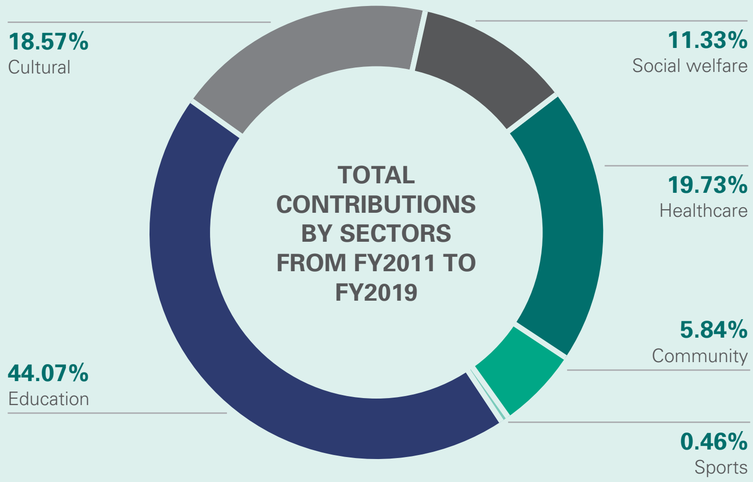
Our Corporate Social Responsibility commitment makes us a stronger company and strengthens the communities where our employees live and work. We inspire them to be active members of their communities, improving it through philanthropy, volunteerism, and leadership, and impacting the business through ethical, transparent interactions with our customers and stakeholders.

Since its establishment in October 2010, Ho Bee Foundation has supported a wide range of charitable causes in the areas of education and skills training, community and social welfare, as well as healthcare, arts and culture. In FY2019, the total amount of charitable donations disbursed by the Foundation was S$2.55 million (FY2018: S$1.27 million). To-date, the Foundation has donated S$19.03 million (FY2018: S$16.47 million since inception).

The following pie charts depict the percentage of contribution to the various sectors for (i) FY2018, (ii) FY2019 and (iii) total contributions from FY2011 to FY2019:







Community Building

We are dedicated to supporting and enhancing the development of a vibrant community. Through engagement and placemaking initatives, we aim to make positive impact towards community building.

9 September 2019 to **12 December 2019**

Ho Bee Arts for Kids Programme

In FY2019, the Ho Bee Arts for Kids Programme was created for young children to get up close with specially curated art pieces at our office building, The Metropolis.

Around 1,000 primary school students from low-income families, as well as children of our tenants at The Metropolis, benefited from the Programme. During the half-day learning journey, the children were transported into an imagination land to discover world-renowned art. This Programme aims to open young minds to the vast possibilities of artistic creation – a passion and expertise of ours when we build and invest in the future.

Our Chairman & CEO, Dr Chua Thian Poh, with beneficiaries

Participants learning about world-renowned sculptures at The Metropolis

29 November 2019 to 1 December 2019

Creative Bazaar @ The Metropolis

Creative Bazaar @ The Metropolis ("呷欢喜文创市集" in Chinese) was a 3-day collective market that transforms the Chinese and Fujian culture into a lively and creative exchange. The Creative Bazaar brought together 50 original brands from Singapore, Malaysia and Taiwan to sell handmade accessories, ceramics, leather goods, unique craftworks, eco-friendly skincare products, and many more.

Creative Bazaar @ The Metropolis is part of our placemaking initiatives for the one-north community and members of the public

Live music performances were put up every hourly by 10 groups of indie artists from Singapore, Malaysia and Taiwan

Staff Volunteerism

HBL actively engages our employees through social activities and volunteering opportunities. We educate our employees on the Company's culture of giving back to society. Together, we develop a greater sense of corporate identity and pride.

15
October
2019

Blood Donation Drive

Co-organised with Red Cross Society, the blood donation drive was held at The Metropolis as part of the National Blood Programme.

4
October
2019

Snow City Children's Day Celebration

Children from Epworth Community Services were treated to a fun day out, in celebration of Children's Day. Under the accompaniment of our staff volunteers, the children enjoyed snow play, and attended an ice cream making workshop.

Other CSR activities included:

- **Toy donation drive for Food from the Heart,** 30 October - 1 November 2019
- **Ren Ci Vegetarian Food Fiesta,** 6 October 2019
- **Chinese New Year fortune bags packing for Community Chest,** 18 January 2019

Sustainability Report

SMU Ho Bee Professorship

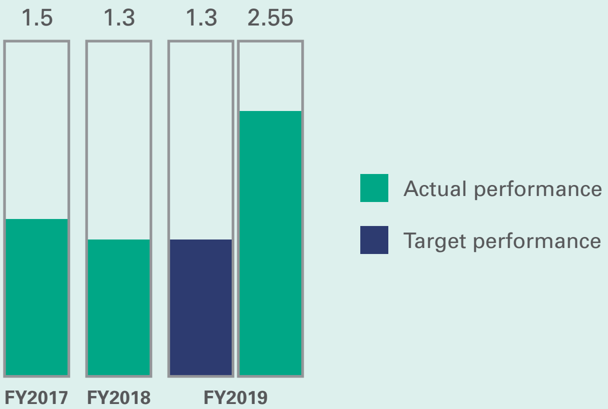
The Ho Bee Professorship was established with the Singapore Management University (SMU), to advance the study of the Chinese economy and to promote educational, economic, cultural and community development in Singapore with China for the benefit of the business community.

The Professorship is awarded to an eminent individual who is an acclaimed research scholar of high international standing, a thought leader with considerable expertise and contributions to the Chinese economy and business, as well as a passionate academic with a sterling track record in business education.

The visiting professor in 2019 was Dr Xiang Bing.

Materiality Performance Target

Donations towards charitable causes (S$ million)



In the forthcoming year, Ho Bee Land aims to 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.

Customer Data Privacy & Whistle-Blowing Policy

We collect personal data of customers across the property businesses and recognise 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.

In terms of anti-corruption measures, 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. Encompassed within 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 the undertaking to safeguard official information, declaration for software use policy, 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 and has crafted policies and procedures to safeguard vital company information. The whistleblowing policy provides a transparent channel for employees to report concerns about possible fraud, improprieties in financial reporting and other matters. We empower our employees and related third parties, such as contractors and tenants, to raise concerns about misconduct, fraudulent activities, or malpractices in any matter related to the Group.

To ensure fair investigations, all reports are directly addressed to the Chairman of the Audit & Risk Committee ("**ARC**") and/or Manager, Human Resource & Corporate Affairs and investigated by the Investigation Committee, which comprises the Chairman of the ARC and other persons appointed by the ARC.

For FY2019, there were no confirmed incidents of corruption and no employees were dismissed or disciplined for corruption. Further, there were 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 were brought against HBL nor its employees.

Materiality Performance Target

Zero incident of corruption

FY2019	Nil incident
FY2018	Nil incident
FY2017	Nil incident

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 Building and Construction Authority (BCA), as well as the Energy Conservation Act and Environment Protection and Management Act governed by the National Environment Agency (NEA).

Property Managers conduct regular checks within the buildings and ensure compliance with reporting requirements pertaining to the submission of environmental data. Properties are also subject to periodic environmental audits by the local authorities.

In FY2019, there were no significant instances of non-compliance with all applicable laws and regulations.

Sustainability Report

Materiality Performance Target

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

FY2019	Nil incident
FY2018	Nil incident
FY2017	Nil incident

In the forthcoming year, Ho Bee Land endeavour to maintain the performance achieved in the last three years, targeting zero occurrence of corruption incident and no significant instances of non-compliance with all applicable laws and regulations.

SIAS Investors' Choice Award & SGX Fast Track

In September 2019, HBL was awarded the Investors' Choice Award – MTCA under the Real Estate category (Runner-Up) for our performance in transparency practices.

Subsequently, HBL gained entry to the SGX Fast Track in November 2019 (until the next review cycle in 2021). The SGX Fast Track programme aims to affirm listed issuers that have been publicly recognised for high corporate governance standards and have maintained a good compliance track record. HBL will strive to maintain our entry on this list.

FY2020 and beyond

New technological advancements, growing trade tensions and climate change rapidly affects the business landscape and constantly bring new challenges.

We shall remain committed to our sustainability agenda and continue to seek innovative solutions or design new sustainability strategies which will add value to our organisation and our stakeholders through a sustainability lens.

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

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**"). We have also incorporated changes in the SGX Listing Manual which took effect from 1 January 2019.

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 build 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 70 and 71.

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 (where possible), 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 wherever possible;
- ensures that the 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 (environmental, social and governance factors) when formulating strategies.

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.

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.

<u>Delegation by the Board to the Board committees</u>

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.

Corporate Governance

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 meetings and two RC meetings held in the year ended 31 December 2019 ("**FY2019**").

The attendance of the directors at Board and Board committee meetings in FY2019 was as follows:

	Board	ARC	NC	RC
Number of meetings held in FY2019	**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

Note: 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.

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; 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 12 to 15 of the Annual Report.

Key information on the directors

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

CHUA THIAN POH
Chairman and Chief Executive Officer
Age: 71
Date of first appointment as director: 8 August 1987
Date of last re-appointment as director: N.A.

Board committee(s) served on	Academic and professional qualification(s)	Current directorships in other listed companies and other principal commitments	Past directorships in other listed companies held over preceding three years
Nominating Committee (Member)	N.A.	***Other listed companies*** Nil ***Other principal commitments*** [1] (1) Singapore Federation of Chinese Clan Associations (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] 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: 65
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: 64
Date of first appointment as director: 11 August 1995
Date of last re-appointment as director: 26 April 2018

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*** [(1)] Nil	Nil

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

BOBBY CHIN YOKE CHOONG
Lead Independent Director
Age: 68
Date of first appointment as director: 29 November 2006
Date of last re-appointment as director: 26 April 2018

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) Frasers Commercial Asset Management Ltd (Chairman) (2) Singapore Labour Foundation (Member) (3) NTUC Enterprise Co-operative Limited (Deputy Chairman) (4) NTUC Fairprice Co-operative Ltd (Chairman) (5) NTUC Fairprice Foundation Ltd (Chairman) (6) Temasek Holdings (Private) Ltd (Independent Director) (7) Housing and Development Board (Chairman) (8) Corporate Governance Advisory Committee (Chairman)	(1) Sembcorp Industries Ltd (2) Singapore Telecommunications Limited

JEFFERY CHAN CHEOW TONG
Independent Non-Executive Director
Age: 71
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: 65
Date of first appointment as director: 1 May 2016
Date of last re-appointment as director: 25 April 2017
Date of next re-appointment as director: 29 April 2020 [(1)]

Board committee(s) served on	Academic and professional qualification(s)	Current directorships in other listed companies and other principal commitments	Past directorships in other listed companies held over preceding three years
Nominating Committee (Chairman) 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)] (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 AMP Capital Industrial REIT Management Limited (Independent Director)	iX Biopharma Ltd

[(1)] Mr Ko Kheng Hwa is retiring by rotation under Article 104 of the Company's Constitution at the 32nd annual general meeting and he has offered himself for re-election. There is no relationship (including immediate family relationship) between Mr Ko and the other directors of the Company. Additional information pertaining to Mr Ko pursuant to SGX Listing Rule 720(6) can be found on page 68 of this Annual Report.

JOSEPHINE CHOO POH HUA
Independent Non-Executive Director
Age: 48
Date of first appointment as director: 26 April 2017
Date of last re-appointment as director: 26 April 2018

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

SEOW CHOKE MENG
Independent Non-Executive Director
Age: 70
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: 29 April 2020[1]

Board committee(s) served on	Academic and professional qualification(s)	Current directorships in other listed companies and other principal commitments	Past directorships in other listed companies held over preceding three years
Nominating Committee (Member) Remuneration Committee (Member)	Bachelor of Science Degree (Honours)	***Other listed companies*** 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) National Healthcare Group (Director) (10) Chinese Development Assistance Council Board of Trustee (Member) (11) Singapore Chinese Cultural Centre (Director) (12) Straco Leisure Pte Ltd (Director) (13) National Council of Social Service (Director) (14) Ho Bee Foundation (Member/Director) (15) SPH Silver Care Pte Ltd (Director) (16) National Healthcare Group Board Property Committee (Member) (17) National Skin Centre Health Endowment Fund Committee (Member) (18) TTSH Community Fund (Director)	Nil

[1] Mr Seow Choke Meng is retiring by rotation under Article 104 of the Company's Constitution at the 32nd annual general meeting and he has offered himself for re-election. There is no relationship (including immediate family relationship) between Mr Seow and the other directors of the Company. Additional information pertaining to Mr Seow pursuant to SGX Listing Rule 720(6) can be found on page 68 of this Annual Report.

Notes:

a. Information on directors' shareholdings in the Company and its related corporations is set out in the Directors' Statement on pages 73 to 75 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) Seow Choke Meng
(5) Josephine Choo Poh Hua

The independent directors held one independent meeting in FY2019 without the presence of management. The meeting was held at the end of the annual business review meeting ("**ABR**") in December 2019 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 2020.

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

The NC had reviewed the declarations of independence by the independent directors for FY2019, 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 FY2019, the independent directors who have reached 9-year tenure were rigorously assessed by the NC and the Board to determine if they possess positive personal attributes such as independent thinking and keen observation, and if they had demonstrated the ability to maintain integrity and strong principles.

Based on the directors' performance assessment and the rigorous review process for FY2019, 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.

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

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

In line with the transitional arrangements for the Code and the SGX Listing Rule 210(5)(d)(iii) which will take effect from 1 January 2022, the Company has scheduled to implement the mandatory two-tier voting system in its 2021 annual general meeting for the re-election of directors who have served the Board for more than 9 years.

