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Confirmation of Your Representation: In order to be eligible to view the attached information memorandum or make an investment decision with respect to the securities, investors must not be a U.S. person (within the meaning of Regulation S under the Securities Act (as defined below)). The attached information memorandum is being sent at your request and by using the attached information memorandum, you shall be deemed to have represented to us (1) that you are not resident in the United States nor a U.S. Person, as defined in Regulation S under the U.S. Securities Act of 1933, as amended (the “**Securities Act**”) nor are you acting on behalf of a U.S. Person, the electronic mail address that you gave us and to which this email has been delivered (if any) is not located in the U.S. and, to the extent you purchase the securities described in the attached information memorandum, you will be doing so pursuant to Regulation S under the Securities Act, and (2) that you consent to delivery of the attached information memorandum and any amendments or supplements thereto by electronic transmission and/or as an electronic record. By accepting this e-mail and accessing the attached information memorandum, if you are an investor in Singapore, you (A) represent and warrant that you are either an institutional investor (as defined in Section 4A of the SFA) pursuant to Section 274 of the SFA, a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA or a person to whom an offer is being made pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA and (where applicable) Regulation 3 of the Securities and Futures (Classes of Investors) Regulations 2018 and (B) agree to be bound by the limitations and restrictions described therein. Any reference to the “SFA” is a reference to the Securities and Futures Act, Chapter 289 of Singapore and a reference to any term as defined in the SFA or any provision in the SFA is a reference to that term or provision as modified or amended from time to time including by such of its subsidiary legislation as may be applicable at the relevant time.

The attached information memorandum has been made available to you in electronic form. You are reminded that documents transmitted or recorded via this medium may be altered or changed during the process of transmission or subsequently and consequently none of Housing and Development Board, Citicorp Investment Bank (Singapore) Limited or any person who controls any of them nor any of their respective directors, officers, employees, representatives or affiliates accepts any liability or responsibility whatsoever in respect of any discrepancies between the document distributed to you in electronic format and the hard copy version.

Restrictions: The attached information memorandum is being furnished in connection with an offering exempt from registration under the Securities Act solely for the purpose of enabling a prospective investor to consider the purchase of the securities described therein.

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Except with respect to eligible investors in jurisdictions where such offer is permitted by law, nothing in this electronic transmission or in the attached information memorandum constitutes an offer or an

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The attached information memorandum or any materials relating to the offering do not constitute, and may not be used in connection with, an offer or solicitation in any place where offers or solicitations are not permitted by law. If a jurisdiction requires that the offering be made by a licensed broker or dealer and the dealers or any affiliate of the dealers is a licensed broker or dealer in that jurisdiction, the offering shall be deemed to be made by the dealers or such affiliate on behalf of Housing and Development Board in such jurisdiction. The attached information memorandum may only be communicated to persons in the United Kingdom in circumstances where section 21(1) of the Financial Services and Markets Act 2000 does not apply.

You are reminded that you have accessed or are otherwise using the attached information memorandum on the basis that you are a person into whose possession this information memorandum may be lawfully delivered in accordance with the laws of the jurisdiction in which you are located and you may not nor are you authorised to deliver this document, electronically or otherwise, to any other person. **If you have gained access to this transmission contrary to the foregoing restrictions, you will be unable to purchase any of the securities described therein.**

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No Warranties: No warranty of any kind, implied, express or statutory, including but not limited to the warranties of non-infringement of third party rights, title, merchantability, satisfactory quality, fitness for a particular purpose and freedom from computer virus or other malicious, destructive or corrupting code, agent, software or macros, is given in conjunction with the attached information memorandum, any materials relating to the offering or the media such information is contained in. Neither Housing and Development Board nor Citicorp Investment Bank (Singapore) Limited will be liable for any loss or damage howsoever arising from the use, misuse, non-usage of or reliance on the information contained herein.

INFORMATION MEMORANDUM DATED 17 NOVEMBER 2020



HOUSING AND DEVELOPMENT BOARD

(Established under the Housing and Development Act, Chapter 129 of Singapore)

S\$32,000,000,000

Multicurrency Medium Term Note Programme (the “Programme”)

This Information Memorandum has not been and will not be registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this Information Memorandum and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of notes (the “Notes”) to be issued from time to time by Housing and Development Board (the “Issuer”) pursuant to the Programme may not be circulated or distributed, nor may the Notes be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to any person in Singapore other than (i) to an institutional investor (as defined in Section 4A of the Securities and Futures Act, Chapter 289 of Singapore (the “SFA”)) pursuant to Section 274 of the SFA, (ii) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA, or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA and (where applicable) Regulation 3 of the Securities and Futures (Classes of Investors) Regulations 2018, or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the Notes are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

- (a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or
- (b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

securities or securities-based derivatives contracts (each term as defined in Section 2(1) of the SFA) of that corporation or the beneficiaries’ rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Notes pursuant to an offer made under Section 275 of the SFA except:

- (1) to an institutional investor or to a relevant person, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA; or
- (2) where no consideration is or will be given for the transfer; or
- (3) where the transfer is by operation of law; or
- (4) as specified in Section 276(7) of the SFA; or
- (5) as specified in Regulation 37A of the Securities and Futures (Offers of Investments) (Securities and Securities-based Derivatives Contracts) Regulations 2018.

Any reference to the SFA is a reference to the Securities and Futures Act, Chapter 289 of Singapore and a reference to any term as defined in the SFA or any provision in the SFA is a reference to that term or provision as modified or amended from time to time including by such of its subsidiary legislation as may be applicable at the relevant time.

The Notes have not been and will not be registered under the Securities Act (as defined herein), and may not be offered or sold in the United States (“U.S.”) or to, or for the account or benefit of, U.S. persons (as defined in Regulation S under the Securities Act) except in accordance with Regulation S under the Securities Act or pursuant to an exemption from the registration requirements of the Securities Act. The Notes are subject to certain U.S. securities and tax law requirements. See “Subscription, Purchase and Distribution”.

The Programme is rated “AAA” by Fitch (as defined herein). The Issuer also has a “AAA” rating from Fitch. The Notes of each Tranche (as defined herein) or Series (as defined herein) issued under the Programme may be rated or unrated, and may be listed or unlisted. Where the Notes of a Tranche or Series are rated, such rating will not necessarily be the same as the rating assigned to the Issuer. A credit rating is not a recommendation to buy, sell or hold securities and may be subject to revision or withdrawal at any time by the assigning rating agency.

Application has been made to the Singapore Exchange Securities Trading Limited (the “SGX-ST”) for permission to deal in and the quotation for any Notes which are agreed at the time of issue thereof to be so listed on the SGX-ST. Such permission will be granted when such Notes have been

admitted to the Official List of the SGX-ST. The SGX-ST assumes no responsibility for the correctness of any of the statements made or opinions expressed or reports contained herein. Admission to the Official List of the SGX-ST and quotation of any Notes on the SGX-ST is not to be taken as an indication of the merits of the Issuer, its subsidiaries or such Notes.

Arranger



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NOTICE

The establishment of the Programme has been authorised by HDB pursuant to the approval of its Board dated 15 December 1998.

Citicorp Investment Bank (Singapore) Limited (“Citi”) has been authorised by HDB to arrange the Programme described herein. Under the Programme, HDB may, subject to compliance with all relevant laws, regulations and directives, from time to time issue Notes denominated in Singapore dollars and/or any other currencies. HDB is no longer gazetted as a public authority for the purposes of the Companies Act and is subject to the provisions of the SFA.

HDB has made all reasonable enquiries to ascertain that the information in this Information Memorandum relating to HDB and its subsidiaries is true and accurate in all material respects. The opinions, expectations and intentions of HDB expressed herein have been carefully considered and there are no other facts the omission of which would make any such information or expression of opinion, expectation or intention misleading in any material respect.

Notes may be issued in Series having one or more issue dates and the same maturity date, and on identical terms (including as to listing) except (in the case of Notes other than variable rate notes) for the issue dates, issue prices and/or the dates of the first payment of interest, or (in the case of variable rate notes) for the issue prices and rates of interest. Each Series may be issued in one or more Tranches on the same or different issue dates. The Notes may be issued in bearer or registered form and may be listed on a stock exchange. Subject to compliance with all relevant laws, regulations and directives, the Notes may have maturities of not less than 12 months nor more than 25 years from their respective issue dates and may be subject to redemption or purchase in whole or in part. The Notes may bear interest at a fixed, floating or variable rate and may be repayable at par, at a specified amount above or below par or at an amount determined by reference to a formula, in each case with terms as specified in the applicable pricing supplement issued in relation to each Series or Tranche of Notes. Details applicable to each Series or Tranche of Notes will be specified in the applicable pricing supplement which is to be read in conjunction with this Information Memorandum.

The maximum aggregate principal amount of the Notes to be issued, when added to the aggregate principal amount of all Notes outstanding (as defined in the Agency Agreement referred to below) shall not exceed S\$32,000,000,000 (or its equivalent in any other currencies) or such further amount as may be approved by the Board and the Minister for National Development. On 1 February 2002, the maximum aggregate principal amount of all Notes which may be issued from time to time pursuant to the Programme and which remain outstanding was increased from S\$3,000,000,000 to S\$7,000,000,000 and the range of the maturities of Notes which may be issued pursuant to the Programme was increased from 12 months to 10 years to 12 months to 25 years from their respective issue dates. On 17 June 2011, the maximum aggregate principal amount of all Notes which may be issued from time to time pursuant to the Programme and which remain outstanding was further increased from S\$7,000,000,000 to S\$12,000,000,000. On 17 May 2012, the maximum aggregate principal amount of all Notes which may be issued from time to time pursuant to the Programme and which remain outstanding was further increased from S\$12,000,000,000 to S\$22,000,000,000. On 9 June 2014, the maximum aggregate principal amount of all Notes which may be issued from time to time pursuant to the Programme and which remain outstanding was again further increased from S\$22,000,000,000 to S\$32,000,000,000.

NOTICE

No person has been authorised to give any information or to make any representation other than those contained in this Information Memorandum and, if given or made, such information or representation must not be relied upon as having been authorised by HDB, Citi or any of the Dealers (as defined herein). Save as expressly stated in this Information Memorandum, nothing contained herein is, or may be relied upon as, a promise or representation as to the future performance or policies of HDB or any of its subsidiaries. Neither this Information Memorandum nor any other document or information (or any part thereof) delivered or supplied under or in relation to the Programme may be used for the purpose of, and does not constitute an offer of, or solicitation or invitation by or on behalf of HDB, Citi or any of the Dealers to subscribe for or purchase, the Notes in any jurisdiction or under any circumstances in which such offer, solicitation or invitation is unlawful, or not authorised or to any person to whom it is unlawful to make such offer, solicitation or invitation. The distribution and publication of this Information Memorandum or any such other document or information and the offer of the Notes in certain jurisdictions may be restricted by law. Persons who distribute or publish this Information Memorandum or any such other document or information or into whose possession this Information Memorandum or any such other document or information comes are required to inform themselves about and to observe any such restrictions and all applicable laws, orders, rules and regulations. Where any material changes occur, HDB may make an announcement of the same to the SGX-ST or by publication of the same in a leading English language newspaper having general circulation in Singapore or by a press release of the same. All recipients of this Information Memorandum should take note of any such announcement and, upon release of such an announcement by HDB to the SGX-ST or publication of the same in such leading English language newspaper or by a press release of the same, shall be deemed to have notice of such material changes.

The Notes have not been, and will not be, registered under the Securities Act (as defined herein) or with any securities regulatory authority of any state or jurisdiction of the United States and are subject to U.S. tax law requirements and restrictions. Subject to certain exceptions, the Notes may not be offered, sold or delivered within the U.S. or to U.S. persons (as defined in Regulation S under the Securities Act).

This Information Memorandum and any other documents or materials in relation to the issue, offering or sale of the Notes have been prepared solely for the purpose of the initial sale by the relevant Dealers of the Notes from time to time to be issued pursuant to the Programme. This Information Memorandum and such other documents or materials are made available to the recipients thereof solely on the basis that they are persons falling within the ambit of Section 274 and/or Section 275 of the SFA and may not be relied upon by any person other than persons to whom the Notes are sold or with whom they are placed by the relevant Dealers as aforesaid or for any other purpose. Subject to compliance with applicable laws, recipients of this Information Memorandum shall not reissue, circulate or distribute this Information Memorandum or any part thereof in any manner whatsoever.

Neither the delivery of this Information Memorandum (or any part thereof) or the issue, offering, purchase or sale of the Notes shall, under any circumstances, constitute a representation, or give rise to any implication, that there has been no change in the prospects, results of operations or general affairs of HDB or any of its subsidiaries or in the information herein since the date hereof or the date on which this Information Memorandum has been most recently amended or supplemented.

NOTICE

Citi and the Dealers have not separately verified the information contained in this Information Memorandum. None of HDB, Citi, any of the Dealers or any of their respective officers or employees is making any representation or warranty expressed or implied as to the merits of the Notes or the subscription for, purchase or acquisition thereof, the creditworthiness or financial condition or otherwise of HDB or its subsidiaries. Further, neither Citi nor any of the Dealers gives any representation or warranty as to HDB or its subsidiaries or as to the accuracy, reliability or completeness of the information set out herein (including the legal and regulatory requirements pertaining to Sections 274, 275 and 276 or any other provisions of the SFA) and the documents which are incorporated by reference in, and form part of, this Information Memorandum.

Neither this Information Memorandum nor any other document or information (or any part thereof) delivered or supplied under or in relation to the Programme or the issue of the Notes is intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by HDB, Citi or any of the Dealers that any recipient of this Information Memorandum or such other document or information (or such part thereof) should subscribe for or purchase any of the Notes. A prospective purchaser shall make its own assessment of the foregoing and other relevant matters including the financial condition and affairs and the creditworthiness of HDB and its subsidiaries, and obtain its own independent legal or other advice thereon, and its investment shall be deemed to be based on its own independent investigation of the financial condition and affairs and its appraisal of the creditworthiness of HDB. Accordingly, notwithstanding anything herein, none of HDB, Citi, any of the Dealers or any of their respective officers, employees or agents shall be held responsible for any loss or damage suffered or incurred by the recipients of this Information Memorandum or such other document or information (or such part thereof) as a result of or arising from anything expressly or implicitly contained in or referred to in this Information Memorandum or such other document or information (or such part thereof) and the same shall not constitute a ground for rescission of any purchase or acquisition of any of the Notes by a recipient of this Information Memorandum or such other document or information (or such part thereof).

The information contained in this Information Memorandum should be read in conjunction with HDB's annual reports and/or published financial statements which are incorporated by reference. Citi has not verified the correctness or completeness of HDB's annual reports or published financial statements.

The following documents published or issued from time to time after the date hereof shall be deemed to be incorporated by reference in, and to form part of, this Information Memorandum: (1) any audited consolidated accounts or unaudited interim results of HDB and its subsidiaries and (2) any supplement or amendment to this Information Memorandum issued by HDB. This Information Memorandum is to be read in conjunction with all such documents which are incorporated by reference herein and, with respect to any Series or Tranche of Notes, any pricing supplement in respect of such Series or Tranche. Any statement contained in this Information Memorandum or in a document deemed to be incorporated by reference herein shall be deemed to be modified or superseded for the purpose of this Information Memorandum to the extent that a statement contained in this Information Memorandum or in such subsequent document that is also deemed to be incorporated by reference herein modifies or supersedes such earlier statement (whether expressly, by implication or otherwise). Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Information Memorandum. Copies of all documents deemed incorporated by reference herein are available for inspection at the specified office of the Paying Agent (as defined herein) and the most recent published audited consolidated accounts of HDB and its subsidiaries are available on the SGX-ST's website at <http://www.sgx.com>.

NOTICE

Any purchase or acquisition of the Notes is in all respects conditional on the satisfaction of certain conditions set out in the Programme Agreement (as defined herein) and the issue of the Notes by HDB pursuant to the Programme Agreement. Any offer, invitation to offer or agreement made in connection with the purchase or acquisition of the Notes or pursuant to this Information Memorandum shall (without any liability or responsibility on the part of HDB, Citi or any of the Dealers) lapse and cease to have any effect if (for any other reason whatsoever) the Notes are not issued by HDB pursuant to the Programme Agreement.

The attention of recipients of this Information Memorandum is drawn to the restrictions on resale of the Notes set out under “Subscription, Purchase and Distribution” on pages 59 to 63 of this Information Memorandum.

Notification under Section 309B of the SFA

Unless otherwise stated in the Pricing Supplement in respect of any Notes, all Notes issued or to be issued under the Programme shall be prescribed capital markets products (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

Markets in Financial Instruments Directive II

The Pricing Supplement in respect of any Notes may include a legend entitled “MiFID II Product Governance” which will outline the target market assessment in respect of the Notes and which channels for distribution of the Notes are appropriate. Any person subsequently offering, selling or recommending the Notes (a “**distributor**”) should take into consideration the target market assessment; however, a distributor subject to Directive 2014/65/EU (as amended, “**MiFID II**”) is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the target market assessment) and determining appropriate distribution channels.

A determination will be made in relation to each issue about whether, for the purpose of the MiFID Product Governance rules under EU Delegated Directive 2017/593 (the “**MiFID Product Governance Rules**”), any Dealer subscribing for any Notes is a manufacturer in respect of such Notes, but otherwise neither the Arranger nor the Dealers nor any of their respective affiliates will be a manufacturer for the purpose of the MiFID Product Governance Rules.

Packaged Retail Investment and Insurance Products – Prohibition of Sales to Retail Investors

If the Pricing Supplement in respect of any Notes includes a legend entitled “Prohibition of Sales to EEA and UK Retail Investors”, the Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area (“**EEA**”) or the United Kingdom (the “**UK**”). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, “**MiFID II**”); or (ii) a customer within the meaning of Directive (EU) 2016/97 (as amended or superseded, the “**Insurance Distribution Directive**”), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) MiFID II; or (iii) not a qualified investor as defined

NOTICE

in Regulation (EU) 2017/1129 (as amended or superseded, the “**Prospectus Regulation**”). Consequently, no key information document required by Regulation (EU) No 1286/2014 (as amended or superseded, the “**PRIPs Regulation**”) for offering or selling the Notes or otherwise making them available to retail investors in the EEA or in the UK has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA or in the UK may be unlawful under the PRIPs Regulation.

Any person(s) who is invited to purchase or subscribe for the Notes or to whom this Information Memorandum is sent shall not make any offer or sale, directly or indirectly, of any Notes or distribute or cause to be distributed any document or other material in connection therewith in any country or jurisdiction except in such manner and in such circumstances as will result in compliance with any applicable laws and regulations.

It is recommended that persons proposing to subscribe for or purchase any of the Notes consult their own legal, tax, financial and other advisers before purchasing or acquiring the Notes.

DEFINITIONS

For the purpose of this Information Memorandum, the following definitions have been used:

- “Agency Agreement”** : The Agency Agreement dated 1 February 1999 made between (1) HDB, as issuer, and (2) Citi, as fiscal agent, paying agent and agent bank, as supplemented by the Supplemental Agency Agreement and the Second Supplemental Agency Agreement, and as amended and restated by the Amendment and Restatement Agency Agreement, the Second Amendment and Restatement Agency Agreement, the Third Amendment and Restatement Agency Agreement and the Fourth Amendment and Restatement Agency Agreement, and as further amended, varied or supplemented from time to time
- “Agent Bank”** : Citi or such other person for the time being appointed by HDB as agent bank
- “Amendment and Restatement Agency Agreement”** : The Amendment and Restatement Agency Agreement dated 17 June 2011 made between (1) HDB, as issuer, and (2) Citi, as fiscal agent, paying agent and agent bank
- “Amendment and Restatement Programme Agreement”** : The Amendment and Restatement Programme Agreement dated 17 June 2011 made between (1) HDB, as issuer, and (2) Citi, as arranger and dealer
- “Arranger”** : Citi
- “Board”** : The Members of the Board of HDB under the H&D Act
- “CDP”** : The Central Depository (Pte) Limited
- “Citi”** : Citicorp Investment Bank (Singapore) Limited
- “Companies Act”** : Companies Act, Chapter 50 of Singapore, as amended or modified from time to time
- “Dealers”** : Citi and/or such other Dealers as may be appointed in accordance with the Programme Agreement
- “Fiscal Agent”** : Citi or such other person for the time being appointed by HDB as fiscal agent
- “Fitch”** : Fitch Ratings Inc. or one of its subsidiaries
- “Fourth Amendment and Restatement Agency Agreement”** : The Fourth Amendment and Restatement Agency Agreement dated 15 October 2015 made between (1) HDB, as issuer, and (2) Citi, as fiscal agent, paying agent and agent bank
- “Fourth Amendment and Restatement Programme Agreement”** : The Fourth Amendment and Restatement Programme Agreement dated 15 October 2015 made between (1) HDB, as issuer, and (2) Citi, as arranger and dealer

DEFINITIONS

“Global Notes”	: Temporary global notes, or as the context may require, permanent global notes
“Government”	: The government of Singapore
“HDB” or “Issuer”	: Housing and Development Board
“H&D Act”	: Housing and Development Act, Chapter 129 of Singapore, as amended or modified from time to time
“Income Tax Act”	: Income Tax Act, Chapter 134 of Singapore, as amended or modified from time to time
“Issue Date”	: The date of issue of each Series or Tranche of Notes
“Issue Price”	: The price at which each Series or Tranche of Notes is issued, being at par or at a discount, or premium, to par
“MAS”	: The Monetary Authority of Singapore
“Moody’s”	: Moody’s Investors Service, Inc. or its successors
“Noteholders”	: The holders for the time being of the Notes
“Notes”	: The notes which may be issued by HDB under the Programme
“Paying Agent”	: Citi or such other person for the time being appointed by HDB as paying agent
“Pricing Supplement”	: Pricing supplement issued relating to each Tranche or, as the case may be, Series of Notes
“Programme”	: S\$32,000,000,000 Multicurrency Medium Term Note Programme of HDB
“Programme Agreement”	: The Programme Agreement dated 1 February 1999 made between (1) HDB, as issuer, (2) Citi, as arranger, and (3) Citi, as dealer, as supplemented by the Supplemental Programme Agreement and the Second Supplemental Programme Agreement, and as amended and restated by the Amendment and Restatement Programme Agreement, the Second Amendment and Restatement Programme Agreement, the Third Amendment and Restatement Programme Agreement, and the Fourth Amendment and Restatement Programme Agreement, and as further amended, varied or supplemented from time to time
“Rating Agencies” or “Rating Agency”	: Fitch, Moody’s and Standard & Poor’s, or any one of them

DEFINITIONS

“Second Amendment and Restatement Agency Agreement”	: The Second Amendment and Restatement Agency Agreement dated 17 May 2012 made between (1) HDB, as issuer, and (2) Citi, as fiscal agent, paying agent and agent bank
“Second Amendment and Restatement Programme Agreement”	: The Second Amendment and Restatement Programme Agreement dated 17 May 2012 made between (1) HDB, as issuer, and (2) Citi, as arranger and dealer
“Second Supplemental Agency Agreement”	: The Second Supplemental Agency Agreement dated 27 August 2003 made between (1) HDB, as issuer, and (2) Citi, as fiscal agent, paying agent and agent bank
“Second Supplemental Programme Agreement”	: The Second Supplemental Programme Agreement dated 27 August 2003 made between (1) HDB, as issuer, and (2) Citi, as arranger and dealer
“Securities Act”	: Securities Act of 1933 of the United States of America, as amended or modified from time to time
“Series”	: (1) (in relation to Notes other than variable rate notes) a series of Notes comprising one or more Tranches, whether or not issued on the same date, that (except in respect of their respective dates of the first payment of interest and Issue Prices) have identical terms on issue and are expressed to have the same series number and (2) (in relation to variable rate notes) Notes which are identical in all respects (including as to listing) except for their respective Issue Prices and rates of interest
“SFA”	: Securities and Futures Act, Chapter 289 of Singapore, as amended or modified from time to time
“SGX-ST”	: Singapore Exchange Securities Trading Limited.
“Standard & Poor’s”	: Standard & Poor’s Rating Services, a division of The McGraw Hill Companies, Inc. or its successors
“Supplemental Agency Agreement”	: The Supplemental Agency Agreement dated 1 February 2002 made between (1) HDB, as issuer, and (2) Citi, as fiscal agent, paying agent and agent bank
“Supplemental Programme Agreement”	: The Supplemental Programme Agreement dated 1 February 2002 made between (1) HDB, as issuer, and (2) Citi, as arranger and dealer
“S\$” or “\$”	: Singapore dollars
“Third Amendment and Restatement Agency Agreement”	: The Third Amendment and Restatement Agency Agreement dated 9 June 2014 made between (1) HDB, as issuer, and (2) Citi, as fiscal agent, paying agent and agent bank

DEFINITIONS

- “Third Amendment and Restatement Programme Agreement”** : The Third Amendment and Restatement Programme Agreement dated 9 June 2014 made between (1) HDB, as issuer, and (2) Citi, as arranger and dealer
- “Tranche”** : In relation to a Series, those Notes of such Series that are issued on the same Issue Date and in respect of which the first interest payment is identical and (save in relation to a tender Tranche) at the same Issue Price
- “U.S.” or “United States”** : United States of America
- “%” or “per cent.”** : Per centum or percentage

Words importing the singular shall, where applicable, include the plural and *vice versa* and words importing the masculine gender shall, where applicable, include the feminine and neuter genders. References to persons shall, where applicable, include corporations. Any reference to a time of day in this Information Memorandum shall be a reference to Singapore time unless otherwise stated.

Any reference in this Information Memorandum to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any word defined under the H&D Act, the SFA or any statutory modification thereof and used in this Information Memorandum shall, unless otherwise defined herein, have the meaning ascribed to it under the H&D Act, the SFA or statutory modification (as the case may be).

CORPORATE INFORMATION

Issuer	: Housing and Development Board
Registered Office	: HDB Hub 480 Lorong 6 Toa Payoh Singapore 310480
The Board	: Mr Bobby Chin Yoke Choong, Chairman Professor Lily Kong Lee Lee, Deputy Chairman Dr Cheong Koon Hean Mr Mohd Sa'at Bin Abdul Rahman Dr Sudha Nair Mr Stephen Lim Beng Lin Ms Jacqueline Loh Wai Yin Mr Patrick Tay Teck Guan BG Lee Yi-Jin Ms Rita Soh Mr Tan Wah Yeow
Auditors for the financial year ended 31 March 2020	: Ernst & Young LLP One Raffles Quay North Tower, Level 18 Singapore 048583
Arranger and Dealer	: Citicorp Investment Bank (Singapore) Limited 8 Marina View #21-00 Asia Square Tower 1 Singapore 018960
Fiscal Agent, Paying Agent and Agent Bank	: Citicorp Investment Bank (Singapore) Limited 3 Changi Business Park Crescent #07-00 Tower 1 Singapore 486026
Legal Adviser to the Programme	: Allen & Gledhill LLP One Marina Boulevard #28-00 Singapore 018989

PROGRAMME SUMMARY

The following does not purport to be complete and is a summary of, and is qualified in its entirety by, this Information Memorandum (and any relevant supplement to this Information Memorandum), the Programme Agreement, the Agency Agreement and the relevant Pricing Supplement.

