

Corporate Governance

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

While the recently published Code of Corporate Governance 2018 (**2018 Code**) does not apply to this issue of the Annual Report, we have made reference to the principles and provisions of the 2018 Code wherever applicable. However, this should not be treated as early adoption of the 2018 Code or the amended SGX Listing Rule 710.

The Company also refers to the disclosure guide issued by the Singapore Exchange (**SGX Disclosure Guide**) in January 2015 pertaining to the Code and has incorporated answers to the questions set out in the SGX Disclosure Guide in this report. We continue to make specific references to the Code's guidelines set out in the SGX Disclosure Guide in this annual report. In addition, we have incorporated recent changes in the SGX Listing Manual which took effect from 1 January 2019.

SGX Disclosure Guide:

- (a) Has the Company complied with all the principles and guidelines of the Code? If not, please state the specific deviations and the alternative corporate governance practices adopted by the Company in lieu of the recommendations in the Code.

- (b) In what respect do these alternative corporate governance practices achieve the objectives of the principles and conform to the guidelines in the Code?

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

BOARD MATTERS

THE BOARD'S CONDUCT OF AFFAIRS (PRINCIPLE 1)

Role of the Board and Board responsibility

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

The Board undertakes all duties and responsibilities as outlined in Guideline 1.1 of the Code. This include, inter alia:

- set strategic objectives, provide leadership in an enterprising and innovative manner (where possible), and ensure that the Company has sufficient resources to achieve its objectives;
- set 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;

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- review and monitor management's performance to ensure accountability and provide guidance to the management wherever possible;
- ensure 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;
- ensure that good values, culture and ethical standards permeate the organisation;
- ensure that the Company provides good quality products to meet customer needs, and carry out its obligations to shareholders and other stakeholders in a fair, equitable and reasonable manner; and
- ensure that the Company has put in place a sustainability framework and consider sustainability issues (environment, social and governance factors) when formulating strategies.

In line with Provision 1.1 of the 2018 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 had signed an undertaking in the prescribed form to use their best endeavours to comply with SGX Listing Rules and to procure the Company's compliance.

Board processes

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

The Board currently holds four scheduled meetings and an annual business review meeting each year. Scheduled meetings for the Board committees are also arranged annually. Ad hoc meetings for the Board and Board committees are convened as and when necessary to address any specific matters. 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, two NC meetings and three RC meetings held in the year ended 31 December 2018 (**FY2018**).

The attendance of the directors at Board and Board committee meetings for FY2018 was as follows:

Name of directors	Board meeting	ARC meeting	NC meeting	RC meeting
Number of meetings held during the year	5	4	2	3
Attendance				
Chua Thian Poh	5	N.A.	2	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	2	N.A.
Jeffery Chan Cheow Tong	5	4	N.A.	3
Ko Kheng Hwa	5	4	2	N.A.
Seow Choke Meng	5	N.A.	2	3
Josephine Choo Poh Hua	5	4	N.A.	3

Note: N.A. means not applicable.

Matters requiring Board's approval (Guideline 1.5)

SGX Disclosure Guide:

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

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

- annual budgets;
- quarterly 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.

Training for directors (Guideline 1.6)

SGX Disclosure Guide:

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

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

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

The Company arranges for directors' training program each year based on the recommendations of the NC. In addition, the Company arranges for professional briefings when necessary to update the directors on any new regulatory development which has an impact on the Group. The 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 FY2018, the directors were briefed by the external auditors from KPMG LLP (**KPMG**) on key changes to SFRS(I) effective 2018 and beyond. A separate session was also conducted by KPMG's consultant on updates in transfer pricing requirements.

Each year, the Company organises an annual business review meeting (**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 and strategies. 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 London in December 2018 during which the

Board and management visited the Group's London investment properties. There was also a briefing by a research consultant from Savills on the London property market during that meeting.

During the year, the Company organised a directors' briefing session on the 2018 Code and its key changes and practical impact on Singapore listed companies. The briefing was conducted by a corporate lawyer from Allen & Gledhill.

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.

There was no new director appointed in FY2018.