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.

In line with the transitional arrangements allowed for 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 in 2021.

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 FY2019, 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.
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 FY2019, 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).

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 FY2019.

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.

In line with the transitional arrangements allowed for 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 in 2021.

Supplementary information on the Directors seeking re-appointment for the upcoming AGM on 29 April 2020 is included in pages 68 to 70.

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 a corporate video presentation and 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 FY2019, the directors were briefed by the external auditors from KPMG LLP ("**KPMG**") on Singapore Corporate Governance changes, newly effective standards and key changes to SFRS(I) effective FY2019 and beyond.

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. The latest ABR was held in Taiwan in December 2019 during which the Board and Management attended a briefing by a research consultant from CBRE on the Taiwan property market.

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.

Corporate Governance

For FY2019, 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 FY2019, the directors were of the view that the Board and its various Board committees had been effective.

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

Individual directors are assessed annually using a director performance evaluation form. For FY2019, 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 designed 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 FY2019.

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.

Corporate Governance

Non-executive directors are paid directors' fees, subject to the approval of shareholders at the Annual General Meeting. Based on market survey and the RC's recommendation, the basic annual fee for non-executive directors had been adjusted from S$50,000 to S$60,000 with effect from FY2018.

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 FY2019, 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 FY2018 which were approved by shareholders at the AGM in April 2019. 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.

Principle 8: Disclosure on Remuneration

The remuneration of directors and key management personnel for FY2019 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$8,000,000 and up to S$8,250,000						
Chua Thian Poh Chairman & CEO	–	12%	88%	–	–	100%
Above S$1,500,000 and up to S$1,750,000						
Ong Chong Hua Executive director & COO	–	30%	69%	1%	–	100%
Above S$1,000,000 and up to S$1,250,000						
Desmond Woon Choon Leng Executive director	–	37%	62%	1%	–	100%
S$250,000 and below						
Bobby Chin Yoke Choong Non-executive independent director	100%	–	–	–	–	100%
Jeffery Chan Cheow Tong Non-executive independent director	100%	–	–	–	–	100%
Ko Kheng Hwa Non-executive independent director	100%	–	–	–	–	100%
Seow Choke Meng Non-executive independent director	100%	–	–	–	–	100%
Josephine Choo Poh Hua Non-executive independent director	100%	–	–	–	–	100%

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

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

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

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]	36%	64%	–	–	100%
Above S$500,000 and up to S$750,000					
Chong Hock Chang	44%	56%	–	–	100%
Above S$250,000 and up to S$500,000					
Josephine Lee	67%	33%	–	–	100%

(1) The Company has only 3 key management personnel (who are not directors or the CEO) in FY2019.

(2) Mr Nicholas Chua is son of the Chairman & CEO, Dr Chua Thian Poh.

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

The aggregate total remuneration paid to the above key management personnel (who are not directors or the CEO) for FY2019 is S$2,105,460.

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), the following employee is an immediate family member of a director or the CEO whose remuneration exceeds S$100,000 in FY2019:

Name of employee	Remuneration Band
Ng Noi Hinoy[1]	Above S$250,000 and up to S$500,000

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

The remuneration of employee who is an immediate family member of a director or the CEO is disclosed in bands of S$250,000 to maintain confidentiality. (Other than those disclosed in this Annual Report) for the purpose of Provision 8.2 of the Code, 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 during the year.

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.

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 a decrease in the profit-sharing incentive for FY2019 compared to FY2018.

There was an overall decrease in performance bonuses awarded to the other executive directors and key management personnel for FY2019 due to the decrease in the Group's overall profit level (excluding surplus on revaluation of the Group's investment properties) compared to FY2018.

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 the 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.

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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.

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 the management on administrative matters. The ARC reviews the internal audit reports and assesses the effectiveness of the internal auditor by examining the followings:

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

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

The internal auditor has confirmed that all their team members are corporate members of the Institute of Internal Auditors ("**IIA**") and are equipped with and practising the recommended standards 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 2019.

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 the 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 independent, effective and adequately resourced as at 31 December 2019.

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

During the process of reviewing the financial statements of the Group for FY2019, the Board had received assurance from the CEO and the Finance Director 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 2019.

Principle 10: Audit Committee

<table>
<tr><th colspan="2">Audit & Risk Committee ("ARC")</th></tr>
<tr><th>Membership</th><th>Key objective(s)</th></tr>
<tr><td>Bobby Chin Yoke Choong (ARC Chairman)</td><td rowspan="4">◆ 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.</td></tr>
<tr><td>Jeffery Chan Cheow Tong</td></tr>
<tr><td>Ko Kheng Hwa</td></tr>
<tr><td>Josephine Choo Poh Hua</td></tr>
</table>

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.

During FY2019, key activities of the ARC include:

- reviewing and recommending for the approval of the Board, the Company's quarterly and annual financial statements, and any announcements relating to the Company's financial performance;
- 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 results of the internal audit procedures, and management's responses to the recommendations;

Corporate Governance

- 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 FY2019, 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 2019.

Audit & Risk Committee's commentary on key audit matters

The ARC had discussed the key audit matters for FY2019 with the management and the external auditors. The ARC concurred with the basis and conclusions included in the auditors' report with respect to the key audit matters for FY2019. For more information on the key audit matters, please refer to pages 78 to 80 of this Annual Report.

Fees paid to external auditors

The total fees paid to the external auditors, KPMG LLP, for FY2019 are as disclosed in the table below:

External auditor fees for FY2019	S$'000	% of total audit fees
Total Audit Fees	492	76%
Total Non-Audit Fees	156	24%
Total Fees Paid	**648**	**100%**

The ARC had reviewed the nature of non-audit services provided by the external auditors in FY2019. Based on the evaluation of external auditors for FY2019, 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 FY2019, the external auditors were assessed based on the audit quality indicators disclosure framework introduced by ACRA in October 2015.

Whistle-blowing policy

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

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

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

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

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

All whistle-blower reports, including anonymous complaints are brought up to the ARC for review and reported to the Board. In FY2019, there was no whistle-blower report received and no outstanding whistle-blower report under investigation.

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. All directors attend the annual general meeting. The Board welcomes views and questions from shareholders. The Board Chairman and CEO, together with the respective chairmen of the ARC, NC and RC are available to answer any question or issue regarding the Company. The external auditors are also present to address shareholders' queries, if necessary.

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

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

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

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

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

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

The Company maintains minutes of general meetings (usually within 10 days of the meetings) including substantial and relevant comments or queries from shareholders relating to the meeting agenda, and responses from Board members. These minutes will be made available to shareholders upon their request. From this year, these minutes will also be uploaded onto the Company's 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 FY2019, the Board has recommended a first and final dividend of 8 cents and a special dividend of 2 cents per ordinary share. This represents 20% of the Group's net profit after tax and non-controlling interests. Subject to shareholders' approval at the Annual General Meeting on 29 April 2020, the proposed dividends will be paid on 29 May 2020.

Corporate Governance

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. In FY2019, results for the first three quarters were released via SGXNet not later than 45 days after the quarter end and full year results were announced within 60 days from the financial year end. Each quarterly and full year financial results announcement was accompanied by a media release. With the amendment to Rule 705 of the Listing Rules effective 7 February 2020, the Company will cease Quarterly Reporting and announce its half-year and full year results from FY2020.

The Company's investor relations function is led by the Finance Director who has the strategic management responsibility to integrate finance, accounting, corporate communication and legal compliance to enable effective communication between the Company and the investment community. The Finance Director is assisted by the Financial Controller. The Finance Director and the Financial Controller 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 on pages 29 to 44 of the Annual 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.

Under the internal code, the Company and its officers are not allowed to deal in the Company's securities during the periods commencing two weeks before the announcement of the Company's results for each of the first three quarters of its financial year and one month before the announcement of the Company's annual results, as the case may be, and ending on the date of announcement of the relevant results. The Company and its officers are also not allowed to deal in the Company's securities while in possession of undisclosed material information of the Group. Officers of the Company are also discouraged from dealing in the Company's securities on short-term consideration. With the amendment to Rule 705 of the Listing Rules and cessation of Quarterly Reporting, the Company will be amending its internal code to be in line with the Listing Rules from FY2020.

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 FY2019 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.

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 agreement 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 FY2019 or if not then subsisting, entered into since the end of the previous financial year.

Corporate Governance

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-APPOINTMENT

The following table sets out the additional information on directors seeking re-appointment at the annual general meeting to be held on 29 April 2020 pursuant to SGX Listing Rule 720(6).

	KO KHENG HWA Independent Non-Executive Director	SEOW CHOKE MENG Independent Non-Executive Director
Date of appointment	1 May 2016	26 April 2017
Date of last re-appointment (if applicable)	25 April 2017	26 April 2018
Age	65	70
Country of principal residence	Singapore	Singapore
The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process)	The Board concurred with the NC's recommendation for the re-appointment of Mr Ko Kheng Hwa.	The Board concurred with the NC's recommendation for the re-appointment of Mr Seow Choke Meng.
Whether appointment is executive, and if so, the area of responsibility	Non-executive	Non-executive
Job title (e.g. Lead ID, AC Chairman, AC Member etc.)	Independent Director, NC Chairman and ARC member.	Independent Director, NC member and RC member.
Professional qualifications	Refer to page 14 and 50	Refer to page 15 and 51
Working experience and occupation(s) during the past 10 years	Refer to page 14 and 50	Refer to page 15 and 51
Shareholding interest in the listed issuer and its subsidiaries	NIL	NIL
Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries	NIL	NIL
Conflict of interest (including any competing business)	NIL	NIL
Undertaking (in the format set out in Appendix 7.7) under Rule 720(1) has been submitted to the listed issuer.	Yes	Yes
Other Principal Commitments including directorships	Refer to page 50	Refer to page 51
(a) Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner?	No	No
(b) Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency?	No	No
(c) Whether there is any unsatisfied judgment against him?	No	No

	KO KHENG HWA Independent Non-Executive Director	SEOW CHOKE MENG Independent Non-Executive Director
(d) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose?	No	No
(e) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach?	No	No
(f) Whether at any time during the last 10 years, judgment has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part?	No	No
(g) Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?	No	No
(h) Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?	No	No
(i) Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity?	No	No
(j) Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:	No	No
(i) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or	No	No
(ii) any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or	No	No
(iii) any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or	No	No

Corporate Governance

	KO KHENG HWA Independent Non-Executive Director	SEOW CHOKE MENG Independent Non-Executive Director
(iv) any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere,	No	No
(v) in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?	No	No
(k) Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?	No	No

EXPRESS DISCLOSURE REQUIREMENTS IN PRINCIPLES AND PROVISIONS OF THE CODE

PRINCIPLES AND PROVISIONS OF THE CODE		PAGE REFERENCE IN HBL AR2019
THE BOARD'S CONDUCT OF AFFAIRS		
Provision 1.2	The induction, training and development provided to new and existing directors.	55
Provision 1.3	Matters that require Board approval.	46
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.	54, 57 and 63
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.	53
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.	54
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.	52
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.	47 to 51

PRINCIPLES AND PROVISIONS OF THE CODE		PAGE REFERENCE IN HBL AR2019
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.	56
PROCEDURES FOR DEVELOPING REMUNERATION POLICIES		
Provision 6.4	The Company discloses the engagement of any remuneration consultants and their independence.	57
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.	58 to 60
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.	60
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.	60 to 61
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.	62
SHAREHOLDER RIGHTS AND CONDUCT OF GENERAL MEETINGS		
Provision 11.3	Directors' attendance at general meetings of shareholders held during the financial year.	65
ENGAGEMENT WITH SHAREHOLDERS		
Provision 12.1	The steps taken to solicit and understand the views of shareholders.	66
ENGAGEMENT WITH STAKEHOLDERS		
Provision 13.2	The strategy and key focus areas in relation to the management of stakeholder relationships during the reporting period.	66

Financial Statements

Directors' Statement

We are pleased to submit this annual report to the members of the Company together with the audited financial statements for the financial year ended 31 December 2019.

In our opinion:

(a) the financial statements set out on pages 84 to 165 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 2019 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	–	–	498,962,900	499,346,900

Directors' Statement

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

Name of director and corporation in which interests are held	Holdings in the name of the director, spouse or infant children		Other holdings in which the director is deemed to have an interest	
	At beginning of the year	At end of the year	At beginning of the year	At end of the year
Chua Thian Poh (cont'd)				
Immediate and ultimate holding company				
Ho Bee Holdings (Pte) Ltd				
- ordinary shares	22,000,000	22,000,000	–	–
Related corporations				
HBS Investments Pte Ltd				
- ordinary shares	–	–	700,000	1,000,000*
Ho Bee Cove Pte. Ltd.				
- ordinary shares	–	–	900,000	900,000
HB Investments (China) Pte. Ltd.				
- ordinary shares	–	–	80,000	80,000
Kingdom Investment Holdings Pte. Ltd.				
- ordinary shares	–	–	62,400,000	62,400,000
Desmond Woon Choon Leng				
The Company				
- ordinary shares	2,100,000	2,100,000	–	–
Ong Chong Hua				
The Company				
- ordinary shares	1,800,000	1,800,000	–	–
Related corporation				
Kingdom Investment Holdings Pte. Ltd. - ordinary shares	1,625,000	1,625,000	–	–
Jeffery Chan Cheow Tong				
The Company				
- ordinary shares	370,000	370,000	–	–
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	–	–

* The Company acquired the 30% non-controlling interests in HBS Investments Pte Ltd ("HBS") during the year. As a result, Dr Chua Thian Poh's deemed interest in the ordinary shares of HBS increased to 1,000,000 following the acquisition.