Issuer	: Housing and Development Board
Arranger	: Citi
Dealers	: Citi and/or such other Dealers as may be appointed in accordance with the Programme Agreement
Fiscal Agent, Paying Agent and Agent Bank	: Citi
Description	: Multicurrency Medium Term Note Programme
Programme Size	: The maximum aggregate principal amount of Notes outstanding under the Programme at any time shall not exceed S\$32,000,000,000 (or its equivalent in any other currencies) or such further amount as may be approved by the Board and the Minister for National Development
Rating	: The Programme has been rated “AAA” by Fitch. The Notes of each Tranche or Series issued under the Programme may be rated or unrated. Where a Series of Notes is rated, such rating will not necessarily be the same as the rating assigned to the Programme and (where applicable) such rating will be specified in the applicable Pricing Supplement. A rating is not a recommendation to buy, sell or hold securities and may be subject to revision or withdrawal at any time by the assigning Rating Agency
Currency	: Subject to compliance with all relevant laws, regulations and directives, Notes may be issued in any currency agreed between the Issuer and the relevant Dealer(s)
Method of Issue	: Notes may be issued from time to time under the Programme on a syndicated or non-syndicated basis or by way of tender. The Notes will be issued in Series. Each Series may be issued in Tranches, on the same or different issue dates. The specific terms of each Tranche will be specified in the relevant Pricing Supplement
Maturities	: Subject to compliance with all relevant laws, regulations and directives, the Notes shall have maturities of not less than 12 months and not more than 25 years from their respective issue dates
Issue Price	: Notes may be issued at par or at a discount, or premium, to par
Interest Basis	: Notes may bear interest at fixed, floating or variable rates

PROGRAMME SUMMARY

- Fixed Rate Notes : Fixed rate notes will bear a fixed rate of interest which will be repayable in arrear on specified dates and at maturity
- Floating Rate Notes : Floating rate notes which are denominated in Singapore dollars will bear interest to be determined separately for each Series by reference to S\$ SIBOR or S\$ SWAP RATE (or such other benchmark as may be agreed between HDB and the relevant Dealer(s)) as adjusted for any applicable margin. Interest periods in relation to the floating rate notes will be selected by HDB prior to their issue
- Floating rate notes which are denominated in other currencies will bear interest to be determined separately for each Series by reference to such other benchmark as may be agreed between HDB and the relevant Dealer(s)
- Variable Rate Notes : Variable rate notes will bear interest calculated in accordance with the “Terms and Conditions of the Notes – Interest on Floating Rate Notes or Variable Rate Notes” below and interest will be payable on the first or on the last day of each interest period relating to the variable rate notes
- Form and Denomination of Notes : The Notes may be issued in bearer form or in registered form only, and in such denominations as may be agreed between HDB and the relevant Dealer(s)
- Custody of the Notes : Notes which are to be listed on the SGX-ST may be cleared through CDP. Notes which are to be cleared through CDP are required to be kept with CDP as authorised depository
- Status of the Notes : The Notes will be direct, unconditional and unsecured obligations of HDB and shall at all times rank *pari passu* and without preference among themselves. The payment obligations of HDB under the Notes shall, save for such exceptions as may be provided by applicable legislation, at all times rank at least equally with all other unsecured and unsubordinated indebtedness and monetary obligations of HDB
- Optional Redemption : If so provided in the relevant Pricing Supplement, Notes may be redeemed in whole or in part prior to their stated maturity at the option of the Issuer and/or the holders of Notes
- Redemption for Taxation Reasons : Except as provided in “Optional Redemption” above, Notes will be redeemable at the option of the Issuer prior to maturity only for tax reasons. See the section on “Terms and Conditions of the Notes – Redemption and Purchase” below

PROGRAMME SUMMARY

- Taxation : Payments of principal and interest on the Notes will be made without withholding or deduction for or on account of any taxes or duties of whatever nature imposed by Singapore except as provided in the “Terms and Conditions of the Notes – Taxation” below. For further details, see the section on “Taxation” below
- Noteholders’ Option : If, as a result of any amendment to the H&D Act or any other statute, HDB ceases to be an authority or body established by written law to discharge functions of a public nature, or the Notes cease to be the obligations of HDB and any such event would materially and adversely affect the interests of the Noteholders, HDB will, at the option of the holder of any Note, purchase such Note at its redemption amount (together with interest accrued to (but excluding) the date fixed for purchase)
- Listing : Application has been made to the SGX-ST for permission to deal in and for quotation of any Notes issued under the Programme which are agreed at the time of issue thereof, and approved by the SGX-ST, to be so listed on the SGX-ST. The in-principle approval by the SGX-ST for the listing of the Notes issued under the Programme shall not be taken as an indication of the merits of HDB or its subsidiaries or of the Notes. In addition, the Notes may, if so agreed between HDB and the relevant Dealer(s), be listed on any stock exchange(s) as may be agreed between HDB and the relevant Dealer(s), subject to all necessary approvals having been obtained. For so long as any Notes are listed on the SGX-ST and the rules of the SGX-ST so require, such Notes will be traded on the SGX-ST in a minimum board lot size of S\$250,000 (or its equivalent in other currencies) or such other amount as may be allowed or required from time to time.
- Selling Restrictions : For a description of certain restrictions on offers, sales and deliveries of Notes and the distribution of offering material relating to the Notes, see the section on “Subscription, Purchase and Distribution” below. Further restrictions may apply in connection with any particular Series or Tranche of Notes
- Governing Law : Notes issued under the Programme will be governed by, and construed in accordance with, the laws of Singapore

RISK FACTORS

Prior to making an investment or divestment decision, prospective investors or existing holders in the Notes should carefully consider all the information set forth in this Information Memorandum including the following risk factors:

Limitations of this Information Memorandum

This Information Memorandum does not purport to nor does it contain all information that a prospective investor in or existing holder of the Notes may require in investigating the Issuer, prior to making an investment or divestment decision in relation to the Notes issued under the Programme. Neither this Information Memorandum nor any other document or information (or any part thereof) delivered or supplied under or in relation to the Programme or the Notes (nor any part thereof) is intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by HDB or Citi that any recipient of this Information Memorandum or any such other document or information (or such part thereof) should subscribe for or purchase or sell any of the Notes. This Information Memorandum is not, and does not purport to be, investment advice. A prospective investor should make an investment in the Notes only after it has determined that such investment is suitable for its investment objectives. Determining whether an investment in the Notes is suitable is a prospective investor's responsibility, even if the investor has received information to assist it in making such a determination. Each person receiving this Information Memorandum acknowledges that such person has not relied on HDB or Citi or any person affiliated with each of them in connection with its investigation of the accuracy or completeness of the information contained herein or of any additional information considered by it to be necessary in connection with its investment or divestment decision. Any recipient of this Information Memorandum contemplating subscribing for or purchasing or selling any of the Notes should determine for itself the relevance of the information contained in this Information Memorandum and any such other document or information (or any part thereof) and its investment or divestment should be, and shall be deemed to be, based solely upon its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the Issuer and its subsidiaries, the terms and conditions of the Notes and any other factors relevant to its decision, including the merits and risks involved. A prospective investor should consult with its legal, tax, financial and other advisers prior to deciding to make an investment in the Notes.

Limited Liquidity of the Notes issued under the Programme

There can be no assurance regarding the future development of the market for the Notes issued under the Programme or the ability of such Noteholders, or the price at which such Noteholders may be able, to sell their Notes.

Although the issue of additional Notes may increase the liquidity of the Notes, there can be no assurance that the price of such Notes will not be adversely affected by the issue in the market of such additional Notes.

Fluctuation of Market Value of Notes issued under the Programme

Trading prices of the Notes are influenced by numerous factors, including the operating results of the Issuer and/or its subsidiaries, political, economic, financial and any other factors that can affect the capital markets generally. Adverse economic developments, in Singapore and countries with significant trade relations with Singapore, could have a material adverse effect on the Singapore economy and the results of operations and/or the financial condition of the Issuer and/or its subsidiaries.

RISK FACTORS

Global financial turmoil has resulted in substantial and continuing volatility in international capital markets. Any further deterioration in global financial conditions could have a material adverse effect on worldwide financial markets, which may adversely affect the market price of any Series of Notes.

Financial Risk

Interest payment and principal repayment for debts occur at specified periods regardless of the performance of HDB. Notes issued under the Programme are not guaranteed by the Government and should HDB suffer a serious decline in its net operating cash flows, it may be unable to make interest payments or principal repayments under the Notes. The COVID-19 pandemic has created a high level of uncertainty to the near-term global economic prospects and caused disruptions to various businesses. The COVID-19 outbreak had no material adverse effect on HDB's operations and results for the financial year ended 31 March 2020. The COVID-19 outbreak is ongoing and may cause a prolonged global economic crisis. Whilst the impact of the pandemic remains uncertain, there could be a material adverse impact on HDB's operations and financial condition.

Interest Rate Risk

Noteholders may suffer unforeseen losses due to fluctuation in interest rates. Generally, a rise in interest rates may cause a fall in bond prices, resulting in a capital loss for the Noteholders. However, the Noteholders may reinvest the interest payments at higher prevailing interest rates. Conversely, when interest rates fall, bond prices may rise. The Noteholders may enjoy a capital gain but interest payments received may be reinvested at lower prevailing interest rates.

Inflation Risk

Noteholders may suffer erosion on the return of their investments due to inflation. Noteholders would have an anticipated rate of return based on expected inflation rates on the purchase of the Notes. An unexpected increase in inflation could reduce the actual returns.

Singapore Taxation Risk

The Notes to be issued from time to time under the Programme during the period from the date of this Information Memorandum to 31 December 2023 are intended to be "qualifying debt securities" for the purposes of the Income Tax Act subject to the fulfilment of certain conditions more particularly described in the section "Taxation – Singapore Taxation".

However, there is no assurance that such Notes will continue to enjoy the tax concessions in connection therewith should the relevant tax laws be amended or revoked at any time.

Rating of the Programme and the Notes

The Issuer currently has a credit rating of "AAA", which was assigned by Fitch. Any rating assigned by the Rating Agencies to the Programme or a particular Series or Tranche of Notes is based on the views of the relevant Rating Agency only. The expected ratings address the relevant Rating Agency's views on the likelihood of the timely payment of interest and the ultimate payment of principal by the maturity date of the Notes. Future events may have a negative impact on the rating of the Programme or such Notes and prospective investors should be aware that there is no assurance that ratings given will continue or that the ratings will not be reviewed, revised, downgraded, suspended or withdrawn as a result of future

RISK FACTORS

events, unavailability of information or if, in the judgment of the relevant Rating Agency, circumstances so warrant. Any rating changes that may occur may have a negative impact on the market value of such Notes and may lead to the Issuer being unable to obtain future credit on terms which are as favourable as those of its existing borrowings, which may result in loans at higher interest rates.

U.S. Foreign Account Tax Compliance Act Withholding

Whilst the Notes are in global form and held within any clearing system that is able to receive payments free of FATCA withholding (together, the “**Clearing Systems**”), in all but the most remote circumstances, it is not expected that the reporting regime and potential withholding tax imposed by sections 1471 through 1474 of the U.S. Internal Revenue Code of 1986 (“**FATCA**”) will affect the amount of any payment received by the Clearing Systems (see the section on “Taxation – 5. Foreign Account Tax Compliance Act” below). However, FATCA may affect payments made to custodians or intermediaries in the subsequent payment chain leading to the ultimate investor if any such custodian or intermediary generally is unable to receive payments free of FATCA withholding. FATCA also may affect payments to any ultimate investor that is a financial institution that is not entitled to receive payments free of withholding under FATCA, or an ultimate investor that fails to provide its broker (or other custodian or intermediary from which it receives payment) with any information, forms, other documentation or consents that may be necessary for the payments to be made free of FATCA withholding. Investors should choose the custodians or intermediaries with care (to ensure each is compliant with FATCA or other laws or agreements related to FATCA) and provide each custodian or intermediary with any information, forms, other documentation or consents that may be necessary for such custodian or intermediary to make a payment free of FATCA withholding. Investors should consult their own tax adviser to obtain a more detailed explanation of FATCA and how FATCA may affect them. The Issuer’s obligations under the Notes are discharged once it has made payment to, or to the order of, the Clearing Systems (as bearer of the Notes) and the Issuer therefore has no responsibility for any amount thereafter transmitted through the Clearing Systems and custodians or intermediaries. Further, foreign financial institutions in a jurisdiction which has entered into an intergovernmental agreement with the United States (an “**IGA**”) are generally not expected to be required to withhold under FATCA or an IGA (or any law implementing an IGA) from payments they make.

FATCA IS PARTICULARLY COMPLEX AND ITS APPLICATION TO THE ISSUER, THE NOTES AND THE NOTEHOLDERS IS UNCERTAIN AT THIS TIME. EACH NOTEHOLDER SHOULD CONSULT ITS OWN TAX ADVISER TO OBTAIN A MORE DETAILED EXPLANATION OF FATCA AND TO LEARN HOW FATCA MIGHT AFFECT EACH NOTEHOLDER IN ITS PARTICULAR CIRCUMSTANCE.

The Notes may not be a suitable investment for all investors

Each potential investor in the Notes must determine the suitability of that investment in light of his own circumstances. In particular, each potential investor should:

- (i) have sufficient knowledge and experience to make a meaningful evaluation of the relevant Notes, the merits and risks of investing in the relevant Notes and the information contained or incorporated by reference in this Information Memorandum or any applicable supplement to this Information Memorandum;

RISK FACTORS

- (ii) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the relevant Notes and the impact such investment will have on its overall investment portfolio;
- (iii) have sufficient financial resources and liquidity to bear all of the risks of an investment in the relevant Notes, including Notes with principal or interest payable in one or more currencies, or where the currency for principal or interest payments is different from the potential investor's currency;
- (iv) understand thoroughly the terms of the relevant Notes and be familiar with the behaviour of any relevant indices and financial markets; and
- (v) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

Some Notes are complex financial instruments and such instruments may be purchased as a way to reduce risk or enhance yield with an understood, measured, appropriate addition of risk to their overall portfolios. A potential investor should not invest in Notes which are complex financial instruments unless it has the expertise (either alone or with a financial adviser) to evaluate how the Notes will perform under changing conditions, the resulting effects on the value of such Notes and the impact this investment will have on the potential investor's overall investment portfolio.

The Notes are not secured

The Notes and the Coupons relating to them constitute direct, unconditional, unsubordinated and unsecured obligations of the Issuer and shall at all times rank *pari passu*, without any preference or priority among themselves. Accordingly if the Issuer is dissolved at any time prior to maturity of any Notes, the Noteholders will not have recourse to any specific assets of the Issuer and its subsidiaries and/or associated companies (if any) as security for outstanding payment or other obligations under the Notes and/or Coupons owed to the Noteholders and there can be no assurance that there would be sufficient value in the assets of the Issuer after meeting all claims ranking ahead of the Notes, to discharge all outstanding payment and other obligations under the Notes and/or Coupons owed to the Noteholders.

The Notes may be subject to optional redemption by the Issuer

An optional redemption feature is likely to limit the market value of Notes. During any period when the Issuer may elect to redeem Notes, the market value of such Notes generally will not rise substantially above the price at which they can be redeemed. This also may be true prior to any redemption period. The Issuer may be expected to redeem Notes when its cost of borrowing is lower than the interest rate on the Notes. At those times, an investor generally would not be able to reinvest the redemption proceeds at an effective interest rate as high as the interest rate on the Notes being redeemed and may only be able to do so at a significantly lower rate. Potential investors should consider reinvestment risk in light of other investments available at that time.

RISK FACTORS

The Notes are subject to a put option in the event of, *inter alia*, the Issuer ceasing to be an authority or body established by written law to discharge functions of a public nature

If, as a result of any amendment to the H&D Act or any other statute, the Issuer ceases to be an authority or body established by written law to discharge functions of a public nature or the Notes cease to be the obligations of the Issuer and any such event would materially and adversely affect the interests of the Noteholders, the Issuer will, at the option of the holder of any Note, purchase such Note at its redemption amount together with interest accrued to the date fixed for redemption. In that event, an investor may not be able to reinvest the redemption proceeds at an effective interest rate as high as the interest rate on the Notes being redeemed and may only be able to do so at a significantly lower rate.

Performance of contractual obligations by the Issuer is dependent on other parties

The ability of the Issuer to make payments in respect of the Notes may depend upon the due performance by the other parties to the documents relating to the Programme or an issue of Notes of their obligations thereunder including the performance by the Fiscal Agent, the Paying Agent or the Agent Bank of their respective obligations. Whilst the non-performance of any relevant parties will not relieve the Issuer of its obligations to make payments in respect of the Notes, the Issuer may not, in such circumstances, be able to fulfil its obligations to the Noteholders and/or the Couponholders.

The Notes may be represented by Global Notes or Global Certificates and holders of a beneficial interest in a Global Note or Global Certificate must rely on the procedures of the relevant Clearing System(s)

Notes issued under the Programme may be represented by one or more Global Notes or Global Certificates. Such Global Notes or Global Certificates will be lodged with CDP. Except in the circumstances described in the relevant Global Note or Global Certificate, investors will not be entitled to receive Definitive Notes or Certificates.

While the Notes are represented by one or more Global Notes or Global Certificates, investors will be able to trade their beneficial interests only through CDP. CDP will maintain records of their direct account holders in relation to the Global Notes and Global Certificates. While the Notes are represented by one or more Global Notes or Global Certificates, the Issuer will discharge its payment obligations under the Notes by making payments to CDP for distribution to their account holders. A holder of beneficial interest in the Global Notes or Global Certificates must rely on the procedures of CDP to receive payments under the relevant Notes. The Issuer has no responsibility or liability for the records relating to, or payments made in respect of, beneficial interests in the Global Notes or Global Certificates.

Holders of beneficial interests in the Global Notes and Global Certificates will not have a direct right to vote in respect of the relevant Notes. Instead, such holders will be permitted to act only to the extent that they are enabled by CDP to appoint appropriate proxies.

RISK FACTORS

Modification

The terms and conditions of the Notes contain provisions for calling meetings of Noteholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Noteholders including Noteholders who did not attend and vote at the relevant meeting and Noteholders who voted in a manner contrary to the majority.

The Agency Agreement may be amended by the Issuer and the Fiscal Agent, without the consent of the Paying Agents or the Agent Bank or any Noteholder, for the purpose of curing any ambiguity or of curing, correcting or supplementing any defective provision contained therein or in any manner which the Issuer and the Fiscal Agent may mutually deem necessary or desirable and which does not, in the opinion of the Issuer and the Fiscal Agent, adversely affect the interests of the Noteholders in any material respect. Any such amendment shall be binding on the Noteholders and the Couponholders.

Change in Legislation

HDB is constituted under the H&D Act which together with the relevant subsidiary legislation, sets out the powers and functions of HDB. If there is any change made to the H&D Act or the relevant subsidiary legislation, such change may adversely affect the ability of HDB to comply with its obligations under the documents relating to the Programme and the Notes.

Change in Government Funding

HDB's deficit is financed by Government grant. The Ministry of Finance will act as a lender of last resort to HDB for its funding requirements. The Ministry of Finance has funded HDB's past deficits. The provision of any loan or funding (including the quantum) are at the absolute discretion of the Minister for Finance and the Government of Singapore, which do not guarantee the direct or indirect payment of any debt obligations of HDB.

In the event there is a change in the funding arrangement with the Government, this may affect the ability of HDB to comply with its payment obligations under the documents relating to the Programme and the Notes.

HISTORY AND BUSINESS

- 1 The Housing & Development Board (HDB), a statutory board of the Ministry of National Development (MND), was established on 1 February 1960. Its mission is to provide Singaporeans with affordable, quality housing and a great living environment where communities thrive.
- 2 As the public housing authority in Singapore, the principal activities of HDB are:
 - (i) To develop public housing and related facilities in a total living environment

This includes planning new HDB towns, upgrading and redeveloping older ones, as well as designing and overseeing the construction of HDB flats, commercial properties, and ancillary facilities including car parks and other amenities in the housing estates.
 - (ii) To allocate properties

This includes the sale and rental of HDB flats and commercial properties, as well as the provision of mortgage financing. From 1 January 2003, HDB flat buyers who are not eligible for HDB's concessionary loans may obtain market rate loans from banks or financial institutions licensed by the Monetary Authority of Singapore (MAS).
 - (iii) To manage public housing and related facilities

This includes lease and tenancy matters for all its residential and commercial properties.
- 3 In its initial years, HDB was tasked with addressing the housing shortage problem in Singapore and HDB built low-cost rental housing to meet the accommodation needs of the population. Over the past 6 decades, HDB has transformed the living environment in Singapore through public housing- and created communities in modern, self-sufficient towns.
- 4 Since 1960, HDB has built 1,193,531 residential units (as of 31 March 2020) across the island. Today, about 80% of the resident population in Singapore live in HDB flats, with more than 90% of these households owning their homes.
- 5 HDB regularly reviews and enhances its policies, products, and services to ensure that they meet the public's changing needs. A wide range of flat types and housing schemes is available to suit different needs and preferences. Some of the more recent changes, in chronological order, include:
 - (i) The update to CPF usage and HDB housing loan rules in May 2019 provides more flexibility for Singaporeans to buy a home for life, while safeguarding their retirement adequacy. The updated rules focus on whether the remaining lease of the home can cover the youngest buyer until the age of 95. If so, home buyers will be allowed to obtain maximum CPF usage and HDB housing loan. Those who do not meet this criterion will still be able to use their CPF and take up an HDB housing loan, but the amount will be pro-rated. In addition, the minimum lease period for CPF usage was lowered from 30 years to 20 years, in line with the minimum lease period for HDB housing loan.

HISTORY AND BUSINESS

- (ii) Enhancements to the Step-Up CPF Housing Grant provide greater assistance to lower-income second-timer families. With effect from the May 2019 sales exercise, the \$15,000 Step-Up CPF Housing Grant has been extended to lower-income second-timer families buying a 3-room resale flat in non-mature estates, as well as second-timer families living in public rental flats who are “stepping up” to buy a 2-room or 3-room, new or resale flat in the non-mature estates. Prior to this, the grant was only availed to second-timer families in subsidised 2-room flats in non-mature estates who upgrade to a 3-room new flat in non-mature estates.
 - (iii) From June 2019, flat buyers can book flats from an open pool of flats at any time of the year. Buyers can also apply for a flat in the Build-To-Order (BTO), Sale of Balance Flats (SBF), or Re-Offer of Balance Flats (ROF) exercises, depending on their needs and preferences. To help buyers get their homes earlier, HDB did away with the ROF exercises from March 2020, so that most of the unselected flats from the SBF exercises can be offered directly for open booking.
 - (iv) Enhanced CPF Housing Grant (EHG) introduced in September 2019 simplifies the grant structure by replacing the Additional CPF Housing Grant (AHG) and Special CPF Housing Grant (SHG). The EHG makes public housing more affordable and more accessible for Singaporeans by providing up to \$80,000 in housing grants for eligible first-timer families with an average monthly household income of up to \$9,000. Eligible buyers can benefit from the EHG when they purchase new or resale flats of any flat type, or in any location.
 - (v) Household income ceilings for families and singles (aged 35 and above) were raised from \$12,000 to \$14,000 and from \$6,000 to \$7,000 respectively, allowing more Singaporeans to purchase subsidised HDB flats and take up HDB housing loans. At the same time, the income ceiling to buy Executive Condominium units from property developers was raised from \$14,000 to \$16,000. Eligible second-timer families can benefit from the revised income ceiling from \$6,000 to \$7,000 under the Fresh Start Housing Scheme and the Step-Up CPF Housing Grant. Similarly, eligible seniors can also benefit from the revised income ceiling from \$12,000 to \$14,000 to qualify for the Lease Buyback Scheme and Silver Housing Bonus (SHB), or to purchase a 2-room Flexi flat on short lease.
 - (vi) Simplification and enhancement to the SHB in March 2020 help elderly households supplement their retirement income when they right-size from a larger flat to a smaller one. Under the enhanced SHB, seniors are only required to top-up \$60,000 of their proceeds to their CPF Retirement Account (RA) and join CPF LIFE to be eligible. A second top up is no longer required. The requirement that they must be selling a larger flat was also removed. Seniors can qualify as long as they buy a 3-room or smaller flat, and receive proceeds from the move. To better support seniors in their retirement, the cash bonus amount was increased to \$30,000, up from \$20,000 previously. This means that seniors receive a cash bonus of \$1 for every \$2 topped up to their CPF RA, instead of \$1 for every \$3 topped up.
- 6 HDB provides rental flats for those who are not ready to own their homes. Rental flats under the Public Rental Scheme are heavily subsidised to cater to Singapore Citizen households who have no other housing options or family support. HDB has also increased the supply of rental flats from 42,000 units in 2007 to 61,857 units, as of 31 March 2020.
- 7 To ensure that existing HDB estates remain on par with new ones, HDB carries out several upgrading programmes:

HISTORY AND BUSINESS

- (i) The Lift Upgrading Programme (LUP) enables HDB residents to enjoy the convenience of direct lift access to their homes. The programme has since benefitted over 500,000 households in more than 5,100 blocks.
 - (ii) The Home Improvement Programme (HIP) helps residents resolve common maintenance problems of ageing flats. These include repair of spalling concrete, replacement of waste discharge stacks, upgrading of electrical load, and upgrading of existing toilets. As of 31 March 2020, about 314,500 flats have been announced for HIP, and about 312,000 of these flats have been polled. Construction works for about 199,600 flats have been completed, while works for the remaining 112,400 flats are in various stages of progress.
 - (iii) HDB also offers the Enhancement for Active Seniors (EASE) programme as part of HIP, to improve mobility and comfort for elderly residents and create a safer and more comfortable living environment. Improvement items installed in the flat include grab bars, ramps, and slip-resistant treatment to floor tiles. EASE is also offered separately through direct applications to HDB. As of 31 March 2020, about 146,400 households have opted for EASE together with HIP and close to 80,000 households have applied for EASE (Direct Application), since its pilot launch on 1 July 2012.
 - (iv) The Neighbourhood Renewal Programme (NRP) focuses on precinct- and block-level improvements for blocks built up to 1995. The improvements include covered linkways, drop-off porches, playgrounds, community plazas and pavilions. Residents are actively engaged in the decision-making process, and their feedback is sought on the improvements they prefer. As of 31 March 2020, a total of 168 NRP projects have been announced, of which 82 projects have been completed.
 - (v) The Selective Lift Replacement Programme (SLRP) replaces old lifts with modern lifts that come with more energy-efficient motors, vision panels and infra-red doors with motion safety sensors for added energy efficiency, safety and security. As of 31 March 2020, 808 lifts have been identified for the replacement works. 733 lifts have been awarded, with 178 of them completed.
 - (vi) The Lift Enhancement Programme (LEP) modernises about 20,000 lifts with safety features recommended by BCA. As of 31 March 2020, 3,713 lifts have been awarded, with 26 of them completed.
- 8 HDB also rejuvenates older estates through the Selective En bloc Redevelopment Scheme (SERS). Under SERS, selected old blocks of sold flats are acquired under the Land Acquisition Act for redevelopment. Residents in these blocks are given the opportunity to move to new flats at subsidised prices and enjoy a better living environment served by modern facilities. By rehousing residents en bloc, SERS enables residents to preserve the family and community ties they have built over the years. The injection of new developments also helps to rejuvenate the old estates, as well as revitalise the demographic and economic profiles of the residents as younger residents move in to these estates.
- 9 To further transform existing HDB towns/ estates into vibrant homes for Singaporeans, HDB embarked on the 'Remaking Our Heartland' (ROH) programme in 2007. The first two batches of the ROH towns were announced in 2007 (Punggol, Yishun and Dawson) and 2011 (East Coast, Hougang and Jurong Lake). Plans for these towns have largely been completed by various agencies. In 2015, Toa Payoh, Woodlands

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and Pasir Ris were announced as the third batch of towns to be transformed under ROH. Plans for these towns include the rejuvenation of Toa Payoh Town Centre, creation of more recreational spaces on the Woodlands Waterfront along the Straits of Johor, and injection of new developments at the Pasir Ris Town Centre. In drawing up the rejuvenation plans, HDB actively engaged residents and stakeholders early through Focus Group Discussions (FGDs). A total of 11 FGDs were conducted, involving 400 residents and community stakeholders from the three towns. With the feedback received, HDB refined the plans for each town and exhibited them in public exhibitions in April and May 2017. The plans are in various stages of implementation. In March 2020, the fourth batch of towns identified for ROH – Bukit Merah, Queenstown, Choa Chu Kang and Ang Mo Kio – were announced. As part of the Singapore Together movement, there will be opportunities for local residents and community stakeholders to be involved in co-creating the plans in these townst.

- 10 The shops in the HDB housing estates serve the daily needs of residents and are a focal point for residents to interact and bond. Shopkeepers are also a catalyst for social interaction. To enhance the vibrancy and competitiveness of the heartland shops to better serve the residents, the Revitalisation of Shops (ROS) Scheme was introduced in November 2007, comprising: (i) co-funding to upgrade common areas; (ii) co-funding promotional events; and (iii) rent-free periods for tenants to renovate their shops. Since its inception in 2007, the ROS scheme has benefitted more than 50 HDB town/ neighbourhood centres with upgrading and promotional events. On 9 May 2016, HDB announced the details of the enhanced ROS scheme to make the heartland shops more vibrant and appealing to residents. Under the enhanced ROS scheme, heartland shops will get greater financial support to upgrade the common areas, a new start-up fund of \$10,000 to encourage HDB shops without a Merchants' Association (MA) to form one, and a new fund of up to \$10,000 for Merchants' Association to appoint consultants to help them with the upgrading plans. HDB and Enterprise Singapore announced the Heartland Enterprise Upgrading Programme (HEUP) in March 2020, to help transform and rejuvenate heartland commercial precincts. Under this programme, heartland shops can receive co-funding support in areas such as the upgrading of the common areas, place-making activities, enterprise transformation and workforce upgrading.
- 11 As Singapore's public housing developer, HDB plays its part for the environment by developing estates that provide eco-friendly and smart features to enhance urban living and foster greater sustainability. For example, to bring sustainable living into existing public housing estates, the HDB Greenprint@Yuhua pilot was completed in 2015. Under the HDB Greenprint, a host of green features has been implemented in Yuhua, such as solar panels, outdoor LED street lights, pneumatic waste conveyance system, and vertical greenery, enabling residents to enjoy a cleaner and greener living environment. Following the successful implementation at Yuhua, HDB has extended the programme to Teck Ghee in Ang Mo Kio, benefitting 5,837 households. Teck Ghee will see HDB's second and largest installation of the Pneumatic Waste Conveyance System, an automated waste collection system, in a mature estate. Other new sustainability efforts at Teck Ghee include the installation of energy-efficient LED lights with motion sensor technology, across common areas and surface car parks. The launch of a second and larger test-bedding site for the HDB Greenprint reinforces HDB's efforts to bring green living to more residents.
- 12 In support of Singapore's solar energy plans, HDB has embarked on the SolarNova programme jointly with the Economic Development Board. The SolarNova programme aggregates demand for solar energy across public sector agencies, and enables agencies with smaller solar PV demand to enjoy solar energy at a lower cost due to economies of scale. This has accelerated solar adoption across the whole of

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government and in Singapore, and continues to contribute significantly to Singapore's national solar energy target.

- 13 To realise Singapore's Smart Nation vision, HDB has also developed a Smart HDB Town Framework. Capitalising on the latest Information and Communication Technology (ICT), the Framework will drive initiatives to enhance liveability, efficiency, sustainability and safety in HDB towns and estates. The focus is on 5 key dimensions – Smart Planning, Smart Environment, Smart Estate, Smart Living, and Smart Community. New ideas and innovations are tested in living labs, including Yuhua, Teck Ghee, Punggol and Tengah. Smart solutions that are found to be feasible can then be widely implemented in other developments.
- 14 Public housing plays a key role in maintaining social harmony in multi-racial, multi-cultural and multi-religious Singapore. To this end, HDB provides a living environment where Singaporeans of different races and socio-economic groups have opportunities to live, mingle and bond as a community. For example:
 - (i) A good mix of flat types and sizes is provided within each HDB block and precinct to cater to different socio-economic groups.
 - (ii) The Ethnic Integration Policy (EIP) promotes racial integration and harmony, and prevents the formation of racial enclaves. Based on the ethnic make-up of Singapore, a quota is set for each ethnic group in each block and neighbourhood, to ensure a balanced mix of various ethnic communities in HDB towns.
 - (iii) The Singapore Permanent Resident (SPR) Quota ensures that non-Malaysian SPR families can better integrate into the local community for social cohesion, and prevents enclaves from forming in the public housing estates. The SPR quota is set at 5% and 8% at the neighbourhood and block levels respectively.
 - (iv) To encourage social interaction and promote community bonding amongst residents, HDB plans and designs a variety of shared spaces and social facilities such as town plazas, fitness corners and playgrounds. We also collaborate with local community partners such as People's Association (PA) to enliven some of these spaces with community programmes and activities.
 - (v) For new precincts, HDB organises MyNiceHome Roadshows for home owners-to-be and their families to familiarise them with the new living environment, equip them with useful information such as renovation guidelines, and to provide them with an opportunity to get to know their new neighbours. Home owners-to-be can also experience a 360-degree virtual tour to better visualise the interiors of their soon-to-be-completed flats.
 - (vi) To encourage greater community ownership, HDB provides funding of up to \$20,000 through the Lively Places Programme (previously known as HDB Friendly Faces, Lively Places Fund) to support place-making initiatives driven by residents and community stakeholders.
 - (vii) HDB Friends of Our Heartlands network provides a continuum of volunteering opportunities across 3 different tracks - Cultivate, Activate and Facilitate - for volunteers to deepen their involvement and capabilities with HDB. Across the different tracks, youth, adult and senior volunteers can lead outreach activities that promote gracious and responsible heartland living; initiate community

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projects under the Lively Places Programme; and facilitate community conversations and design workshops under the ROH programme.