BOARD COMPOSITION AND GUIDANCE (PRINCIPLE 2)

Members of the Board

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

As Mr Chua Tian Poh, the Board Chairman and Chief Executive Officer (**CEO**) of the Company, holds both roles concurrently, the Company is required under Guideline 2.2 of the Code to have at least half of the Board filled with independent directors. The Company's Board composition has fully met this requirement as well as Provision 2.2 of the 2018 Code.

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 10 to 13 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: 70

Date of first appointment as director: 8 August 1987

Date of last re-appointment as director: N.A.

Board committee(s) served on	Academic and professional qualification(s)	Current directorships in other listed companies and other principal commitments	Past directorships in other listed companies held over preceding three years
Nominating Committee (Member)	N.A.	<p><i>Other listed companies</i> Nil</p> <p><i>Other principal commitments</i> ⁽¹⁾</p> <p>(1) Singapore Federation of Chinese Clan Associations (Honorary President)</p> <p>(2) Singapore Chinese Cultural Centre (Chairman)</p> <p>(3) Singapore Hokkien Huay Kuan (Immediate Past President)</p> <p>(4) Singapore Chinese Chamber of Commerce & Industry (Honorary President)</p> <p>(5) Ren Ci Hospital (Chairman)</p> <p>(6) Chinese Development Assistance Council Board of Trustee (Chairman)</p> <p>(7) Ho Bee Foundation (Member/Chairman)</p> <p>(8) Ascendas-Singbridge Pte. Ltd. (Independent Director)</p> <p>(9) Ministry of Foreign Affairs (Non-Resident Ambassador to the Republic of Maldives)</p> <p>(10) Council of Presidential Advisers (Member)</p>	Nil

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

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ONG CHONG HUA
Executive Director and
Chief Operating Officer
 Age: 64

Date of first appointment as director: 11 August 1995
 Date of last re-appointment as director: 25 April 2017
 Date of next re-appointment as director: 30 April 2019 ⁽¹⁾

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

⁽¹⁾ Mr Ong Chong Hua is retiring by rotation under Article 104 of the Company's Constitution at the 31st annual general meeting and he has offered himself for re-election. There is no relationship (including immediate family relationship) between Mr Ong and the other directors of the Company. Additional information pertaining to Mr Ong pursuant to SGX Listing Rule 720(6) can be found on pages 73 to 74 of this Annual Report.

⁽²⁾ 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: 63

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.	<p><i>Other listed companies</i> Nil</p> <p><i>Other principal commitments</i> ⁽¹⁾ Nil</p>	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: 67

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)	<p><i>Other listed companies</i></p> <p>(1) AV Jennings Limited (Independent Director)</p> <p>(2) Yeo Hiap Seng Ltd (Independent Director)</p> <p>(3) Singapore Telecommunications Limited (Independent Director)</p> <p><i>Other principal commitments</i></p> <p>(1) Frasers Commercial Asset Management Ltd (Chairman)</p> <p>(2) Singapore Labour Foundation (Member)</p> <p>(3) Council of Presidential Advisers (Member)</p> <p>(4) NTUC Enterprise Co-operative Limited (Deputy Chairman)</p> <p>(5) NTUC Fairprice Co-operative Ltd (Chairman)</p> <p>(6) NTUC Fairprice Foundation Ltd (Chairman)</p> <p>(7) Temasek Holdings (Private) Ltd (Independent Director)</p> <p>(8) Housing and Development Board (Chairman)</p> <p>(9) Corporate Governance Advisory Committee (Chairman)</p>	Sembcorp Industries Ltd

JEFFERY CHAN CHEOW TONG
Independent Non-Executive Director
 Age: 70

Date of first appointment as director: 15 October 2002
 Date of last re-appointment as director: 25 April 2017
 Date of next re-appointment as director: 30 April 2019 ⁽¹⁾

Board committee(s) served on	Academic and professional qualification(s)	Current directorships in other listed companies and other principal commitments	Past directorships in other listed companies held over preceding three years
Remuneration Committee (Chairman) Audit & Risk Committee (Member)	Fellow Chartered Accountant of Singapore FCA (Institute of Chartered Accountants in England & Wales)	<p><i>Other listed companies</i></p> <p>Nil</p> <p><i>Other principal commitments</i></p> <p>(1) Goodhope Asia Holdings Ltd (Independent Director)</p> <p>(2) Ho Bee Foundation (Member/Director)</p>	Nil

⁽¹⁾ Mr Jeffery Chan Cheow Tong is retiring by rotation under Article 104 of the Company's Constitution at the 31st annual general meeting and he has offered himself for re-election. There is no relationship (including immediate family relationship) between Mr Chan and the other directors, the Company, or its 10% shareholders (as defined in the Code). Additional information pertaining to Mr Chan pursuant to SGX Listing Rule 720(6) can be found on pages 73 to 74 of this Annual Report.