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 2020.

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 30 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 2020

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 2019, 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 84 to 165.

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 2019 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$4,600 MILLION)

(Refer to Notes 5 & 37 to the financial statements)

The key audit matter	*How the matter was addressed in our audit*
The Group has a significant portfolio of investment properties located in Singapore and the United Kingdom. These properties are stated at fair values based on valuations performed by independent external valuers. The valuation of investment properties requires significant judgement 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.	As part of our audit procedures, we have: • Evaluated the qualifications and objectivity of the independent external valuers. • Held discussions with the valuers to understand their valuation methodologies, assumptions and basis used. • Assessed the appropriateness of the valuation methodologies and assumptions used by the independent external valuers, and compared the assumptions and parameters used to externally derived data. • Ascertained that the changes in fair value of investment properties are appropriately recognised in the consolidated income statement. *Findings:* The valuers are members of recognised professional bodies for valuers and have considered their own independence in carrying out their work. The valuation methodologies used are in line with generally accepted market practices. We found the key assumptions used 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 financial statements.

Independent Auditors' Report

Members of the Company

Ho Bee Land Limited

VALUATION OF DEVELOPMENT AND COMPLETED PROPERTIES (S$226 MILLION)

(Refer to Note 13 to the financial statements)

The key audit matter	*How the matter was addressed in our audit*
The Group holds a number of development projects in Australia, and completed properties in both Singapore and the United Kingdom. In addition, the Group has interests in 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. Changes to these estimates could result in material changes in the carrying value of development projects and completed properties. External market factors, changes in government policies and the uncertain global economic outlook could result in future selling prices falling below the Group's estimated NRVs, and may result in losses incurred by the Group on disposal of these properties.	As part of our audit procedures, we have: Development projects held by the Group's subsidiaries 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. • Compared the NRV against the estimated total development costs for each development property unit and assessed whether a write down is required. Development properties held by the Group's associates and jointly-controlled entities 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 properties are stated at the lower of cost and NRV. Completed properties • Compared the estimated selling prices against recently transacted prices or prices of comparable properties located in the same vicinity as the Group's completed properties, where applicable. • Held discussions with management to obtain an understanding of the macroeconomic and real estate price trends that have been taken into account in their NRV assessment. • Ascertained that write-down of completed properties is appropriately recognised in the consolidated income statement. *Findings:* We found that estimates made by the management in the determination of NRVs and the total budgeted development costs for properties held by the Group and its associates and jointly-controlled entities to be balanced and appropriate.

Independent Auditors' Report

Members of the Company

Ho Bee Land Limited

SHARE OF PROFITS OF ASSOCIATES AND JOINTLY-CONTROLLED ENTITIES IN CHINA (S$4.5 MILLION)

(Refer to Notes 7 & 8 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 2019. 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. • Involved our tax specialists to review management's judgement and basis in calculating the provision for land appreciation taxes. • 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:* 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. 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
- Investment Properties
- Financials at a glance
- Corporate Governance Report
- Corporate Structure
- Corporate Information
- Additional Information
- Shareholding Statistics
- Notice of Annual General Meeting
- Proxy Form
- 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 auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal controls.

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

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

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

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

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

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

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or 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 auditor's report is Tay Puay Cheng.

KPMG LLP
Public Accountants and
Chartered Accountants

Singapore
16 March 2020

Statements of Financial Position

As at 31 December 2019

		Group		Company	
	Note	2019 $'000	2018 $'000	2019 $'000	2018 $'000
Non-current assets					
Property, plant and equipment	4	**34,877**	30,301	**4,669**	505
Investment properties	5	**4,600,366**	4,306,284	**–**	–
Subsidiaries	6	**–**	–	**180,179**	192,985
Associates	7	**441,756**	522,349	**314,538**	395,805
Jointly-controlled entities	8	**311,784**	310,184	**253,695**	252,680
Other assets	9	**150**	150	**–**	–
Financial assets	10	**103,420**	115,189	**102,716**	100,288
Other receivables	11	**251,086**	257,229	**926,200**	895,860
Deferred tax assets	12	**–**	52	**–**	–
		5,743,439	5,541,738	**1,781,997**	1,838,123
Current assets					
Development properties	13	**226,275**	227,399	**–**	–
Trade and other receivables	14	**34,999**	25,388	**399,895**	78,516
Cash and cash equivalents	15	**191,378**	176,318	**78,768**	76,125
		452,652	429,105	**478,663**	154,641
Total assets		**6,196,091**	5,970,843	**2,260,660**	1,992,764
Equity attributable to equity holders of the Company					
Share capital	16	**156,048**	156,048	**156,048**	156,048
Reserves	17	**3,384,606**	3,129,429	**1,580,534**	1,579,631
		3,540,654	3,285,477	**1,736,582**	1,735,679
Non-controlling interests		**12,476**	14,714	**–**	–
Total equity		**3,553,130**	3,300,191	**1,736,582**	1,735,679
Non-current liabilities					
Loans and borrowings	18	**2,146,166**	2,067,565	**3,225**	–
Other liabilities	19	**29,906**	29,814	**–**	–
Deferred income	20	**46,505**	47,215	**–**	–
Deferred tax liabilities	12	**17,628**	6,639	**–**	–
		2,240,205	2,151,233	**3,225**	–
Current liabilities					
Trade and other payables	21	**65,514**	56,287	**487,091**	132,425
Loans and borrowings	18	**277,254**	400,262	**33,762**	124,613
Deferred income	20	**1,671**	2,109	**–**	–
Current tax payable		**58,317**	60,761	**–**	47
		402,756	519,419	**520,853**	257,085
Total liabilities		**2,642,961**	2,670,652	**524,078**	257,085
Total equity and liabilities		**6,196,091**	5,970,843	**2,260,660**	1,992,764

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

Consolidated Income Statement

Year ended 31 December 2019

	Note	2019 $'000	2018 $'000
Revenue	22	**212,432**	196,845
Other income	23	**8,395**	13,361
Total income		**220,827**	210,206
Fair value gain on investment properties	5	**243,729**	121,364
Cost of sales – residential development project		**(2,640)**	(10,625)
Direct rental expenses		**(20,003)**	(19,517)
Loss on foreign exchange		**(6,239)**	(10,248)
Staff costs & directors' remuneration		**(16,327)**	(18,178)
Other operating expenses		**(9,100)**	(10,022)
Profit from operating activities		**410,247**	262,980
Net finance costs	25	**(52,135)**	(41,640)
Share of profits/(loss), net of tax, of:			
- associates		**10,505**	108,547
- jointly-controlled entities		**(3,615)**	(9,730)
Profit before income tax		**365,002**	320,157
Income tax expense	26	**(33,710)**	(49,689)
Profit for the year	27	**331,292**	270,468
Profit attributable to:			
Owners of the Company		**332,310**	270,042
Non-controlling interests		**(1,018)**	426
Profit for the year		**331,292**	270,468
Earnings per share			
Basic earnings per share (cents)	28	**49.95**	40.58
Diluted earnings per share (cents)	28	**49.95**	40.58

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

Consolidated Statement of Comprehensive Income

Year ended 31 December 2019

	2019 $'000	2018 $'000
Profit for the year	**331,292**	270,468
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**	(1,477)
Items that are or may be reclassified subsequently to profit or loss:		
Effective portion of changes in fair value of cash flow hedges	**(8,751)**	(4,647)
Foreign currency translation differences relating to foreign operations	**5,708**	(10,792)
Net gain/(loss) on hedges of net investment in foreign operations	**2,908**	(4,241)
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	**(10,049)**	(22,961)
Total other comprehensive income for the year, net of income tax	**(9,480)**	(44,118)
Total comprehensive income for the year	**321,812**	226,350
Attributable to:		
Owners of the Company	**322,952**	225,636
Non-controlling interests	**(1,140)**	714
Total comprehensive income for the year	**321,812**	226,350

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

Consolidated Statement of Changes in Equity

Year ended 31 December 2019

	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 2018	156,048	(63,930)	2,043	–	(1,832)	(7,964)	3,043,197	3,127,562	14,200	3,141,762
Total comprehensive income for the year										
Profit for the year	–	–	–	–	–	–	270,042	270,042	426	270,468
Other comprehensive income										
Net changes in fair value of equity investments at FVOCI	–	–	–	(1,477)	–	–	–	(1,477)	–	(1,477)
Effective portion of changes in fair value of cash flow hedges	–	–	–	–	(4,647)	–	–	(4,647)	–	(4,647)
Foreign currency translation differences relating to foreign operations	–	–	–	–	–	(11,080)	–	(11,080)	288	(10,792)
Net loss on hedge of net investment in foreign operations	–	–	–	–	–	(4,241)	–	(4,241)	–	(4,241)
Share of foreign currency translation differences of equity-accounted investees	–	–	–	–	–	(22,961)	–	(22,961)	–	(22,961)
Total other comprehensive income	–	–	–	(1,477)	(4,647)	(38,282)	–	(44,406)	288	(44,118)
Total comprehensive income for the year	–	–	–	(1,477)	(4,647)	(38,282)	270,042	225,636	714	226,350
Transactions with owners of the Company, recognised directly in equity										
Distributions to owners of the Company										
Dividend paid to non-controlling shareholders	–	–	–	–	–	–	–	–	(200)	(200)
Final tax exempt dividend paid of 8 cents and special dividend of 2 cents per share in respect of 2017	–	–	–	–	–	–	(66,572)	(66,572)	–	(66,572)
Purchase of treasury shares	–	(1,149)	–	–	–	–	–	(1,149)	–	(1,149)
Total distributions to owners of the Company	–	(1,149)	–	–	–	–	(66,572)	(67,721)	(200)	(67,921)
At 31 December 2018	156,048	(65,079)	2,043	(1,477)	(6,479)	(46,246)	3,246,667	3,285,477	14,714	3,300,191

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

Consolidated Statement of Changes in Equity

Year ended 31 December 2019

	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 loss 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 (refer to note 10(ii))	–	–	–	(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 2019

	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
	◄ Attributable to owners of the Company							►		
Group										
Changes in ownership interests in subsidiaries										
Acquisition of non-controlling interests without a change in control (refer to note 35(a))	–	–	(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 Cash Flows

Year ended 31 December 2019

	Note	2019 $'000	2018 $'000
Cash flows from operating activities			
Profit for the year		**331,292**	270,468
Adjustments for:			
Depreciation of property, plant and equipment	4	**682**	711
Loss/(gain) on disposal of property, plant and equipment	23	**1**	(145)
Unrealised exchange loss		**4,552**	42,043
Interest income	25	**(3,314)**	(2,819)
Dividend income from			
- quoted equity investment designated at FVOCI	23	**(5,341)**	–
- investment designated at FVTPL	23	**(33)**	–
Distribution income from financial assets designated at fair value through profit or loss	23	**(15)**	(298)
Finance costs	25	**55,449**	44,459
Net changes in fair value of investment properties	5	**(243,729)**	(121,364)
Net changes in fair value of financial assets designated at fair value through profit or loss		**(326)**	(648)
Share of (profits)/losses of:			
- associates		**(10,505)**	(108,547)
- jointly-controlled entities		**3,615**	9,730
Income tax expense		**33,710**	49,689
		166,038	183,279
Changes in working capital:			
Development properties		**835**	8,869
Trade and other receivables		**(670)**	3,233
Trade and other payables		**(530)**	49,679
Cash generated from operations		**165,673**	245,060
Income taxes paid		**(25,598)**	(24,162)
Net cash generated from operating activities carried forward		**140,075**	220,898

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

Consolidated Statement of Cash Flows

Year ended 31 December 2019

	Note	2019 $'000	2018 $'000
Net cash generated from operating activities brought forward		**140,075**	**220,898**
Cash flows from investing activities			
Purchase of property, plant and equipment	4	**(5,286)**	(4,934)
Proceeds from sale of property, plant and equipment		**6**	436
Interest received		**1,916**	1,616
Dividends received from:			
- quoted equity investment designated at FVOCI		**5,341**	–
- equity-accounted investee		**–**	71,496
Investment in jointly-controlled entities		**(7,032)**	(8,819)
Distribution from associate (capital reduction)	7	**81,268**	28,120
Acquisition of subsidiary (net of cash acquired)	35	**–**	(1,153,595)
Acquisition of non-controlling interest without a change in control	35	**(2,170)**	–
(Increase)/decrease in amounts due from jointly-controlled entities (non-trade)		**(1,461)**	5,050
Payments for capital expenditure on investment property	5	**(4,280)**	–
Purchase of financial assets designated at FVTPL		**(5,365)**	(99,178)
Purchase of financial assets designated at FVOCI		**(14,976)**	(15,547)
Proceeds from sales of equity investments designated at FVOCI		**29,945**	47
Distributions from financial assets designated at fair value through profit or loss		**157**	221
Net cash generated from/(used in) investing activities		**78,063**	(1,175,087)
Cash flows from financing activities			
Proceeds from bank loans		**149,894**	2,374,475
Repayment of bank loans		**(229,719)**	(1,222,763)
Interest paid		**(55,449)**	(44,459)
Purchase of treasury shares		**–**	(1,149)
Dividends paid		**(66,523)**	(66,572)
Dividend paid to non-controlling shareholders		**(180)**	(200)
Net cash (used in)/generated from financing activities		**(201,977)**	1,039,332
Net increase in cash and cash equivalents		**16,161**	85,143
Cash and cash equivalents at 1 January		**176,318**	97,111
Effect of exchange rate fluctuations on cash held		**(1,101)**	(5,936)
Cash and cash equivalents at 31 December	15	**191,378**	176,318

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

Notes to the Financial Statements

Year ended 31 December 2019

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 2020.