- (viii) Through the Good Neighbour Movement, HDB collaborates with agencies like PA and the Singapore Kindness Movement (SKM), to promote neighbourliness and gracious living in the heartland. The biennial Good Neighbour Award recognises and honours individuals who demonstrate exemplary acts of care and neighbourliness and inspire their communities to create vibrant and friendly neighbourhoods.
- 15 In recognition of its efforts in delivering quality and excellence in public housing and customer service, HDB received numerous international and local awards in FY2019/2020. These accolades are a testament to HDB's commitment to developing well-designed and sustainable towns in Singapore, and fulfilling aspirations for homes and communities that all are proud of.
- (i) Several HDB projects, including Kampung Admiralty and Oasis Terraces, were recognised for their exemplary achievements in enhancing the sustainability of the living environment and communities. In addition, HDB clinched multiple awards for its innovative and green engineering solutions, such as the development of a floating solar system for use in reservoir and coastal marine conditions, as well as green commuting in Punggol Eco-Town.

International

ASEAN Energy Awards

- Large Building Category – Kampung Admiralty

ASEAN Outstanding Engineering Achievement Awards 2019

- Integrated Environmental Modeller (IEM) for Urban Microclimate Prediction and Planning with a Multi-physics approach [*Joint-submission with A*STAR*]

Council of Tall Buildings and Urban Habitat (CTBUH) Award 2019

- 10-Year Award – The Pinnacle @ Duxton
- Best Tall Building under 100 meters 2019 Award of Excellence – Kampung Admiralty
- Best Tall Mixed-Use Building – Kampung Admiralty
- Urban Habitat (Single Site Scale) – Kampung Admiralty

Environmental Sustainability Award (American Academy of Environmental Engineers & Scientists)

- Honor Award in Small Projects Category – Development of Floating Solar for use in Reservoir and Coastal Marine Conditions

Green World Award 2019

- Silver Award in Regional Government Category – Green Commuting in Punggol Eco-Town

MIPI Asia Awards 2019

- Silver Award in Best Mixed-Use Development Category – Oasis Terraces

World Architecture Festival Awards 2019

- Completed Building : Mixed-Use Development Category – Oasis Terraces

World Architecture News (WAN) Award 2019

- Bronze Award – Oasis Terraces

Local

19th SIA Architectural Design Awards 2019

- Commercial Project Category – Kampung Admiralty

IES Prestigious Engineering Achievement Awards 2019

- Floating Solar Module
- Implementation of Pneumatic Waste Conveyance System (PWCS) at Yuhua
- Integrated Environmental Modeller (IEM) for Urban Microclimate Prediction and Planning with a Multi-physics approach [*Joint-submission with A*STAR*]

IFLA Asia-Pac Landscape Architecture Awards 2019

- Excellence Award in Skyrise Greenery Category) – Oasis Terraces
- Honourable Mention Award in Analysis & Master Planning Category - Woodleigh Neighbourhood
- Honourable Mention Award in Residential Category – Keat Hong Neighbourhood
Honourable Mention Award in Residential Category – Waterway Terraces I & II

LIAS Award of Excellence 2019

- Gold Award in Implementation – Non-Residential Category – Kampung Admiralty
- Gold Award in Implementation – Non-Residential Category – Oasis Terraces
- Best of Category Award in Residential Category – Tampines GreenRidges

President's Science & Technology Award 2019 (PSTA)

- Integrated Environmental Modeller [*Joint-submission with A*STAR*]

Singapore Institute of Planners (SIP) Gold Award 2019

- Gold Award in Best Infrastructure Planning Project Category – My Waterway @ Punggol
- Gold Award in Best Planning Project Category – Punggol Town Planning
- Gold Award in Best Urban Design Project Category – Bedok Town Centre

Singapore Landscape Architecture Awards (SLAA) 2019

- Outstanding Award in Civic & Institutional Landscape Category – Kampung Admiralty

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- Gold Award in Analysis & Planning Category – Bidadari Green & Blue Masterplan
- Gold Award in Residential Landscape Category – Tampines GreenRidges (N6 C1A, 1B & NP)
- Silver Award in Analysis & Planning Category – Woodleigh Neighbourhood
- Silver Award in Analysis & Planning Category – Punggol Northshore District Landscape Master Plan
- Silver Award in Parks & Recreational Landscape Category – West Rock @ Bukit Batok (N4 Park)
- Merit Award in Analysis & Planning Category – Tampines N6 C4, 5 & Park
- Merit Award in Parks & Recreational Landscape Category – Buangkok Square & Park
- Merit Award in Parks & Recreational Landscape Category – Keat Hong Thematic Parks (CCK N8 NP)

- (ii) During the year, HDB also garnered numerous awards for construction excellence and productivity, receiving a total of 80 awards at the Building and Construction Authority Awards 2019, including the prestigious SGBC-BCA Sustainability Leadership Awards.

Local

Energy Globe National Award 2019

- A Cycling Friendly Town – Punggol

Land Transport Excellence Awards 2019

- Merit Award in Best Car-Lite Advocate category – Green Commuting in Punggol (Dual Bicycle Rack [DBR] Parking System)

Building and Construction Authority Awards 2019

- SGBC-BCA Sustainability Leadership Awards 2019 – Leadership in Sustainable Design & Performance (Institutional) Category – Kampung Admiralty

- Universal Design Mark Awards
 - Gold Plus
 - Oasis Terraces
 - West Rock @ Bukit Batok

- Gold
 - Buangkok ParkVista

-
- Construction Excellence Awards
 - Excellence Award
 - Bukit Batok N4 C14 & C15 (West Valley)
 - EastBrook at Canberra
 - Golden Ginger (Serangoon North C18)
 - Hougang N3 C14 (Hougang Meadow)
 - Kampung Admiralty
 - Park Grove @ Yishun
 - Punggol Vue (Punggol West C32)

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	<ul style="list-style-type: none"> ▪ Skypeak @ Bukit Batok (Bukit Batok N2 C22) ▪ Tampines N4 C28 (Tampines GreenEdge) ▪ The Verandah @ Matilda ▪ Toa Payoh N4 C28 (Toa Payoh Crest)
<ul style="list-style-type: none"> • Construction Productivity Awards 	<p><u>Platinum</u></p> <ul style="list-style-type: none"> • Kampung Admiralty • The Verandah @ Matilda <p><u>Gold</u></p> <ul style="list-style-type: none"> • Buangkok Edgeview • Matilda Court
<ul style="list-style-type: none"> • Green Mark Awards 	<p><u>New Residential Buildings</u></p> <ul style="list-style-type: none"> ▪ Gold Plus – Alkaff Oasis (Contract 6) ▪ Gold Plus – Alkaff Oasis (Contract 7) Bedok Beacon ▪ Gold Plus – Bedok North Woods ▪ Gold Plus – Buangkok Square ▪ Gold Plus – Clementi Gateway ▪ Gold Plus – Dakota Breeze (HDB Geylang C15) ▪ Gold Plus – Fernvale Acres (SKN4C41) ▪ Gold Plus – Ghim Moh Edge (QTRC25A) ▪ Gold Plus – HDB Clementi N8C1 ▪ Gold Plus – Jurong East Vista ▪ Gold Plus – Matilda Sundeck ▪ Gold Plus – Northshore Cove ▪ Gold Plus – Northshore Residences I & II ▪ Gold Plus – Northshore StraitsView ▪ Gold Plus – Northshore Trio ▪ Gold Plus – Senja Ridges ▪ Gold Plus – Sky Vista @ Bukit Batok ▪ Gold Plus – Sun Breeze ▪ Gold Plus – Tampines Green Foliage ▪ Gold Plus – Tampines GreenVerge ▪ Gold Plus – Tampines GreenView (Tampines N6 C28) ▪ Gold Plus – Tampines GreenVines ▪ Gold Plus – Tampines GreenWeave ▪ Gold Plus – Valley Spring @ Yishun ▪ Gold Plus – Waterfront I & II @ Northshore ▪ Gold Plus – Waterway Sunrise I ▪ Gold Plus – Waterway Sunrise II ▪ Gold Plus – Woodleigh Village ▪ Gold – West Scape @ Bukit Batok ▪ Gold – Admiralty Flora

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- Gold – Anchorvale Plains
- Gold – Ang Mo Kio Court
- Gold – Bedok North Vale
- Gold – Bedok South Horizon
- Gold – Buangkok Woods
- Gold – Clementi Crest
- Gold – EastCreek @ Canberra
- Gold – FernGrove @ Yishun
- Gold – Fernvale Woods
- Gold – Forest Spring @ Yishun
- Gold – Golden Lavender
- Gold – Hougang RiverCourt
- Gold – Meadow Spring @ Yishun
- Gold – Senja Valley
- Gold – Sun Natura
- Gold – Tampines Green Flora
- Gold – Tampines GreenBloom
- Gold – Tampines GreenEdge
- Gold – Teck Whye View
- Gold – West Edge @ Bukit Batok
- Gold – West Quarry @ Bukit Batok

Existing Non-Residential Buildings

- Platinum – Gek Poh Shopping Centre
- Gold Plus – Sembawang Mart
- Gold – 888 Plaza
- Gold – Elias Mall
- Gold – Kitchener Complex
- Gold – Pioneer Mall
- Gold – Woodlands Mart
- Gold – Yew Tee Square

Minister for National Development's Award (Team) 2019

- Construction of Land Reclamation at Changi East
- Master Planning of Tengah Town

(iii) HDB's longstanding pursuit of excellence in service delivery, stakeholder partnerships, and organisational development, also clinched it various awards.

Local

Minister for National Development's Award (Team) 2019

- Cyclical Maintenance Management System for Better Oversight of Town Councils' Cyclical Works
- Enabling Commercial Urban Farms in the Heartlands through a Forward-looking AVA-HDB Model
- Quarantine Housing Operations for Monkeypox Disease

Minister for National Development's R&D Awards 2019

- Distinguished Award – HDB Smart Hub
- Merit Award – HDB Biophilic Town Framework
- Merit Award – Integrated Environmental Modeller [*Joint-submission with A*STAR*]

Community Chest Awards 2019

- Charity Platinum Award

Municipal Services Silver Awards (MSA) 2019

- Assistance Rendered to Squatters at Thomson Flyover
- Common Enforcer Scheme
- Design for Maintainability Guide for Municipal Infrastructure
- Improving Lighting at Dawson Estate
- Management of Cat Hoarding and Pest Infestation Case at Choa Chu Kang Street 52
- Management of Hoarding Case at Pending Road
- Quick Response Team at Braddell Heights to Address Municipal Issues
- Rejuvenating Sungei Pinang and Enhancing Connectivity to Punggol Park
- Silver Zone at Commonwealth

NTUC Workplace Safety and Health (WSH) LM U SAFE Champion Award 2019

Ong Teng Cheong Labour Leadership Institute Workplace Partnership Award 2019

- Double Platinum

Public Sector Pro-Enterprise Initiatives Winning Entry for the period Jan 2019 to Jun 2019

- Pro-enterprise business model to seed commercial urban farms in HDB heartlands

Public Sector Transformation 2019

- Citizen Engagement Excellence Award – Build-A-Playground @ Canberra

Singapore HEALTH (Helping Employees Achieve Life-Time Health)

- Excellence Award

MEWR Citizen Engagement Award 2020

- Urban Farming and Multi-Storey Car Park

MEWR Minister Award for Excellence Service (Team) 2020

- Rejuvenating Sungei Pinang

Financing of Housing and Development Board

The HDB's deficit is financed by Government grant. In addition, a grant is given to the HDB so that the reserves of past governments are protected in accordance with the Constitution of the Republic of Singapore.

The main loans which finance HDB's operations are:

- (i) The mortgage financing loans obtained from the Government to finance the mortgage loans granted to the purchasers of flats under the public housing schemes.
- (ii) Housing development loans from the Government, bonds issued and bank loans to finance HDB's development programmes and operational requirements.

HDB will continue to access the capital market to fund its development programmes and operational requirements. The Ministry of Finance will act as a lender of last resort to HDB for its funding requirements. The Ministry of Finance has funded HDB's past deficits. The provision of any loan or funding (including the quantum) are at the absolute discretion of the Minister for Finance and the Government of Singapore, which do not guarantee the direct or indirect payment of any debt obligations of HDB.

USE OF PROCEEDS

The net proceeds of the Notes to be issued by HDB under the Programme will be used to finance the development programmes of HDB and its working capital requirements as well as to refinance the existing borrowings.

FINANCIAL HIGHLIGHTS

Financial Highlights of HDB Group

	S\$ million			
	2019/2020	2018/2019	2017/2018	2016/2017
RESULTS BY SEGMENT				
Deficit from :				
Home ownership	(2,232)	(1,421)	(1,383)	(861)
Upgrading	(440)	(557)	(639)	(482)
Residential ancillary functions	(312)	(342)	(338)	(428)
Rental flats	(115)	(116)	(92)	(79)
Mortgage financing	(21)	(23)	(23)	(26)
Elimination of inter-segment transactions	16	14	11	10
Housing total deficit	<u>(3,104)</u>	<u>(2,445)</u>	<u>(2,464)</u>	<u>(1,866)</u>
Surplus from :				
Other rental and related businesses	454	472	753	641
Agency and others	17	13	19	63
Elimination of inter-segment transactions	(22)	(23)	(22)	(20)
Other Activities total surplus	<u>449</u>	<u>462</u>	<u>750</u>	<u>684</u>
Overall Deficit	<u><u>(2,655)</u></u>	<u><u>(1,983)</u></u>	<u><u>(1,714)</u></u>	<u><u>(1,182)</u></u>
FINANCIAL POSITION				
Property, plant and equipment, and investment properties	26,821	25,511	24,546	23,774
Loans receivable	40,279	40,392	40,728	39,617
Properties under development and for sale	15,759	15,175	15,587	18,023
Other assets	4,794	3,750	4,215	9,271
Total assets	<u>87,653</u>	<u>84,828</u>	<u>85,076</u>	<u>90,685</u>
Less:				
Loans payable	66,214	64,047	64,761	70,502
Other liabilities	6,084	5,426	4,995	5,001
Total net assets	<u>15,355</u>	<u>15,355</u>	<u>15,320</u>	<u>15,182</u>
Capital and reserves	15,324	15,324	15,288	15,150
Minority interests	31	31	32	32
Total equity	<u>15,355</u>	<u>15,355</u>	<u>15,320</u>	<u>15,182</u>

TERMS AND CONDITIONS OF THE NOTES

Housing and Development Board S\$32,000,000,000 Multicurrency Medium Term Note Programme

The following is the text of the terms and conditions which, subject to completion and amendment and as supplemented or varied in accordance with the provisions of the relevant Pricing Supplement, will be endorsed on the Notes in definitive form issued in exchange for the Global Note(s) or, as the case may be, the Global Certificate(s) representing each Series. Either (i) the full text of these terms and conditions together with the relevant provisions of the Pricing Supplement or (ii) these terms and conditions as so completed, amended, supplemented or varied (and subject to simplification by the deletion of non-applicable provisions), shall be endorsed on such Notes. All capitalised terms that are not defined in these Conditions will have the meanings given to them in the relevant Pricing Supplement. Those definitions will be endorsed on the definitive Notes or Certificates, as the case may be. References in the Conditions to “Notes” are to the Notes of one Series only, not to all Notes that may be issued under the Programme, details of the relevant Series being shown on the face of the relevant Notes and in the relevant Pricing Supplement.

The Notes are issued pursuant to an Agency Agreement dated 1 February 1999 made between Housing and Development Board (the “**Issuer**”), Citicorp Investment Bank (Singapore) Limited as fiscal agent (the “**Fiscal Agent**”), Citicorp Investment Bank (Singapore) Limited as paying agent (the “**Paying Agent**”), and Citicorp Investment Bank (Singapore) Limited as agent bank (the “**Agent Bank**”) (as supplemented by a Supplemental Agency Agreement dated 1 February 2002 and a Second Supplemental Agency Agreement dated 27 August 2003, and as amended and restated by an Amendment and Restatement Agency Agreement dated 17 June 2011, a Second Amendment and Restatement Agency Agreement dated 17 May 2012, a Third Amendment and Restatement Agency Agreement dated 9 June 2014 and a Fourth Amendment and Restatement Agency Agreement dated 15 October 2015, all made between the same parties, and as further amended, varied or supplemented from time to time, the “**Agency Agreement**”) and (where applicable) the Notes are issued with the benefit of a deed of covenant dated 1 February 1999 relating to the Notes executed by the Issuer (as supplemented by a Supplemental Deed of Covenant dated 1 February 2002, a Second Supplemental Deed of Covenant dated 17 June 2011, a Third Supplemental Deed of Covenant dated 17 May 2012 and a Fourth Supplemental Deed of Covenant dated 9 June 2014, all executed by the Issuer, and as further amended, varied or supplemented from time to time, the “**Deed of Covenant**”). These terms and conditions include summaries of, and are subject to, the detailed provisions of the Agency Agreement. The Noteholders (as defined below) and the holders of the coupons (the “**Coupons**”) appertaining to interest-bearing Notes in bearer form (the “**Couponholders**”) are bound by and are deemed to have notice of all of the provisions of the Agency Agreement and the Deed of Covenant.

Copies of the Agency Agreement and the Deed of Covenant are available for inspection at the specified offices of each of the Paying Agents.

1. Form, Denomination, Title and Transfer

(a) Form and Denomination

- (i) The Notes of the Series of which this Note forms part (in these Conditions, the “**Notes**”) are issued in bearer form (the “**Bearer Notes**”) or in registered form (the “**Registered Notes**”) in each case in the Denomination Amount(s) shown hereon.

TERMS AND CONDITIONS OF THE NOTES

- (ii) This Note is a Fixed Rate Note, a Floating Rate Note or a Variable Rate Note (depending upon the Interest Basis shown on its face).
 - (iii) Bearer Notes are serially numbered and are issued with Coupons attached, save in the case of Bearer Notes that do not bear interest in which case references to interest (other than in relation to default interest referred to in Condition 5(f)) in these Conditions are not applicable.
 - (iv) Registered Notes are represented by registered certificates (the “**Certificates**”) and, save as provided in Condition 1(d), each Certificate shall represent the entire holding of Registered Notes by the same holder.
- (b) Title**
- (i) Title to the Bearer Notes and the Coupons appertaining thereto shall pass by delivery. Title to the Registered Notes shall pass by registration in the register (the “**Register**”) to be kept by or on behalf of the Issuer in accordance with the provisions of the Agency Agreement.
 - (ii) Except as ordered by a court of competent jurisdiction or as required by law, the holder of any Note or Coupon shall be deemed to be and may be treated as the absolute owner of such Note or of such Coupon, as the case may be, for the purpose of receiving payment thereof or on account thereof and for all other purposes, whether or not such Note or Coupon shall be overdue and notwithstanding any notice of ownership, theft or loss thereof (or that of the related Certificate) or any writing on it (or on the Certificate representing it) made by anyone, and no person shall be liable for so treating the holder.
 - (iii) For so long as any of the Notes is represented by a Global Note or, as the case may be, a Global Certificate and such Global Note or, as the case may be, Global Certificate is held by The Central Depository (Pte) Limited (the “**Depository**”), each person who is for the time being shown in the records of the Depository as the holder of a particular principal amount of such Notes (in which regard any certificate or other document issued by the Depository as to the principal amount of such Notes standing to the account of any person shall be conclusive and binding for all purposes save in the case of manifest error) shall be treated by the Issuer, the Fiscal Agent, the Paying Agents, the Agent Bank and all other agents of the Issuer as the holder of such principal amount of Notes other than with respect to the payment of principal, interest and any other amounts in respect of the Notes, for which purpose the bearer of the Global Note or, as the case may be, the person(s) shown on the Register at the close of business on the Record Date (defined below) shall be treated by the Issuer, the Fiscal Agent, the Paying Agents, the Agent Bank and all other agents of the Issuer as the holder of such Notes in accordance with and subject to the terms of the Global Note or, as the case may be, the Global Certificate (and the expressions “**Noteholder**” and “**holder of Notes**” and related expressions shall be construed accordingly). Notes which are represented by the Global Note or, as the case may be, the Global Certificate will be transferable only in accordance with the rules and procedures for the time being of the Depository.
 - (iv) In these Conditions, “**Global Note**” means the relevant Temporary Global Note representing each Series of Bearer Notes or the relevant Permanent Global Note representing each Series of Bearer Notes, “**Global Certificate**” means the relevant Global Certificate representing each Series of Registered Notes, “**Noteholder**” means

TERMS AND CONDITIONS OF THE NOTES

the bearer of any Definitive Note in bearer form or the person in whose name a Registered Note is registered (as the case may be) and “**holder**” (in relation to a Definitive Note or Coupon) means the bearer of any Definitive Note in bearer form or Coupon or the person in whose name a Registered Note is registered (as the case may be), “**Series**” means (1) (in relation to Notes other than Variable Rate Notes) a series of Notes comprising one or more Tranches, whether or not issued on the same date, that (except in respect of their respective dates of the first payment of interest and Issue Prices) have identical terms on issue and are expressed to have the same series number and (2) (in relation to Variable Rate Notes) Notes which are identical in all respects (including as to listing) except for their respective Issue Prices and Rates of Interest and “**Tranche**” means, in relation to a Series, those Notes of such Series that are issued on the same Issue Date and in respect of which the first interest payment is identical and (save in relation to a Tender Tranche) at the same Issue Price.

- (v) Words and expressions defined in the Agency Agreement or used in the applicable Pricing Supplement (as defined in the Agency Agreement) shall have the same meanings where used in these Conditions unless the context otherwise requires or unless otherwise stated and provided that, in the event of inconsistency between the Agency Agreement and the applicable Pricing Supplement, the applicable Pricing Supplement will prevail.

(c) Transfer of Registered Notes

One or more Registered Notes may be transferred upon the surrender of the Certificate representing such Registered Notes to be transferred, to the Issuer or to such other person as the Issuer may designate, together with the form of transfer endorsed on such Certificate (or such other forms of transfer in substantially the same form and containing the same representations and certifications (if any), unless otherwise agreed by the Issuer), duly completed and executed and any other evidence as the Issuer may reasonably require and subject to the regulations relating to, *inter alia*, the registration and transfer of Registered Notes set out in the Agency Agreement or such other regulations as the Issuer may from time to time reasonably prescribe. No transfer of title to any Registered Note will be valid or effective unless and until entered on the Register. In the case of a transfer of part only of a holding of Registered Notes represented by one Certificate, a new Certificate shall be issued to the transferee in respect of the part transferred and a further new Certificate in respect of the balance of the holding not transferred shall be issued to the transferor; provided that, in the case of a transfer of Registered Notes to a person who is already a holder of Registered Notes, a new Certificate representing the enlarged holding shall only be issued against surrender of the Certificate representing the existing holding.

(d) Exercise of Options or Partial Redemption in Respect of Registered Notes

In the case of an exercise of any option by the Issuer or any Noteholder in respect of, or a partial redemption of, a holding of Registered Notes represented by a single Certificate, a new Certificate shall be issued to the holder to reflect the exercise of such option or in respect of the balance of the holding not redeemed. In the case of a partial exercise of an option resulting in Registered Notes of the same holding having different terms, separate Certificates shall be issued in respect of those Notes of that holding that have the same terms. New Certificates shall only be issued against surrender of the existing Certificates to the Issuer. In the case of a transfer of Registered Notes to a person who is already a holder of Registered Notes, a new Certificate representing the

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enlarged holding shall only be issued against surrender of the Certificate representing the existing holding.

(e) Delivery of New Certificates

Each new Certificate to be issued pursuant to Condition 1(c) or 1(d) shall be available for delivery within 30 Business Days of receipt of a duly completed request for exchange or form of transfer or exercise notice and the surrender of the original Certificate for exchange together with satisfaction of any other requirements imposed by these Conditions. Delivery of the new Certificate(s) shall be made at the head office of the Issuer or at the specified office of its agent, in each case to whom delivery or surrender of such request for exchange, form of transfer, exercise notice or original Certificate shall have been made or, at the option of the holder making such delivery or surrender as aforesaid and as specified in the relevant request for exchange, form of transfer, exercise notice or otherwise in writing, be mailed by uninsured post at the risk of the holder entitled to the new Certificate to such address as may be so specified, unless such holder requests otherwise and pays in advance to the Issuer the costs of such other method of delivery and/or such insurance as it may specify.

In this Condition 1(e), “**Business Day**” means a day on which banks and foreign exchange markets are open for general business in the place of the head office of the Issuer or, as the case may be, the specified office of the relevant agent.

(f) Charges

Exchange and transfer of Registered Notes on registration, transfer, partial redemption or exercise of an option shall be effected at a fee of S\$30 for each registration, transfer, redemption or exercise of option and the Issuer may require the payment of any tax or other governmental charges that may be imposed in relation to it (or the giving of such indemnity as the Issuer may require).

(g) Closed Periods

Without prejudice to Condition 1(h) below, no Noteholder may require the transfer of a Registered Note to be registered (i) during the period of seven Business Days ending on (and including) the due date for redemption of that Note, (ii) during the period of seven Business Days ending on (and including) any date on which Notes may be called for redemption by the Issuer at its option pursuant to Condition 4(d), (iii) after the Registered Notes have been called for redemption or (iv) during the period of seven days ending on (and including) any Record Date (as defined in Condition 5(a)).

(h) Closing of Register

The Issuer shall have the right at any time to close the Register for such periods as the Issuer may determine in order to facilitate any payment on, or redemption of, the Notes or otherwise and no Noteholder may require the transfer of a Registered Note to be registered during such periods when the Register is closed.

(i) Regulations

All transfers of Registered Notes and entries on the Register will be made subject to the detailed regulations concerning transfer of Registered Notes scheduled to the

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Agency Agreement. The regulations may be changed by the Issuer, with the prior written approval of the Fiscal Agent.

2. Status

The Notes and Coupons of all Series constitute direct, unconditional and unsecured obligations of the Issuer and shall at all times rank *pari passu* and without preference among themselves. The payment obligations of the Issuer under the Notes and Coupons shall, save for such exceptions as may be provided by applicable legislation, at all times rank at least equally with all other unsecured and unsubordinated indebtedness and monetary obligations of the Issuer.

3. (I) Interest on Fixed Rate Notes

(a) Interest Rate and Accrual

Each Fixed Rate Note bears interest on its Calculation Amount (as defined in Condition 3(II)(d)) from the Interest Commencement Date in respect thereof and as shown on the face of such Note at the rate per annum (expressed as a percentage) equal to the Interest Rate shown on the face of such Note payable in arrear on each Interest Payment Date or Interest Payment Dates shown on the face of such Note in each year and on the Maturity Date shown on the face of such Note if that date does not fall on an Interest Payment Date.

The first payment of interest will be made on the Interest Payment Date next following the Interest Commencement Date (and if the Interest Commencement Date is not an Interest Payment Date, will amount to the Initial Broken Amount shown on the face of such Note), unless the Maturity Date falls before the date on which the first payment of interest would otherwise be due. If the Maturity Date is not an Interest Payment Date, interest from the preceding Interest Payment Date (or from the Interest Commencement Date, as the case may be) to (but excluding) the Maturity Date will amount to the Final Broken Amount shown on the face of such Note.

Interest will cease to accrue on each Fixed Rate Note from the due date for redemption thereof unless, upon due presentation, payment of the Redemption Amount shown on the face of the Note is improperly withheld or refused, in which event interest at such rate will continue to accrue (as well after as before judgment) at the rate and in the manner provided in this Condition 3(I) to (but excluding) the Relevant Date (as defined in Condition 6).

(b) Calculations

In the case of a Fixed Rate Note, interest in respect of a period of less than one year will be calculated on the Day Count Fraction shown on the face of the Note. The amount of interest payable per Calculation Amount for any Fixed Rate Interest Period in respect of any Fixed Rate Note shall be calculated by multiplying the product of the Interest Rate and the Calculation Amount, by the Day Count Fraction shown on the Note and rounding the resultant figure to the nearest sub-unit of the relevant currency (with halves rounded up).

In this Condition 3(I)(b), “**Fixed Rate Interest Period**” means the period beginning on (and including) the Interest Commencement Date and ending on (but excluding) the first Interest Payment Date and each successive period beginning on (and including)

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an Interest Payment Date and ending on (but excluding) the next succeeding Interest Payment Date.

(II) Interest on Floating Rate Notes or Variable Rate Notes

(a) Interest Payment Dates

Each Floating Rate Note or Variable Rate Note bears interest on its Calculation Amount from the Interest Commencement Date in respect thereof and as shown on the face of such Note, and such interest will be payable in arrear on each interest payment date (“**Interest Payment Date**”). Such Interest Payment Date(s) is/are either shown hereon as Specified Interest Payment Date(s) or, if no Specified Interest Payment Date(s) is/are shown hereon, Interest Payment Date shall mean each date which (save as mentioned in these Conditions) falls the number of months specified as the Interest Period on the face of the Note (the “**Specified Number of Months**”) after the preceding Interest Payment Date or, in the case of the first Interest Payment Date, after the Interest Commencement Date (and which corresponds numerically with such preceding Interest Payment Date or the Interest Commencement Date, as the case may be), provided that the Agreed Yield (as defined in Condition 3(II)(c)) in respect of any Variable Rate Note for any Interest Period relating to that Variable Rate Note shall be payable on the first day of that Interest Period. If any Interest Payment Date referred to in these Conditions that is specified to be subject to adjustment in accordance with a Business Day Convention would otherwise fall on a day that is not a Business Day, then if the Business Day Convention specified is (1) the Floating Rate Business Day Convention, such date shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event (i) such date shall be brought forward to the immediately preceding Business Day and (ii) each subsequent such date shall be the last Business Day of the month in which such date would have fallen had it not been subject to adjustment, (2) the Following Business Day Convention, such date shall be postponed to the next day that is a Business Day, (3) the Modified Following Business Day Convention, such date shall be postponed to the next day that is a Business Day unless it would thereby fall into the next calendar month, in which event such date shall be brought forward to the immediately preceding Business Day or (4) the Preceding Business Day Convention, such date shall be brought forward to the immediately preceding Business Day.

The period beginning on the Interest Commencement Date and ending on the first Interest Payment Date and each successive period beginning on an Interest Payment Date and ending on the next succeeding Interest Payment Date is herein called an “**Interest Period**”.

Interest will cease to accrue on each Floating Rate Note or Variable Rate Note from the due date for redemption thereof unless, upon due presentation, payment of the Redemption Amount is improperly withheld or refused, in which event interest will continue to accrue (as well after as before judgment) at the rate and in the manner provided in this Condition 3(II) to (but excluding) the Relevant Date.