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KO KHENG HWA

Independent Non-Executive Director

Age: 64

Date of first appointment as director: 1 May 2016

Date of last re-appointment as director: 25 April 2017

Board committee(s) served on	Academic and professional qualification(s)	Current directorships in other listed companies and other principal commitments	Past directorships in other listed companies held over preceding three years
Nominating Committee (Chairman)	BA (Honours) in Civil Engineering	<i>Other listed companies</i> Nil	iX Biopharma Ltd
Audit & Risk Committee (Member)	Master in Management Fellow of Institution of Engineers Singapore Fellow of Singapore Computer Society	<i>Other principal commitments</i> (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)	

JOSEPHINE CHOO POH HUA

Independent Non-Executive Director

Age: 47

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)	LL.B. (Honours) Middle Temple (Barrister-at-Law)	<i>Other listed companies</i> Nil	Nil
Remuneration Committee (Member)		<i>Other principal commitments</i> (1) Wong Partnership LLP (Partner, Specialist & Private Client Disputes Practice) (2) Dr Oon Chiew Seng Trust Limited (Director/Vice-Chairman)	

SEOW CHOKE MENG

Date of first appointment as director: 26 April 2017

Independent Non-Executive Director

Date of last re-appointment as director: 26 April 2018

Age: 69

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)	Bachelor of Science Degree (Honours)	<i>Other listed companies</i> Nil	Nil
Remuneration Committee (Member)		<i>Other principal commitments</i> (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)	

Notes:

- (1) Information on directors' shareholdings in the Company and its related corporations is set out in the Directors' Statement on pages 77 to 79 of this Annual Report.
- (2) N.A. means not applicable.

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Independence of directors Proportion of independent directors (Guideline 2.1)

SGX Disclosure Guide:

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

There are five independent directors, constituting more than 50% of the Board and the Company complies with Guidelines 2.1 and 2.2 of the Code, as well as Provisions 2.2 and 2.3 of the 2018 Code. The independent directors of the Company are:

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

The independent directors held one independent meeting in FY2018 without the presence of management. The meeting was held at the end of the ABR in December 2018 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.

Lead independent director

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

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

Determining independence of independent directors (Guideline 2.3)

SGX Disclosure Guide:

- (a) Is there any director who is deemed to be independent by the Board, notwithstanding the existence of a relationship as stated in the Code that would otherwise deem him not to be independent? If so, please identify the director and specify the nature of such relationship.
 - (b) What are the Board's reasons for considering him independent? Please provide a detailed explanation.
-

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

Each independent director is required to make a declaration annually to confirm that there is no relationship as stated in the Code that would otherwise deem him not to be independent. 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 2019.

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 FY2018, and was satisfied that all independent directors were suitable to be considered as independent for the purpose of Principle 2 of 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 (Guideline 2.4)

SGX Disclosure Guide:

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

The Board currently does not have a policy on director tenure, but the Board pays close attention to the recommendations and guidelines of the Code, as well as the provisions of the 2018 Code and 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 FY2018, 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 FY2018, 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 2018 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 (Guideline 2.6)

SGX Disclosure Guide:

- (a) What is the Board's policy with regard to diversity in identifying director nominees?
 - (b) Please state whether the current composition of the Board provides diversity on each of the following – skills, experience, gender and knowledge of the Company, and elaborate with numerical data where appropriate.
 - (c) What steps has the Board taken to achieve the balance and diversity necessary to maximise its effectiveness?
-

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

- the composition of the Board should meet the requirements of the Code, as well as the 2018 Code and the SGX Listing Rules;

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- 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 currently does not have a diversity policy. However, the Board pays close attention to the recommendations and guidelines of the Code, as well as the provisions of the 2018 Code. 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 FY2018, 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.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER (PRINCIPLE 3)

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

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

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

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

- ensuring that proper procedures are set up to comply with the Code, as well as provisions of the 2018 Code and applicable SGX Listing Rules; and
- promoting high standards of corporate governance.