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 2019 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).

2.2 Basis of measurement

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

2.3 Functional and presentation currency

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

Notes to the Financial Statements

Year ended 31 December 2019

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

Measurement of fair values

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

The Group has an established control framework with respect to the measurement of fair values. This framework includes a finance team that reports directly to the 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 34 – valuation of financial instruments
- Note 37 – determination of fair values

Notes to the Financial Statements

Year ended 31 December 2019

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 2019:

- SFRS(I) 16 *Leases*
- SFRS(I) INT 23 *Uncertainty over Income Tax Treatments*
- *Long-term Interests in Associates and Joint Ventures* (Amendments to SFRS(I) 1-28)
- *Prepayment Features with Negative Compensation* (Amendments to SFRS(I) 9)
- *Previously Held Interest in a Joint Operation* (Amendments to SFRS(I) 3 and 11)
- *Income Tax Consequences of Payments on Financial Instruments Classified as Equity* (Amendments to SFRS(I) 1-12)
- *Borrowing Costs Eligible for Capitalisation* (Amendments to SFRS(I) 1-23)
- *Plan Amendment, Curtailment or Settlement* (Amendments to SFRS(I) 1-19)

The application of these SFRS(I)s, amendments to standards and interpretations does not have a material effect on the Group's consolidated financial statements and the Company's statement of financial position.

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 control is transferred to the Group.

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.

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

Notes to the Financial Statements

Year ended 31 December 2019

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.1 Basis of consolidation (cont'd)

(i) Business combinations (cont'd)

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.

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.

Notes to the Financial Statements

Year ended 31 December 2019

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 end of the reporting date are translated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortised cost in foreign currency translated at the exchange rate at the end of the year.

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

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

- an investment in equity securities designated as at 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 hedge is 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.

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.2 Foreign currency (cont'd)

(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.

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.

Notes to the Financial Statements

Year ended 31 December 2019

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.3 Financial instruments (cont'd)

(ii) Classification and subsequent measurement

Non-derivative financial assets

On initial recognition, a financial asset is classified as measured at: amortised cost; fair value through other comprehensive income (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.

Notes to the Financial Statements

Year ended 31 December 2019

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 2019

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.

Notes to the Financial Statements

Year ended 31 December 2019

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 substantially all the risks and rewards of ownership of the financial asset are transferred or in which 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.

The Group enters into transactions whereby it transfers assets recognised in its statements of financial position, but retains either all or substantially all of the risks and rewards of ownership of the transferred assets. In these cases, the transferred assets are not derecognised.

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 2019

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.

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.

Notes to the Financial Statements

Year ended 31 December 2019

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.3 Financial instruments (cont'd)

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

Net investment hedges

The Group designates certain derivatives 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 and 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 and 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.

(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'.

Notes to the Financial Statements

Year ended 31 December 2019

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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.

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	5 years

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

Notes to the Financial Statements

Year ended 31 December 2019

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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 2019

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.7 Leases

(i) Transition to SFRS(I) *16 Leases*

This is the first set of the Group's annual financial statements in which SFRS(I) 16 *Leases* has been applied.

The Group applied SFRS(I) 16 using the modified retrospective approach, under which the cumulative effect of initial application is recognised in retained earnings at 1 January 2019. Accordingly, the comparative information presented for 2018 is not restated and continues to be reported under SFRS(I) 1-17 and SFRS(I) INT 4. The details of accounting policies under SFRS(I) 1-17 and SFRS(I) INT 4 are disclosed below. Additionally, the disclosure requirements in SFRS(I) 16 have not generally been applied to comparative information.

Definition of a lease

Previously, the Group determined at contract inception whether an arrangement was or contained a lease under SFRS(I) INT 4 *Determining whether an Arrangement contains a Lease*. The Group now assesses whether a contract is or contains a lease based on the definition of a lease, as explained in SFRS(I) 16.

On transition to SFRS(I) 16, the Group elected to apply the practical expedient to grandfather the assessment of which transactions are leases. The Group applied SFRS(I) 16 only to contracts that were previously identified as leases. Contracts that were not identified as leases under SFRS(I) 1-17 and SFRS(I) INT 4 were not reassessed for whether there is a lease under SFRS(I) 16. Therefore, the definition of a lease under SFRS(I) 16 was applied only to contracts entered into or changed on or after 1 January 2019.

As a lessee

The Company leases its office premise from a subsidiary. Except for this operating lease, the Group does not have any other activities as a lessee. Under SFRS(I) 16, the Company recognises a right-of-use asset and lease liability for this office lease – i.e. this lease becomes on-balance sheet.

On transition, the lease liability was measured at the present value of the remaining lease payments, discounted at the Company's incremental borrowing rate of 2.50% as at 1 January 2019. The right-of-use asset is measured at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments.

As a lessor

The Group leases out its investment properties and certain properties held for sale. The Group has classified these leases as operating leases. The Group is not required to make any adjustments on transition to SFRS(I) 16 for leases in which it acts as a lessor.

Notes to the Financial Statements

Year ended 31 December 2019

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.7 Leases (cont'd)

(ii) Policy applicable from 1 January 2019

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. To assess whether a contract conveys the right to control the use of an identified asset, the Group uses the definition of a lease in SFRS(I) 16.

This policy is applied to contracts entered into, on or after 1 January 2019.

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.

Notes to the Financial Statements

Year ended 31 December 2019

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.7 Leases (cont'd)

As a lessee (cont'd)

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 lessor

Generally, the accounting policies applicable to the Group as a lessor in the comparative period were not different from SFRS(I) 16.

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'.

(iii) Leases - Policy applicable before 1 January 2019

As a lessee

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

As a lessor

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

Notes to the Financial Statements

Year ended 31 December 2019

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.

Notes to the Financial Statements

Year ended 31 December 2019

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.8 Impairment (cont'd)

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

General approach (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.

Notes to the Financial Statements

Year ended 31 December 2019

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

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

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

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

3.9 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.

Notes to the Financial Statements

Year ended 31 December 2019

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.11 Employee benefits

Defined contribution plans

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

Short-term employee benefits

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

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

Loans to subsidiaries and associate

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

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

3.13 Revenue recognition

Sale of development properties in Singapore 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.

Notes to the Financial Statements

Year ended 31 December 2019

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.13 Revenue recognition (cont'd)

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 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.

Notes to the Financial Statements

Year ended 31 December 2019

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.15 Tax

Tax expense comprises current and deferred tax. Current tax and deferred tax is 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.

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.

Notes to the Financial Statements

Year ended 31 December 2019

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.16 Earnings per share

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

3.17 Segment reporting

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

3.18 New standards and interpretations not yet adopted

A number of new standards, interpretations and amendments to standards are effective for annual periods beginning after 1 January 2019 and earlier application is permitted; however, the Group has not early adopted the new or amended standards and interpretations in preparing these financial statements.

The following new SFRS(I)s, interpretations and amendments to SFRS(I)s are not expected to have a significant impact on the Group's consolidated financial statements and the Company's statement of financial position.

- *Amendments to References to Conceptual Framework in SFRS(I) Standards*
- *Definition of Business* (Amendments to SFRS(I) 3)
- *Definition of Material* (Amendments to SFRS(I) 1-1 and SFRS(I) 1-8)
- SFRS(I) 17 *Insurance Contracts*

Notes to the Financial Statements

Year ended 31 December 2019

4 PROPERTY, PLANT AND EQUIPMENT

	Freehold property $'000	Leasehold improvements $'000	Paintings and sculptures $'000	Furniture, fittings and office equipment $'000	Motor vehicles $'000	Total $'000
Group						
Cost						
At 1 January 2018	1,830	1,526	22,030	5,547	2,339	33,272
Additions	–	–	4,485	449	–	4,934
Reclassification to development properties	–	–	–	(147)	–	(147)
Disposals	–	–	–	(28)	(1,159)	(1,187)
Effects of movements in exchange rate	(137)	(34)	–	(72)	(10)	(253)
At 31 December 2018	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
Accumulated depreciation and impairment losses						
At 1 January 2018	220	649	–	4,405	1,298	6,572
Depreciation charge for the year	36	90	–	407	178	711
Reclassification to development properties	–	–	–	(17)	–	(17)
Disposals	–	–	–	(27)	(869)	(896)
Effects of movements in exchange rate	(19)	(5)	–	(23)	(5)	(52)
At 31 December 2018	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
Carrying amounts						
At 1 January 2018	1,610	877	22,030	1,142	1,041	26,700
At 31 December 2018	1,456	758	26,515	1,004	568	30,301
At 31 December 2019	1,392	685	30,663	818	1,319	34,877

Notes to the Financial Statements

Year ended 31 December 2019

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 2018	–	3,469	689	3	4,161
Additions	–	151	–	–	151
Disposals	–	(23)	–	–	(23)
At 31 December 2018	–	3,597	689	3	4,289
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
Accumulated depreciation and impairment losses					
At 1 January 2018	–	3,342	255	–	3,597
Depreciation charge for the year	–	114	95	–	209
Disposals	–	(22)	–	–	(22)
At 31 December 2018	–	3,434	350	–	3,784
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
Carrying amounts					
At 1 January 2018	–	127	434	3	564
At 31 December 2018	–	163	339	3	505
At 31 December 2019	4,257	158	251	3	4,669

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 2019

5 INVESTMENT PROPERTIES

		Group	
	Note	2019 $'000	2018 $'000
Freehold properties			
At 1 January		**2,302,189**	1,186,422
Additions	35	**–**	1,154,679
Capital expenditure		**4,280**	–
Changes in fair value		**66,393**	41,472
Movements in exchange rates		**44,532**	(80,384)
At 31 December		**2,417,394**	2,302,189
Leasehold properties			
At 1 January		**2,004,095**	1,927,332
Changes in fair value		**177,336**	79,892
Movements in exchange rates		**1,541**	(3,129)
At 31 December		**2,182,972**	2,004,095
Total investment properties		**4,600,366**	4,306,284

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 $96,901 (2018: $99,941) was charged and recognised as rental income in profit or loss.

Certain investment properties with carrying value amounting to $4,535,938,000 (2018: $4,241,856,000) have been pledged to secure banking facilities granted to the Group (see note 18).

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

In 2019, the Group recognised a fair value gain of $243,729,000 (2018: $121,364,000) on its investment properties. See note 37 – Determination of fair values for disclosure on the valuation techniques used by the independent valuers.

6 SUBSIDIARIES

	Company	
	2019 $'000	2018 $'000
Equity investments, at cost	**184,655**	202,486
Discount implicit in interest-free loans to subsidiaries	**2,161**	2,161
Impairment loss	**(6,637)**	(11,662)
	180,179	192,985

During the year, the Company liquidated a dormant subsidiary, and acquired an additional 30% interest in another subsidiary (refer to note 35(a)).

Notes to the Financial Statements
Year ended 31 December 2019

6 SUBSIDIARIES (CONT'D)

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 reversed an impairment loss of $5,025,000 (2018: $14,017,000) 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	
		2019 %	**2018 %**
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**	–
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
Grandiose Investments Pte Ltd*	Singapore	**–**	100
HB Le Grand Pte Ltd	Singapore	**100**	100
HB St Martins Pte Ltd	Singapore	**100**	100
HB Victoria Pte Ltd	Singapore	**100**	100
HB Mayfair Pte Ltd	Singapore	**100**	100
HB Croydon Pte Ltd	Singapore	**100**	100
Grandeur Property Investments Ltd#	British Virgin Islands	**100**	100

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

* The Company was liquidated in 2019.

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 2019

7 ASSOCIATES

	Group		Company	
	2019 $'000	**2018 $'000**	**2019 $'000**	**2018 $'000**
Interests in associates	**441,756**	522,349	**314,538**	395,805

The Group has two associates (2018: 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% (2018: 40%)	20% (2018: 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

Notes to the Financial Statements

Year ended 31 December 2019

7 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 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	7,676	2,829	10,505
Other comprehensive income:			
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

7 ASSOCIATES (CONT'D)

	Shanghai Yanlord Hongqiao $'000	Zhuhai Yanlord Heyou $'000	Total $'000
31 December 2018			
Revenue	580,672	424,486	
Profit from continuing operations	219,836	103,064	
Total comprehensive income	219,836	103,064	
Attributable to investee's shareholders	219,836	103,064	
Non-current assets	32	201,723	
Current assets	1,218,339	666,110	
Non-current liabilities	–	(49,560)	
Current liabilities	(180,651)	(281,967)	
Net assets	1,037,720	536,306	
Attributable to investee's shareholders	1,037,720	536,306	
Group's interest in net assets of investee at beginning of the year	415,458	120,283	535,741
Group's share of profit	87,934	20,613	108,547
Dividends received during the year	(71,496)	–	(71,496)
	16,438	20,613	37,051
Other comprehensive income:			
Capital reduction with no change in effective shareholding	–	(28,120)	(28,120)
Foreign currency translation differences	(16,894)	(5,429)	(22,323)
Carrying amount of interest in investee at end of the year	415,002	107,347	522,349

8 JOINTLY-CONTROLLED ENTITIES

The Group has two (2018: two) jointly-controlled entities that are material and five (2018: four) 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	
	2019 $'000	**2018 $'000**	**2019 $'000**	**2018 $'000**
Interests in jointly-controlled entities	**311,784**	310,184	**378,185**	377,170
Impairment loss	**–**	–	**(124,490)**	(124,490)
	311,784	310,184	**253,695**	252,680

Notes to the Financial Statements

Year ended 31 December 2019

8 JOINTLY-CONTROLLED ENTITIES (CONT'D)

Company

In 2018, an impairment loss of $12,708,000 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 properties as at 31 December 2018 which indicated a decline in the net realisable value of the property. Consequently an impairment loss was recognised for the year ended 31 December 2018.