(b) Rate of Interest - Floating Rate Notes

- (i) Each Floating Rate Note bears interest at a floating rate determined by reference to a Benchmark as stated on the face of such Floating Rate Note, being (in the case of Notes which are denominated in Singapore Dollars) SIBOR (in which case such Note

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will be a SIBOR Note) or Swap Rate (in which case such Note will be a Swap Rate Note) or (in any other case or in the case of Notes which are denominated in a currency other than Singapore Dollars) such other Benchmark as is set out on the face of such Note.

Such floating rate may be adjusted by adding or subtracting the Spread (if any) stated on the face of such Note. The “**Spread**” is the percentage rate per annum specified on the face of such Note as being applicable to the rate of interest for such Note. The rate of interest so calculated shall be subject to Condition 3(III)(a) below.

The rate of interest payable in respect of a Floating Rate Note from time to time is referred to in these Conditions as the “**Rate of Interest**”.

(ii) The Rate of Interest payable from time to time in respect of each Floating Rate Note will be determined by the Agent Bank on the basis of the following provisions:

(1) in the case of Floating Rate Notes which are SIBOR Notes:

(A) the Agent Bank will, at or about the Relevant Time on the relevant Interest Determination Date in respect of each Interest Period, determine the Rate of Interest for such Interest Period which shall be the offered rate for deposits in Singapore Dollars for a period equal to the duration of such Interest Period which appears on the Bloomberg Screen Swap Offer and SIBOR (ABSIRFIX) Page under the column headed “SGD SIBOR” (or such other replacement page thereof for the purpose of displaying SIBOR or such other Screen Page as may be provided hereon) and as adjusted by the Spread (if any);

(B) if no such rate appears on the Bloomberg Screen Swap Offer and SIBOR (ABSIRFIX) Page (or such other replacement page as aforesaid) or if the Bloomberg Screen Swap Offer and SIBOR (ABSIRFIX) Page (or such other replacement page as aforesaid) is unavailable for any reason, the Agent Bank will, at or about the Relevant Time on the relevant Interest Determination Date in respect of each Interest Period, determine the Rate of Interest for such Interest Period which shall be the offered rate for deposits in Singapore Dollars for a period equal to the duration of such Interest Period which appears on the Reuters Screen ABSIRFIX01 Page under the caption “ABS SIBOR FIX - SIBOR AND SWAP OFFER RATES - RATES AT 11:00 HRS SINGAPORE TIME” and under the column headed “SGD SIBOR” (or such other replacement page thereof for the purpose of displaying SIBOR or such other Screen Page as may be provided hereon) and as adjusted by the Spread (if any);

(C) if no such rate appears on the Reuters Screen ABSIRFIX01 Page under the column headed “SGD SIBOR” (or such other replacement page thereof or if no rate appears on such other Screen Page as may be provided hereon) or if the Reuters Screen ABSIRFIX01 Page (or such other replacement page thereof or such other Screen Page as may be provided hereon) is unavailable for any reason, the Agent Bank will request the principal Singapore offices of each of the Reference Banks to provide the Agent Bank with the rate at which deposits in Singapore

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Dollars are offered by it at approximately the Relevant Time on the Interest Determination Date to prime banks in the Singapore interbank market for a period equivalent to the duration of such Interest Period commencing on such Interest Payment Date in an amount comparable to the aggregate principal amount of the relevant Floating Rate Notes. The Rate of Interest for such Interest Period shall be the arithmetic mean (rounded up, if necessary, to the nearest 1/16 per cent.) of such offered quotations and as adjusted by the Spread (if any), as determined by the Agent Bank;

- (D) if on any Interest Determination Date two but not all the Reference Banks provide the Agent Bank with such quotations, the Rate of Interest for the relevant Interest Period shall be determined in accordance with (C) above on the basis of the quotations of those Reference Banks providing such quotations; and
 - (E) if on any Interest Determination Date one only or none of the Reference Banks provides the Agent Bank with such quotations, the Rate of Interest for the relevant Interest Period shall be the rate per annum which the Agent Bank determines to be the arithmetic mean (rounded up, if necessary, to the nearest 1/16 per cent.) of the rates quoted by the Reference Banks or those of them (being at least two in number) to the Agent Bank at or about the Relevant Time on such Interest Determination Date as being their cost (including the cost occasioned by or attributable to complying with reserves, liquidity, deposit or other requirements imposed on them by any relevant authority or authorities) of funding, for the relevant Interest Period, an amount equal to the aggregate principal amount of the relevant Floating Rate Notes for such Interest Period by whatever means they determine to be most appropriate and as adjusted by the Spread (if any) or if on such Interest Determination Date one only or none of the Reference Banks provides the Agent Bank with such quotation, the rate per annum which the Agent Bank determines to be the arithmetic mean (rounded up, if necessary, to the nearest 1/16 per cent.) of the prime lending rates for Singapore Dollars quoted by the Reference Banks at or about the Relevant Time on such Interest Determination Date and as adjusted by the Spread (if any);
- (2) in the case of Floating Rate Notes which are Swap Rate Notes:
- (A) the Agent Bank will, at or about the Relevant Time on the relevant Interest Determination Date in respect of each Interest Period, determine the Rate of Interest for such Interest Period as being the rate which appears on the Bloomberg Screen Swap Offer and SIBOR (ABSIRFIX) Page under the column headed "SGD Swap Offer" (or such replacement page thereof for the purpose of displaying the swap rates of leading reference banks) at or about the Relevant Time on such Interest Determination Date and for a period equal to the duration of such Interest Period) and as adjusted by the Spread (if any);
 - (B) if on any Interest Determination Date no such rate is quoted on the Bloomberg Screen Swap Offer and SIBOR (ABSIRFIX) Page (or such

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other replacement page as aforesaid) or the Bloomberg Screen Swap Offer and SIBOR (ABSIRFIX) Page (or such other replacement page as aforesaid) is unavailable for any reason, the Agent Bank will, at or about the Relevant Time on the relevant Interest Determination Date in respect of each Interest Period, determine the Rate of Interest for such Interest Period as being the rate which appears on the Reuters Screen ABSFIX01 Page under the caption "SGD SOR rates as of 11:00hrs London Time" under the column headed "SGD SOR" (or such replacement page thereof for the purpose of displaying the swap rates of leading reference banks) at or about the Relevant Time on such Interest Determination Date and for a period equal to the duration of such Interest Period and as adjusted by the Spread (if any);

(C) if on any Interest Determination Date no such rate is quoted on Reuters Screen ABSFIX01 Page (or such other replacement page as aforesaid) or Reuters Screen ABSFIX01 Page (or such other replacement page as aforesaid) is unavailable for any reason, the Agent Bank will determine the Rate of Interest for such Interest Period as being the rate (or, if there is more than one rate which is published, the arithmetic mean of those rates (rounded up, if necessary, to the nearest 1/16 per cent.)) for a period equal to the duration of such Interest Period published by a recognised industry body where such rate is widely used (after taking into account the industry practice at that time), or by such other relevant authority as the Agent Bank may select; and

(D) if on any Interest Determination Date the Agent Bank is otherwise unable to determine the Rate of Interest under paragraphs (A), (B) and (C) above, the Rate of Interest shall be determined by the Agent Bank to be the rate per annum equal to the arithmetic mean (rounded up, if necessary, to the nearest 1/16 per cent.) of the rates quoted by the Singapore offices of the Reference Banks or those of them (being at least two in number) to the Agent Bank at or about 11.00 a.m. (Singapore time) on the first business day following such Interest Determination Date as being their cost (including the cost occasioned by or attributable to complying with reserves, liquidity, deposit or other requirements imposed on them by any relevant authority or authorities) of funding, for the relevant Interest Period, an amount equal to the aggregate principal amount of the relevant Floating Rate Notes for such Interest Period by whatever means they determine to be most appropriate and as adjusted by the Spread (if any), or if on such day one only or none of the Singapore offices of the Reference Banks provides the Agent Bank with such quotation, the Rate of Interest for the relevant Interest Period shall be the rate per annum equal to the arithmetic mean (rounded up, if necessary, to the nearest 1/16 per cent.) of the prime lending rates for Singapore Dollars quoted by the Singapore offices of the Reference Banks at or about 11.00 a.m. (Singapore time) on such Interest Determination Date and as adjusted by the Spread (if any); and

(3) in the case of Floating Rate Notes which are not SIBOR Notes or Swap Rate Notes or which are denominated in a currency other than Singapore Dollars, the Agent Bank will determine the Rate of Interest in respect of any Interest

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Period at or about the Relevant Time on the Interest Determination Date in respect of such Interest Period as follows:

- (A) if the Primary Source (as defined below) for the Floating Rate is a Screen Page (as defined below), subject as provided below, the Rate of Interest in respect of such Interest Period shall be:
 - (aa) the Relevant Rate (as defined below) (where such Relevant Rate on such Screen Page is a composite quotation or is customarily supplied by one entity); or
 - (bb) the arithmetic mean of the Relevant Rates of the persons whose Relevant Rates appear on that Screen Page, in each case appearing on such Screen Page at the Relevant Time on the Interest Determination Date,

and as adjusted by the Spread (if any);
 - (B) if the Primary Source for the Floating Rate is Reference Banks or if paragraph (b)(ii)(3)(A)(aa) applies and no Relevant Rate appears on the Screen Page at the Relevant Time on the Interest Determination Date or if paragraph (b)(ii)(3)(A)(bb) applies and fewer than two Relevant Rates appear on the Screen Page at the Relevant Time on the Interest Determination Date, subject as provided below, the Rate of Interest shall be the rate per annum which the Agent Bank determines to be the arithmetic mean (rounded up, if necessary, to the nearest 1/16 per cent.) of the Relevant Rates that each of the Reference Banks is quoting to leading banks in the Relevant Financial Centre (as defined below) at the Relevant Time on the Interest Determination Date and as adjusted by the Spread (if any); and
 - (C) if paragraph (b)(ii)(3)(B) applies and the Agent Bank determines that fewer than two Reference Banks are so quoting Relevant Rates, the Rate of Interest shall be the Rate of Interest determined on the previous Interest Determination Date.
- (iii) On the last day of each Interest Period, the Issuer will pay interest on each Floating Rate Note to which such Interest Period relates at the Rate of Interest for such Interest Period.
 - (iv) For the avoidance of doubt, in the event that the Rate of Interest in relation to any Interest Period is less than zero, the Rate of Interest in relation to such Interest Period shall be equal to zero.
- (c) Rate of Interest - Variable Rate Notes**
- (i) Each Variable Rate Note bears interest at a variable rate determined in accordance with the provisions of this paragraph (c). The interest payable in respect of a Variable Rate Note on the first day of an Interest Period relating to that Variable Rate Note is referred to in these Conditions as the “**Agreed Yield**” and the rate of interest payable in respect of a Variable Rate Note on the last day of an Interest Period relating to that Variable Rate Note is referred to in these Conditions as the “**Rate of Interest**”.

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- (ii) The Agreed Yield or, as the case may be, the Rate of Interest payable from time to time in respect of each Variable Rate Note for each Interest Period shall, subject as referred to in paragraph (c)(iv) below, be determined as follows:
- (1) not earlier than 9.00 a.m. (Singapore time) on the ninth Business Day nor later than 3.00 p.m. (Singapore time) on the third Business Day prior to the commencement of each Interest Period, the Issuer and the Relevant Dealer (as defined below) shall endeavour to agree on the following:
 - (A) whether interest in respect of such Variable Rate Note is to be paid on the first day or the last day of such Interest Period;
 - (B) if interest in respect of such Variable Rate Note is agreed between the Issuer and the Relevant Dealer to be paid on the first day of such Interest Period, an Agreed Yield in respect of such Variable Rate Note for such Interest Period (and, in the event of the Issuer and the Relevant Dealer so agreeing on such Agreed Yield, the Interest Amount (as defined below) for such Variable Rate Note for such Interest Period shall be zero); and
 - (C) if interest in respect of such Variable Rate Note is agreed between the Issuer and the Relevant Dealer to be paid on the last day of such Interest Period, a Rate of Interest in respect of such Variable Rate Note for such Interest Period (an “**Agreed Rate**”) and, in the event of the Issuer and the Relevant Dealer so agreeing on an Agreed Rate, such Agreed Rate shall be the Rate of Interest for such Variable Rate Note for such Interest Period; and
 - (2) if the Issuer and the Relevant Dealer shall not have agreed either an Agreed Yield or an Agreed Rate in respect of such Variable Rate Note for such Interest Period by 3.00 p.m. (Singapore time) on the third Business Day prior to the commencement of such Interest Period, or if there shall be no Relevant Dealer during the period for agreement referred to in (1) above, the Rate of Interest for such Variable Rate Note for such Interest Period shall automatically be the rate per annum equal to the Fall Back Rate (as defined below) for such Interest Period.
- (iii) The Issuer has undertaken to the Fiscal Agent and the Agent Bank that it will as soon as possible after the Agreed Yield or, as the case may be, the Agreed Rate in respect of any Variable Rate Note is determined but not later than 10.30 a.m. (Singapore time) on the next following Business Day:
- (1) notify the Fiscal Agent and the Agent Bank of the Agreed Yield or, as the case may be, the Agreed Rate for such Variable Rate Note for such Interest Period; and
 - (2) cause such Agreed Yield or, as the case may be, Agreed Rate for such Variable Rate Note to be notified by the Fiscal Agent to the relevant Noteholder at its request.
- (iv) For the purposes of sub-paragraph (ii) above, the Rate of Interest for each Interest Period for which there is neither an Agreed Yield nor Agreed Rate in respect of any Variable Rate Note(s) or no Relevant Dealer in respect of the Variable Rate Note(s) shall be the rate (the “**Fall Back Rate**”) determined by reference to a Benchmark as

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stated on the face of such Variable Rate Note(s), being (in the case of Variable Rate Notes which are denominated in Singapore Dollars) SIBOR (in which case such Variable Rate Note(s) will be SIBOR Note(s)) or Swap Rate (in which case such Variable Rate Note(s) will be Swap Rate Note(s)) or (in any other case or in the case of Variable Rate Notes which are denominated in a currency other than Singapore Dollars) such other Benchmark as is set out on the face of such Variable Rate Note(s).

Such rate may be adjusted by adding or subtracting the Spread (if any) stated on the face of such Variable Rate Note(s). The “**Spread**” is the percentage rate per annum specified on the face of such Variable Rate Note(s) as being applicable to the Rate of Interest for such Variable Rate Note(s). The Rate of Interest so calculated shall be subject to Condition 3(III)(a) below.

The Fall Back Rate payable from time to time in respect of each Variable Rate Note will be determined by the Agent Bank in accordance with the provisions of Condition 3(II) (b)(ii) above (*mutatis mutandis*) and references therein to “**Rate of Interest**” shall mean “**Fall Back Rate**”.

- (v) If interest is payable in respect of a Variable Rate Note on the first day of an Interest Period relating to such Variable Rate Note, the Issuer will pay the Agreed Yield applicable to such Variable Rate Note for such Interest Period on the first day of such Interest Period. If interest is payable in respect of a Variable Rate Note on the last day of an Interest Period relating to such Variable Rate Note, the Issuer will pay the Interest Amount for such Variable Rate Note for such Interest Period on the last day of such Interest Period.
- (vi) For the avoidance of doubt, in the event that the Rate of Interest in relation to any Interest Period is less than zero, the Rate of Interest in relation to such Interest Period shall be equal to zero.

(d) Definitions

As used in these Conditions:

“**Benchmark**” means the rate specified as such in the applicable Pricing Supplement;

“**Business Day**” means, in respect of each Note, (a) a day (other than a Saturday or Sunday) on which the Depository, as applicable, are operating, (b) a day on which banks and foreign exchange markets are open for general business in the country of the Fiscal Agent’s specified office and (c) (if a payment is to be made on that day) (i) (in the case of Notes denominated in Singapore Dollars) a day on which banks and foreign exchange markets are open for general business in Singapore, (ii) (in the case of Notes denominated in Euros) a day on which the TARGET System is open for settlement in Euros and (iii) (in the case of Notes denominated in a currency other than Singapore Dollars and Euros) a day on which banks and foreign exchange markets are open for general business in the principal financial centre for that currency;

“**Calculation Amount**” means the amount specified as such on the face of any Note, or if no such amount is so specified, the Denomination Amount of such Note as shown on the face thereof;

“**Day Count Fraction**” means, in respect of the calculation of an amount of interest in accordance with Condition 3:

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- (i) if “Actual/Actual” is specified in the applicable Pricing Supplement, the actual number of days in (in the case of Fixed Rate Notes) the Fixed Rate Interest Period or (in the case of Floating Rate Notes or Variable Rate Notes) the Interest Period divided by 365 (or, if any portion of that Fixed Rate Interest Period or, as the case may be, Interest Period falls in a leap year, the sum of (1) the actual number of days in that portion of the Fixed Rate Interest Period or, as the case may be, Interest Period falling in a leap year divided by 366 and (2) the actual number of days in that portion of the Fixed Rate Interest Period or, as the case may be, Interest Period falling in a non-leap year divided by 365);
- (ii) if “Actual/360” is specified in the applicable Pricing Supplement, the actual number of days in (in the case of Fixed Rate Notes) the Fixed Rate Interest Period or (in the case of Floating Rate Notes or Variable Rate Notes) the Interest Period in respect of which payment is being made divided by 360; and
- (iii) if “Actual/365 (Fixed)” is specified in the applicable Pricing Supplement, the actual number of days in (in the case of Fixed Rate Notes) the Fixed Rate Interest Period or (in the case of Floating Rate Notes or Variable Rate Notes) the Interest Period in respect of which payment is being made divided by 365;

“**Interest Commencement Date**” means the Issue Date or such other date as may be specified as the Interest Commencement Date on the face of such Note;

“**Interest Determination Date**” means, in respect of any Interest Period, that number of Business Days prior thereto as is set out in the applicable Pricing Supplement or on the face of the relevant Note;

“**Primary Source**” means the Screen Page specified as such in the applicable Pricing Supplement and (in the case of any Screen Page provided by any information service other than the Bloomberg agency or the Reuters Monitor Money Rates Service (“Reuters”)) agreed to by the Agent Bank;

“**Reference Banks**” means the institutions specified as such hereon or, if none, three major banks selected by the Agent Bank in the interbank market that is most closely connected with the Benchmark;

“**Relevant Currency**” means the currency in which the Notes are denominated;

“**Relevant Dealer**” means, in respect of any Variable Rate Note, the Dealer party to the Programme Agreement referred to in the Agency Agreement with whom the Issuer has concluded or is negotiating an agreement for the issue of such Variable Rate Note pursuant to the Programme Agreement;

“**Relevant Financial Centre**” means, in the case of interest to be determined on an Interest Determination Date with respect to any Floating Rate Note or Variable Rate Note, the financial centre with which the relevant Benchmark is most closely connected or, if none is so connected, Singapore;

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“**Relevant Rate**” means the Benchmark for a Calculation Amount of the Relevant Currency for a period (if applicable or appropriate to the Benchmark) equal to the relevant Interest Period;

“**Relevant Time**” means, with respect to any Interest Determination Date, the local time in the Relevant Financial Centre at which it is customary to determine bid and offered rates in respect of deposits in the Relevant Currency in the interbank market in the Relevant Financial Centre;

“**Screen Page**” means such page, section, caption, column or other part of a particular information service (including, but not limited to, the Bloomberg agency and Reuters) as may be specified hereon for the purpose of providing the Benchmark, or such other page, section, caption, column or other part as may replace it on that information service or on such other information service, in each case as may be nominated by the person or organisation providing or sponsoring the information appearing there for the purpose of displaying rates or prices comparable to the Benchmark;

“**Singapore Dollar(s)**” and “**S\$**” mean the lawful currency of Singapore; and

“**TARGET System**” means the Trans-European Automated Real-Time Gross Settlement Express Transfer (known as TARGET 2) System which was launched on 19 November 2007 or any successor thereto.

(III) Calculations

(a) Determination of Rate of Interest and Calculation of Interest Amounts and Redemption Amounts

The Agent Bank will, as soon as practicable after the Relevant Time on each Interest Determination Date determine the Rate of Interest and calculate the amount of interest payable (the “**Interest Amounts**”) in respect of each Calculation Amount of the relevant Floating Rate Notes or Variable Rate Notes for the relevant Interest Period. The Interest Amounts shall be calculated by multiplying the product of the Rate of Interest and the Calculation Amount, by the Day Count Fraction shown on the face of such Note and rounding the resultant figure to the nearest sub-unit of the Relevant Currency. The determination of any rate or amount, the obtaining of each quotation and the making of each determination or calculation by the Agent Bank shall (in the absence of manifest error) be final and binding upon all parties.

(b) Notification

The Agent Bank will cause the Rate of Interest and the Interest Amounts for each Interest Period and the relevant Interest Payment Date to be notified to the Fiscal Agent, the Issuer and each of the Paying Agents as soon as possible after their determination but in no event later than the fourth Business Day thereafter. In the case of Floating Rate Notes, the Agent Bank will also cause the Rate of Interest and the Interest Amounts for each Interest Period and the relevant Interest Payment Date to be notified to Noteholders in accordance with Condition 13 as soon as possible after their determination. The Interest Amounts and the Interest Payment Date so notified may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without notice in the event of an extension or shortening of the Interest Period by reason of any Interest Payment Date not being a Business Day. If the Floating

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Rate Notes or, as the case may be, Variable Rate Notes become due and payable under Condition 8, the Rate of Interest and Interest Amounts payable in respect of the Floating Rate Notes or, as the case may be, Variable Rate Notes shall nevertheless continue to be calculated as previously in accordance with this Condition but no publication of the Rate of Interest and Interest Amounts need to be made (other than to the Noteholders at their request).

(c) Agent Bank and Reference Banks

The Issuer will procure that, so long as any Floating Rate Note or Variable Rate Note remains outstanding, there shall at all times be three Reference Banks (or such other number as may be required) and, so long as any Floating Rate Note or Variable Rate Note remains outstanding, there shall at all times be an Agent Bank. If any Reference Bank (acting through its relevant office) is unable or unwilling to continue to act as a Reference Bank or the Agent Bank is unable or unwilling to act as such or if the Agent Bank fails duly to establish the Rate of Interest for any Interest Period or to calculate the Interest Amounts, the Issuer will appoint another bank with an office in the Relevant Financial Centre to act as such in its place. The Agent Bank may not resign its duties without a successor having been appointed as aforesaid.

4. Redemption and Purchase

(a) Final Redemption

Unless previously redeemed or purchased and cancelled as provided below, this Note will be redeemed at its Redemption Amount on the Maturity Date shown on its face (if this Note is shown on its face to be a Fixed Rate Note) or on the Interest Payment Date falling in the Redemption Month shown on its face (if this Note is shown on its face to be a Floating Rate Note or Variable Rate Note).

(b) Purchase at the Option of Issuer

If so provided hereon, the Issuer shall have the option to purchase all or any of the Fixed Rate Notes, Floating Rate Notes or Variable Rate Notes at their Redemption Amount on any date on which interest is due to be paid on such Notes and the Noteholders shall be bound to sell such Notes to the Issuer accordingly. To exercise such option, the Issuer shall give irrevocable notice to the Noteholders within the Issuer's Purchase Option Period shown on the face hereof. Such Notes may be held, resold or surrendered to any Paying Agent for cancellation. The Notes so purchased, while held by or on behalf of the Issuer, shall not entitle the holder to vote at any meetings of the Noteholders and shall not be deemed to be outstanding for the purposes of calculating quorums at meetings of the Noteholders or for the purposes of Conditions 8 and 9.

In the case of a purchase of some only of the Notes, the notice to Noteholders shall also contain the certificate numbers of the Notes to be purchased, which shall have been drawn by or on behalf of the Issuer in such place and in such manner as may be fair and reasonable in the circumstances, taking account of prevailing market practices, subject to compliance with any applicable laws. So long as the Notes are listed on any Stock Exchange (as defined in the Agency Agreement), the Issuer shall comply with the rules of such Stock Exchange in relation to the publication of any purchase of Notes.

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(c) Purchase at the Option of Noteholders

- (i) Each Noteholder shall have the option to have all or any of his Variable Rate Notes purchased by the Issuer at their Redemption Amount on any Interest Payment Date and the Issuer will purchase such Variable Rate Notes accordingly. To exercise such option, a Noteholder shall deposit any Variable Rate Notes to be purchased with any Paying Agent at its specified office (in the case of Bearer Notes) or the Certificate representing such Variable Rate Notes with the Issuer at its head office or at the specified office of its agent (in the case of Registered Notes) together with all Coupons relating to such Variable Rate Notes which mature after the date fixed for purchase (in the case of Bearer Notes), together with a duly completed option exercise notice in the form obtainable from any Paying Agent or the Issuer (as applicable) within the Noteholders' VRN Purchase Option Period shown on the face hereof. Any Variable Rate Notes or Certificates so deposited may not be withdrawn (except as provided in the Agency Agreement) without the prior consent of the Issuer. Such Variable Rate Notes may be held, resold or surrendered to any Paying Agent for cancellation. The Variable Rate Notes so purchased, while held by or on behalf of the Issuer, shall not entitle the holder to vote at any meetings of the Noteholders and shall not be deemed to be outstanding for the purposes of calculating quorums at meetings of the Noteholders or for the purposes of Conditions 8 and 9.
- (ii) If so provided hereon, each Noteholder shall have the option to have all or any of his Fixed Rate Notes or Floating Rate Notes purchased by the Issuer at their Redemption Amount on any date on which interest is due to be paid on such Notes and the Issuer will purchase such Notes accordingly. To exercise such option, a Noteholder shall deposit any Notes to be purchased with any Paying Agent at its specified office (in the case of Bearer Notes) or the Certificate representing such Fixed Rate Notes or Floating Rate Notes with the Issuer at its head office or at the specified office of its agent (in the case of Registered Notes) together with all Coupons relating to such Notes which mature after the date fixed for purchase (in the case of Bearer Notes), together with a duly completed option exercise notice in the form obtainable from any Paying Agent or the Issuer (as applicable) within the Noteholders' Purchase Option Period shown on the face hereof. Any Notes or Certificates so deposited may not be withdrawn (except as provided in the Agency Agreement) without the prior consent of the Issuer. Such Notes may be held, resold or surrendered to any Paying Agent for cancellation. The Notes so purchased, while held by or on behalf of the Issuer, shall not entitle the holder to vote at any meetings of the Noteholders and shall not be deemed to be outstanding for the purposes of calculating quorums at meetings of the Noteholders or for the purposes of Conditions 8 and 9.
- (iii) If, as a result of any amendment to the Housing and Development Act, Chapter 129 of Singapore or any other statute, the Issuer ceases to be an authority or body established by written law to discharge functions of a public nature or the Notes cease to be the obligations of the Issuer and any such event would materially and adversely affect the interests of the Noteholders, the Issuer will, at the option of the holder of any Note, purchase such Note at its Redemption Amount (together with interest accrued to (but excluding) the date fixed for purchase) on the date falling 30 days from the date of the exercise by the holder of such option. The Issuer will give prompt notice to the Noteholders of the occurrence of the event referred to in this Condition 4(c)(iii) in accordance with Condition 13. To exercise such option, a Noteholder shall deposit any Notes to be purchased with any Paying Agent at its specified office (in the case of Bearer Notes) or the Certificate representing such Notes with the Issuer at its head office or at the specified office of its agent (in the case of Registered Notes) together

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with all Coupons relating to such Notes which mature after the date fixed for purchase (in the case of Bearer Notes), together with a duly completed option exercise notice in the form obtainable from any Paying Agent or the Issuer (as applicable), no later than 10 Business Days from the date of the Issuer's notice to the Noteholders of the occurrence of such event (or such longer period, not exceeding 30 Business Days, as the Issuer may notify to the Noteholders in such notice). Any Notes or Certificates so deposited may not be withdrawn. Such Notes may be held, resold or surrendered to any Paying Agent for cancellation. The Notes so purchased, while held by or on behalf of the Issuer, shall not entitle the holder to vote at any meetings of the Noteholders and shall not be deemed to be outstanding for the purposes of calculating quorums at meetings of the Noteholders or for the purposes of Conditions 8 and 9.

(d) Redemption at the Option of the Issuer

If so provided hereon, the Issuer may, on giving irrevocable notice to the Noteholders falling within the Issuer's Redemption Option Period shown on the face hereof, redeem all or, if so provided, some of the Notes at their Redemption Amount or integral multiples thereof and on the date or dates so provided. Any such redemption of Notes shall be at their Redemption Amount, together with interest accrued to (but excluding) the date fixed for redemption.

All Notes in respect of which any such notice is given shall be redeemed on the date specified in such notice in accordance with this Condition.

In the case of a partial redemption of the Notes, the notice to Noteholders shall also contain the certificate numbers of the Notes to be redeemed, which shall have been drawn by or on behalf of the Issuer in such place and in such manner as may be fair and reasonable in the circumstances, taking account of prevailing market practices, subject to compliance with any applicable laws. So long as the Notes are listed on any Stock Exchange, the Issuer shall comply with the rules of such Stock Exchange in relation to the publication of any redemption of such Notes.

(e) Redemption at the Option of Noteholders

If so provided hereon, the Issuer shall, at the option of the holder of any Note, redeem such Note on the date or dates so provided at its Redemption Amount, together with interest accrued to (but excluding) the date fixed for redemption. To exercise such option, the holder must deposit (in the case of Bearer Notes) such Note (together with all unmatured Coupons) with any Paying Agent at its specified office or (in the case of Registered Notes) the Certificate representing such Note with the Issuer at its head office or at the specified office of its agent, together with a duly completed option exercise notice in the form obtainable from any Paying Agent or the Issuer (as applicable) within the Noteholders' Redemption Option Period shown on the face hereof. No Note or Certificate so deposited may be withdrawn (except as provided in the Agency Agreement) without the prior consent of the Issuer.