In FY2018, as part of its leadership development plan and succession planning, the Board appointed Mr Nicholas Chua Wee-Chern as the Deputy CEO. Mr Nicholas Chua is son of the Chairman and CEO, Mr Chua Tian 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.

BOARD MEMBERSHIP (PRINCIPLE 4)

Nominating Committee (Guideline 4.1)

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

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

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

- make recommendations on all Board and Board committee appointments and re-appointments;
- determine the performance criteria and evaluation process for assessing the performance of the Board, the Board committees and individual directors;
- review the size and composition of the Board to ensure the right mix to promote Board effectiveness;

- determine directors' independence;
- review succession plans for directors and key management personnel;
- set guideline on multiple board representations; and
- review and recommend training and professional development programs for directors.

Guideline on multiple board representations (Guideline 4.4)

SGX Disclosure Guide:

- (a) What is the maximum number of listed company board representations that the Company has prescribed for its directors? What are the reasons for this number?
- (b) If a maximum number has not been determined, what are the reasons?
- (c) What are the specific considerations in deciding on the capacity of directors?

In line with Guideline 4.4 of the Code, the Board has adopted an internal guideline recommended by the NC to address the competing time commitments that may be faced by a director holding multiple board appointments. The internal guideline provides that, as a general rule, the maximum limit is one other listed company board representation for each executive director; three other listed company board representations for each non-executive director with full time employment; and six other listed company board representations for each non-executive director without full time employment. The guideline was reviewed by the NC annually.

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

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

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The NC had reviewed and was satisfied that no director had exceeded the maximum limit in FY2018. Further, the NC and the Board had reviewed and were satisfied that the directors with multiple board representation had given sufficient time and attention to the affairs of the Company and had adequately carried out their duties as directors of the Company.

At the latest NC meeting held in February 2019, the NC discussed the need to maintain the maximum limit on listed board representation by the directors. The NC unanimously agreed to remove the existing limit to align with the 2018 Code. The NC will instead carry 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 2018 Code.

Alternate directors (Guideline 4.5)

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

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

SGX Disclosure Guide:

Please describe the board nomination process for the Company in the last financial year for

- selecting and appointing new directors and
- re-electing incumbent directors.

In the selection process for any new director, the NC will evaluate the balance of skills, knowledge and experience on the Board, and determine the role and desirable competencies for any new appointment to enhance the existing

Board composition. Such evaluation may arise from the Board's annual evaluation process. When necessary, the NC may seek the help of external consultant to carry out the search process. The NC may meet with the potential candidate to assess his/her suitability and availability. The selection process will take into account the candidate's honesty, integrity, reputation, competence, capability and financial soundness. The NC will then make a recommendation to the Board for approval.

There was no appointment of new director in FY2018.

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

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.

BOARD PERFORMANCE (PRINCIPLE 5)

Board evaluation (Guideline 5.1)

SGX Disclosure Guide:

- What was the process upon which the Board reached the conclusion on its performance for the financial year?
 - Has the Board met its performance objectives?
-

The Ho Bee Board Assessment Framework was developed with the assistance of the Company's consultant, KPMG Services Pte Ltd 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 FY2018, 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 FY2018, the evaluation was carried out collectively by the Board members during the NC meeting. Each director had recused himself in his own evaluation. The performance indicators for assessing the individual directors include director's duties, leadership, strategy, risk management, Board contribution, knowledge, interaction and communication skills.

ACCESS TO INFORMATION (PRINCIPLE 6)

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

Additional information for independent directors (Guideline 6.1)

SGX Disclosure Guide:

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

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

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

Corporate Governance

REMUNERATION MATTERS

PROCEDURES FOR DEVELOPING REMUNERATION POLICIES (PRINCIPLE 7)

Remuneration Committee (Guideline 7.1)

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

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

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

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

LEVEL AND MIX OF REMUNERATION (PRINCIPLE 8)

The Company's remuneration 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 last external benchmarking exercise was carried out in 2013 by Mercer (Singapore) Pte Ltd (**Mercer**), an independent remuneration consultant, on the remuneration for executive directors and key management personnel. Mercer has no relationship with the Company. In 2017, the Company engaged Vaughan Govier, an independent consultant, to advise on career progression for our senior management personnel.