No further impairment was required for 2019 as the carrying amount of the above jointly-controlled entity's development properties is supported by the external valuation of the development properties as at 31 December 2019.

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

	Company	
	2019 $'000	**2018 $'000**
At 1 January	**124,490**	111,782
Impairment loss for the year	**–**	12,708
At 31 December	**124,490**	124,490

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.

The following are the material jointly-controlled entities:

	Seaview (Sentosa) Pte Ltd (Seaview)[1]	**Pinnacle (Sentosa) Pte Ltd (Pinnacle)[1]**
Nature of relationship with the Group	Strategic partner providing high end residential properties in Sentosa	Strategic partner providing high end residential properties in Sentosa
Principal place of business/ Country of incorporation	Singapore	Singapore
Ownership interest/Voting rights held	50% (2018: 50%)	35% (2018: 35%)

(1) Audited by KPMG LLP, Singapore

Notes to the Financial Statements

Year ended 31 December 2019

8 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)	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 (refer to note 11(ii))	–	1,015	–	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.

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

Notes to the Financial Statements

Year ended 31 December 2019

8 JOINTLY-CONTROLLED ENTITIES (CONT'D)

	Seaview $'000	Pinnacle $'000	Immaterial jointly-controlled entities $'000	Total $'000
31 December 2018				
Revenue	14,862	24,522		
Profit from continuing operations	4,650	1,491		
OCI	–	1,560		
Total comprehensive income	4,650	3,051		
Attributable to investee's shareholders	4,650	3,051		
Non-current assets	–	1,552		
Current assets	468,913	1,319,202		
Non-current liabilities	(362,344)	(552,000)		
Current liabilities	(2,659)	(9,241)		
Net assets	103,910	759,513		
Attributable to investee's shareholders	103,910	759,513		
Group's interest in net assets of investee at beginning of the year	49,902	258,622	4,237	312,761
Group's share of profit	2,325	522	1,073	3,920
Group's adjustment: allowance for foreseeable loss on development project	–	(13,650)	–	(13,650)
	2,325	(13,128)	1,073	(9,730)
Group's share of OCI	–	546	–	546
Total comprehensive income	2,325	(12,582)	1,073	(9,184)
Intra-group eliminations*	(1,448)	(126)	–	(1,574)
Group's contribution during the year	–	–	8,819	8,819
Foreign currency translation differences	–	–	(638)	(638)
Carrying amount of interest in investee at end of the year	50,779[(1)]	245,914[(1)]	13,491	310,184

(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.

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

Notes to the Financial Statements

Year ended 31 December 2019

9 OTHER ASSETS

	Group 2019 $'000	Group 2018 $'000
At cost		
Club membership	**150**	150

10 FINANCIAL ASSETS

	Note	Group 2019 $'000	Group 2018 $'000	Company 2019 $'000	Company 2018 $'000
Non-current					
Investments designated at FVTPL:					
- Private equity funds		**626**	752	**–**	–
- European property fund		**26,912**	21,952	**26,912**	21,952
Investments mandatorily at FVTPL:					
- Debt instruments – subscription of notes	(i)	**75,804**	78,336	**75,804**	78,336
Investments designated at FVOCI:					
- Quoted equity securities	(ii)	**–**	14,070	**–**	–
- Unquoted equity securities		**78**	79	**–**	–
		103,420	115,189	**102,716**	100,288

(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 a commercial property. Distribution and redemption of the notes, including interest at 8% per annum, is dependent on the underlying property's performance. The expected holding period of the notes is 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 instrument is mandatorily measured at FVTPL.

(ii) During the year, the Group disposed its equity shares in an overseas listed Group following the approval of a scheme arrangement takeover by an unrelated third party. As the investment was not held-for-trading, the Group, on initial recognition, irrevocably designated the quoted equity securities at FVOCI.

At the date of derecognition, the fair value of the investment was $29,945,000. A cumulative gain of $315,000 was recognised on disposal in OCI and transferred to retained earnings along with the amount previously recognised in OCI relating to this investment.

Notes to the Financial Statements

Year ended 31 December 2019

11 OTHER RECEIVABLES

		Group		Company	
	Note	2019 $'000	2018 $'000	2019 $'000	2018 $'000
Non-current assets					
Amounts due from subsidiaries (non-trade)					
- interest bearing	(i)	**–**	–	**473,540**	460,636
- non-interest bearing	(ii)	**–**	–	**275,648**	253,037
		–	–	**749,188**	713,673
Amounts due from jointly-controlled entities (non-trade)					
- interest bearing	(i)	**177,012**	181,172	**177,012**	181,172
- non-interest bearing	(ii)	**74,074**	76,057	**–**	1,015
		251,086	257,229	**177,012**	182,187
		251,086	257,229	**926,200**	895,860

(i) Interest-bearing amounts due from jointly-controlled entities and subsidiaries are charged at an interest rate of 1.85% (2018: 1.65%) and 3.50% (2018: 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.

During the year, the Company capitalised a non-trade amount of $1,015,000 into equity of the joint-venture (refer to note 8).

12 DEFERRED TAX

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

	At 1 January 2018 $'000	Recognised in income statement (note 26) $'000	At 31 December 2018 $'000	Recognised in income statement (note 26) $'000	At 31 December 2019 $'000
Group					
Deferred tax liabilities					
Investment properties	–	5,996	5,996	11,015	**17,011**
Development properties	–	643	643	(26)	**617**
	–	6,639	6,639	10,989	**17,628**
Deferred tax assets					
Tax losses	–	52	52	(52)	**–**

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.

13 DEVELOPMENT PROPERTIES

	Group	
	2019 $'000	2018 $'000
Properties for which revenue is to be recognised at a point in time		
Properties held for sale	**199,125**	201,340
Properties under development	**27,150**	26,059
Total development properties	**226,275**	227,399

In 2019, development properties of $2,426,000 (2018: $3,362,000) were recognised as an expense during the year and included in 'Cost of sales – residential development project'.

Certain development properties with carrying value amounting to $175,383,000 (2018: $174,812,000) were pledged to secure banking facilities granted to the Group (see note 18).

Notes to the Financial Statements
Year ended 31 December 2019

14 TRADE AND OTHER RECEIVABLES

	Group		Company	
	2019 $'000	2018 $'000	2019 $'000	2018 $'000
Trade receivables	**7,271**	5,008	**–**	–
Accrued rent receivables	**5,675**	7,936	**–**	–
Impairment losses	**(4)**	(4)	**–**	–
Net receivables	**12,942**	12,940	**–**	–
Other deposits	**1,820**	538	**1**	1
Amounts due from:				
- subsidiaries (non-trade)				
- interest bearing	**–**	–	**53,372**	55,628
- non-interest bearing	**–**	–	**346,375**	22,815
- jointly-controlled entities (non-trade)				
- interest bearing	**8,955**	–	**–**	–
- non-interest bearing	**17**	18	**–**	–
Other receivables	**842**	1,908	**81**	21
	24,576	15,404	**399,829**	78,465
Prepayments	**10,423**	9,984	**66**	51
	34,999	25,388	**399,895**	78,516

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 4.00% (2018: 7.00%) and 7.50% (2018: nil) per annum, respectively.

Notes to the Financial Statements

Year ended 31 December 2019

15 CASH AND CASH EQUIVALENTS

	Group		Company	
	2019 $'000	**2018 $'000**	**2019 $'000**	**2018 $'000**
Cash at banks and in hand	**34,849**	37,965	**971**	8,055
Fixed deposits	**156,529**	138,353	**77,797**	68,070
	191,378	176,318	**78,768**	76,125

The weighted average effective interest rates relating to fixed deposits at the balance sheet date for the Group is 1.12% (2018: 1.25%) per annum.

16 SHARE CAPITAL

	Group and Company	
	2019 Number of shares ('000)	**2018 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 2019, included in the total number of ordinary shares was 38,107,400 (2018: 38,107,400) shares purchased by the Company (the "Treasury Shares") by way of market acquisition at an average price of $1.71 (2018: $1.71) per share. The Treasury Shares were deducted from total equity (see note 17).

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

Capital management

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

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

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

Notes to the Financial Statements
Year ended 31 December 2019

16 SHARE CAPITAL (CONT'D)

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	
	2019 $'000	**2018 $'000**	**2019 $'000**	**2018 $'000**
Borrowings	**2,423,420**	2,467,827	**36,987**	124,613
Less: Cash and cash equivalents	**(191,378)**	(176,318)	**(78,768)**	(76,125)
Net debt	**2,232,042**	2,291,509	**(41,781)**	48,488
Total equity (excluding non-controlling interests)	**3,540,654**	3,285,477	**1,736,582**	1,735,679
Gearing ratio	**0.63**	0.70	**(0.02)**	0.03

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.

17 RESERVES

	Group		Company	
	2019 $'000	**2018 $'000**	**2019 $'000**	**2018 $'000**
Reserve for own shares	**(65,079)**	(65,079)	**(65,079)**	(65,079)
Capital reserve	**791**	2,043	**–**	–
Fair value reserve	**–**	(1,477)	**–**	–
Hedging reserve	**(15,230)**	(6,479)	**–**	–
Foreign currency translation reserve	**(48,645)**	(46,246)	**–**	–
Retained earnings	**3,512,769**	3,246,667	**1,645,613**	1,644,710
	3,384,606	3,129,429	**1,580,534**	1,579,631

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.

17 RESERVES (CONT'D)

Fair value reserve

In 2018, the fair value reserve comprises the cumulative net change in the fair value of equity investments 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 $172,955,000 (2018: gain of $166,065,000) representing share of post-acquisition results of associates and jointly-controlled entities.

18 LOANS AND BORROWINGS

	Group		Company	
	2019 $'000	**2018 $'000**	**2019 $'000**	**2018 $'000**
Non-current liabilities				
Secured bank loans	**2,146,166**	2,067,565	**–**	–
Lease liabilities	–	–	**3,225**	–
	2,146,166	2,067,565	**3,225**	–
Current liabilities				
Secured bank loans	**277,254**	400,262	**32,677**	124,613
Lease liabilities	–	–	**1,085**	–
	277,254	400,262	**33,762**	124,613
	2,423,420	2,467,827	**36,987**	124,613

The bank loans are secured on the following assets:

		Group	
	Note	**2019 $'000**	**2018 $'000**
Investment properties	5	**4,535,938**	4,241,856
Development properties	13	**175,383**	174,812
Carrying amounts		**4,711,321**	4,416,668

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

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Year ended 31 December 2019

18 LOANS AND BORROWINGS (CONT'D)

Terms and debt repayment schedule

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

	Effective interest rate %	Expected year of maturity	Face value $'000	Carrying amount $'000
Group				
31 December 2019				
Secured bank loans				
- floating rate	**1.08 – 3.06**	**2020 – 2024**	**2,423,420**	**2,423,420**
31 December 2018				
Secured bank loans				
- floating rate	1.08 – 2.89	2019 – 2024	2,467,827	2,467,827
Company				
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**
31 December 2018				
Secured bank loans				
- floating rate	1.49 – 2.22	2019	124,613	124,613

Intra-group financial guarantees

Intra-group financial guarantees comprise guarantees provided by the Company to banks in respect of banking facilities amounting to $2,583,244,000 (2018: $2,536,414,000) extended to its subsidiaries, associates and jointly-controlled entities. The periods in which the financial guarantees expire are as follows:

	Group		Company	
	2019 $'000	**2018 $'000**	**2019 $'000**	**2018 $'000**
Less than 1 year	**192,500**	–	**437,078**	275,649
Between 1 and 5 years	**–**	193,200	**2,146,166**	1,810,765
More than 5 years	**–**	–	**–**	450,000
	192,500	193,200	**2,583,244**	2,536,414

Notes to the Financial Statements

Year ended 31 December 2019

18 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	
	Loans and borrowings $'000	Interest rate swap – liabilities (net) $'000	Total $'000
Group			
Balance at 1 January 2018	1,354,461	1,832	1,356,293
Changes from financing cash flows			
Proceeds from bank loans	2,374,475	–	2,374,475
Repayment of bank loans	(1,222,763)	–	(1,222,763)
Interest paid	(44,459)	–	(44,459)
Total changes from financing cash flows	1,107,253	–	1,107,253
The effect of changes in foreign exchange rates	(38,346)	–	(38,346)
Change in fair value	–	5,193	5,193
Other changes			
Liability-related			
Interest expense	44,459	–	44,459
Total liability-related other changes	44,459	–	44,459
Balance at 31 December 2018	2,467,827	7,025	2,474,852
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**

Notes to the Financial Statements

Year ended 31 December 2019

19 OTHER LIABILITIES

	Group	
	2019 $'000	2018 $'000
Rental deposits	**14,693**	14,601
Amount due to non-controlling shareholder (non-trade)	**15,213**	15,213
	29,906	29,814

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.

20 DEFERRED INCOME

	Group	
	2019 $'000	2018 $'000
Rental advances from tenants	**48,176**	49,324
Non-current	**46,505**	47,215
Current	**1,671**	2,109
	48,176	49,324

Included within rental advances from tenants is an amount of $47,195,000 (2018: $48,866,000) 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.