(f) Redemption for Taxation Reasons

If so provided hereon, the Notes may be redeemed at the option of the Issuer in whole, but not in part, on any Interest Payment Date or, if so specified hereon, at any time on giving not less than 30 nor more than 60 days' notice to the Noteholders (which notice shall be irrevocable), at their Redemption Amount (together with interest accrued to (but

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excluding) the date fixed for redemption), if (i) the Issuer has or will become obliged to pay additional amounts as provided or referred to in Condition 6, or increase the payment of such additional amounts, as a result of any change in, or amendment to, the laws (or any regulations, rulings or other administrative pronouncements promulgated thereunder) of Singapore or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws, regulations, rulings or other administrative pronouncements, which change or amendment is made public on or after the Issue Date or any other date specified in the Pricing Supplement, and (ii) such obligations cannot be avoided by the Issuer taking reasonable measures available to it, provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer would be obliged to pay such additional amounts were a payment in respect of the Notes then due. Prior to the publication of any notice of redemption pursuant to this paragraph, the Issuer shall deliver to the Fiscal Agent a certificate signed by a duly authorised officer of the Issuer stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred, and an opinion of independent legal advisers of recognised standing to the effect that the Issuer has or is likely to become obliged to pay such additional amounts as a result of such change or amendment.

(g) Purchases

The Issuer and any of its Subsidiaries (if any) may at any time purchase Notes at any price (provided that they are purchased together with all unmatured Coupons relating to them) in the open market or otherwise, provided that in any such case such purchase or purchases is in compliance with all relevant laws, regulations and directives.

Notes purchased by the Issuer or any of its Subsidiaries (if any) may be surrendered by the purchaser through the Issuer to the Fiscal Agent for cancellation or may at the option of the Issuer or relevant Subsidiary (if any) be held or resold.

For the purposes of these Conditions, “**directive**” includes any present or future directive, regulation, request, requirement, rule or credit restraint programme of any relevant agency, authority, central bank department, government, legislative, minister, ministry, official public or statutory corporation, self-regulating organisation, or stock exchange.

(h) Cancellation

All Notes purchased by or on behalf of the Issuer or any of its Subsidiaries (if any) may be surrendered for cancellation, in the case of Bearer Notes, by surrendering each such Note together with all unmatured Coupons to the Fiscal Agent at its specified office and, in the case of Registered Notes, by surrendering the Certificate representing such Notes to the Issuer at its head office or at the specified office of its agent and, in each case, if so surrendered, shall, together with all Notes redeemed by the Issuer, be cancelled forthwith (together with all unmatured Coupons attached thereto or surrendered therewith). Any Notes so surrendered for cancellation may not be reissued or resold.

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5. Payments

(a) Principal and Interest

(i) Payments of principal and interest in respect of Bearer Notes will, subject as mentioned below, be made against presentation and surrender of the relevant Bearer Notes or Coupons, as the case may be, at the specified office of any Paying Agent by a cheque drawn in the currency in which payment is due on, or, at the option of the holders, by transfer to an account maintained by the payee in that currency with, a bank in the principal financial centre for that currency.

(ii) (1) Payments of principal in respect of Registered Notes shall be made against presentation and surrender of the relevant Certificates representing such Notes at the head office of the Issuer or at the specified office of its agent and in the manner provided in Condition 5(a)(ii)(2).

(2) Interest on Registered Notes shall be paid to the person shown on the Register at the close of business on the seventh Business Day before the due date for payment thereof (the “**Record Date**”). Payments of interest on each Registered Note shall be made in the currency in which such payments are due by cheque drawn on a bank in the principal financial centre for the currency concerned and mailed to the holder (or to the first named of joint holders) of such Note at its address appearing in the Register. Upon application by the holder to the head office of the Issuer or the specified office of its agent before the Record Date and subject as provided in Condition 5(b), such payment of interest may be made by transfer to an account in the relevant currency maintained by the payee with a bank in the principal financial centre for that currency.

(b) Payments subject to law etc.

All payments are subject in all cases to (i) any applicable fiscal or other laws, regulations and directives, but without prejudice to the provisions of Condition 6, and (ii) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986 (the “**Code**”) or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, any official interpretations thereof, or (without prejudice to the provisions of Condition 6) any law implementing an intergovernmental approach thereto. No commission or expenses shall be charged to the Noteholders or Couponholders in respect of such payments.

(c) Appointment of Agents

The Fiscal Agent, the Paying Agent and the Agent Bank initially appointed by the Issuer and their respective specified offices are listed below. The Issuer reserves the right at any time to vary or terminate the appointment of the Fiscal Agent, any Paying Agent or the Agent Bank and to appoint additional or other Fiscal Agents, Paying Agents or Agent Banks, provided that it will at all times maintain (i) a Fiscal Agent, (ii) a Paying Agent having a specified office in Singapore and (iii) an Agent Bank where the Conditions so require.

Notice of any such change or any change of any specified office will promptly be given to the Noteholders in accordance with Condition 13.

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(d) Unmatured Coupons

- (i) Bearer Notes which are Fixed Rate Notes should be surrendered for payment together with all unmaturing Coupons (if any) appertaining thereto, failing which an amount equal to the face value of each missing unmaturing Coupon (or, in the case of payment not being made in full, that proportion of the amount of such missing unmaturing Coupon which the sum of principal so paid bears to the total principal due) will be deducted from the Redemption Amount due for payment. Any amount so deducted will be paid in the manner mentioned above against surrender of such missing Coupon within a period of five years from the Relevant Date for the payment of such principal (whether or not such Coupon has become void pursuant to Condition 7).
- (ii) Subject to the provisions of the relevant Pricing Supplement, upon the due date for redemption of any Bearer Note which is a Floating Rate Note or Variable Rate Note, unmaturing Coupons relating to such Bearer Note (whether or not attached) shall become void and no payment shall be made in respect of them.
- (iii) Where any Bearer Note which is a Floating Rate Note or Variable Rate Note is presented for redemption without all unmaturing Coupons relating to it, redemption shall be made only against the provision of such indemnity as the Issuer may require.
- (iv) If the due date for redemption or repayment of any Note is not a due date for payment of interest, interest accrued from the preceding due date for payment of interest or the Interest Commencement Date, as the case may be, shall only be payable against presentation (and surrender if appropriate) of the relevant Note or, as the case may be, Certificate representing it.

(e) Non-Business Days

Subject as provided in the relevant Pricing Supplement or subject as otherwise provided in these Conditions, if any date for the payment in respect of any Note or Coupon is not a Business Day, the holder shall not be entitled to payment until the next following Business Day and shall not be entitled to any further interest or payment in respect of any such delay.

(f) Default Interest

If on or after the due date for payment of any sum in respect of the Notes, payment of all or any part of such sum shall not be made against due presentation of the Notes or, as the case may be, the Coupons, the Issuer shall pay interest on the amount so unpaid from such due date up to (but excluding) the day of actual receipt by the relevant Noteholders or, as the case may be, Couponholders (as well after as before judgment) at a rate per annum determined by the Fiscal Agent to be equal to one per cent. per annum above (in the case of a Fixed Rate Note) the Interest Rate applicable to such Note, (in the case of a Floating Rate Note) the Rate of Interest applicable to such Note or (in the case of a Variable Rate Note) the variable rate by which the Agreed Yield applicable to such Note is determined or, as the case may be, the Rate of Interest applicable to such Note. So long as the default continues then such rate shall be recalculated on the same basis at intervals of such duration as the Fiscal Agent may select, save that the amount of unpaid interest at the above rate accruing during the

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preceding such period shall be added to the amount in respect of which the Issuer is in default and itself bear interest accordingly. Interest at the rate(s) determined in accordance with this paragraph shall be calculated on the Day Count Fraction shown on the face of the Note and the actual number of days elapsed, shall accrue on a daily basis and shall be immediately due and payable by the Issuer.

6. Taxation

All payments in respect of the Notes and the Coupons by the Issuer shall be made free and clear of, and without deduction or withholding for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within Singapore or any authority thereof or therein having power to tax, unless such withholding or deduction is required by law. In such event, the Issuer shall pay such additional amounts as will result in the receipt by the Noteholders and the Couponholders of such amounts as would have been received by them had no such deduction or withholding been required, except that no such additional amounts shall be payable in respect of:

- (a) any Note or Coupon presented (or in respect of which the Certificate representing it is presented) for payment by or on behalf of a holder who is subject to such taxes, duties, assessments or governmental charges by reason of his being connected with Singapore otherwise than by reason only of the holding of such Note or Coupon or the receipt of any sums due in respect of such Note or Coupon (including, without limitation, the holder being a resident of, or having a permanent establishment in, Singapore);
- (b) any Note or Coupon presented (or in respect of which the Certificate representing it is presented) for payment more than 30 days after the Relevant Date except to the extent that the holder thereof would have been entitled to such additional amounts on presenting the same for payment on the last day of such period of 30 days; or
- (c) any withholding tax imposed or deduction required pursuant to any agreements described in Section 1471(b) of the Code or otherwise imposed pursuant to Section 1471 through 1474 of the Code, any regulations or agreements thereunder, any official interpretations thereof, or any law implementing an intergovernmental approach thereto.

As used in these Conditions, “**Relevant Date**” in respect of any Note or Coupon means the date on which payment in respect thereof first becomes due or (if any amount of the money payable is improperly withheld or refused) the date on which payment in full of the amount outstanding is made or (if earlier) the date falling seven days after that on which notice is duly given to the Noteholders in accordance with Condition 13 that, upon further presentation of the Note (or relative Certificate) or Coupon being made in accordance with the Conditions, such payment will be made, provided that payment is in fact made upon presentation, and references to “**principal**” shall be deemed to include any premium payable in respect of the Notes, all Redemption Amounts and all other amounts in the nature of principal payable pursuant to Condition 4, “**interest**” shall be deemed to include all Interest Amounts and all other amounts payable pursuant to Condition 3 and any reference to “**principal**” and/or “**premium**” and/or “**Redemption Amounts**” and/or “**interest**” shall be deemed to include any additional amounts which may be payable under these Conditions.

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7. Prescription

Claims against the Issuer for payment, whether in respect of principal, interest or otherwise, in respect of the Notes and Coupons shall be prescribed and become void unless made within five years from the appropriate Relevant Date in respect of them.

8. Events of Default

If any of the following events ("**Events of Default**") occurs and is continuing, the holder of any Note may give written notice to the Fiscal Agent that such Note is immediately repayable, whereupon the Redemption Amount of such Note together with accrued interest to the date of payment shall become immediately due and payable:

- (a) the Issuer fails to pay the principal of (whether becoming due upon redemption or otherwise) or any interest on any of the Notes of any Series when due, and such default continues for a period of seven Business Days; or
- (b) the Issuer defaults in the performance or observance of or compliance with any of its other obligations set out in any of the Notes of any Series or the Agency Agreement which default is incapable of remedy or, if capable of remedy, is not remedied within 30 days after notice of such default shall have been given to the Issuer by any holder thereof; or
- (c)
 - (i) any other present or future indebtedness (in an aggregate amount of not less than S\$30,000,000 (or its equivalent in any other currency or currencies)) of the Issuer for or in respect of moneys borrowed or raised becomes due and payable prior to its stated maturity otherwise than at the option of the Issuer or any such indebtedness is not paid when due or, as the case may be, within any applicable grace period; or
 - (ii) the Issuer fails to pay when due any amount (in an aggregate amount of not less than S\$30,000,000 (or its equivalent in any other currency or currencies)) payable by it under any present or future guarantee for any moneys borrowed or raised; or
- (d) any mortgage, charge, pledge, lien or other encumbrance, present or future, created or assumed by the Issuer over the whole or any substantial part of the undertaking, property, assets or revenues of the Issuer is enforced; or
- (e) it is or will become unlawful for the Issuer to perform or comply with any of its obligations under any of the Notes of any Series, any of the Coupons or the Agency Agreement; or
- (f) any action, condition or thing (including obtaining or effecting of any necessary consent, approval, authorisation, exemption, filing, licence, order, recording or registration) at any time required to be taken, fulfilled or done in order (i) to enable the Issuer lawfully to enter into and perform and comply with its obligations under the Notes, the Coupons and/or the Agency Agreement, (ii) to ensure that those obligations are legally binding and enforceable and (iii) to make the Notes, the Coupons and the Agency Agreement admissible in evidence in the courts of Singapore is not taken, fulfilled or done; or

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- (g) a moratorium is agreed or declared in respect of all or any material part of the indebtedness of the Issuer or the Government of Singapore or any court or other authority in Singapore takes any action for the distribution of the assets of the Issuer or any material part thereof among any creditors of the Issuer.

9. Meeting of Noteholders and Modifications

The Agency Agreement contains provisions for convening meetings of Noteholders of a Series to consider any matter affecting their interests, including modification by Extraordinary Resolution (as defined in the Agency Agreement) of the Notes of such Series (including these Conditions insofar as the same may apply to the Notes).

Such a meeting may be convened by Noteholders holding not less than ten per cent. in principal amount of the Notes for the time being outstanding. The quorum for any meeting convened to consider an Extraordinary Resolution shall be two or more persons holding or representing a clear majority in principal amount of the Notes for the time being outstanding, or at any adjourned meeting two or more persons being or representing Noteholders whatever the principal amount of the Notes held or represented, unless the business of such meeting includes consideration of proposals by the Issuer, *inter alia*, (a) to amend the dates of maturity or redemption of the Notes or any date for payment of interest or Interest Amounts on the Notes, (b) to reduce or cancel the principal amount of, or any premium payable on redemption of, the Notes, (c) to reduce the rate or rates of interest in respect of the Notes or to vary the method or basis of calculating the rate or rates of interest or the basis for calculating any Interest Amount in respect of the Notes, (d) to vary any method of, or basis for, calculating the Redemption Amount, (e) to vary the currency or currencies of payment or denomination of the Notes, (f) to take any steps that as specified hereon may only be taken following approval by an Extraordinary Resolution to which the special quorum provisions apply, or (g) to modify the provisions concerning the quorum required at any meeting of Noteholders or the majority required to pass the Extraordinary Resolution, in which case the necessary quorum shall be two or more persons holding or representing not less than 75 per cent., or at any adjourned meeting not less than 25 per cent., in principal amount of the Notes for the time being outstanding. Any Extraordinary Resolution duly passed shall be binding on Noteholders (whether or not they were present at the meeting at which such resolution was passed) and on all Couponholders. For the avoidance of doubt, the Issuer is not bound by any modification to any of these Conditions unless the Issuer has agreed to such modification.

These Conditions may be amended, modified, or varied in relation to any Series of Notes by the terms of the relevant Pricing Supplement in relation to such Series.

10. Replacement of Notes, Certificates and Coupons

If a Note, Certificate or Coupon is lost, stolen, mutilated, defaced or destroyed, it may be replaced, subject to applicable laws, at the specified office of any Paying Agent (in the case of Bearer Notes or Coupons) or at the head office of the Issuer or at the specified office of its agent (in the case of Certificates), or at the specified office of such other Paying Agent as may from time to time be designated by the Issuer for the purpose and notice of whose designation is given to Noteholders in accordance with Condition 13 in each case, on payment by the claimant of the fees and costs incurred in connection therewith and on such terms as to evidence, security and indemnity (which may provide, *inter alia*, that if the allegedly lost, stolen or destroyed Note, Certificate or Coupon is subsequently presented for payment, there will be paid to the Issuer on demand the

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amount payable by the Issuer in respect of such Note, Certificate or Coupon) and otherwise as the Issuer may require. Mutilated or defaced Notes, Certificates or Coupons must be surrendered before replacements will be issued.

11. Further Issues

The Issuer may from time to time without the consent of the Noteholders or Couponholders create and issue further notes having the same terms and conditions as the Notes of any Series and so that the same shall be consolidated and form a single Series with such Notes, and references in these Conditions to “Notes” shall be construed accordingly.

12. Fiscal Agent, Paying Agents and Agent Bank

In acting under the Agency Agreement, the Fiscal Agent, the Paying Agents and the Agent Bank act solely as agents of the Issuer and do not assume any obligation or relationship of agency or trust for or with any holder except that (without affecting the obligations of the Issuer to the holders to make payment in respect of the Notes and Coupons in accordance with their terms) any funds received by the Fiscal Agent for the payment of any amounts in respect of the Notes or Coupons shall be held by it in trust for the relevant holders until the expiration of the period of prescription specified in Condition 7.

The Agency Agreement may be amended by the Issuer and the Fiscal Agent, without the consent of the Paying Agents or the Agent Bank or any holder, for the purpose of curing any ambiguity or of curing, correcting or supplementing any defective provision contained therein or in any manner which the Issuer and the Fiscal Agent may mutually deem necessary or desirable and which does not, in the opinion of the Issuer and the Fiscal Agent, adversely affect the interests of the holders in any material respect.

13. Notices

Notices to the holders of Bearer Notes will be valid if published in a daily newspaper in the English language of general circulation in Singapore (or, if the holders of any Series of Notes can be identified, notices to such holders will also be valid if they are given to each of such holders). Notices will, if published more than once or on different dates, be deemed to have been given on the date of the first publication in such newspaper as provided above. Couponholders shall be deemed for all purposes to have notice of the contents of any notice to the holders in accordance with this Condition. Notices to the holders of Registered Notes shall be mailed to them at their respective addresses in the Register (in the case of joint holders to the address of the holder whose name stands first in the Register) and deemed to have been given on the second day after the date of despatch.

Until such time as any definitive Notes are issued, there may, so long as the Global Note(s) or, as the case may be, the Global Certificate(s) is or are held in its or their entirety on behalf of the Depository, be substituted for such publication in such newspapers the delivery of the relevant notice to the Depository for communication by it to the Noteholders, except that if the Notes are listed on the SGX-ST and the rules of such exchange so require, notice will in any event be published in accordance with the previous paragraph. Any such notice shall be deemed to have been given to the

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Noteholders on the seventh day after the day on which the said notice was given to the Depository.

Notices to be given by any Noteholder pursuant hereto (including to the Issuer) shall be in writing and given by lodging the same, together with the relative Note or Notes, with the Fiscal Agent. Whilst the Notes are represented by a Global Note or, as the case may be, a Global Certificate, such notice may be given by any Noteholder to the Fiscal Agent through the Depository in such manner as the Fiscal Agent and the Depository may approve for this purpose.

Notwithstanding the other provisions of this Condition, in any case where the identity and addresses of all the Noteholders are known to the Issuer, notices to such holders may be given individually by recorded delivery mail to such addresses and will be deemed to have been given when received at such addresses.

14. Currency Indemnity

Any amount received or recovered in a currency other than the currency in which payment under the relevant Note or Coupon is due (whether as a result of, or of the enforcement of, a judgment or order of a court of any jurisdiction, in the dissolution of the Issuer or otherwise) by any Noteholder or Couponholder in respect of any sum expressed to be due to it from the Issuer shall only constitute a discharge to the Issuer to the extent of the amount in the currency of payment under the relevant Note or Coupon that the recipient is able to purchase with the amount so received or recovered in that other currency on the date of that receipt or recovery (or, if it is not practicable to make that purchase on that date, on the first date on which it is practicable to do so or, in the case of a dissolution or analogous process of the Issuer, at the rate of exchange on the latest date permitted by applicable law for the determination of liabilities in such dissolution or analogous process). If the amount received or recovered is less than the amount expressed to be due to the recipient under any Note or Coupon, the Issuer shall indemnify it against any loss sustained by it as a result. In any event, the Issuer shall indemnify the recipient against the cost of making any such purchase. For the purposes of this Condition, it shall be sufficient for the Noteholder or Couponholder, as the case may be, to demonstrate that it would have suffered a loss had an actual purchase been made. These indemnities constitute a separate and independent obligation from the Issuer's other obligations, shall give rise to a separate and independent cause of action, shall apply irrespective of any indulgence granted by any Noteholder or Couponholder and shall continue in full force and effect despite any other judgment, order, claim or proof for a liquidated amount in respect of any sum due under any Note or Coupon or any other judgment or order.

15. Governing Law

The Notes and the Coupons are governed by, and shall be construed in accordance with, the laws of Singapore.

SUBSCRIPTION, PURCHASE AND DISTRIBUTION

The Programme Agreement provides for Notes to be offered from time to time through one or more Dealers. The price at which a Series or Tranche will be issued will be determined prior to its issue between HDB and the relevant Dealer(s). The obligations of the Dealers under the Programme Agreement will be subject to certain conditions set out in the Programme Agreement. Each Dealer (acting as principal) will subscribe or procure subscribers for Notes from HDB pursuant to the Programme Agreement.

The Arranger, the Dealers or any of their respective affiliates may have performed certain banking and advisory services for the Issuer and/or its affiliates from time to time for which they have received customary fees and expenses and may, from time to time, engage in transactions with and perform services for the Issuer and/or its affiliates in the ordinary course of the Issuer's or their business.

The Arranger, the Dealers or any of their respective affiliates may purchase Notes for its own account or enter into secondary market transactions or derivative transactions relating to the Notes, including, without limitation, purchase, sale (or facilitation thereof), stock borrowing or credit or equity-linked derivatives such as asset swaps, repackaging and credit default swaps, at the same time as the offering of the Notes. Such transactions may be carried out as bilateral trades with selected counterparties and separately from any existing sale or resale of the Notes to which this Information Memorandum relates (notwithstanding that such selected counterparties may also be a purchaser of the Notes). As a result of such transactions, the Arranger, the Dealers or any of their respective affiliates may hold long or short positions relating to the Notes.

In connection with each Series or Tranche of Notes issued under the Programme, the Dealers or certain of their affiliates may purchase Notes and be allocated Notes for asset management and/or proprietary purposes but not with a view to distribution. Further, the Dealers and/or their respective affiliates may place orders, receive allocations and purchase Notes for their own account (without a view to distributing such Notes) and such orders and/or allocations of the Notes may be material. Such entities may hold or sell such Notes or purchase further Notes for their own account in the secondary market or deal in any other securities of the Issuer, and therefore, they may offer or sell the Notes or other securities otherwise than in connection with the offering (subject to restrictions on offers and sales under any applicable securities laws, including the Securities Act). Accordingly, references herein to the Notes being "offered" should be read as including any offering of the Notes to the Arranger, the Dealers and/or their respective affiliates for their own account. Such entities are not expected to disclose such transactions or the extent of any such investment, otherwise than in accordance with any legal or regulatory obligation to do so.

United States

The Notes have not been and will not be registered under the Securities Act, and the Notes may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from the registration requirements of the Securities Act. Terms used in this paragraph have the meaning given to them by Regulation S under the Securities Act.

The Notes are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by U.S. tax regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986, as amended, and regulations thereunder.

SUBSCRIPTION, PURCHASE AND DISTRIBUTION

Each Dealer has agreed, and each further Dealer appointed under the Programme will be required to agree that, except as permitted by the Programme Agreement, it will not offer, sell or deliver the Notes, (i) as part of their distribution at any time or (ii) otherwise until 40 days after the completion of the distribution of an identifiable tranche of which such Notes are a part, as determined and certified to the Issuer and each relevant Dealer by such Dealer (or, in the case of an identifiable tranche of Notes sold to or through more than one Dealer, by each of such Dealers with respect to Notes of an identifiable tranche purchased by or through it, in which case the Fiscal Agent shall notify such Dealer when all such Dealers have so certified), within the United States or to, or for the account or benefit of, U.S. persons, and it will have sent to each Dealer to which it sells Notes during the distribution compliance period a confirmation or other notice setting out the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, U.S. persons.

In addition, until 40 days after the commencement of the offering of any identifiable tranche of Notes, an offer or sale of Notes within the United States by any dealer that is not participating in the offering of such Notes may violate the registration requirements of the Securities Act.

Prohibition of Sales to EEA and UK Retail Investors

Unless the Pricing Supplement in respect of any Notes specifies the “Prohibition of Sales to EEA and UK Retail Investors” as “Not Applicable”, each Dealer will be required to represent and agree, that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes which are the subject of the offering contemplated by this Information Memorandum as completed by the Pricing Supplement in relation thereto to any retail investor in the European Economic Area or in the United Kingdom. For the purposes of this provision:

- (i) the expression “**retail investor**” means a person who is one (or more) of the following:
 - (a) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended or superseded, “**MiFID II**”); or
 - (b) a customer within the meaning of Directive (EU) 2016/97 (as amended or superseded, the “**Insurance Distribution Directive**”), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or
 - (c) not a qualified investor as defined in the Prospectus Regulation (as defined below); and
- (ii) the expression “**offer**” includes the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe for the Notes.

If the Pricing Supplement in respect of any Notes specifies “Prohibition of Sales to EEA and UK Retail Investors” as “Not Applicable”, in relation to each Member State of the European Economic Area and the United Kingdom (each, a “**Relevant State**”), each Dealer will be required to represent and agree that it has not made and will not make an offer of Notes which are the subject of the offering contemplated by this Information Memorandum as completed by the Pricing Supplement in relation thereto to the public in that Relevant State except that it may make an offer of such Notes to the public in that Relevant State:

- (i) if the Pricing Supplement in relation to the Notes specifies that an offer of those Notes may be made other than pursuant to Article 1(4) of the Prospectus Regulation in that Relevant State (a “**Non-exempt Offer**”), following the date of publication of a prospectus in relation to such Notes which has been approved by the competent

SUBSCRIPTION, PURCHASE AND DISTRIBUTION

authority in that Relevant State or, where appropriate, approved in another Relevant State and notified to the competent authority in that Relevant State, provided that any such prospectus has subsequently been completed by the Pricing Supplement contemplating such Non-exempt Offer, in accordance with the Prospectus Regulation, in the period beginning and ending on the dates specified in such prospectus or Pricing Supplement, as applicable and the Issuer has consented in writing to its use for the purpose of that Non-exempt Offer;

- (ii) at any time to any legal entity which is a qualified investor as defined in the Prospectus Regulation;
- (iii) at any time to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Regulation) subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Issuer for any such offer; or
- (iv) at any time in any other circumstances falling within Article 1(4) of the Prospectus Regulation,

provided that no such offer of Notes referred to in (ii) to (iv) above shall require the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Regulation, or supplement a prospectus pursuant to Article 23 of the Prospectus Regulation.

For the purposes of this provision, the expression “**an offer of Notes to the public**” in relation to any Notes in any Relevant State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe for the Notes, and the expression “**Prospectus Regulation**” means Regulation (EU) 2017/1129 (as amended or superseded).

United Kingdom

Each Dealer will be required to represent, warrant and agree, that:

- (i) in relation to any Notes which have a maturity of less than one year, (i) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business and (ii) it has not offered or sold and will not offer or sell any Notes other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or as agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses where the issue of the Notes would otherwise constitute a contravention of Section 19 of the Financial Services and Markets Act 2000 (the “**FSMA**”) by the Issuer;
- (ii) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which section 21(1) of the FSMA does not apply to the Issuer; and
- (iii) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to such Notes in, from or otherwise involving the United Kingdom.

SUBSCRIPTION, PURCHASE AND DISTRIBUTION

Singapore

Each Dealer has acknowledged that this Information Memorandum has not been and will not be registered as a prospectus with the MAS. Accordingly, each Dealer will be required to represent and agree that it has not offered or sold any Notes or caused the Notes to be made the subject of an invitation for subscription or purchase and will not offer or sell any Notes or cause the Notes to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, this Information Memorandum or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Notes, whether directly or indirectly, to any person in Singapore other than (i) to an institutional investor (as defined in Section 4A of the SFA) pursuant to Section 274 of the SFA, (ii) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA, or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA and (where applicable) Regulation 3 of the Securities and Futures (Classes of Investors) Regulations 2018, or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Any reference to the SFA is a reference to the Securities and Futures Act, Chapter 289 of Singapore and a reference to any term as defined in the SFA or any provision in the SFA is a reference to that term or provision as modified or amended from time to time including by such of its subsidiary legislation as may be applicable at the relevant time.

General

Each Dealer understands that no action has been taken in any jurisdiction that would permit a public offering of any of the Notes, or possession or distribution of this Information Memorandum or any other document or any Pricing Supplement, in any country or jurisdiction where action for that purpose is required.

Each issue of Notes shall be subject to such additional selling restrictions as may be agreed between the Issuer and the relevant Dealer(s) and each Dealer has undertaken that it will at all times comply with all such selling restrictions.

Each Dealer has agreed that it will comply with all laws, regulations and directives in each jurisdiction in which it subscribes for, purchases, offers, sells or delivers Notes or any interest therein or rights in respect thereof or has in its possession or distributes, any other document or any Pricing Supplement. No Dealer will directly or indirectly offer, sell or deliver Notes or any interest therein or rights in respect thereof or distribute or publish any prospectus, circular, advertisement or other offering material (including, without limitation, this Information Memorandum) in any country or jurisdiction except under circumstances that will result in compliance with any applicable laws and regulations, and all offers, sales and deliveries of Notes or any interest therein or rights in respect thereof by it will be made on the foregoing terms. In connection with the offer, sale or delivery by any Dealer of any Notes or any interest therein or rights in respect thereof, HDB shall not have responsibility for, and each Dealer will obtain, any consent, approval or permission required in, and each Dealer will comply with the laws and regulations in force in, any jurisdiction to which it is subject or from which it may make any such offer or sale.

Any person who may be in doubt as to the restrictions set out in the SFA or the laws, regulations and directives in each jurisdiction in which it subscribes for, purchases, offers, sells or delivers

SUBSCRIPTION, PURCHASE AND DISTRIBUTION

the Notes or any interest therein or rights in respect thereof and the consequences arising from a contravention thereof should consult his own professional advisers and should make his own inquiries as to the laws, regulations and directives in force or applicable in any particular jurisdiction at any relevant time.

RATINGS

The Programme is rated “AAA” by Fitch. The Issuer also has a “AAA” rating from Fitch. Each Series of Notes may or may not be rated.

A rating is not a recommendation to buy, sell or hold securities, does not address the likelihood or timing of prepayment, if any, or the receipt of default interest and may be subject to revision or withdrawal at any time by the assigning rating organisation.

Rating Agencies may also revise or replace entirely the methodology applied to assign credit ratings. No assurance that ratings given will continue or that the ratings will not be reviewed, revised, downgraded, suspended or withdrawn as a result of future events, unavailability of information or if, in the judgment of the relevant Rating Agency, circumstances so warrant. Any rating changes that may occur may have a negative impact on the market value of such Notes and may lead to the Issuer being unable to obtain future credit on terms which are as favourable as those of its existing borrowings, which may result in loans at higher interest rates.

See the section on “Risk factors — Rating of the Programme and the Notes” for more details.

CLEARING AND SETTLEMENT

Introduction

In respect of Notes which are accepted for clearance by CDP in Singapore, clearance will be effected through an electronic book-entry clearance and settlement system for the trading of debt securities (the “**Depository System**”) maintained by CDP. Notes that are to be listed on the SGX-ST may be cleared through CDP.

CDP

CDP, a wholly-owned subsidiary of Singapore Exchange Limited, is incorporated under the laws of Singapore and acts as a depository and clearing organisation. CDP holds securities for its accountholders and facilitates the clearance and settlement of securities transactions between accountholders through electronic book-entry changes in the securities accounts maintained by such accountholders with CDP.