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

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

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

Non-executive directors are paid directors' fees, subject to the approval of shareholders at the annual general meeting. In FY2018, based on market survey and the RC's recommendation, the Board agreed to increase the basic annual fee for non-executive directors from S\$50,000 to S\$60,000. Following this proposed increase, the fee structure for determining non-executive directors' fees will be revised as follows:

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

Note: N.A. means not applicable.

Subject to shareholders' approval at the annual general meeting to be held on 30 April 2019, the revised fee structure will be effective for directors' fees from FY2018.

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.

DISCLOSURE ON REMUNERATION (PRINCIPLE 9)

The remuneration of directors and key management personnel for FY2018 is set out in the tables below:

Remuneration of Directors and CEO (Guideline 9.2)

SGX Disclosure Guide:

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

Corporate Governance

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

Name of directors	Directors' Fees ⁽¹⁾	Base / Fixed Salary	Variable / Bonuses	Benefits/ Allowances	Share-Based	Total
Above S\$10,000,000 and up to S\$10,250,000						
Chua Tian Poh Chairman & CEO	–	10%	90%	–	–	100%
Above S\$1,750,000 and up to S\$2,000,000						
Ong Chong Hua Executive director & COO	–	26%	73%	1%	–	100%
Above S\$1,000,000 and up to S\$1,250,000						
Desmond Woon Choon Leng Executive director	–	34%	65%	1%	–	100%
S\$250,000 and below						
Bobby Chin Yoke Choong Non-executive independent director	S\$105,000	–	–	–	–	S\$105,000
Jeffery Chan Cheow Tong Non-executive independent director	S\$85,000	–	–	–	–	S\$85,000
Ko Kheng Hwa Non-executive independent director	S\$85,000	–	–	–	–	S\$85,000
Seow Choke Meng Non-executive independent director	S\$70,000	–	–	–	–	S\$70,000
Josephine Choo Poh Hua Non-executive independent director	S\$80,000	–	–	–	–	S\$80,000

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

The remuneration of each individual 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 key management personnel (Guideline 9.3)

SGX Disclosure Guide:

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

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

Name of key management personnel	Base / Fixed Salary	Variable / Bonuses	Benefits / Allowances	Share-Based	Total
Above S\$1,000,000 and up to S\$1,250,000					
Chua Wee-Chern ⁽²⁾	30%	70%	–	–	100%
Above S\$750,000 and up to S\$1,000,000					
Chong Hock Chang	41%	59%	–	–	100%
Below S\$250,000					
Lee Woan Chiou ⁽³⁾	54%	46%	–	–	100%

⁽¹⁾ The Company has only 3 key management personnel (who are not directors or the CEO) in FY2018.

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

⁽³⁾ Ms Lee Woan Chiou was appointed as Financial Controller on 2 July 2018.

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 FY2018 is S\$2,019,375.

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 (Guideline 9.4)

SGX Disclosure Guide:

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

Besides Mr Chua Wee-Chern, who is son of the Chairman and CEO, Mr Chua Tian Poh, and whose salary is disclosed in the above remuneration table for key management personnel (who are not directors or the CEO), the following employee is an immediate family member of a director or the CEO whose remuneration exceeds S\$50,000 (S\$100,000 under the 2018 Code) in FY2018:

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, Mr Chua Tian Poh.

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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 2018 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 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 (Guideline 9.6)

SGX Disclosure Guide:

- (a) Please describe how the remuneration received by executive directors and key management personnel has been determined by the performance criteria.
 - (b) What were the performance conditions used to determine their entitlement under the short-term and long-term incentive schemes?
 - (c) Were all of these performance conditions met? If not, what were the reasons?
-

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

The profit sharing incentive for the Board Chairman and CEO, Mr Chua Tian 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 no increase in the profit-sharing incentive for FY2018 compared to FY2017.

There was an overall increase in performance bonuses awarded to the other executive directors and key management personnel for FY2018 due to the increase in the Group's overall profit level compared to FY2017.

ACCOUNTABILITY AND AUDIT

ACCOUNTABILITY (PRINCIPLE 10)

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

RISK MANAGEMENT AND INTERNAL CONTROLS (PRINCIPLE 11)

The Group has 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.