21 TRADE AND OTHER PAYABLES

	Group		Company	
	2019 $'000	2018 $'000	2019 $'000	2018 $'000
Rental deposits	**6,388**	7,169	**–**	–
Accrued operating expenses and development expenditure	**18,534**	18,165	**11,290**	13,601
Amounts due to subsidiaries (non-trade)	**–**	–	**475,570**	118,758
Other payables	**19,780**	20,977	**–**	–
Derivative financial liability	**15,291**	7,025	**–**	–
Goods and services tax payable	**5,521**	2,951	**231**	66
	65,514	56,287	**487,091**	132,425

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

Notes to the Financial Statements

Year ended 31 December 2019

22 REVENUE

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

	Group	
	2019 **$'000**	**2018** **$'000**
Sales of development properties, transferred at a point in time	**2,973**	17,196
Rental income and service charges	**209,459**	179,649
	212,432	196,845

Included in rental income and service charges is lease income generated from investment properties of $202,021,000 (2018: $171,744,000).

23 OTHER INCOME

	Group	
	2019 **$'000**	**2018** **$'000**
(Loss)/gain on disposal of property, plant and equipment	**(1)**	145
Dividend income from:		
- quoted equity investment designated at FVOCI	**5,341**	–
- investment designated at FVTPL	**33**	–
Distribution income from financial assets designated at fair value through profit or loss	**15**	298
Fair value gain on financial assets at fair value through profit or loss	**349**	1,131
Distribution income from jointly-controlled operations	**–**	4,039
Forfeiture income	**1**	–
Management fee income	**349**	351
Sale of management rights on development property project	**240**	387
Receipt of 'Right to light' compensation	**–**	5,356
Others	**2,068**	1,654
	8,395	13,361

Notes to the Financial Statements

Year ended 31 December 2019

24 DIRECTORS' REMUNERATION

Number of directors in remuneration bands:

	2019 Number of Directors	2018 Number of Directors
$500,000 and above	**3**	3
$250,000 to $499,999	**–**	–
Below $250,000	**5***	5*
Total	**8**	8

* Includes 5 (2018: 5) independent directors.

25 FINANCE INCOME AND FINANCE COSTS

	Group	
	2019 $'000	**2018 $'000**
Interest income from debt investments carried at amortised cost/finance income	**3,314**	2,819
Interest expenses on financial liabilities measured at amortised cost/finance costs	**(55,449)**	(44,459)
Net finance costs recognised in profit or loss	**(52,135)**	(41,640)

Notes to the Financial Statements

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26 INCOME TAX EXPENSE

		Group	
	Note	2019 $'000	2018 $'000
Current tax expense			
Current year		**24,814**	26,156
(Over)/under provision of tax in prior years		**(2,857)**	16,677
		21,957	42,833
Deferred tax expense			
Movements in temporary differences		**10,989**	5,996
Under provision in respect of prior years		**52**	591
	12	**11,041**	6,587
Withholding taxes		**712**	269
Total income tax expense		**33,710**	49,689

Reconciliation of effective tax rate

		2019 $'000	2018 $'000
Profit for the year		**331,292**	270,468
Total income tax expense		**33,710**	49,689
Profit excluding income tax		**365,002**	320,157
Tax calculated using Singapore tax rate of 17% (2018: 17%)		**62,050**	54,427
Expenses not deductible for tax purposes		**1,872**	4,398
Tax exempt revenue		**(87)**	(156)
Income not subject to tax		**(29,471)**	(17,030)
Effect of different tax rates in other countries		**4,262**	4,059
Effect of results of equity-accounted investee presented net of tax		**(1,171)**	(11,912)
Withholding taxes		**712**	269
Tax incentives		**(574)**	(569)
Utilisation of previously unrecognised tax losses		**(1,078)**	(1,065)
(Over)/under provision of tax in prior years		**(2,805)**	17,268
		33,710	49,689

Notes to the Financial Statements
Year ended 31 December 2019

27 PROFIT FOR THE YEAR

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

	Note	Group 2019 $'000	Group 2018 $'000
Direct operating expenses from investment properties		**16,850**	15,988
Audit fees payable/paid to auditors of the Company		**492**	434
Non-audit fees paid to auditors of the Company		**156**	165
Depreciation of property, plant and equipment	4	**682**	711
Net change in fair value on financial assets at fair value through profit or loss		**(326)**	(648)
Staff costs		**9,243**	9,181
Contributions to defined contribution plans included in staff costs		**470**	480
Allowance for impairment loss on trade receivables		**–**	3

28 EARNINGS PER SHARE

	Group 2019 $'000	Group 2018 $'000
Basic earnings per share is based on:		
Net profit attributable to ordinary shareholders	**332,310**	270,042

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

	Group 2019 Number of shares '000	Group 2018 Number of shares '000
Ordinary shares in issue at beginning of the year	**703,338**	703,338
Effect of own shares held	**(38,107)**	(37,860)
Weighted average number of ordinary shares in issue during the year	**665,231**	665,478

29 DIVIDENDS

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

	Group and Company 2019 $'000	Group and Company 2018 $'000
Proposed first and final tax-exempt dividend of 8 cents (2018: 8 cents) and special dividend of 2 cents (2018: 2 cents) per share	**66,523**	66,523

30 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	
	2019 **$'000**	**2018** **$'000**
Directors' fees	**439**	440
Directors' remuneration:		
- short-term employee benefits	**10,823**	12,882
	11,262	13,322

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	
		2019 **$'000**	**2018** **$'000**
Associates and jointly-controlled entities			
Management fee		**294**	294
Interest income		**1,955**	1,388
Dividend income		**–**	71,496
Related corporations			
Rental income		**81**	53
Proceeds from sale of motor vehicle		**–**	435
Other operating expenses:			
- insurance on investment properties		**83**	89
- other insurances		**102**	108
- printing		**18**	14
- others		**34**	45
Other related parties			
Donations made	(i)	**2,250**	2,000

(i) The donation of $2,250,000 (2018: $2,000,000) was made to Ho Bee Foundation ("Foundation"), of which Dr Chua Thian Poh is a director.

Notes to the Financial Statements

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31 LEASES

(a) Leases as lessee

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. The lease was entered into before the Group's adoption of SFRS(I) 16 on 1 January 2019. Previously, the lease was classified as operating lease under SFRS(I) 1-17.

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 $'000
2019 – Operating leases under SFRS(I) 16	
Less than one year	**204,048**
One to two years	**187,530**
Two to three years	**169,227**
Three to four years	**137,393**
Four to five years	**105,924**
More than five years	**155,327**
Total	**959,449**
2018 – Operating leases under SFRS(I) 1-17	
Less than one year	198,579
Between one year to five years	571,803
More than five years	319,538
Total	1,089,920

Notes to the Financial Statements

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32 COMMITMENTS

As at 31 December 2019, commitments for expenditure which have not been provided for in the financial statements were as follows:

	Group	
	2019 $'000	**2018 $'000**
Authorised and contracted for:		
- subscription for additional interest in European property funds and notes	**139,454**	108,780

33 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.

Notes to the Financial Statements

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33 FINANCIAL RISK MANAGEMENT (CONT'D)

Credit risk

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

The Group establishes an allowance for impairment that represents its estimate of 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.

33 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.

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.

A fundamental review and reform of major interest rate benchmarks is being undertaken globally. There is uncertainty as to the timing and methods of transition for replacing existing benchmark interbank offered rates (IBORs) with alternative rates. In Singapore, the fundamental review and reform of the two key Singapore Dollar interest rate benchmarks that are widely referenced in financial contracts, namely Singapore interbank offered rates (SIBORs) and Singapore swap offer rates (SORs), and the transition from SOR to the Singapore Overnight Rate Average (SORA), is also ongoing.

As a result of these uncertainties, significant accounting judgement is involved in determining whether certain hedge accounting relationships that hedge variability of foreign exchange and interest rate risk due to expected changes in IBORs continue to qualify for hedge accounting as at 31 December 2019. IBOR continues to be used as a reference rate in financial markets and is used in the valuation of instruments with maturities that exceed the expected end date for IBOR. In Singapore, SIBOR and SOR continue to be used as reference rates in financial markets and are used in the valuation of instruments with maturities that exceed the expected end date for SIBOR and SOR. Therefore, the Group believes the current market structure supports the continuation of hedge accounting as at 31 December 2019.

Interest rate risk

The Group manages its interest rate exposure by actively reviewing its debt portfolio and switching to cheaper sources of funding to achieve a certain level of protection against interest rate hikes. Where appropriate, the Group uses interest rate derivatives to hedge its interest rate exposure for specific underlying debt obligations.

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

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

Notes to the Financial Statements

Year ended 31 December 2019

33 FINANCIAL RISK MANAGEMENT (CONT'D)

Cash flow hedges

Subsidiaries of the Group have entered into interest rate swaps totalling $497,770,000 (2018: $362,933,000) to fix the interest relating to the payment of quarterly interest charges arising on the drawdown of term loan facilities, and designated these as cash flow hedges. The risk being hedged was the variability of cash flows arising from movements in interest rates. The hedges will be in place until the term loans mature between 2020 and 2024.

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.

The Group assesses whether the derivative designated in each hedging relationship is expected to be effective in offsetting changes in cash flows of the hedged item using the hypothetical derivative method.

The cash flows will occur on a quarterly basis until the loan balances mature between 2020 and 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 2019 in respect of the changes in fair value of the hedging instruments were a loss of $8,751,000 (2018: loss of $4,647,000). There were no ineffectiveness recognised in profit or loss that arose from the cash flow hedges.

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 risk 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.

Notes to the Financial Statements

Year ended 31 December 2019

34 FINANCIAL INSTRUMENTS

Credit risk

Exposure to credit risk

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

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

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

	Group	
	2019 $'000	**2018 $'000**
Impairment loss on trade and other receivables	**–**	4

At the balance sheet date, the Group has receivables owing from jointly-controlled entities totalling to $260,058,000 (2018: $257,247,000) representing 91% (2018: 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 2019, no scalar factor has been applied.

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

	Group			
	2019		**2018**	
	Gross carrying amount $'000	**Impairment loss allowance $'000**	**Gross carrying amount $'000**	**Impairment loss allowance $'000**
Not past due	**11,857**	**–**	11,656	–
Past due 1 – 30 days	**995**	**–**	1,200	–
Past due 31 – 120 days	**90**	**–**	84	–
More than 120 days past due	**4**	**(4)**	4	(4)
	12,946	**(4)**	12,944	(4)

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

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Year ended 31 December 2019

34 FINANCIAL INSTRUMENTS (CONT'D)

Credit risk (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 $'000
At 1 January 2018	1
Impairment loss recognised	3
At 1 January 2019 and 31 December 2019	4

Guarantees

The Group's policy is to provide financial guarantees only for its subsidiaries, associates and jointly-controlled entities' liabilities. At 31 December 2019, the Company has issued guarantees to certain banks in respect of credit facilities granted to nine subsidiaries and one jointly-controlled entity (see note 18).

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.

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 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)**	**–**
	2,498,028	**(2,672,650)**	**(372,590)**	**(2,300,060)**	**–**
31 December 2018					
Non-derivative financial liabilities					
Secured bank loans*	2,467,827	(2,672,879)	(451,049)	(1,759,171)	(462,659)
Rental deposits	14,601	(14,601)	–	(14,601)	–
Trade and other payables**	61,524	(61,524)	(46,311)	(15,213)	–
	2,543,952	(2,749,004)	(497,360)	(1,788,985)	(462,659)

34 FINANCIAL INSTRUMENTS (CONT'D)

Liquidity risk (cont'd)

	Carrying amount $'000	Cash flows: Contractual cash flows $'000	Within 1 year $'000	Within 2 to 5 years $'000	More than 5 years $'000
Company					
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)**	**–**
	523,847	**(524,618)**	**(521,274)**	**(3,344)**	**–**
31 December 2018					
Non-derivative financial liabilities					
Secured bank loans	124,613	(126,770)	(126,770)	–	–
Amounts due to subsidiaries	118,758	(118,758)	(118,758)	–	–
Trade and other payables**	13,601	(13,601)	(13,601)	–	–
	256,972	(259,129)	(259,129)	–	–

* 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.

Currency risk

Exposure to currency risk

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

	2019 USD $'000	2019 GBP $'000	2019 AUD $'000	2019 EUR $'000	2019 RMB $'000	2018 USD $'000	2018 GBP $'000	2018 AUD $'000	2018 EUR $'000	2018 RMB $'000
Group										
Financial assets	**704**	**–**	**–**	**102,716**	**–**	831	–	14,070	100,288	–
Trade and other receivables	**74,092**	**647,759**	**107,252**	**–**	**–**	75,042	634,915	98,285	–	–
Cash and cash equivalents	**752**	**48,668**	**58,087**	**6**	**77,890**	691	39,863	54,355	5,137	68,070
Loans and borrowings	**–**	**(1,904,792)**	**–**	**(35,628)**	**–**	–	(1,917,009)	–	(36,818)	–
	75,548	**(1,208,365)**	**165,339**	**67,094**	**77,890**	76,564	(1,242,231)	166,710	68,607	68,070
Company										
Financial assets	**–**	**–**	**–**	**102,716**	**–**	–	–	–	100,288	–
Trade and other receivables	**–**	**640,584**	**105,790**	**–**	**–**	–	628,199	98,030	–	–
Cash and cash equivalents	**–**	**–**	**–**	**3**	**77,890**	–	–	–	5,133	68,070
Loans and borrowings	**–**	**(32,677)**	**–**	**–**	**–**	–	(124,613)	–	–	–
	–	**607,907**	**105,790**	**102,719**	**77,890**	–	503,586	98,030	105,421	68,070

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Year ended 31 December 2019

34 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 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)**
31 December 2018		
USD (10% strengthening of Singapore dollar)	(7,504)	(153)
GBP (10% strengthening of Singapore dollar)	126,952	(2,728)
AUD (10% strengthening of Singapore dollar)	(6,868)	(9,803)
EUR (10% strengthening of Singapore dollar)	–	(6,861)
RMB (10% strengthening of Singapore dollar)	–	(6,807)
Company		
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)**
31 December 2018		
GBP (10% strengthening of Singapore dollar)	(47,682)	(2,677)
AUD (10% strengthening of Singapore dollar)	–	(9,803)
EUR (10% strengthening of Singapore dollar)	–	(10,542)
RMB (10% strengthening of Singapore dollar)	–	(6,807)

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.