Clearing and Settlement under the Depository System

In respect of Notes which are accepted for clearance by CDP, the entire issue of the Notes is to be held by CDP in the form of a Global Note for persons holding the Notes in securities accounts with CDP (the “**Depositors**”). Delivery and transfer of Notes between Depositors is by electronic book-entries in the records of CDP only, as reflected in the securities accounts of Depositors.

Settlement of over-the-counter trades in the Notes through the Depository System may be effected through securities sub-accounts held with corporate depositors (“**Depository Agents**”). Depositors holding the Notes in direct securities accounts with CDP, and who wish to trade Notes through the Depository System, must transfer the Notes to a securities sub-account with a Depository Agent for trade settlement.

General

CDP is not involved in money settlement between the Depository Agents (or any other persons) as CDP is not a counterparty in the settlement of trades of debt securities. However, CDP will make payment of interest and repayment of principal on behalf of issuers of debt securities.

Although CDP has established procedures to facilitate transfer of interests in the Notes in global form among Depositors, it is under no obligation to perform or continue to perform such procedures, and such procedures may be discontinued at any time. None of HDB, the Fiscal Agent or any other agent will have the responsibility for the performance by CDP of its obligations under the rules and procedures governing its operations.

TAXATION

Singapore Taxation

The statements below are general in nature and are based on certain aspects of current tax laws in Singapore, and administrative guidelines and circulars issued by MAS in force as at the date of this Information Memorandum and are subject to any changes in such laws, administrative guidelines or circulars, or the interpretation of those laws, guidelines or circulars, occurring after such date, which changes could be made on a retroactive basis. Neither these statements nor any other statements in this Information Memorandum are intended or are to be regarded as advice on the tax position of any holder of the Notes or of any person acquiring, selling or otherwise dealing with the Notes or on any tax implications arising from the acquisition, sale or other dealings in respect of the Notes. The statements made herein do not purport to be a comprehensive or exhaustive description of all the tax considerations that may be relevant to a decision to purchase, own or dispose of the Notes and do not purport to deal with the tax consequences applicable to all categories of investors, some of which (such as dealers in securities or financial institutions in Singapore which have been granted the relevant Financial Sector Incentive(s)) may be subject to special rules or tax rates. Prospective holders of the Notes are advised to consult their own tax advisors as to the Singapore or other tax consequences of the acquisition, ownership of or disposal of the Notes, including, in particular, the effect of any foreign, state or local tax laws to which they are subject. It is emphasised that neither the Issuer nor any other persons involved in the Programme accepts responsibility for any tax effects or liabilities resulting from the subscription for, purchase, holding or disposal of the Notes.

1. Interest and Other Payments

Subject to the following paragraphs, under Section 12(6) of the Income Tax Act, the following payments are deemed to be derived from Singapore:

- (a) any interest, commission, fee or any other payment in connection with any loan or indebtedness or with any arrangement, management, guarantee, or service relating to any loan or indebtedness which is (i) borne, directly or indirectly, by a person resident in Singapore or a permanent establishment in Singapore (except in respect of any business carried on outside Singapore through a permanent establishment outside Singapore or any immovable property situated outside Singapore) or (ii) deductible against any income accruing in or derived from Singapore; or
- (b) any income derived from loans where the funds provided by such loans are brought into or used in Singapore.

Such payments, where made to a person not known to the paying party to be a resident in Singapore for tax purposes, are generally subject to withholding tax in Singapore. The rate at which tax is to be withheld for such payments (other than those subject to the 15 per cent. final withholding tax described below) to non-resident persons (other than non-resident individuals) is currently 17 per cent. The applicable rate for non-resident individuals is currently 22 per cent. However, if the payment is derived by a person not resident in Singapore otherwise than from any trade, business, profession or vocation carried on or exercised by such person in Singapore and is not effectively connected with any permanent establishment in Singapore of that person, the payment is subject to a final withholding tax of 15 per cent. The rate of 15 per cent. may be reduced by applicable tax treaties.

However, certain Singapore-sourced investment income derived by individuals from financial instruments is exempt from tax, including:

TAXATION

- (a) interest from debt securities derived on or after 1 January 2004;
- (b) discount income (not including discount income arising from secondary trading) from debt securities derived on or after 17 February 2006; and
- (c) prepayment fee, redemption premium and break cost from debt securities derived on or after 15 February 2007,

except where such income is derived through a partnership in Singapore or is derived from the carrying on of a trade, business or profession.

In addition, with respect to any tranche of the Notes issued as debt securities under the Programme (the “Relevant Notes”) during the period from the date of this Information Memorandum to 31 December 2023 where more than half of the issue of such Relevant Notes are distributed by Financial Sector Incentive – Capital Market, Financial Sector Incentive – Standard Tier or Financial Sector Incentive – Bond Market companies, such tranche of Relevant Notes would be qualifying debt securities (“QDS”) for the purposes of the Income Tax Act, to which the following treatment applies:

- (i) subject to certain prescribed conditions having been fulfilled (including the furnishing by the Issuer, or such other person as the MAS may direct, to the MAS of a return on debt securities for the Relevant Notes in the prescribed format within such period as the MAS may specify and such other particulars in connection with the Relevant Notes as the MAS may require and the inclusion by the Issuer in all offering documents relating to the Relevant Notes of a statement to the effect that where interest, discount income, break cost, prepayment fee or redemption premium from the Relevant Notes is derived by any person who is not resident in Singapore and who carries on any operation in Singapore through a permanent establishment in Singapore, the tax exemption for qualifying debt securities shall not apply if the non-resident person acquires the Relevant Notes using funds from that person’s operations through the Singapore permanent establishment), interest, discount income (not including discount income arising from secondary trading), break cost, prepayment fee and redemption premium (collectively, the “Qualifying Income”) from the Relevant Notes derived by a holder who is not resident in Singapore and who (aa) does not have any permanent establishment in Singapore or (bb) carries on any operation in Singapore through a permanent establishment in Singapore but the funds used by that person to acquire the Relevant Notes are not obtained from such person’s operation through a permanent establishment in Singapore, are exempt from Singapore tax;
- (ii) subject to certain conditions having been fulfilled (including the furnishing by the Issuer, or such other person as the MAS may direct, to the MAS of a return on debt securities for the Relevant Notes in the prescribed format within such period as the MAS may specify and such other particulars in connection with the Relevant Notes as the MAS may require), Qualifying Income from the Relevant Notes derived by any company or body of persons (as defined in the Income Tax Act) in Singapore is subject to tax at a concessionary rate of 10 per cent. (except for holders of the relevant Financial Sector Incentive(s) who may be taxed at different rates); and
- (iii) subject to:
 - (aa) the Issuer including in all offering documents relating to the Relevant Notes a statement to the effect that any person whose interest, discount income, break

TAXATION

cost, prepayment fee or redemption premium derived from the Relevant Notes is not exempt from tax shall include such income in a return of income made under the Income Tax Act; and

- (bb) the furnishing by the Issuer, or such other person as the MAS may direct, to the MAS of a return on debt securities for the Relevant Notes in the prescribed format within such period as the MAS may specify and such other particulars in connection with the Relevant Notes as the MAS may require,

payments of Qualifying Income derived from the Relevant Notes are not subject to withholding of tax by the Issuer.

Notwithstanding the foregoing:

- (A) if during the primary launch of any tranche of Relevant Notes, the Relevant Notes of such tranche are issued to fewer than four persons and 50 per cent. or more of the issue of such Relevant Notes is beneficially held or funded, directly or indirectly, by related parties of the Issuer, such Relevant Notes would not qualify as QDS; and
- (B) even though a particular tranche of Relevant Notes are QDS, if, at any time during the tenure of such tranche of Relevant Notes, 50 per cent. or more of such Relevant Notes which are outstanding at any time during the life of their issue is beneficially held or funded, directly or indirectly, by any related party(ies) of the Issuer, Qualifying Income derived from such Relevant Notes held by:
 - (i) any related party of the Issuer; or
 - (ii) any other person where the funds used by such person to acquire such Relevant Notes are obtained, directly or indirectly, from any related party of the Issuer,

shall not be eligible for the tax exemption or concessionary rate of tax as described above.

The term “**related party**”, in relation to a person, means any other person who, directly or indirectly, controls that person, or is controlled, directly or indirectly, by that person, or where he and that other person, directly or indirectly, are under the control of a common person.

The terms “**break cost**”, “**prepayment fee**” and “**redemption premium**” are defined in the Income Tax Act as follows:

“break cost”, in relation to debt securities and qualifying debt securities, means any fee payable by the issuer of the securities on the early redemption of the securities, the amount of which is determined by any loss or liability incurred by the holder of the securities in connection with such redemption;

“prepayment fee”, in relation to debt securities and qualifying debt securities, means any fee payable by the issuer of the securities on the early redemption of the securities, the amount of which is determined by the terms of the issuance of the securities; and

“redemption premium”, in relation to debt securities and qualifying debt securities, means any premium payable by the issuer of the securities on the redemption of the securities upon their maturity.

TAXATION

References to “break cost”, “prepayment fee” and “redemption premium” in this Singapore tax disclosure have the same meaning as defined in the Income Tax Act.

Where interest, discount income, prepayment fee, redemption premium or break cost (i.e. the Qualifying Income) is derived from the Relevant Notes by any person who is not resident in Singapore and who carries on any operations in Singapore through a permanent establishment in Singapore, the tax exemption available for QDS under the Income Tax Act (as mentioned above) shall not apply if such person acquires such Relevant Notes using the funds and profits of such person’s operations through a permanent establishment in Singapore. Any person whose interest, discount income, prepayment fee, redemption premium or break cost (i.e. the Qualifying Income) derived from the Relevant Notes is not exempt from tax (including for the reasons described above) shall include such income in a return of income made under the Income Tax Act.

2. Capital Gains

Any gains considered to be in the nature of capital made from the sale of the Notes will not be taxable in Singapore. However, any gains derived by any person from the sale of the Notes which are gains from any trade, business, profession or vocation carried on by that person, if accruing in or derived from Singapore, may be taxable as such gains are considered revenue in nature.

Holders of the Notes who apply or are required to apply Singapore Financial Reporting Standard (“**FRS**”) 39, FRS 109 or Singapore Financial Reporting Standard (International) 9 (“**SFRS(I) 9**”) (as the case may be), may for Singapore income tax purposes be required to recognise gains or losses (not being gains or losses in the nature of capital) on the Notes, irrespective of disposal, in accordance with FRS 39, FRS 109 or SFRS(I) 9 (as the case may be). Please see the section below on “Adoption of FRS 39, FRS 109 or SFRS(I) 9 for Singapore income tax purposes”.

3. Adoption of FRS 39, FRS 109 or SFRS(I) 9 for Singapore income tax purposes

Section 34A of the Income Tax Act provides for the tax treatment for financial instruments in accordance with FRS 39 (subject to certain exceptions and “opt-out” provisions) to taxpayers who are required to comply with FRS 39 for financial reporting purposes. The Inland Revenue Authority of Singapore has also issued a circular entitled “Income Tax Implications Arising from the Adoption of FRS 39 - Financial Instruments: Recognition and Measurement”.

FRS 109 or SFRS(I) 9 (as the case may be) is mandatorily effective for annual periods beginning on or after 1 January 2018, replacing FRS 39. Section 34AA of the Income Tax Act requires taxpayers who comply or who are required to comply with FRS 109 or SFRS(I) 9 for financial reporting purposes to calculate their profit, loss or expense for Singapore income tax purposes in respect of financial instruments in accordance with FRS 109 or SFRS(I) 9 (as the case may be), subject to certain exceptions. The Inland Revenue Authority of Singapore has also issued a circular entitled “Income Tax: Income Tax Treatment Arising from Adoption of FRS 109 – Financial Instruments”.

Holders of the Notes who may be subject to the tax treatment under Sections 34A or 34AA of the Income Tax Act should consult their own accounting and tax advisers regarding the Singapore income tax consequences of their acquisition, holding or disposal of the Notes.

4. Estate Duty

Singapore estate duty has been abolished with respect to all deaths occurring on or after 15 February 2008.

Foreign Account Tax Compliance Act

Pursuant to certain provisions of the U.S. Internal Revenue Code of 1986, commonly known as FATCA, a foreign financial institution (as defined by FATCA) may be required to withhold on certain payments it makes (“**foreign passthru payments**”) to persons that fail to meet certain certification, reporting or related requirements. The Issuer may be a foreign financial institution for these purposes. A number of jurisdictions, including Singapore, have entered into, or have agreed in substance to, intergovernmental agreements with the United States to implement FATCA (“**IGAs**”), which modify the way in which FATCA applies in their jurisdictions. Under the provisions of IGAs as currently in effect, a foreign financial institution in an IGA jurisdiction would generally not be required to withhold under FATCA or an IGA from payments that it makes. Certain aspects of the application of the FATCA provisions and IGAs as to instruments such as Notes, including whether withholding would ever be required pursuant to FATCA or an IGA with respect to payments on instruments such as Notes, are uncertain and may be subject to change. Even if withholding would be required pursuant to FATCA or an IGA with respect to payments on instruments such as Notes, such withholding would not apply prior to 1 January 2019 and Notes issued on or prior to the date that is six months after the date on which final regulations defining foreign passthru payments are filed with the U.S. Federal Register generally would be grandfathered for purposes of FATCA withholding unless materially modified after such date (including by reason of a substitution of the Issuer). However, if additional Notes (as described under “**Terms and Conditions – Further Issues**”) that are not distinguishable from grandfathered Notes are issued after the expiration of the grandfathering period and are subject to withholding under FATCA, then withholding agents may treat all the Notes, including Notes offered prior to the expiration of the grandfathering period, as subject to withholding under FATCA. Holders should consult their own tax advisers regarding how these rules may apply to their investment in Notes. In the event any withholding would be required pursuant to FATCA or an IGA with respect to payments on the Notes, no person will be required to pay additional amounts as a result of the withholding.

Noteholders should consult their own tax advisers regarding how these rules may apply to their investment in the Notes.

GENERAL INFORMATION

1. Issued Debentures

- (a) Save as disclosed below, no debentures of HDB have been issued, or agreed or proposed to be issued, as fully or partly paid in cash or otherwise than in cash during the last two years preceding the date of this Information Memorandum:

Date of Issue	Description of Debentures	Issue Price	Consideration
20 November 2018	S\$500,000,000 2.550 per cent. Notes due 2023 (the “ Series 083 Notes ”)	100 per cent.	S\$500,000,000
22 January 2019	S\$600,000,000 2.675 per cent. Notes due 2029 (the “ Series 084 Notes ”)	100 per cent.	S\$600,000,000
11 March 2019	S\$500,000,000 2.495 per cent. Notes due 2026 (the “ Series 085 Notes ”)	100 per cent.	S\$500,000,000
22 May 2019	S\$700,000,000 2.164 per cent. Notes due 2024 (the “ Series 086 Notes ”)	100 per cent.	S\$700,000,000
16 July 2019	S\$600,000,000 2.27 per cent. Notes due 2029 (the “ Series 087 Notes ”)	100 per cent.	S\$600,000,000
18 September 2019	S\$500,000,000 2.315 per cent. Notes due 2034 (the “ Series 088 Notes ”)	100 per cent.	S\$500,000,000
25 November 2019	S\$700,000,000 1.75 per cent. Notes due 2024 (the “ Series 089 Notes ”)	100 per cent.	S\$700,000,000
24 February 2020	S\$700,000,000 1.76 per cent. Notes due 2027 (the “ Series 090 Notes ”)	100 per cent.	S\$700,000,000

GENERAL INFORMATION

Date of Issue	Description of Debentures	Issue Price	Consideration
24 June 2020	S\$800,000,000 1.265 per cent. Notes due 2030 (the “ Series 091 Notes ”)	100 per cent.	S\$800,000,000
15 September 2020	S\$800,000,000 0.690 per cent. Notes due 2025 (the “ Series 092 Notes ”)	100 per cent.	S\$800,000,000

(b) As at the date of this Information Memorandum, no person has been, or is entitled to be, given any option to subscribe for any debentures of HDB.

2. The Board and Management

The Board and management are entrusted with the responsibility for the overall management of HDB.

Members of the Board

The name and occupation of each of the Members are as follows:

Name	Occupation
Mr Bobby Chin Chairman	Chairman Housing & Development Board
	Chairman NTUC Fairprice Co-Operative Limited
Professor Lily Kong Deputy Chairman	Deputy Chairman Housing & Development Board
	President and Lee Kong Chian Chair Professor of Social Sciences Singapore Management University
Dr Cheong Koon Hean Member / CEO	Chief Executive Officer Housing & Development Board
Mr Mohd Sa’at Bin Abdul Rahman Member	Editor Berita Harian / Berita Minggu Singapore Press Holdings
Dr Sudha Nair Member	Executive Director PAVE
Mr Stephen Lim Member	Chief Executive Officer SQL View Pte Ltd

GENERAL INFORMATION

Ms Jacqueline Loh Member	Deputy Managing Director (Markets and Development) Monetary Authority of Singapore
Mr Patrick Tay Member	Assistant Secretary-General National Trades Union Congress (NTUC)
BG Lee Yi-Jin Member	Commander, 6th Division Singapore Armed Forces
Ms Rita Soh Member	Managing Director RDC Architects Pte Ltd
Mr Tan Wah Yeow Member	Non-Resident Ambassador to the Kingdom of Norway

Key Management Team

The name and appointment of each member of the key management team are as follows:

Name	Appointment
Dr Cheong Koon Hean	Chief Executive Officer
Ar Fong Chun Wah	Deputy Chief Executive Officer (Building)
Mike Chan Hein Wah	Deputy Chief Executive Officer (Estate)
Randy Lim Chi Beng	Assistant Chief Executive Officer (Corporate) / Chief Data Officer
Dr Chong Fook Loong	Group Director (Research & Planning)
Wong Wee Yoo	Group Director (Development & Procurement)
Neo Poh Kok	Group Director (Building Quality)
Er Ng Say Cheong	Group Director (Building & Infrastructure)
Er Dr Johnny Wong Liang Heng	Group Director (Building & Research Institute)
Tan Chew Ling	Group Director (Estate Administration & Property)
Derek Tan Kai Juay	Group Director (Housing Management)
Lau Chay Yean	Group Director (Community Relations)
Kee Lay Cheng	Group Director (Properties & Land)
Heng-Ng Mien Joo	Group Director (Corporate Development)
Joyce Ng Swee Lin	Group Director (Corporate Communications)
Ng Sook Yin	Group Director (Finance)
Khoo Mui Kheng	Group Director (Information Services) / Chief Information Officer
Lim Gaik Hua	Group Director (Legal)
Er Chung Er Shia	Group Director (Internal Audit)

GENERAL INFORMATION

3. Material Adverse Change

There has been no material adverse change in the financial condition or business of the Issuer since 31 March 2020.

4. Litigation

There are no legal or arbitration proceedings pending or, to the best of the Issuer's knowledge after making all reasonable enquiries, threatened against the Issuer the outcome of which may have or have had during the 12 months prior to the date of this Information Memorandum a material adverse effect on the financial position of the Issuer.

5. Consents

The Arranger and the Dealer, the Fiscal Agent, the Paying Agent and the Agent Bank, the Legal Adviser to the Programme, and the Auditors for the financial year ended 31 March 2020 have given and have not withdrawn their respective written consents to the issue of this Information Memorandum with the inclusion herein of their names and all references thereto, in the form and context in which they respectively appear in this Information Memorandum and, where applicable, reports in the form and context in which they appear in this Information Memorandum.

6. General

- (a) As disclosed under "Use of Proceeds" of this Information Memorandum, HDB proposes to utilise the proceeds of the Notes to be issued under the Programme to finance the development programmes of HDB and its working capital requirements as well as to refinance the existing borrowings.

Save as disclosed above, no property has been, or is proposed to be, purchased or acquired by HDB which is to be paid for wholly or partly out of the proceeds of the Notes issued or to be issued under the Programme or the purchase or acquisition of which has not been completed at the date of issue of this Information Memorandum other than property the contract for the purchase or acquisition whereof was entered into in the ordinary course of HDB's business, the contract not being made in contemplation of the issuance of such Notes nor the issuance of such Notes made in consequence of the contract.

- (b) HDB undertakes that it will appoint a Singapore paying agent in compliance with Rule 305 of the Listing Manual and announce all material information with regard to the delivery of the Notes in definitive form (including details of the Singapore paying agent) in the event that any of the Global Notes is exchanged for definitive Notes, for so long as the Notes are listed on the SGX-ST.

7. Documents Available for Inspection

Copies of the following documents are available for inspection at the registered office of HDB at HDB Hub, 480 Lorong 6 Toa Payoh, Singapore 310480 during normal business hours for a period of six months from the date of this Information Memorandum:

- (a) the audited consolidated financial statements of HDB and its subsidiaries for the last two financial years ended 31 March 2019 and 31 March 2020; and
- (b) the letters of consent referred to in paragraph 5 above.

APPENDIX

The information in this Appendix has been reproduced from the audited consolidated financial statements of HDB and its subsidiaries for the financial year ended 31 March 2020 and has not been specifically prepared for inclusion in this Information Memorandum.

No. 7/2020

**SUPPLEMENT
TO THE
REPUBLIC OF SINGAPORE
GOVERNMENT GAZETTE
FRIDAY, 18 SEPTEMBER 2020**

**REPORT ON THE AUDIT OF
THE FINANCIAL STATEMENTS OF
THE HOUSING AND DEVELOPMENT BOARD
FOR THE YEAR ENDED 31ST MARCH 2020**

First published in the *Government Gazette*, Electronic Edition, on 17 September 2020 at 5 pm.

HOUSING AND DEVELOPMENT BOARD
STATEMENT BY THE BOARD OF THE
HOUSING AND DEVELOPMENT BOARD

In our opinion,

- (a) the accompanying financial statements of the Housing and Development Board (“HDB”) and its subsidiaries (“Group”) set out on pages 9 to 68 are properly drawn up in accordance with the provisions of the Housing and Development Act (Cap. 129, 2004 Revised Edition) (“H&D Act”), the Public Sector (Governance) Act 2018, Act 5 of 2018 (“PSG Act”), and Singapore Statutory Board Financial Reporting Standards (“SB-FRS”) so as to present fairly, in all material respects, the state of affairs of the Group and the HDB as at 31 March 2020, and of the results, changes in capital and reserves of the Group and the HDB and cash flows of the Group for the financial year ended on that date;
- (b) proper accounting and other records have been kept, including records of all assets of the HDB whether purchased, donated or otherwise; and
- (c) the receipts, expenditure, investment of moneys and the acquisition and disposal of assets by the HDB during the year have been, in all material respects, in accordance with the provisions of the H&D Act, the PSG Act, the Constitution of the Republic of Singapore, and the requirements of any other written law applicable to moneys of or managed by the HDB.

On behalf of the Board



BOBBY CHIN YOKE CHOONG
Chairman



DR CHEONG KOON HEAN
Chief Executive Officer

Singapore
28 July 2020

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
THE HOUSING AND DEVELOPMENT BOARD**

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the Housing and Development Board (“HDB”) and its subsidiaries (collectively, the “Group”), which comprise the balance sheets of the Group and the HDB as at 31 March 2020, the income and expenditure statements, statements of comprehensive income, statements of changes in capital and reserves of the Group and the HDB and the 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.

In our opinion, the accompanying consolidated financial statements of the Group and the balance sheet, income and expenditure statement, statement of comprehensive income and statement of changes in capital and reserves are properly drawn up in accordance with the provisions of the Housing and Development Act (Cap. 129, 2004 Revised Edition) (“H&D Act”), the Public Sector (Governance) Act 2018, Act 5 of 2018 (“PSG Act”) and Singapore Statutory Board Financial Reporting Standards (“SB-FRS”), so as to present fairly, in all material respects, the state of affairs of the Group and the HDB as at 31 March 2020 and the results and changes in capital and reserves of the Group and the HDB and 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 (“ACRA”) 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 for the financial year ended 31 March 2020. 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. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled our responsibilities described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis of our audit opinion on the accompanying financial statements.

Allowance for impairment losses for loans receivable

As at 31 March 2020, the Group's loans receivable balance amounted to \$40,279 million and it represents 46.0% of the total assets of the Group. Allowance for impairment losses for loans receivable amounted to \$7.3 million. Loans receivable relate to mortgage loans granted to buyers of flats under public housing schemes with the flats held as collateral.

The Group provides a loss allowance for loans in arrears for which the market value of the collateral is lower than the loans receivable balance. Under SB-FRS 109, management uses the expected credit loss ("ECL") model to determine the loss allowance amount, taking into account the probability of default and the estimated market value of the collateral. The probability of default is determined by considering historical default rates and forward-looking macroeconomic factors, particularly in light of the uncertain economic outlook as a result of the global COVID-19 pandemic. These market values are estimated using recent and expected resale prices of similar flat types in the vicinity. As the loan receivable balance is material and significant judgement is required to determine the adequacy of the allowance for impairment losses for loans receivable, we have identified this as a key audit matter.

We obtained an understanding of the Group's credit policy and estimation of ECL process. We also evaluated and tested controls over the loans initiation and repayment processes. For the assessment on allowance of impairment losses on loans receivable, including management's assessment of the COVID-19 impact in the measurement of ECL, we involved our internal specialist to assist us in assessing the reasonableness of key assumptions and inputs of the ECL model, including performing sensitivity analyses. With respect to the market value of the collateral, we checked the reasonableness of management's estimate to external sources. We further assessed the adequacy of the related disclosures in Note 8 to financial statements.

*Key Audit Matters (continued)*Provision for loss on properties under development

During the financial year ended 31 March 2020, the Group recognised \$4,007 million provision for loss relating to properties under development. Properties under development are stated at the lower of cost and their net realisable value. Provision for loss is determined as the excess of total estimated costs of a flat over the estimated net selling price of the flat.

The determination of the net realisable value of properties under development is significant to our audit due to its magnitude and significant management judgement involved in estimating the total development costs of the project and the estimated net selling price of a flat. As such, this is considered to be a key audit matter.

We reviewed the estimated net selling price determined by management by comparing to published sale price net of applicable grants. For total estimated costs of the development project, we tested key controls over the project monitoring process and tendering of contracts related to the development project and verified material variation orders to approved vendor contracts. We further obtained an understanding of management's process in determining the total estimated costs and status of the development project from project managers, and assessed the robustness of management's prior year estimates by comparing actual costs incurred against estimated contract costs for major completed projects. We also assessed the adequacy of disclosures in Note 12 to the financial statements.

Other Information

Management is responsible for the other information. The other information comprises the Statement by the Board of the Housing and Development Board, but does not include the financial statements and our auditor's report thereon, which we obtained prior to the date of this auditor's report, and the other sections of the annual report ("the Other Sections"), 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 express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information 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, 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.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the provisions of the H&D Act, the PSG Act, and SB-FRS, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

A statutory board is constituted based on its Act and its dissolution requires Parliament's approval. 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 there is intention to wind up the Group or for the Group to cease operations.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's 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.

Auditor's Responsibilities for the Audit of the Financial Statements (continued)

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

Report on Other Legal and Regulatory Requirements

Opinion

In our opinion:

- (a) the receipts, expenditure, investment of moneys and the acquisition and disposal of assets by the HDB during the year are, in all material respects, in accordance with the provisions of the H&D Act, the PSG Act, the Constitution of the Republic of Singapore, and the requirements of any other written law applicable to moneys of or managed by the HDB.
- (b) proper accounting and other records have been kept, including records of all assets of the HDB whether purchased, donated or otherwise.

Basis for Opinion

We conducted our audit in accordance with SSAs. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Compliance Audit* section of our report. We are independent of the Group in accordance with the 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 our audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on management's compliance.

Responsibilities of Management for Compliance with Legal and Regulatory Requirements

Management is responsible for ensuring that the receipts, expenditure, investment of moneys and the acquisition and disposal of assets, are in accordance with the provisions of the H&D Act, the PSG Act, the Constitution of the Republic of Singapore, and the requirements of any other written law applicable to moneys of or managed by the HDB. This responsibility includes monitoring related compliance requirements relevant to the HDB, and implementing internal controls as management determines are necessary to enable compliance with the requirements.

Auditor's Responsibility for the Compliance Audit

Our responsibility is to express an opinion on management's compliance based on our audit of the financial statements. We planned and performed the compliance audit to obtain reasonable assurance about whether the receipts, expenditure, investment of moneys and the acquisition and disposal of assets, are in accordance with the provisions of the H&D Act, the PSG Act, the Constitution of the Republic of Singapore, and the requirements of any other written law applicable to moneys of or managed by the HDB.

Auditor's Responsibility for the Compliance Audit (continued)

Our compliance audit includes obtaining an understanding of the internal control relevant to the receipts, expenditure, investment of moneys and the acquisition and disposal of assets; and assessing the risks of material misstatement of the financial statements from non-compliance, if any, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control. Because of the inherent limitations in any accounting and internal control system, non-compliances may nevertheless occur and not be detected.

The engagement partner on the audit resulting in this independent auditor's report is Eleanor Lee.

A handwritten signature in black ink, appearing to read 'Eleanor Lee', written in a cursive style.