In FY2018, based on management's recommendation and review by the ARC, the Group's risk appetite statement was revised 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.

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.

In FY2018, the Group completed an IT upgrading exercise for staff computers and initiated a data centre migration to adopt cloud and managed

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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.

Board's commentary on the adequacy and effectiveness of the Company's internal controls and risk management system (Guideline 11.3 and SGX Listing Rule 1207(10))

SGX Disclosure Guide:

- (a) In relation to the major risks faced by the Company, including financial, operational, compliance, information technology and sustainability, please state the bases for the Board's view on the adequacy and effectiveness of the Company's internal controls and risk management systems.
 - (b) In respect of the past 12 months, has the Board received assurance from the CEO and the CFO as well as the internal auditor that:
 - (i) the financial records have been properly maintained and the financial statements give true and fair view of the Company's operations and finances; and (ii) the Company's risk management and internal control systems are effective? If not, how does the Board assure itself of points (i) and (ii) above?
-

Based on the internal controls established and maintained by the Group, work performed by independent external third parties, and reviews performed by and assurance from the management, various Board committees and

the Board, the Board with the concurrence of the ARC is of the view 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 2018.

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 FY2018, 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 2018.

AUDIT & RISK COMMITTEE (PRINCIPLE 12)

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

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

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

Both Mr Bobby Chin and Mr Jeffery Chan possess chartered accountant qualifications. The other ARC members have 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 previous twelve months (and within the last two years under the 2018 Code), and that none of the ARC members hold any financial interest in the auditing firm.

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

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

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

For FY2018, 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 2018.

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,

Corporate Governance

the ARC members refer to these guidelines as appropriate. In addition, the ARC members have access to professional resources to keep themselves abreast of changes to accounting standards and issues which may have a direct impact on financial statements.

Audit & Risk Committee's commentary on key audit matters

The ARC had discussed the key audit matters for FY2018 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 FY2018. For more information on the key audit matters, please refer to pages 81 to 84 of this Annual Report.

Fees paid to external auditors (Guideline 12.6)

SGX Disclosure Guide:

- (a) Please provide a breakdown of the fees paid in total to the external auditors for audit and non-audit services for the financial year.
- (b) If the external auditors have supplied a substantial volume of non-audit services to the Company, please state the bases for the Audit Committee's view on the independence of the external auditors.

The total fees paid to the external auditors, KPMG LLP, for FY2018 are as disclosed in the table below:

External auditor fees for FY2018	S\$'000	% of total audit fees
Total Audit Fees	434	72%
Total Non-Audit Fees	165	28%
Total Fees Paid	599	100%

The ARC had reviewed the nature of non-audit services provided by the external auditors in FY2018. Based on the evaluation of external auditors for FY2018, 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 FY2018, 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 FY2018, there was no whistle-blower report received and no outstanding whistle-blower report under investigation.

INTERNAL AUDIT (PRINCIPLE 13)

Internal auditors (Guideline 13.1)

SGX Disclosure Guide:

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

The Company's internal audit function is outsourced and its current internal auditor is Nexia TS Risk Advisory Pte. Ltd. (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 2018.

SHAREHOLDER RIGHTS AND RESPONSIBILITIES

SHAREHOLDER RIGHTS (PRINCIPLE 14)

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

COMMUNICATION WITH SHAREHOLDERS (PRINCIPLE 15)

Investor Relations (Guideline 15.4)

SGX Disclosure Guide:

- (a) Does the Company regularly communicate with shareholders and attend to their questions? How often does the Company meet with institutional and retail investors?
 - (b) Is this done by a dedicated investor relations team (or equivalent)? If not, who performs this role?
 - (c) How does the Company keep shareholders informed of corporate developments, apart from SGXNET announcements and the annual report?
-

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

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

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

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

The Company's investor relations function is led by the Finance Director who has the strategic management responsibility to integrate finance, accounting, corporate communication and legal compliance to enable effective communication between the Company and the investment community. The Finance Director 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 relation efforts.