34 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	
	2019 $'000	**2018 $'000**	**2019 $'000**	**2018 $'000**
Fixed rate instruments				
Financial assets	**342,496**	319,525	**781,721**	765,506
Lease liability	**–**	–	**(4,310)**	–
Effect of interest rate swaps	**(497,770)**	(362,933)	**–**	–
	(155,274)	(43,408)	**777,411**	765,506
Variable rate instruments				
Bank loans	**(2,423,420)**	(2,467,827)	**(32,677)**	(124,613)
Effect of interest rate swaps	**497,770**	362,933	**–**	–
	(1,925,650)	(2,104,894)	**(32,677)**	(124,613)

Sensitivity analysis

Fixed rate instruments

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

Variable rate instruments

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

	Profit before income tax	
	100 bp increase $'000	**100 bp decrease $'000**
Group		
31 December 2019		
Variable rate instruments	**(19,257)**	**19,257**
31 December 2018		
Variable rate instruments	(21,049)	21,049
Company		
31 December 2019		
Variable rate instruments	**(327)**	**327**
31 December 2018		
Variable rate instruments	(1,246)	1,246

Notes to the Financial Statements

Year ended 31 December 2019

34 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.

Interest rates used in determining fair values

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

	2019 %	2018 %
Receivables	**1.9**	1.7
Payables	**1.1 – 3.1**	1.1 – 2.9

Notes to the Financial Statements

Year ended 31 December 2019

34 FINANCIAL INSTRUMENTS (CONT'D)

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

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 2019 and 31 December 2018. 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 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**
31 December 2018				
Financial assets carried at FVTPL	–	–	101,040	101,040
Financial assets designated at FVOCI	14,070	–	79	14,149
Interest rate swaps used for hedging	–	(7,025)	–	(7,025)
	14,070	(7,025)	101,119	108,164

Notes to the Financial Statements

Year ended 31 December 2019

34 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 2019		
Cash flow hedges – Interest rate swaps	**497,770**	**(15,291)**
31 December 2018		
Cash flow hedges – Interest rate swaps	362,933	(7,025)

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**
2018			
Group			
1 January 2018	3,754	–	3,754
Arising from adoption of SFRS(I) 9 on 1 January:			
Designation of available-for-sale equity investments to financial assets at FVOCI	–	79	79
Net changes in fair value	648	–	648
Distribution income	298	–	298
Exchange loss recognised in profit or loss	(2,617)	–	(2,617)
Purchases	99,178	–	99,178
Distributions from financial assets designated at FVTPL	(221)	–	(221)
31 December 2018	101,040	79	101,119
Total loss for the year included in profit or loss for assets held as at 31 December 2018	(1,671)	–	(1,671)

Notes to the Financial Statements

Year ended 31 December 2019

34 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
2019			
Group			
1 January 2019	**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)**
31 December 2019	**103,342**	**78**	**103,420**
Total loss for the year included in profit or loss for assets held as at 31 December 2019	**(2,906)**	**(1)**	**(2,907)**

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

	2019 $'000	2018 $'000
Other income		
Fair value gain	**326**	648
Distribution income	**15**	298
	341	946
Loss on foreign exchange		
Exchange loss recognisedd	**(3,248)**	(2,617)
Total loss included in profit or loss for the year	**(2,907)**	(1,671)

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 2019

34 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 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)**
31 December 2018						
Trade and other receivables*	272,633	–	–	–	–	272,633
Financial assets at FVOCI	–	–	14,149	–	–	14,149
Financial assets at FVTPL	–	101,040	–	–	–	101,040
Cash and cash equivalents	176,318	–	–	–	–	176,318
Loans and borrowings	–	–	–	–	(2,467,827)	(2,467,827)
Trade and other payables**	–	–	–	(7,025)	(76,125)	(83,150)
	448,951	101,040	14,149	(7,025)	(2,543,952)	(1,986,837)

* Excludes prepayments.

** Excludes goods and services tax payable.

34 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 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**
31 December 2018				
Trade and other receivables*	974,325	–	–	974,325
Financial assets at FVTPL	–	100,288	–	100,288
Cash and cash equivalents	76,125	–	–	76,125
Loans and borrowings	–	–	(124,613)	(124,613)
Trade and other payables**	–	–	(132,359)	(132,359)
	1,050,450	100,288	(256,972)	893,766

* Excludes prepayments.

** Excludes goods and services tax payable.

35 ACQUISITIONS OF NON-CONTROLLING INTERESTS AND SUBSIDIARY

(a) Acquisition of non-controlling interests ("NCI")

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.

Notes to the Financial Statements

Year ended 31 December 2019

35 ACQUISITIONS OF NON-CONTROLLING INTERESTS AND SUBSIDIARY (CONT'D)

(b) Acquisition of subsidiary

On 15 June 2018, the Group acquired 100% of the issued share capital of a company which owns the investment property, Ropemaker Place, from an unrelated third party. From the acquisition date to 31 December 2018, Ropemaker Place contributed revenue of $28,079,000 and profit after tax of $41,600,000. If the acquisition had occurred on 1 January 2018, management estimates that the contribution to the Group in terms of revenue and profit after tax would have been $51,833,000 and $61,729,000, respectively. In determining this amount, management has assumed that the fair value adjustments that arose on the date of acquisition would have been the same if the acquisition had occurred on 1 January 2018.

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

	Recognised values on acquisition 2018 $'000
Investment property (note 5)	1,154,679
Other receivables	239
Other payables	(1,323)
Net identifiable assets and liabilities acquired	1,153,595
Total consideration	(1,153,595)
Cash and cash equivalents acquired	–
Cash outflow on acquisition of investment property	(1,153,595)

36 OPERATING SEGMENTS

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

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

Other segments include investing in equity securities, private equity and European property funds. These segments do not meet any of the quantitative thresholds for determining reportable segments in 2019 or 2018.

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.

36 OPERATING SEGMENTS (CONT'D)

(a) Operating segments

	Property Development $'000	Property Investment $'000	Others $'000	Total $'000
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**
31 December 2018				
Turnover	17,196	179,649	–	196,845
Operating results	6,571	160,132	–	166,703
Other operating income				134,725
Other operating expenses				(38,448)
Profit from operations				262,980
Finance costs				(41,640)
Share of profits of associates				108,547
Share of losses of jointly-controlled entities				(9,730)
Income tax expense				(49,689)
Profit for the year				270,468
Other material non-cash items:				
- Fair value changes on investment properties	–	121,364	–	121,364
Reportable segment assets	280,569	4,354,208	115,189	4,749,966
Investments in associates and jointly-controlled entities*	908,590	–	–	908,590
Reportable segment liabilities	80,802	2,449,433	–	2,530,235

Notes to the Financial Statements

Year ended 31 December 2019

36 OPERATING SEGMENTS (CONT'D)

(a) Operating segments (cont'd)

Reconciliations of reportable segment assets and liabilities and other material items

	2019 $'000	2018 $'000
Assets		
Total assets for reportable segments	**4,913,989**	4,634,777
Financial assets	**103,420**	115,189
Investments in equity accounted investees*	**827,614**	908,590
Other unallocated amounts	**351,068**	312,287
Consolidated total assets	**6,196,091**	5,970,843
Liabilities		
Total liabilities for reportable segments	**2,520,914**	2,530,235
Other unallocated amounts	**122,047**	140,417
Consolidated total liabilities	**2,642,961**	2,670,652

* 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 2019			
Capital expenditure	**4,280**	**5,286**	**9,566**
Depreciation of property, plant and equipment	**–**	**682**	**682**
31 December 2018			
Capital expenditure	–	4,934	4,934
Depreciation of property, plant and equipment	–	711	711

36 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 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**
31 December 2018					
Revenue	91,354	5	86,042	19,444	196,845
Non-current assets*	2,313,238	518,422	2,318,274	19,334	5,169,268

* 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.

37 DETERMINATION OF FAIR VALUES

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

Financial assets and liabilities

The valuation techniques and the inputs used in the fair value measurements of the financial assets and financial liabilities for measurement and/or disclosure purposes are set out in note 34.

Investment properties

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

The fair values are based on market values, being the estimated amount for which a property could be exchanged on the date of the valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing, wherein the parties had each acted knowledgeably. Such valuation is based on price per square foot for the buildings derived from observable market data from an active and transparent market.

Notes to the Financial Statements

Year ended 31 December 2019

37 DETERMINATION OF FAIR VALUES (CONT'D)

Investment properties (cont'd)

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

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

Fair value hierarchy

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

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

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

	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Non-financial assets carried at fair value				
Group				
31 December 2019				
Investment properties	**–**	**–**	**4,600,366**	**4,600,366**
31 December 2018				
Investment properties	–	–	4,306,284	4,306,284

Notes to the Financial Statements

Year ended 31 December 2019

37 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 2019 $'000	Investment properties 2018 $'000
Group		
1 January	**4,306,284**	3,113,754
Additions	**–**	1,154,679
Capital expenditure	**4,280**	–
Gains and losses for the year		
Changes in fair value	**243,729**	121,364
Movements in exchange rates	**46,073**	(83,513)
At 31 December	**4,600,366**	4,306,284

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 2019:

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]: $598 - $2,100 psf (2018: $$592 - $1,840 psf)	The estimated fair value would increase/(decrease) if: - The transacted price of comparable properties was higher/(lower)
	Income capitalisation approach	Capitalisation rates: 3.5% - 4.25% (2018: 3.75% - 4.50%)	The estimated fair value would increase/(decrease) if: - The capitalisation rate was lower/(higher)
Commercial properties in United Kingdom	Income capitalisation approach	Capitalisation rates: 4.00% - 5.30% (2018: 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.

Notes to the Financial Statements

Year ended 31 December 2019

38 ACCOUNTING ESTIMATES AND JUDGEMENTS

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

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

Impairment loss on trade 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.

Valuation of unsold development and completed properties

Where necessary, allowance for impairment loss would be set up for estimated losses which may result from deterioration in the estimated market values for unsold development properties. The Group estimates the level of allowance based on the prevailing selling prices of the development properties or similar development properties within the vicinity at the reporting date. In the absence of current prices in an active market, valuations are obtained from an independent property valuer. Similarly, the Group estimates the net realisable values of completed properties based on the latest transacted prices of these properties or comparable properties to determine whether a write down is required.

Valuation of investment properties

The fair values of investment properties are estimated based on valuations carried out by independent property valuers, having appropriate recognised professional qualifications and recent experience in the location and category of property being valued. The valuations reflect when appropriate, comparable sales of similar properties or estimated market values based on projection of income and expense streams over the period of leases, using market rates of return.

Income taxes

Significant judgement is required in determining the capital allowances, taxability of certain income and deductibility of certain expenses during the estimation of the provision for income taxes and deferred tax liabilities.

39 SUBSEQUENT EVENT

On 16 March 2020, the Group announced that its wholly-owned subsidiary, HB Universal Pte Ltd, won a tender for a site in Buona Vista, Singapore. The land tenure for this site is 60 years and the site was awarded to HB Universal Pte Ltd at $223,600,000. A 12-storey 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. Construction of the development is estimated to be completed in 2022.

Additional Information

As at 31 December 2019

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 2019

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%

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	100 apartments	Leasehold - 99 years from 9 June 2007	Residential	25,605	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	27 apartments	Freehold	Residential	2,461	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 8EY	17 apartments	Leasehold - 999 years	Residential	708	100%
Canaletto City Road London EC1V 1AD	21 apartments	Leasehold - 999 years	Residential	1,048	100%

Shareholdings Statistics

As at 6 March 2020

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

SHAREHOLDINGS HELD IN HANDS OF PUBLIC

Based on information available to the Company as at 6 March 2020, 21.64% of the issued ordinary shares of the Company is held by the public and therefore, Rule 723 of the Listing Manual is complied with.