Ernst & Young LLP
Public Accountants and
Chartered Accountants
Singapore
28 July 2020

HOUSING AND DEVELOPMENT BOARD AND ITS SUBSIDIARIES

BALANCE SHEETS AS AT 31 MARCH 2020

<i>Notes</i>	<i>Group</i>		<i>HDB</i>	
	<i>31 March 2020</i>	<i>31 March 2019</i>	<i>31 March 2020</i>	<i>31 March 2019</i>
	\$'000	\$'000	\$'000	\$'000
CAPITAL AND RESERVES				
Share capital	5	1	1	1
Capital account	5	2,468,093	2,468,093	2,463,593
Capital gains reserve	5	7,432,461	7,416,949	7,416,949
Asset revaluation reserve	5	5,333,589	5,350,431	5,333,589
Fair value reserve		1,923	3,467	0
Retained earnings		87,411	84,871	0
Attributable to equity holder of the HDB		15,323,478	15,323,812	15,229,644
Non-controlling interests		31,224	31,006	0
TOTAL EQUITY		15,354,702	15,354,818	15,229,644
ASSETS				
NON-CURRENT ASSETS				
Property, plant and equipment	6	25,948,297	24,622,026	25,929,047
Goodwill		139	139	0
Investment properties	7	872,808	889,362	858,029
Loans receivable	8	37,663,672	37,787,428	37,663,652
Investment in subsidiaries	9	0	0	1,500
Investment securities	10	13,985	16,851	0
Right-of-use assets	28	37,574	0	8,350
		64,536,475	63,315,806	64,460,578
63,265,668				
CURRENT ASSETS				
Properties under development	12	14,365,191	13,846,595	14,365,191
Properties for sale	13	1,394,001	1,327,987	1,394,001
Inventories of building materials		44,011	43,421	40,647
Loans receivable within one year	8	2,614,995	2,604,713	2,614,982
Investment securities	10	3,826	3,010	0
Government grant receivable	14	3,273,380	2,501,200	3,273,380
Trade and other receivables	15	1,330,950	1,099,591	1,246,972
Cash and bank balances	16	90,500	85,737	44,759
		23,116,854	21,512,254	22,979,932
21,399,855				
TOTAL ASSETS		87,653,329	84,828,060	87,440,510
84,665,523				

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

HOUSING AND DEVELOPMENT BOARD AND ITS SUBSIDIARIES

BALANCE SHEETS AS AT 31 MARCH 2020 *(continued)*

<i>Notes</i>	<i>Group</i>		<i>HDB</i>		
	<i>31 March 2020</i>	<i>31 March 2019</i>	<i>31 March 2020</i>	<i>31 March 2019</i>	
	\$'000	\$'000	\$'000	\$'000	
LIABILITIES					
CURRENT LIABILITIES					
Loans payable within one year	17	7,174,682	5,839,968	7,164,682	5,829,968
Trade and other payables	18	3,266,676	3,039,325	3,228,990	3,013,193
Lease liabilities due within one year	28	13,210	0	4,650	0
Amount due to subsidiary		0	0	50	208
Provision for income tax		4,779	0	0	0
		10,459,347	8,879,293	10,398,372	8,843,369
NET CURRENT ASSETS		12,657,507	12,632,961	12,581,560	12,556,486
NON-CURRENT LIABILITIES					
Loans payable	17	59,039,185	58,207,461	59,040,185	58,210,461
Lease liabilities	28	26,078	0	3,872	0
Deferred income	19	2,768,437	2,380,719	2,768,437	2,380,719
Deferred tax liabilities	11	5,580	5,769	0	0
		61,839,280	60,593,949	61,812,494	60,591,180
TOTAL LIABILITIES		72,298,627	69,473,242	72,210,866	69,434,549
NET ASSETS		15,354,702	15,354,818	15,229,644	15,230,974

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.



BOBBY CHIN YOKE CHOONG
Chairman



NG SOOK YIN
Group Director (Finance)

HOUSING AND DEVELOPMENT BOARD AND ITS SUBSIDIARIES

INCOME AND EXPENDITURE STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020

	<i>Notes</i>	<i>Group</i>						<i>HDB</i>					
		<i>2019/2020</i>			<i>2018/2019</i>			<i>2019/2020</i>			<i>2018/2019</i>		
		<i>Other</i>		<i>Total</i>									
		<i>Housing</i>	<i>Activities</i>										
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	
Sale proceeds	26	3,449,872	0	3,449,872	4,653,557	8,500	4,662,057	3,449,872	0	3,449,872	4,653,557	8,500	4,662,057
Cost of sales before net increase/decrease in provision for foreseeable loss	22	(4,173,993)	0	(4,173,993)	(5,970,396)	(8,500)	(5,978,896)	(4,173,993)	0	(4,173,993)	(5,970,396)	(8,500)	(5,978,896)
Gross loss on sales	26	(724,121)	0	(724,121)	(1,316,839)	0	(1,316,839)	(724,121)	0	(724,121)	(1,316,839)	0	(1,316,839)
Net (increase)/decrease in provision for foreseeable loss	22	(818,340)	0	(818,340)	421,958	0	421,958	(818,340)	0	(818,340)	421,958	0	421,958
Gross loss after net increase/decrease in provision for foreseeable loss		(1,542,461)	0	(1,542,461)	(894,881)	0	(894,881)	(1,542,461)	0	(1,542,461)	(894,881)	0	(894,881)
Income	20	2,146,720	1,026,323	3,173,043	2,187,935	981,184	3,169,119	2,147,233	826,249	2,973,482	2,188,515	831,517	3,020,032
Finance expenses	21	(1,252,736)	(51,590)	(1,304,326)	(1,259,488)	(47,563)	(1,307,051)	(1,252,790)	(50,139)	(1,302,929)	(1,259,576)	(47,405)	(1,306,981)
Operating expenses	22, 23	(1,824,711)	(525,450)	(2,350,161)	(1,946,959)	(470,988)	(2,417,947)	(1,831,940)	(330,150)	(2,162,090)	(1,950,087)	(322,627)	(2,272,714)
Other expenses	22	(630,993)	0	(630,993)	(531,739)	0	(531,739)	(630,993)	0	(630,993)	(531,739)	0	(531,739)

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

HOUSING AND DEVELOPMENT BOARD AND ITS SUBSIDIARIES

INCOME AND EXPENDITURE STATEMENTS *(continued)* FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020

	<i>Notes</i>	<i>Group</i>						<i>HDB</i>					
		<i>2019/2020</i>			<i>2018/2019</i>			<i>2019/2020</i>			<i>2018/2019</i>		
		<i>Other</i>			<i>Other</i>			<i>Other</i>			<i>Other</i>		
		<i>Housing</i>	<i>Activities</i>	<i>Total</i>									
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	
NET (DEFICIT)/ SURPLUS BEFORE GOVERNMENT GRANT AND TAXATION	26	(3,104,181)	449,283	(2,654,898)	(2,445,132)	462,633	(1,982,499)	(3,110,951)	445,960	(2,664,991)	(2,447,768)	461,485	(1,986,283)
Government grant	14			2,692,222			2,032,574			2,692,222			2,032,574
NET SURPLUS BEFORE TAXATION AND TRANSFER TO RESERVES				37,324			50,075			27,231			46,291
Income tax expense	11			(4,644)			(2,930)			0			0
NET SURPLUS FOR THE YEAR BEFORE TRANSFER TO RESERVES				<u>32,680</u>			<u>47,145</u>			<u>27,231</u>			<u>46,291</u>

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

HOUSING AND DEVELOPMENT BOARD AND ITS SUBSIDIARIES

INCOME AND EXPENDITURE STATEMENTS *(continued)* FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020

Notes	Group						HDB					
	2019/2020			2018/2019			2019/2020			2018/2019		
	<i>Other</i>			<i>Other</i>			<i>Other</i>			<i>Other</i>		
	<u>Housing</u>	<u>Activities</u>	<u>Total</u>									
\$'000			\$'000			\$'000			\$'000			
NET SURPLUS												
ATTRIBUTABLE TO:												
Equity holder of the HDB			29,771			44,969			27,231			46,291
Non-controlling interests			2,909			2,176			0			0
			32,680			47,145			27,231			46,291
AMOUNT ATTRIBUTABLE TO EQUITY HOLDER OF THE HDB:												
NET SURPLUS FOR THE YEAR BEFORE TRANSFER TO RESERVES												
			29,771			44,969			27,231			46,291
RETAINED EARNINGS AT THE BEGINNING OF THE YEAR												
			84,871			86,254			0			0
Transfer of fair value reserve of equity instruments at FVOCI upon disposal			0			(61)			0			0
Release of asset revaluation reserve	<i>5d</i>		16,842			18,603			16,842			18,603
Transfer to capital gains reserve	<i>5c</i>		(44,073)			(64,894)			(44,073)			(64,894)
RETAINED EARNINGS AT THE END OF THE YEAR												
			87,411			84,871			0			0

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Additional information of segments under “Housing” and “Other Activities” is provided in Note 26.

HOUSING AND DEVELOPMENT BOARD AND ITS SUBSIDIARIES

STATEMENTS OF COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020

	<i>Group</i>		<i>HDB</i>	
	<i>2019/2020</i>	<i>2018/2019</i>	<i>2019/2020</i>	<i>2018/2019</i>
	\$'000	\$'000	\$'000	\$'000
NET SURPLUS FOR THE YEAR BEFORE TRANSFER TO RESERVES	32,680	47,145	27,231	46,291
OTHER COMPREHENSIVE INCOME				
<i>Items that may be reclassified subsequently to the income and expenditure statements:</i>				
Net fair value gains on debt instruments at FVOCI	27	60	0	0
<i>Items that will not be reclassified subsequently to the income and expenditure statements:</i>				
Net fair value losses on equity instruments at FVOCI	(2,086)	(158)	0	0
Reversal of impairment losses credited to asset revaluation reserve	0	31	0	31
Other comprehensive income for the year, net of tax	(2,059)	(67)	0	31
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	30,621	47,078	27,231	46,322
ATTRIBUTABLE TO:				
Equity holder of the HDB	28,227	44,927	27,231	46,322
Non-controlling interests	2,394	2,151	0	0
	30,621	47,078	27,231	46,322

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

HOUSING AND DEVELOPMENT BOARD AND ITS SUBSIDIARIES

STATEMENTS OF CHANGES IN CAPITAL AND RESERVES FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020

	<u>Share Capital</u>	<u>Capital Account</u>	<u>Capital Gains Reserve</u>	<u>Asset Revaluation Reserve</u>	<u>Fair Value Reserve</u>	<u>Retained Earnings</u>	<u>Attributable to Equity Holder of the HDB</u>	<u>Non- Controlling Interests</u>	<u>Total Capital and Reserves</u>
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Group									
<i>Balance as at 1 April 2018</i>	1	2,468,093	7,361,320	5,369,003	3,479	86,254	15,288,150	31,907	15,320,057
Net surplus for the year before transfer to reserves	0	0	0	0	0	44,969	44,969	2,176	47,145
<i>Other comprehensive income</i>									
Net fair value gains on debt instruments at FVOCI	0	0	0	0	46	0	46	14	60
Net fair value losses on equity instruments at FVOCI	0	0	0	0	(119)	0	(119)	(39)	(158)
Reversal of impairment losses credited to asset revaluation reserve	0	0	0	31	0	0	31	0	31
Transfer of fair value reserve of equity instruments at FVOCI upon disposal	0	0	0	0	61	(61)	0	0	0
<i>Other comprehensive income/(expense) for the year, net of tax</i>	0	0	0	31	(12)	(61)	(42)	(25)	(67)
<i>Total comprehensive income/(expense) for the year</i>	0	0	0	31	(12)	44,908	44,927	2,151	47,078
Transfer from retained earnings to capital gains reserve (Note 5c)	0	0	64,894	0	0	(64,894)	0	0	0
Release of asset revaluation reserve on disposal of assets (Note 5d)	0	0	0	(18,603)	0	18,603	0	0	0
Return of reserves to the Government (Note 5c)	0	0	(9,265)	0	0	0	(9,265)	0	(9,265)
Non-controlling interests' share of dividend from subsidiary	0	0	0	0	0	0	0	(3,052)	(3,052)
BALANCE AS AT 31 MARCH 2019	1	2,468,093	7,416,949	5,350,431	3,467	84,871	15,323,812	31,006	15,354,818

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

HOUSING AND DEVELOPMENT BOARD AND ITS SUBSIDIARIES

STATEMENTS OF CHANGES IN CAPITAL AND RESERVES *(continued)* FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020

	<u>Share Capital</u>	<u>Capital Account</u>	<u>Capital Gains Reserve</u>	<u>Asset Revaluation Reserve</u>	<u>Fair Value Reserve</u>	<u>Retained Earnings</u>	<u>Attributable to Equity Holder of the HDB</u>	<u>Non- Controlling Interests</u>	<u>Total Capital and Reserves</u>
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Group									
<i>Balance as at 1 April 2019</i>	1	2,468,093	7,416,949	5,350,431	3,467	84,871	15,323,812	31,006	15,354,818
Net surplus for the year before transfer to reserves	0	0	0	0	0	29,771	29,771	2,909	32,680
<i>Other comprehensive income</i>									
Net fair value gains on debt instruments at FVOCI	0	0	0	0	20	0	20	7	27
Net fair value losses on equity instruments at FVOCI	0	0	0	0	(1,564)	0	(1,564)	(522)	(2,086)
<i>Other comprehensive income/(expense) for the year, net of tax</i>	0	0	0	0	(1,544)	0	(1,544)	(515)	(2,059)
<i>Total comprehensive income/(expense) for the year</i>	0	0	0	0	(1,544)	29,771	28,227	2,394	30,621
Transfer from retained earnings to capital gains reserve (Note 5c)	0	0	44,073	0	0	(44,073)	0	0	0
Release of asset revaluation reserve on disposal of assets (Note 5d)	0	0	0	(16,842)	0	16,842	0	0	0
Return of reserves to the Government (Note 5c)	0	0	(28,561)	0	0	0	(28,561)	0	(28,561)
Non-controlling interests' share of dividend from subsidiary	0	0	0	0	0	0	0	(2,176)	(2,176)
BALANCE AS AT 31 MARCH 2020	1	2,468,093	7,432,461	5,333,589	1,923	87,411	15,323,478	31,224	15,354,702

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

HOUSING AND DEVELOPMENT BOARD AND ITS SUBSIDIARIES

STATEMENTS OF CHANGES IN CAPITAL AND RESERVES *(continued)* FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020

	<u>Share Capital</u>	<u>Capital Account</u>	<u>Capital Gains Reserve</u>	<u>Asset Revaluation Reserve</u>	<u>Retained Earnings</u>	<u>Total Capital and Reserves</u>
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
HDB						
<i>Balance as at 1 April 2018</i>	1	2,463,593	7,361,320	5,369,003	0	15,193,917
Net surplus for the year before transfer to reserves	0	0	0	0	46,291	46,291
<i>Other comprehensive income</i>						
Reversal of impairment losses credited to asset revaluation reserve	0	0	0	31	0	31
<i>Other comprehensive income/(expense) for the year, net of tax</i>	0	0	0	31	0	31
<i>Total comprehensive income/(expense) for the year</i>	0	0	0	31	46,291	46,322
Transfer from retained earnings to capital gains reserve (Note 5c)	0	0	64,894	0	(64,894)	0
Release of asset revaluation reserve on disposal of assets (Note 5d)	0	0	0	(18,603)	18,603	0
Return of reserves to the Government (Note 5c)	0	0	(9,265)	0	0	(9,265)
BALANCE AS AT 31 MARCH 2019	1	2,463,593	7,416,949	5,350,431	0	15,230,974

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

HOUSING AND DEVELOPMENT BOARD AND ITS SUBSIDIARIES

STATEMENTS OF CHANGES IN CAPITAL AND RESERVES *(continued)* FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020

	<u>Share Capital</u>	<u>Capital Account</u>	<u>Capital Gains Reserve</u>	<u>Asset Revaluation Reserve</u>	<u>Retained Earnings</u>	<u>Total Capital and Reserves</u>
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
HDB						
<i>Balance as at 1 April 2019</i>	1	2,463,593	7,416,949	5,350,431	0	15,230,974
Net surplus for the year before transfer to reserves	0	0	0	0	27,231	27,231
<i>Other comprehensive income for the year, net of tax</i>	0	0	0	0	0	0
<i>Total comprehensive income for the year</i>	0	0	0	0	27,231	27,231
Transfer from retained earnings to capital gains reserve (Note 5c)	0	0	44,073	0	(44,073)	0
Release of asset revaluation reserve on disposal of assets (Note 5d)	0	0	0	(16,842)	16,842	0
Return of reserves to the Government (Note 5c)	0	0	(28,561)	0	0	(28,561)
BALANCE AS AT 31 MARCH 2020	1	2,463,593	7,432,461	5,333,589	0	15,229,644

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

HOUSING AND DEVELOPMENT BOARD AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020

	<i>Note</i>	<u>2019/2020</u>	<u>2018/2019</u>
		\$'000	\$'000
OPERATING ACTIVITIES			
Net deficit before government grant and taxation		(2,654,898)	(1,982,499)
Adjustments for:			
Interest income	20	(1,059,737)	(1,065,001)
Interest expense	21	1,297,334	1,299,682
Depreciation	22	452,736	414,867
CPF Housing Grant net off against sale proceeds on sale of the flat	26	222,021	302,034
Provision for foreseeable loss for properties under development/for sale	22	1,476,754	811,960
Gain on disposal/write-off of assets (net)		(21,402)	(17,392)
Allowance for/(reversal of) impairment losses on property, plant and equipment and investment properties (net)	22	43	(718)
Allowance for impairment losses and amount written off on loans receivable and debtors	22	17,006	8,871
Amortisation of deferred income		(175,637)	(159,714)
Amortisation of transaction cost of bonds	21	6,992	7,369
Loss on disposal of investments	20	255	11
Investment income	20	(849)	(654)
Deficit before movement in working capital		(439,382)	(381,184)
Change in working capital:			
Properties under development		(5,636,597)	(5,585,711)
Properties for sale		3,741,420	5,428,597
Inventories of building materials		(590)	(769)
Trade and other receivables		(466,334)	(261,104)
Trade and other payables		199,550	109,826
Late payment charges on loans receivable		(4,504)	(3,557)
		(2,167,055)	(312,718)
Mortgage loan repayments and interest received		5,217,204	6,213,207
Mortgage loans granted		(4,043,644)	(4,810,686)
Interest paid on mortgage financing loans		(1,108,302)	(1,032,977)
Income tax paid		(54)	(1,085)
Deferred income received	19	589,282	476,948
Net cash (used in)/provided by operating activities		(1,951,951)	151,505

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

HOUSING AND DEVELOPMENT BOARD AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF CASH FLOWS *(continued)* FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020

	<i>Note</i>	<u>2019/2020</u>	<u>2018/2019</u>
		\$'000	\$'000
INVESTING ACTIVITIES			
Proceeds from disposal of property, plant and equipment, and investment properties		28,387	23,823
Purchase of property, plant and equipment, and investment properties		(1,612,945)	(1,360,018)
Flats transferred from JTC Corporation		(17,834)	0
Interest received		549	870
Dividends received from other investments		849	654
Proceeds from redemption/disposal of other investments		2,761	3,676
Acquisition of indirect subsidiary, net of cash acquired		0	(1,236)
Purchase of investments		(1,025)	(25)
Net cash used in investing activities		(1,599,258)	(1,332,256)
FINANCING ACTIVITIES			
Proceeds from loans payable		45,900,939	24,583,787
Repayment of loans payable		(43,661,809)	(25,299,126)
Interest paid		(590,242)	(548,282)
Government grant received	14	1,920,042	2,452,387
Dividends paid to non-controlling shareholders		(2,176)	(3,052)
Payment of principal portion of lease liabilities	28	(12,969)	0
Net cash provided by financing activities		3,553,785	1,185,714
Net increase in cash and cash equivalents		2,576	4,963
Cash and cash equivalents at the beginning of year		73,595	68,632
CASH AND CASH EQUIVALENTS AT THE END OF YEAR	16	76,171	73,595

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

HOUSING AND DEVELOPMENT BOARD AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF CASH FLOWS *(continued)* FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020

Reconciliation of liabilities arising from financing activities

	<i>Note</i>	<i>2019/2020</i>	<i>2018/2019</i>
		\$'000	\$'000
Group			
Total loans payable as at 1 April	17	64,047,429	64,761,029
Increase/(decrease) through financing cash flows:			
Proceeds from loans payable		45,900,939	24,583,787
Repayment of loans payable		(43,661,809)	(25,299,126)
Net increase/(decrease) through financing cash flows		2,239,130	(715,339)
Increase/(decrease) through non-cash changes:			
Amortisation of transaction cost of bonds	21	6,992	7,369
Net decrease in interest payable	17	(81,684)	(5,630)
Reversal due to redemption of investments		2,000	0
Net (decrease)/increase through non-cash changes		(72,692)	1,739
Total loans payable as at 31 March	17	66,213,867	64,047,429

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

HOUSING AND DEVELOPMENT BOARD AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020

1. GENERAL INFORMATION

The Housing and Development Board (“HDB”) is a statutory board incorporated under the Housing and Development Act (Cap. 129, 2004 Revised Edition) (“H&D Act”) under the purview of the Ministry of National Development (“MND”). As a statutory board, the HDB is subject to the directions of the MND and is required to implement policies and comply with instructions from its supervisory Ministry and other Government Ministries and Departments such as the Ministry of Finance (“MOF”). The HDB is also subject to the provisions of the Public Sector (Governance) Act 2018, Act 5 of 2018 (“PSG Act”).

The address of the HDB is HDB Hub 480, Lorong 6 Toa Payoh, Singapore 310480.

The principal activities of the HDB consist of the sale and rental of residential flats, the upgrading and redevelopment of older estates, and the provision of mortgage loans to eligible purchasers of flats under the public housing schemes. In addition, the HDB develops and manages ancillary facilities such as commercial properties, car parks, and other amenities in the housing estates.

The principal activities of the subsidiaries are detailed in Note 9 to the financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 *Basis of preparation*

The consolidated financial statements of the Group have been prepared in accordance with the historical cost basis, except as disclosed in accounting policies below, and are drawn up in accordance with the provisions of the H&D Act, the PSG Act, and Singapore Statutory Board Financial Reporting Standards (“SB-FRS”) including related interpretations (“INT SB-FRS”) and Guidance Notes.

The financial statements are presented in Singapore dollar, which is the HDB’s functional currency, and rounded to the nearest thousand (\$’000), unless otherwise stated.

2.2 *New accounting standards effective 1 April 2019*

The accounting policies adopted are consistent with those previously applied under SB-FRSs except that in the current financial year, the Group has adopted all the SB-FRSs which are effective for annual financial periods beginning on or after 1 April 2019. The adoption of these standards, including SB-FRS 116 *Leases*, did not have any material effect on the financial performance or position of the Group and the HDB. The disclosures for SB-FRS 116 *Leases* can be found in Note 28.

2.3 *New or revised accounting standards and interpretations*

Below are the mandatory standards, amendments and interpretation to existing standards that have been published, and are relevant for the Group’s accounting periods beginning on or after 1 April 2020 and which the Group has not early adopted:

- SB-FRS Conceptual Framework for Financial Reporting
- Amendments to References to the Conceptual Framework in SB-FRS Standards
- Amendments to SB-FRS 1 and SB-FRS 8: Definition of Material

Management has considered and is of the view that the adoption of the new or revised accounting standards and interpretations will have no material impact on the financial statements in the period of their initial adoption.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*continued*)

2.4 *Basis of consolidation*

The consolidated financial statements comprise the financial statements of the HDB and its subsidiaries as at the end of the reporting period. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the HDB. Consistent accounting policies are applied to like transactions and events in similar circumstances.

All significant intra-group transactions, balances, unrealised income and expenses on transactions between group entities are eliminated on consolidation.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group, and continues to be consolidated until the date that such control ceases.

Losses within a subsidiary are attributed to the non-controlling interests even if that results in a deficit balance.

2.5 *Transactions with non-controlling interests*

Non-controlling interests are that part of the net results of operations and of net assets of a subsidiary attributable to the interests which are not owned directly or indirectly by the equity holder of the HDB. They are shown separately in the consolidated income and expenditure statement, statement of comprehensive income, statement of changes in capital and reserves, and balance sheet.

2.6 *Subsidiaries*

Subsidiaries are all entities over which the Group has control. The Group controls an entity when the Group 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.

In the HDB's balance sheet, investments in subsidiaries are carried at cost less any impairment in net recoverable value that has been recognised in the income and expenditure statement.

2.7 *Financial instruments*

(a) *Financial assets*

Initial recognition and measurement

Financial assets are recognised when, and only when the Group becomes a party to the contractual provisions of the financial instruments.

Except for trade receivables, at initial recognition the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in the income and expenditure statement.

Trade receivables are measured at the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third party, as the trade receivables do not contain a significant financing component at initial recognition.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*continued*)

2.7 *Financial instruments (continued)*

(a) *Financial assets (continued)*

Subsequent measurement

The Group classifies its financial assets into the following measurement categories:

- (i) Amortised cost; and
- (ii) Fair value through other comprehensive income (“FVOCI”)

Debt instruments

Subsequent measurement of debt instruments depends on the Group’s business model for managing the asset and the contractual cash flow characteristics of the asset. The subsequent measurement of the financial assets depends on their classification.

- (i) Amortised cost

Financial assets that are held for the collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Financial assets are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in the income and expenditure statement when the assets are de-recognised or impaired, and through amortisation process.

- (ii) FVOCI

Financial assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets’ cash flows represent solely payments of principal and interest, are measured at FVOCI. Financial assets measured at FVOCI are subsequently measured at fair value. Any gains or losses from changes in fair value of the financial assets are recognised in other comprehensive income, except for impairment losses, foreign exchange gains and losses and interest calculated using the effective interest method are recognised in the income and expenditure statement. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to the income and expenditure statement as a reclassification adjustment when the financial asset is de-recognised.

Equity instruments

The Group subsequently measures all its investments in equity instruments at their fair values. As the Group’s investments in equity instruments are not held for trading, the Group has irrevocably elected to present subsequent changes in fair value in other comprehensive income. Dividends from such investments are to be recognised in the income and expenditure statement when the Group’s right to receive payments is established.

De-recognition

A financial asset is de-recognised where the contractual right to receive cash flows from the asset has expired.

On de-recognition of a debt instrument, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in the income and expenditure statement.

On de-recognition of an equity instrument, any difference between the carrying amount and the sum of the consideration received would be recognised in other comprehensive income and transferred to retained earnings along with the amount previously recognised in other comprehensive income relating to that asset.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*continued*)

2.7 *Financial instruments (continued)*

(b) *Financial liabilities*

Initial recognition and measurement

Financial liabilities are recognised when, and only when the Group becomes a party to the contractual provisions of the financial instruments. The Group determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value plus in the case of financial liabilities not at fair value through profit or loss, directly attributable transaction costs.

The housing development loans, mortgage financing loans and upgrading financing loans are borrowed from the Singapore Government under the Agreements for Loan Facility.

The mortgage financing loans and upgrading financing loans are obtained to finance the mortgage loans granted to lessees for purchase of flats under public housing schemes and the deferred payment scheme granted to lessees of upgraded flats. The housing development loans, bonds and bank loans are to finance the HDB's development programmes and operational requirements. The MOF will act as a lender of last resort to the HDB for its funding requirements. The MOF has funded the HDB's past deficits. The provision of any loan or funding (including the quantum) are at the absolute discretion of the Minister for Finance and the Government of Singapore, which do not guarantee the direct or indirect payment of any debt obligations of the HDB.

These loans payable are initially recognised at fair value, net of transaction costs, and are subsequently measured at amortised cost using the effective interest method. Any difference between the proceeds (net of significant transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in accordance with the Group's accounting policy for borrowing costs (Note 2.20).

Subsequent measurement

After initial recognition, financial liabilities not carried at fair value through profit or loss are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in the income and expenditure statement when the liabilities are de-recognised, and through the amortisation process.

De-recognition

A financial liability is de-recognised when the obligation under the liability is discharged or cancelled or expired. On de-recognition, the difference between the carrying amounts and the consideration paid is recognised in the income and expenditure statement.

(c) *Offsetting of financial instruments*

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. Further details can be found in Note 4(b) to the financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*continued*)

2.8 *Impairment of financial assets*

The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is recognised for credit losses expected over the remaining life of the exposure, irrespective of timing of the default (a lifetime ECL).

For trade and other receivables, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date.

For debt instruments at FVOCI, the Group applies the low credit risk simplification. At every reporting date, the Group evaluates whether the debt instrument is considered to have low credit risk using all reasonable and supportable information that is available without undue cost or effort. In making that evaluation, the Group reassesses the internal credit rating of the debt instrument.

The Group considers a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

2.9 *Leases*

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

(a) *Group as a lessor*

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease term.

In classifying a sublease, the Group as an intermediate lessor classifies the sublease as a finance or an operating lease with reference to the right-of-use asset arising from the head lease, rather than the underlying asset.

When the sublease is assessed as a finance lease, the Group derecognises the right-of-use asset relating to the head lease that it transfers to the sublessee and recognises the net investment in the sublease as a receivable. Any differences between the right-of-use asset derecognised and the net investment in the sublease is recognised in the income and expenditure statement. The lease liability relating to the head lease is retained in the balance sheet, which represents the lease payments owed to the head lessor. When the sublease is assessed as an operating lease, the Group recognises rental income from the sublease. The right-of-use asset relating to the head lease is not derecognised.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*continued*)

2.9 *Leases (continued)*

(b) *Group as a lessee*

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any re-measurement of lease liabilities. The cost of right-of-use assets is measured at the amount of lease liabilities recognised, and depreciated on a straight-line basis over the lease term. The right-of-use assets are also subject to impairment. The accounting policy for impairment is disclosed in Note 2.12.

Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is re-measured if there is a modification, a change in the lease term, a change in the lease payments or a change in the assessment of an option to purchase the underlying asset.

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date). It also applies the lease of low-value assets recognition exemption to leases of equipment that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

2.10 *Property, plant and equipment*

All land and buildings owned by the HDB on 1 April 1985 were valued at that date for the purpose of creating asset accounts arising from a change in accounting policy. A second valuation was conducted for commercial and industrial properties on 31 March 1986. Additional information on the valuation of properties is made in Note 5(d). The valuation of these properties was taken as the deemed cost of these properties and subsequently carried at deemed cost less accumulated depreciation and any accumulated impairment losses.

Property, plant and equipment acquired or constructed after 1 April 1985 are initially carried at cost and subsequently carried at cost less accumulated depreciation and any accumulated impairment losses.

When a building comprises major components having different useful lives, they are accounted for as separate items of property, plant and equipment.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*continued*)

2.10 *Property, plant and equipment (continued)*

Depreciation is calculated using the straight-line method to allocate their depreciable amounts over their estimated useful lives as follows:

	<u>Years</u>
<u>Land and Buildings</u>	
Leasehold land	Over the lease period up to 99 years
Buildings	Over the lease period up to 60 years
Leasehold properties	30 years
<u>Others</u>	
Plant and machinery	3 to 10 years
Office equipment	3 to 10 years
Furniture, fittings, and fixtures	5 to 10 years
Motor vehicles	6 years

Fully depreciated assets still in use are retained in the financial statements.

No depreciation is charged on freehold land, leasehold land of 999 years, and artworks.

Assets under development (which are classified as property, plant and equipment) are carried at cost, less any recognised impairment losses. Depreciation of these assets, on the same basis as other assets, commences when the assets are ready for their intended use.

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Property, plant and equipment costing less than \$2,000 each are charged to the income and expenditure statement in the year of purchase.

The gain or loss arising on disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amounts of the asset and is recognised in the income and expenditure statement.