Dividends (Guideline 15.5)

SGX Disclosure Guide:

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

Although the Company has not formulated a dividend policy, it has been declaring dividends since 2001. In its evaluation and recommendation of dividends, the Board takes into consideration the Group's operating performance, financial condition, cash position and planned capital needs, as well as general business conditions and risks. It is the Board's objective to pay dividends on sustainable and regular basis, and to grow dividends over time, if possible, based on the Group's financial performance and conditions. A chart depicting dividends paid by the Company for the past 5 years can be found on page 75 of this Annual Report.

For FY2018, the Board has recommended a first and final dividend of 8 cents and a special dividend of 2 cents per ordinary share. This represents 24.6% of the Group's net profit after tax and non-controlling interests. Subject to shareholders' approval at the annual general meeting on 30 April 2019, the proposed dividends will be paid on 31 May 2019.

CONDUCT OF SHAREHOLDER MEETINGS (PRINCIPLE 16)

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

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

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

A registered shareholder (not being an intermediary) who is unable to attend the general meeting can appoint up to 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 have been effected.

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

SECURITIES TRANSACTIONS

The Company has its own internal Code of Best Practices on Securities Transactions 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.

The Company issues quarterly reminders to its directors and officers on the restrictions in dealings in listed securities of the Company as set out above, in compliance with Rule 1207(19) of the SGX Listing Manual. The Company has complied with the best practices set out in the SGX Listing Manual.

Corporate Governance

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 FY2018 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)
Hin Lung Auto Pte Ltd	S\$435,000	N.A.

Notes:

- (1) N.A. means not applicable.
- (2) The above interested person transaction relates to the sale of a motor vehicle by Ho Bee Developments Pte Ltd, a wholly owned subsidiary of the Company.
- (3) All other interested person transactions (not set out above) conducted during the financial year were less than S\$100,000 for each transaction.
- (4) All 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.

ADDITIONAL INFORMATION REQUIRED UNDER SGX LISTING RULE 720(6)

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

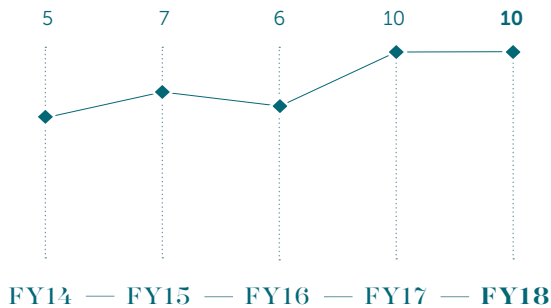
	ONG CHONG HUA	JEFFERY CHAN CHEOW TONG
	Executive Director and Chief Operating Officer	Independent Non-Executive Director
The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process)	The Board concurred with the NC's recommendation for the re-appointment of Mr Ong Chong Hua.	The Board concurred with the NC's recommendation for the re-appointment of Mr Jeffery Chan Cheow Tong.
Country of principal residence	Singapore	Singapore
Working experience and occupation(s) during the past 10 years	Refer to pages 10 and 50	Refer to pages 12 and 51
Shareholding interest in the listed issuer and its subsidiaries	Refer to page 78	Refer to page 78
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	Refer to page 50	Refer to page 51
Conflict of interest (including any competing business)	No	No
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 directorship	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
(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

Corporate Governance

	ONG CHONG HUA	JEFFERY CHAN CHEOW TONG
	Executive Director and Chief Operating Officer	Independent Non-Executive Director
(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
(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

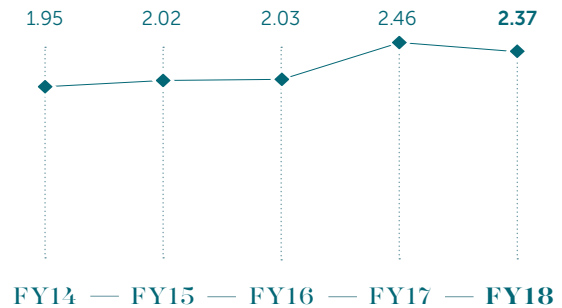
Investor Relations

5-Year Dividend (Cents)



Share Price (S\$)

Based on closing share price as at 31 December.



2019 Financial Calendar

25
February

Financial results release for the financial year ended 31 December 2018

30
April

Annual General Meeting
Financial results release for the first quarter ended 31 March 2019

8
August

Financial results release for the second quarter ended 30 June 2019

12
November

Financial results release for the third quarter ended 30 September 2019