ANALYSIS OF SHAREHOLDINGS

Range of Shareholdings	No. of Shareholders	%	No. of Shares	%
1 - 99	13	0.19	213	0.00
100 - 1,000	2,393	36.13	2,336,452	0.33
1,001 - 10,000	3,354	50.63	15,241,802	2.17
10,001 - 1,000,000	841	12.70	47,470,702	6.75
1,000,001 and above	23	0.35	638,288,831	90.75
	6,624	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 6 March 2020, the Company has 38,107,400 shares held as treasury shares and this represents approximately 5.73% 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	497,932,900	74.85
2	DBS Nominees Pte Ltd	18,555,637	2.79
3	Citibank Nominees Singapore Pte Ltd	16,882,279	2.54
4	Raffles Nominees (Pte) Ltd	13,642,207	2.05
5	Phillip Securities Pte Ltd	10,760,400	1.62
6	Estate of Chua Pin Chong, Deceased	6,610,000	0.99
7	Chua Thiam Chok	4,265,000	0.64
8	BNP Paribas Nominees Singapore Pte Ltd	4,206,750	0.63
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	2,405,200	0.36
12	Woon Choon Leng Desmond	2,100,000	0.32
13	Hexacon Construction Pte Ltd	1,865,000	0.28
14	Ong Chong Hua	1,800,000	0.27
15	CGS-CIMB Securities (Singapore) Pte Ltd	1,726,258	0.26
16	United Overseas Bank Nominees Pte Ltd	1,722,800	0.26
17	Ho Bee Foundation	1,576,300	0.24
18	DB Nominees (S) Pte Ltd	1,536,900	0.23
19	Lee Seak Sung @ Lee Seak Song	1,500,800	0.23
20	Kingdom Investment Holdings Pte Ltd	1,414,000	0.21
		597,790,431	89.87

** The percentage is calculated based on the number of issued ordinary shares of the Company as at 6 March 2020, excluding 38,107,400 shares held as treasury shares as at that date.

Shareholdings Statistics

As at 6 March 2020

SUBSTANTIAL SHAREHOLDERS

	Direct Interest		Deemed Interest	
Size of Shareholdings	**No. of Shares**	**%[1]**	**No. of Shares**	**%[1]**
Ho Bee Holdings (Pte) Ltd	497,932,900	74.85	1,414,000[2]	0.21
Chua Thian Poh	–	–	499,346,900[3]	75.06

Notes

[1] The percentage is calculated based on the number of issued shares of the Company as at 6 March 2020, excluding 38,107,400 shares held as treasury shares as at that date.

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

[3] Dr Chua Thian Poh has a deemed interest in the 497,932,900 shares held by Ho Bee Holdings (Pte) Ltd and 1,414,000 shares held by Kingdom Investment Holdings Pte. Ltd.

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the 32nd Annual General Meeting of Ho Bee Land Limited (the "**Company**") will be held at NTU@one-north, Alumni House, Level 3, Auditorium 302, 11 Slim Barracks Rise, Singapore 138664 on Wednesday, 29 April 2020 at 10.30 a.m. to transact the following business:

ROUTINE BUSINESS

1 To receive and adopt the directors' statement and audited financial statements for the financial year ended 31 December 2019 and the auditors' report thereon. **(Resolution 1)**

2 To declare a first and final one-tier tax exempt dividend of 8 cents per share and a special one-tier tax exempt dividend of 2 cents per share for the financial year ended 31 December 2019. **(Resolution 2)**

3 To approve directors' fees of S$425,000 for the financial year ended 31 December 2019 (2018: S$425,000). **(Resolution 3)**

4 To re-elect Mr Ko Kheng Hwa, a director who will retire by rotation in accordance with Article 104 of the Company's Constitution and who, being eligible, will offer himself for re-election. **(Resolution 4)**

5 To re-elect Mr Seow Choke Meng, a director who will retire by rotation in accordance with Article 104 of the Company's Constitution and who, being eligible, will offer himself for re-election. **(Resolution 5)**

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

SPECIAL BUSINESS

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

7 That authority be and is hereby given to the directors of the Company to:

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

(ii) make or grant offers, agreements or options (collectively, "**instruments**") that might or would require shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures or other instruments convertible into shares,

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

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

provided that:

(1) the aggregate number of the shares to be issued pursuant to this resolution (including shares to be issued in pursuance of instruments made or granted pursuant to this resolution), does not exceed 50% of the total number of issued shares (excluding treasury shares and subsidiary holdings) (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of shares to be issued other than on a pro rata basis to shareholders of the Company (including shares to be issued in pursuance of instruments made or granted pursuant to this resolution) does not exceed 20% of the total number of issued shares (excluding treasury shares and subsidiary holdings) (as calculated in accordance with sub-paragraph (2) below);

Notice of Annual General Meeting

(2) (subject to such manner of calculation as may be prescribed by the Singapore Exchange Securities Trading Limited ("**SGX-ST**")) for the purpose of determining the aggregate number of shares that may be issued under sub-paragraph (1) above, the percentage of issued shares shall be based on the total number of issued shares (excluding treasury shares and subsidiary holdings) at the time this resolution is passed, after adjusting for:

(i) new shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which are outstanding or subsisting at the time this resolution is passed; and

(ii) any subsequent bonus issue, consolidation or subdivision of shares,

and in sub-paragraph (1) above and this sub-paragraph (2), "subsidiary holdings" has the meaning given to it in the Listing Manual of the SGX-ST;

(3) in exercising the authority conferred by this resolution, the Company shall comply with the provisions of the Listing Manual of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the Constitution for the time being of the Company; and

(4) (unless revoked or varied by the Company in general meeting) the authority conferred by this resolution shall continue in force until the conclusion of the next annual general meeting of the Company or the date by which the next annual general meeting of the Company is required by law to be held, whichever is the earlier.

(Resolution 7)

8 That:

(a) for the purposes of Sections 76C and 76E of the Companies Act, Chapter 50 (the "**Companies Act**"), the exercise by the directors of the Company of all the powers of the Company to purchase or otherwise acquire issued ordinary shares of the Company ("**shares**") not exceeding in aggregate the Prescribed Limit (as hereinafter defined), at such price(s) as may be determined by the directors of the Company from time to time up to the Maximum Price (as hereinafter defined), whether by way of:

(i) on-market purchase(s) (each a "**Market Purchase**") transacted through the trading system of the Singapore Exchange Securities Trading Limited ("**SGX-ST**"); and/or

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

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

(b) unless varied or revoked by the Company in general meeting, the authority conferred on the directors of the Company pursuant to the Share Buyback Mandate may be exercised by the directors at any time and from time to time during the period commencing from the date of passing of this resolution and expiring on the earliest of:

(i) the date on which the next annual general meeting of the Company is held or required by law to be held;

(ii) the date on which the purchases or acquisitions of shares by the Company pursuant to the Share Buyback Mandate are carried out to the full extent mandated; or

(iii) the date on which the authority conferred by the Share Buyback Mandate is varied or revoked by shareholders in a general meeting;

Notice of Annual General Meeting

(c) in this resolution:

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

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

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

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

(i) in the case of a Market Purchase, 105% of the Average Closing Price; and

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

"**Prescribed Limit**" means the number of shares representing 5% of the total number of issued shares of the Company as at the date of passing of this resolution (excluding treasury shares and subsidiary holdings (as defined in the Listing Manual of the SGX-ST)); and

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

(Resolution 8)

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

By Order of the Board
Desmond Woon Choon Leng
Executive Director
Ho Bee Land Limited
1 April 2020

Notice of Annual General Meeting

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

Ordinary Resolution 3: This resolution is to seek approval for the payment of a total sum of S$425,000 as directors' fees for the financial year ended 31 December 2019 to be paid to the non-executive directors.

Ordinary Resolution 4: Mr Ko Kheng Hwa will, upon re-election as a director, remain as chairman of the Nominating Committee and a member of the Audit and Risk Committee. He is considered an independent director. Detailed information on Mr Ko is set out in the sections on "Board of Directors", "Corporate Governance" and "Additional Information on Directors Seeking Re-appointment" of the Annual Report.

Ordinary Resolution 5: Mr Seow Choke Meng will, upon re-election as a director, remain as a member of the Nominating Committee and the Remuneration Committee. He is considered an independent director. Detailed information on Mr Seow is set out in the sections on "Board of Directors", "Corporate Governance" and "Additional Information on Directors Seeking Re-appointment" of the Annual Report.

Ordinary Resolution 7: This resolution is to empower the directors from the date of this resolution being passed until the date of the next annual general meeting of the Company, or the date by which the next annual general meeting is required by law to be held or when varied or revoked by the Company in general meeting, whichever is the earlier, to issue shares or to make or grant instruments convertible into shares, and to issue shares in pursuance of such instruments. The maximum number of shares and instruments which the directors may issue shall not exceed the quantum set out in this resolution.

Ordinary Resolution 8: This resolution is to renew the Share Buyback Mandate, which was originally approved by shareholders on 29 April 2008 and was last renewed at the annual general meeting of the Company held on 30 April 2019. Please refer to the Letter to Shareholders dated 1 April 2020 for more details.

RECORD DATE AND PAYMENT DATE FOR DIVIDENDS

NOTICE IS HEREBY GIVEN THAT subject to shareholders of Ho Bee Land Limited ("**Company**") approving the proposed payments of a first and final one-tier tax exempt dividend of 8 cents per share and a special one-tier tax exempt dividend of 2 cents per share for the financial year ended 31 December 2019 ("**Dividends**") at the Annual General Meeting to be held on 29 April 2020, the Register of Members and the Share Transfer Books of the Company will be closed at 5.00 p.m. on 15 May 2020 for the purpose of determining shareholders' entitlements to the Dividends.

Duly completed registrable transfers received by the Company's Share Registrar, M & C Services Private Limited at 112 Robinson Road #05-01, Singapore 068902, up to 5.00 p.m. on 15 May 2020 will be registered before entitlements to the Dividends are determined.

Shareholders whose securities accounts with The Central Depository (Pte) Limited are credited with shares at 5.00 p.m. on 15 May 2020 will be entitled to the Dividends.

The Dividends, if approved by shareholders of the Company, will be paid on 29 May 2020.

Notice of Annual General Meeting

NOTES

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

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

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

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

3 The instrument appointing a proxy or proxies must be deposited at the office of the Company's Share Registrar, M & C Services Private Limited at 112 Robinson Road #05-01, Singapore 068902, not less than 72 hours before the time appointed for the meeting.

PERSONAL DATA PRIVACY

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

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

Annual General Meeting

Proxy Form

IMPORTANT

1. Relevant intermediaries as defined in Section 181 of the Companies Act, Chapter 50 may appoint more than two proxies to attend, speak and vote at the Annual General Meeting.
2. For CPF/SRS investors holding Ho Bee Land Limited shares, this form of proxy is not valid for use and shall be ineffective for all intents and purposes if used or purported to be used by them. CPF/SRS investors should contact their respective Agent Banks/SRS Operators if they have any queries regarding their appointment as proxies.
3. By submitting an instrument appointing proxy(ies) and/or representative(s), a member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 1 April 2020.

I/We ________________________________ (Name), ____________________ (NRIC/Passport/Co. Reg. No.)

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

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

as my/our proxy(ies) to attend, speak and vote for me/us on my/our behalf at the 32nd Annual General Meeting of the Company ("**AGM**") to be held at NTU@one-north, Alumni House, Level 3, Auditorium 302, 11 Slim Barracks Rise, Singapore 138664 on Wednesday, 29 April 2020 at 10.30 a.m. and at any adjournment thereof.

I/We direct my/our proxy(ies) to vote for, against and/or to abstain from voting on the resolutions to be proposed at the AGM as indicated hereunder. In the absence of specific directions, the proxy(ies) will vote or abstain from voting as he/they may think fit, as he/they will on any other matter arising at the AGM and at any adjournment thereof.

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

No.	Resolutions	No. of Votes For	No. of Votes Against	No. of Votes Abstain
Routine Business				
1	To receive and adopt the directors' statement and audited financial statements for the financial year ended 31 December 2019 and the auditors' report thereon.			
2	To declare a first and final one-tier tax exempt dividend of 8 cents per share and a special one-tier tax exempt dividend of 2 cents per share for the financial year ended 31 December 2019.			
3	To approve directors' fees of S$425,000 for the financial year ended 31 December 2019 (2018: S$425,000).			
4	To re-elect Mr Ko Kheng Hwa as director.			
5	To re-elect Mr Seow Choke Meng as director.			
6	To re-appoint KPMG LLP as auditors and to authorise the directors to fix their remuneration.			
Special Business				
7	To approve the authority to issue shares and make or grant instruments convertible into shares.			
8	To approve the renewal of the Share Buyback Mandate.			

Dated this ________ day of ________________ 2020.

Total Number of Ordinary Shares Held (Note 1)	

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

IMPORTANT: PLEASE READ NOTES OVERLEAF

NOTES TO PROXY FORM

1 Please insert the total number of shares held by you. If you have shares entered against your name in the Depository Register (maintained by The Central Depository (Pte) Limited), you should insert that number. If you have shares registered in your name in the Register of Members of the Company (maintained by or on behalf of the Company), you should insert that number. If you have shares entered against your name in the Depository Register and shares registered in your name in the Register of Members, you should insert the aggregate number. If no number is inserted, this form of proxy will be deemed to relate to all the shares held by you.

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

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

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

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

4 The instrument appointing a proxy or proxies must be deposited at the office of the Company's Share Registrar, M & C Services Private Limited at 112 Robinson Road #05-01, Singapore 068902, not less than 72 hours before the time appointed for the meeting.

5 Completion and return of an instrument appointing a proxy or proxies shall not preclude a member from attending, speaking and voting at the meeting. Any appointment of a proxy or proxies shall be deemed to be revoked if a member attends the meeting in person, and in such event, the Company reserves the right to refuse to admit any person or persons appointed under the relevant instrument appointing a proxy or proxies to the meeting.

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

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

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

9 The Company shall be entitled to reject an instrument of proxy which is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified on the instrument of proxy. In addition, in the case of shares entered in the Depository Register, the Company may reject an instrument of proxy if the member, being the appointor, is not shown to have shares entered against his name in the Depository Register as at 72 hours before the time appointed for holding the meeting, as certified by The Central Depository (Pte) Limited to the Company.

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

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