Subsequent expenditure relating to property, plant and equipment that has already been recognised is added to the carrying amount of the asset only when it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably. All other repair and maintenance expenses are recognised in the income and expenditure statement when incurred.

2.11 *Investment properties*

Investment properties, comprising commercial complexes and land, are held to earn rentals. Investment properties include assets under development that are being constructed or developed for future use as investment properties.

Investment properties are initially recognised at cost and subsequently carried at cost less accumulated depreciation and any impairment losses. When a building comprises major components having different useful lives, each significant component is depreciated separately. Depreciation is determined on a straight-line basis over the estimated useful lives. The useful lives are stated in Note 2.10.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*continued*)

2.11 *Investment properties (continued)*

Assets under development are initially recognised at cost and subsequently carried at cost less any impairment losses. Depreciation of these assets, on the same basis as other assets, commences when the assets are ready for their intended use.

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

The gain or loss arising on disposal or retirement of an item of investment properties is determined as the difference between the sales proceeds and the carrying amounts of the asset and is recognised in the income and expenditure statement.

The cost of major improvements is capitalised and the carrying amounts of the replaced components are recognised in the income and expenditure statement. The cost of maintenance, repairs and minor improvements is recognised in the income and expenditure statement when incurred.

2.12 *Impairment of non-financial assets*

Cash-generating assets are assets held with the primary objective of generating a commercial return. Non-cash-generating assets are assets other than cash-generating assets.

At the end of the reporting period, property, plant and equipment, investment properties, investment in subsidiaries, and right-of-use assets are reviewed for events or changes in circumstances that may indicate that these assets are impaired.

For cash-generating assets, if any such indication exists, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value in use) of the asset is estimated to determine the amount of impairment loss. The recoverable amount is determined in-house using the comparable sales method or the income approach based on contractual or market rents, on an individual asset basis. If the asset generates cash inflows that are largely independent of those from other assets, the recoverable amount is determined for the Cash Generating Unit (CGU) to which the asset belongs.

For non-cash-generating assets, if there is any indication of impairment, the recoverable service amount (i.e. the higher of the fair value less cost to sell and the value in use) of the asset, is estimated to determine the amount of impairment loss.

Whenever the carrying amount of an asset exceeds its recoverable amount, an impairment loss is recognised as operating expenses in the income and expenditure statement unless it reverses a previous revaluation credited to asset revaluation reserve for that asset, in which case the impairment loss is charged to asset revaluation reserve.

An impairment loss for an asset is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of this asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortisation or depreciation) had no impairment loss been recognised for the asset in prior years.

A reversal of impairment loss for an asset is recognised in the income and expenditure statement, unless the asset is carried at revalued amount, in which case, such reversal is treated as a revaluation increase. However, to the extent that an impairment loss on the same revalued asset was previously recognised as an expense, a reversal of that impairment is also recognised in the income and expenditure statement.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*continued*)

2.13 *Properties under development*

Properties under development include properties for sale under development and cost of upgrading sold properties.

The cost of properties under development includes acquisition costs, borrowing costs and other related development expenditure. Finance expenses are capitalised until the completion of development.

Properties under development are stated at the lower of cost and net realisable value. The net realisable value is the estimated selling price in the ordinary course of business.

Development of flats for sale is expected to incur a loss on sale. Provision for foreseeable loss is determined as the difference between estimated development costs and net realisable value, and charged to the income and expenditure statement when this difference can be determined reliably. The net realisable value is the estimated selling price (net of CPF Housing Grant (Note 2.24)) in the ordinary course of business. When the development of flats is completed and the flats are transferred to the properties for sale, the corresponding provision is transferred and released when the flat is sold.

2.14 *Properties for sale*

Properties for sale are stated at the lower of cost and net realisable value. Selling price and cost are on specific identification. The net realisable value is the estimated selling price (net of CPF Housing Grant (Note 2.24)) in the ordinary course of business.

Foreseeable loss for flats developed or acquired is provided for the difference between the cost and net realisable value, and charged to the income and expenditure statement. The provision for foreseeable loss is released on sale of the flat.

2.15 *Inventories of building materials*

Inventories of building materials are stated at the lower of cost and net realisable value. Cost is calculated using the weighted average method. Net realisable value represents the estimated selling price in the ordinary course of business.

2.16 *Cash and cash equivalents*

Cash and bank balances comprise cash at banks and bank deposits. Cash at banks managed by the Board on behalf of trust funds is excluded from cash and bank balances in the statement of cash flows.

2.17 *Government grant*

The HDB's deficit is fully covered by government grant. In addition, a grant is given to the HDB so that the reserves of past governments are protected in accordance with the Constitution of the Republic of Singapore.

The government grant is recognised as income when conditions are met. The government grant is received in advance, except for the grant to finance the provision for foreseeable loss on properties under development/for sale and impairment allowance of loans receivable. The amount to finance the foreseeable loss provision and impairment allowance is received when the loss is realised.

The cumulative grants received from the Government since the establishment of the HDB are disclosed in Note 24 to the financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*continued*)

2.18 *Provisions*

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

2.19 *Revenue recognition*

Revenue is measured based on the consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

Revenue is recognised when the Group satisfies a performance obligation by transferring a promised good or service to the customer, which is when the customer obtains control of the good or service. A performance obligation may be satisfied at a point in time or over time. The amount of revenue recognised is the amount allocated to the satisfied performance obligation.

(a) *Sale proceeds*

Proceeds (net of CPF Housing Grant (Note 2.24)) from sale of flats, proceeds from sale of other properties and building materials are recognised as income when the customer obtains control of the asset, upon transfer of the ownership of the goods to the customer.

(b) *Interest income*

Interest income is earned mainly from mortgage loans granted to purchasers of flats under public housing schemes and deferred payment scheme granted to lessees of upgraded flats. It is accrued on a time proportion basis, with reference to the principal outstanding and at the effective interest rate applicable.

(c) *Rental and related income*

Rental and related income from operating leases of rental properties are recognised in accordance with the accounting policy in Note 2.9 to the financial statements.

(d) *Car park income*

Season parking fees, short-term parking fees, and licence fees of car parks managed by service providers are recognised on a time proportion basis. Parking coupon income is recognised upon the sale of coupons. Parking fines and other charges are recognised upon receipt of payments. Car park income is from car parks in the HDB housing estates and in commercial complexes.

(e) *Recoveries*

Recoveries from the lessees and Town Councils for their share of the upgrading cost are recognised as income upon completion of the upgrading works, which is when the performance obligation is satisfied.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*continued*)

2.19 *Revenue recognition (continued)*

(f) *Agency and consultancy fees*

Agency fees from agency projects and consultancy fees are recognised as income over time, based on the progress of work performed.

(g) *Dividend Income*

Dividend income is recognised when the shareholder's right to receive payment is established.

2.20 *Finance expenses*

(a) *Housing development loans, bank loans and bonds*

The HDB's development programmes and operational requirements are financed by housing development loans from the Government, bank loans and bonds issued (Note 2.7(b)). Finance expenses, comprising interest incurred on the loans and bonds, are accrued based on the effective interest rates and recognised in the income and expenditure statement, except to the extent that they are capitalised based on an average capitalisation rate during the period of time that is required to complete and prepare the asset for its intended use.

(b) *Mortgage and upgrading financing loans*

The HDB provides financing schemes to purchasers of flats under public housing schemes and lessees of upgraded flats. The schemes are financed by mortgage and upgrading financing loans from the Government. Interest expenses are charged to the income and expenditure statement in the period in which they are incurred.

2.21 *Employee benefits*

(a) *Defined contribution plans: Singapore Central Provident Fund (CPF) contributions*

Contributions on the Group's employees' salaries are made to the CPF as required by law. The CPF contributions are recognised in the income and expenditure statement in the period when the employees rendered their services entitling them to the contributions. The Group has no further payment obligations once the contributions have been paid.

(b) *Employee leave entitlement*

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the end of the reporting period.

2.22 *Contingencies*

A contingent liability is:

- (a) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence of one or more uncertain future events not wholly within the control of the Group; or
- (b) a present obligation that arises from past events but is not recognised because:
 - (i) it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
 - (ii) the amount of the obligation cannot be measured with sufficient reliability.

Contingent liabilities are not recognised on the balance sheet of the Group.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*continued*)

2.23 *Income tax*

The HDB is exempt from tax under Section 13(1)(e) of the Income Tax Act (Cap. 134, 2014 Revised Edition).

The Group's income tax expense represents the sum of the current income tax and deferred tax of the subsidiaries of the HDB.

Current income tax is recognised at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date.

Deferred income tax is recognised for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements except when the deferred income tax arises from an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable income or expenditure at the time of the transaction.

A deferred income tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilised.

Deferred income tax is measured:

- (i) at the tax rates that are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date; and
- (ii) based on the tax consequence that will follow from the manner in which the Group expects, at the balance sheet date, to recover or settle the carrying amounts of its assets and liabilities.

Current and deferred tax are recognised as an expense or income in the income and expenditure statement, except when it relates to transactions which are recognised directly in equity.

2.24 *CPF housing grant*

Under the CPF Housing Grant scheme, grants are disbursed to eligible households for purchase of flats in accordance with the approved housing policy.

The Additional CPF Housing Grant, Special CPF Housing Grant, Enhanced CPF Housing Grant (effective from 11 September 2019), and Selective En Bloc Redevelopment Scheme Grant (Note 2.19(a)) are disbursed to eligible households for the purchase of flats from the HDB. These grants are recognised as trade and other receivables on disbursement, and net off from the sale proceeds on sale of the flat.

The other CPF Housing Grants are disbursed to eligible households which purchase flats/ executive condominiums from the resale market/private developers, or buyers who subsequently become eligible for the Citizen Top-Up Grant. The grants disbursed are recognised as expenses and reported as other expenses in the income and expenditure statement.

3. CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS

In the application of the Group's accounting policies, which are described in Note 2, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

Management is of the opinion that there are no critical judgements involved that have a significant effect on the amounts recognised in the financial statements apart from those involving estimates, which are dealt with below.

(a) *Estimation for allowance for impairment losses for loans receivable*

In the estimation of impairment losses for loans receivable, the Group considers the average resale price of flats in the same location and of similar flat type, the duration of the loan in arrears, the probability of default and the total outstanding loans receivable, taking into account current market and economic circumstances.

Management is of the opinion that adequate impairment losses, as disclosed in Note 8 to the financial statements, have been made.

The carrying amount of the Group's loans receivable is disclosed in Note 8 to the financial statements.

(b) *Estimation for impairment losses or reversals of impairment losses for property, plant and equipment, and investment properties*

At the end of each reporting period, management assesses whether there is any indication that property, plant and equipment and investment properties have suffered an impairment loss or require a reversal of previous impairment losses.

In the assessment of the impairment loss, the Group estimates the fair value less cost to sell of the properties or estimated future cash flows, with an appropriate discount rate to calculate the present value of the cash flows.

Management is of the opinion that adequate impairment losses, as disclosed in Notes 6 and 7 to the financial statements, have been made.

The carrying amounts of the Group's property, plant and equipment, and investment properties are disclosed in Notes 6 and 7 to the financial statements respectively.

(c) *Foreseeable losses relating to properties under development*

The estimated selling price (net of CPF Housing Grant (Note 2.24)) of the flat's location, design, and the estimated contract cost of the project are used to determine the foreseeable loss relating to properties under development.

The carrying amount of properties under development is disclosed in Note 12 to the financial statements.

4. FINANCIAL RISKS AND MANAGEMENT

The Group's activities expose it to a variety of risks as follows:

(a) *Categories of financial instruments*

The following table sets out the financial instruments as at the end of the reporting period:

	<u>Group</u>		<u>HDB</u>	
	<u>31 March 2020</u>	<u>31 March 2019</u>	<u>31 March 2020</u>	<u>31 March 2019</u>
	\$'000	\$'000	\$'000	\$'000
<i>Financial assets</i>				
Loans and receivables (including cash and bank balances) ⁽¹⁾	44,916,969	44,025,855	44,833,227	43,965,996
Investment securities	17,811	19,861	0	0
<i>Financial liabilities (at amortised cost)</i>				
Loans payable	66,213,867	64,047,429	66,204,867	64,040,429
Lease liabilities	39,288	0	8,522	0
Payables (including amount due to subsidiary) ⁽²⁾	1,663,626	1,484,751	1,632,710	1,461,263

⁽¹⁾ Excludes prepayments and deferred costs.

⁽²⁾ Excludes down payment deposits and advances, deferred income, and provisions.

(b) *Financial instruments subject to enforceable contractual netting arrangements*

Financial assets and liabilities subject to offsetting, enforceable contractual netting arrangements and similar agreements

	<u>Group and HDB</u>	
	<u>31 March 2020</u>	<u>31 March 2019</u>
	\$'000	\$'000
<i>Financial assets</i>		
<u>Trade receivables</u>		
Gross amounts of recognised financial assets	18,941	7,486
Less:		
Gross amounts of recognised liabilities set off in the balance sheet	(15,769)	(7,156)
Net amounts of assets presented in the balance sheets	3,172	330
<i>Financial liabilities</i>		
<u>Trade payables</u>		
Gross amounts of recognised financial liabilities	320,542	288,114
Less:		
Gross amounts of recognised assets set off in the balance sheets	(15,769)	(7,156)
Net amounts of liabilities presented in the balance sheets	304,773	280,958

4. FINANCIAL RISKS AND MANAGEMENT (*continued*)

(c) *Credit risk*

The Group's loans receivable comprise largely mortgage loans to purchasers of flats under the public housing schemes. Policies on loan quantum and credit assessment are in place for the granting of mortgage loans to flat buyers and the flats are held as collateral. In providing for the expected credit losses, the HDB considers the experience of loans with similar attributes. An allowance for impairment is made in respect of overdue loans receivable from flats buyers where the collateral held is insufficient to discharge the total loans receivable using the expected credit loss model (Note 2.8). The allowance represents the aggregate amount by which management considers it necessary to write down its loans receivable in order to state it in the balance sheet at its estimated recoverable value.

Although the Group's credit exposure is concentrated mainly in Singapore, it has no significant concentration of credit risk with any single loan recipient or group of loan recipients.

The carrying amount of financial assets recorded in the financial statements, grossed up for any allowances for losses, represents the Group's maximum exposure to credit risk without taking into account the value of any collateral obtained.

Further details of credit risks on loans receivable and trade and other receivables are disclosed in Notes 8 and 15 to the financial statements respectively.

(d) *Market risk*

(i) *Interest rate risk*

The Group's exposure to market risk for changes in interest rate relates primarily to the mortgage and upgrading financing loans payable and loans receivable both of which are pegged to the CPF rates. The Group manages its interest rate exposure by largely matching the terms of the mortgage and upgrading financing loans payable with those of the loans receivable. The Group also borrows housing development loans from the Government for its development programmes and operational requirements. The housing development loans are based on a variable interest rate.

In addition to government loans, the Group also accesses the capital market and financial institutions for its funding requirements as and when required. The bank loans are unsecured, borrowed at fixed interest rates and short-term in nature. Information relating to the Group's interest rate exposure is disclosed in the respective notes to the financial statements.

(ii) *Foreign currency exchange risk*

The Group has limited exposure to foreign currency exchange risk as its operations are substantially transacted in Singapore dollars.

All financial assets and liabilities reported on the balance sheets are denominated in Singapore dollars.

(iii) *Equity price risk*

The Group is not exposed to significant equity risks arising from equity investments, which are held for strategic rather than trading purposes. The Group does not actively trade equity investments. Any reasonably possible changes in prices of equity investments are not expected to have a significant impact on the Group's capital and reserves.

Further details of these equity investments can be found in Note 10 to the financial statements.

4. FINANCIAL RISKS AND MANAGEMENT (*continued*)(e) *Liquidity risk*

The Group monitors and maintains a level of cash and cash equivalents deemed adequate to finance its operations. Funding is also made available through an adequate amount of committed credit facilities. The MOF will act as a lender of last resort to the HDB for its funding requirements. The MOF has funded the HDB's past deficits. The provision of any loan or funding (including the quantum) are at the absolute discretion of the Minister for Finance and the Government of Singapore, which do not guarantee the direct or indirect payment of any debt obligations of the HDB.

Financial liabilities

The following tables detail the remaining contractual maturity for financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group and the HDB can be contractually required to pay.

	<i>On demand or within 1 year</i>	<i>Within 1 to 5 years</i>	<i>After 5 years</i>
	\$'000	\$'000	\$'000
<u>Group</u>			
<i>31 March 2020</i>			
Loans payable	8,716,317	29,867,283	38,200,636
Lease liabilities	14,099	27,334	0
Payables ⁽¹⁾	1,663,626	0	0
	<u>1,663,626</u>	<u>0</u>	<u>0</u>
<i>31 March 2019</i>			
Loans payable	7,349,557	28,834,704	38,549,526
Payables ⁽¹⁾	1,484,751	0	0
	<u>1,484,751</u>	<u>0</u>	<u>0</u>
<u>HDB</u>			
<i>31 March 2020</i>			
Loans payable	8,716,317	29,868,283	38,200,636
Lease liabilities	4,705	4,030	0
Payables (including amount due to subsidiary) ⁽¹⁾	1,632,710	0	0
	<u>1,632,710</u>	<u>0</u>	<u>0</u>
<i>31 March 2019</i>			
Loans payable	7,339,557	28,837,704	38,549,526
Payables (including amount due to subsidiary) ⁽¹⁾	1,461,263	0	0
	<u>1,461,263</u>	<u>0</u>	<u>0</u>

⁽¹⁾ Excludes down payment deposits and advances, deferred income, and provisions.

4. FINANCIAL RISKS AND MANAGEMENT (*continued*)(f) *Fair value of financial assets and liabilities*

The carrying amounts of cash and cash equivalents, trade and other current receivables, payables and other current liabilities approximate their respective fair values due to the relatively short-term maturity of these financial instruments. The fair values of loans receivable, loans payable, and investment securities are disclosed in the respective notes to financial statements.

The fair values of financial assets (such as investment securities) that are traded in active liquid markets are determined with reference to quoted market prices at the balance sheet date. The quoted market price used for financial assets held by the Group is the closing market price.

Fair value hierarchy

The Group classifies fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

Level 1 — Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date,

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).

The following table shows an analysis of each class of assets and liabilities measured at fair value at the end of the reporting period:

	<u>Level 1</u>	<u>Group</u>	<u>Total</u>
	\$'000		\$'000
<i>31 March 2020</i>			
Investment securities	17,811		17,811
	<u>17,811</u>		<u>17,811</u>
<i>31 March 2019</i>			
Investment securities	19,861		19,861
	<u>19,861</u>		<u>19,861</u>

(g) *Capital risk management policies and objectives*

As a statutory board, the HDB's primary mission is to achieve the Government's social objectives. The HDB's development programmes and operational requirements are financed by housing development loans from the Government, bank loans and bonds issued. The MOF will act as a lender of last resort to the HDB for its funding requirements. The MOF has funded the HDB's past deficits. The provision of any loan or funding (including the quantum) are at the absolute discretion of the Minister for Finance and the Government of Singapore, which do not guarantee the direct or indirect payment of any debt obligations of the HDB.

The HDB's deficit is financed by government grant. A grant is also given to the HDB to protect the reserves of past governments in accordance with the Constitution of the Republic of Singapore. The HDB's mission and financing arrangement with the MOF remains unchanged from the last financial year.

5. CAPITAL AND RESERVES

(a) *Share capital*

Under the MOF's Capital Management Framework for Statutory Boards (Finance Circular Minute No. M26/2008), the HDB received \$1,000 equity contribution in 2008/2009 from the Minister for Finance, the body incorporated by the Minister for Finance (Incorporation) Act.

(b) *Capital account*

The capital account represents:

- (i) the effects of identification and valuation of all properties and changes in accounting when the HDB adopted the present conventional accounting system on 1 April 1985; and
- (ii) the premium on the sale of land under the previous accounting system.

(c) *Capital gains reserve*

Under the Constitution of the Republic of Singapore, reserves of the HDB which were not accumulated during the current term of office of the Government cannot be drawn on without the approval of the President. The capital gains reserve relates to capital gains attributable to past governments on disposal of assets held at the changeover date of the Government.

For properties returned to the Government under Article 22B(9) of the Constitution, an amount equivalent to the net book value of the properties is charged to the capital gains reserve.

(d) *Asset revaluation reserve*

The previous accounting system did not maintain individual asset accounts and the HDB was unable to identify the historical cost of each asset. When the HDB first adopted the present conventional accounting system in 1985, all properties owned by the HDB on 1 April 1985 were valued at that date for the purpose of creating asset accounts arising from a change in accounting policy. The bases of valuation were:

- (i) Land and buildings of residential properties together with ancillary facilities such as car parks, markets and hawker centres were valued at replacement cost less depreciation since the date of completion of construction; and
- (ii) Land and buildings for commercial properties were valued at open market values.

The HDB conducted a second valuation for the commercial properties on 31 March 1986. The valuations were conducted by its in-house valuers. The surplus over the estimated historical cost of the properties which could be reasonably identified is carried forward as the asset revaluation reserve. On 1 April 2005, the asset revaluation reserve in respect of investment properties was reclassified to capital gains reserve.

The balance in the asset revaluation reserve is released directly to retained earnings upon disposal of the other properties.

When properties which were previously carried at revalued amounts are impaired, the impairment loss would be charged to the asset revaluation reserve unless the balance in the asset revaluation reserve is insufficient to cover the loss, in which case the amount by which the loss exceeds the amount in the asset revaluation reserve in respect of the same class of assets is charged to the income and expenditure statement.

6. PROPERTY, PLANT AND EQUIPMENT

<i>Group</i>	<i>Freehold</i>	<i>Leasehold</i>	<i>Buildings</i>	<i>Leasehold</i>	<i>Assets under</i>	<i>Plant and</i>	<i>Office</i>	<i>Total</i>
	<i>Land</i>	<i>Land</i>		<i>Properties</i>	<i>Development</i>	<i>Machinery</i>	<i>Equipment, Furniture, Fittings, and Vehicles</i>	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Cost								
At 1 April 2018	139,731	14,266,644	12,324,331	24,698	2,661,077	8,180	54,486	29,479,147
Additions	5,145	179,405	120,085	0	1,043,573	399	11,783	1,360,390
Disposals/write-off	0	(18,506)	(4,208)	0	0	(130)	(8,222)	(31,066)
Transfer from/(to) investment properties	350	(17,708)	(13,682)	0	0	0	0	(31,040)
Transfer (to)/from properties for sale	(676)	16,362	16,838	0	0	0	0	32,524
Reclassifications within Note 6	0	325,888	443,111	(810)	(768,581)	0	392	0
At 31 March 2019	144,550	14,752,085	12,886,475	23,888	2,936,069	8,449	58,439	30,809,955
Accumulated depreciation and impairment losses								
At 1 April 2018	0	2,887,049	2,873,313	8,232	131	7,978	39,575	5,816,278
Depreciation	0	158,877	232,225	813	0	65	6,060	398,040
Disposals/write-off	0	(5,376)	(2,085)	0	0	(130)	(7,779)	(15,370)
Transfer to investment properties	0	(3,951)	(4,936)	0	0	0	0	(8,887)
Transfer to properties for sale	0	(417)	(966)	0	0	0	0	(1,383)
Reclassifications within Note 6	0	131	0	0	(131)	0	0	0
Impairment losses	0	35	46	0	0	0	0	81
Reversal of impairment losses	0	(697)	(133)	0	0	0	0	(830)
At 31 March 2019	0	3,035,651	3,097,464	9,045	0	7,913	37,856	6,187,929
Carrying amount								
At 31 March 2019	144,550	11,716,434	9,789,011	14,843	2,936,069	536	20,583	24,622,026

6. PROPERTY, PLANT AND EQUIPMENT (*continued*)

<i>Group</i>	<i>Freehold</i>	<i>Leasehold</i>	<i>Buildings</i>	<i>Leasehold</i>	<i>Assets under</i>	<i>Plant and</i>	<i>Office</i>	<i>Total</i>
	<i>Land</i>	<i>Land</i>		<i>Properties</i>	<i>Development</i>	<i>Machinery</i>	<i>Equipment, Furniture, Fittings, and Vehicles</i>	
	<i>\$'000</i>	<i>\$'000</i>	<i>\$'000</i>	<i>\$'000</i>	<i>\$'000</i>	<i>\$'000</i>	<i>\$'000</i>	<i>\$'000</i>
<i>Cost</i>								
At 1 April 2019	144,550	14,752,085	12,886,475	23,888	2,936,069	8,449	58,439	30,809,955
Additions	7,423	432,259	305,155	0	860,449	0	5,603	1,610,889
Disposals/write-off	(606)	(45,627)	(5,951)	0	(95)	(1,246)	(2,217)	(55,742)
Transfer from investment properties	362	553	1,037	0	0	0	0	1,952
Transfer (to)/from properties for sale	(371)	77,702	74,105	0	0	0	0	151,436
Transfer from JTC Corporation (Note 25)	160	15,248	8,415	0	0	0	0	23,823
Reclassifications within Note 6	0	168,739	282,289	0	(451,536)	0	508	0
At 31 March 2020	151,518	15,400,959	13,551,525	23,888	3,344,887	7,203	62,333	32,542,313
<i>Accumulated depreciation and impairment losses</i>								
At 1 April 2019	0	3,035,651	3,097,464	9,045	0	7,913	37,856	6,187,929
Depreciation	0	165,721	248,294	796	0	126	6,730	421,667
Disposals/write-off	0	(13,876)	(2,867)	0	0	(1,246)	(2,207)	(20,196)
Transfer from investment properties	0	178	309	0	0	0	0	487
Transfer to properties for sale	0	(585)	(1,318)	0	0	0	0	(1,903)
Transfer from JTC Corporation (Note 25)	0	3,865	2,124	0	0	0	0	5,989
Impairment losses	0	13	30	0	0	0	0	43
At 31 March 2020	0	3,190,967	3,344,036	9,841	0	6,793	42,379	6,594,016
<i>Carrying amount</i>								
At 31 March 2020	151,518	12,209,992	10,207,489	14,047	3,344,887	410	19,954	25,948,297

6. PROPERTY, PLANT AND EQUIPMENT (*continued*)

	<i>Freehold</i>	<i>Leasehold</i>		<i>Leasehold</i>	<i>Assets under</i>	<i>Plant and</i>	<i>Office</i> <i>Equipment,</i> <i>Furniture,</i> <i>Fittings, and</i> <i>Fixtures, and</i>	
	<u><i>Land</i></u>	<u><i>Land</i></u>	<u><i>Buildings</i></u>	<u><i>Properties</i></u>	<u><i>Development</i></u>	<u><i>Machinery</i></u>	<u><i>Vehicles</i></u>	<u><i>Total</i></u>
<i>HDB</i>	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Cost								
At 1 April 2018	139,731	14,266,644	12,298,181	24,698	2,661,077	7,992	49,446	29,447,769
Additions	5,145	179,405	117,770	0	1,043,444	399	7,910	1,354,073
Disposals/write-off	0	(18,506)	(4,208)	0	0	(130)	(6,758)	(29,602)
Transfer from/(to) investment properties	350	(17,708)	(13,682)	0	0	0	0	(31,040)
Transfer (to)/from properties for sale	(676)	16,362	16,838	0	0	0	0	32,524
Reclassifications within Note 6	0	325,888	443,111	(810)	(768,581)	0	392	0
At 31 March 2019	144,550	14,752,085	12,858,010	23,888	2,935,940	8,261	50,990	30,773,724
Accumulated depreciation and impairment losses								
At 1 April 2018	0	2,887,049	2,860,575	8,232	131	7,802	36,420	5,800,209
Depreciation	0	158,877	231,139	813	0	61	5,420	396,310
Disposals/write-off	0	(5,376)	(2,085)	0	0	(130)	(6,648)	(14,239)
Transfer to investment properties	0	(3,951)	(4,936)	0	0	0	0	(8,887)
Transfer to properties for sale	0	(417)	(966)	0	0	0	0	(1,383)
Reclassifications within Note 6	0	131	0	0	(131)	0	0	0
Impairment losses	0	35	46	0	0	0	0	81
Reversal of impairment losses	0	(697)	(133)	0	0	0	0	(830)
At 31 March 2019	0	3,035,651	3,083,640	9,045	0	7,733	35,192	6,171,261
Carrying amount								
At 31 March 2019	144,550	11,716,434	9,774,370	14,843	2,935,940	528	15,798	24,602,463

6. PROPERTY, PLANT AND EQUIPMENT (*continued*)

<i>HDB</i>	<i>Freehold</i>	<i>Leasehold</i>	<i>Buildings</i>	<i>Leasehold</i>	<i>Assets under</i>	<i>Plant and</i>	<i>Office</i>	<i>Total</i>
	<i>Land</i>	<i>Land</i>		<i>Properties</i>	<i>Development</i>	<i>Machinery</i>	<i>Equipment, Furniture, Fittings, and Vehicles</i>	
	<i>\$'000</i>	<i>\$'000</i>	<i>\$'000</i>	<i>\$'000</i>	<i>\$'000</i>	<i>\$'000</i>	<i>\$'000</i>	<i>\$'000</i>
Cost								
At 1 April 2019	144,550	14,752,085	12,858,010	23,888	2,935,940	8,261	50,990	30,773,724
Additions	7,423	432,259	304,313	0	860,449	0	3,888	1,608,332
Disposals/write-off	(606)	(45,627)	(5,952)	0	(95)	(1,218)	(1,951)	(55,449)
Transfer from investment properties	362	553	1,037	0	0	0	0	1,952
Transfer (to)/from properties for sale	(371)	77,702	74,105	0	0	0	0	151,436
Transfer from JTC Corporation (Note 25)	160	15,248	8,415	0	0	0	0	23,823
Reclassifications within Note 6	0	168,739	282,228	0	(451,407)	0	440	0
At 31 March 2020	151,518	15,400,959	13,522,156	23,888	3,344,887	7,043	53,367	32,503,818
Accumulated depreciation and impairment losses								
At 1 April 2019	0	3,035,651	3,083,640	9,045	0	7,733	35,192	6,171,261
Depreciation	0	165,721	246,364	796	0	122	5,799	418,802
Disposals/write-off	0	(13,876)	(2,867)	0	0	(1,218)	(1,947)	(19,908)
Transfer from investment properties	0	178	309	0	0	0	0	487
Transfer to properties for sale	0	(585)	(1,318)	0	0	0	0	(1,903)
Transfer from JTC Corporation (Note 25)	0	3,865	2,124	0	0	0	0	5,989
Impairment losses	0	13	30	0	0	0	0	43
At 31 March 2020	0	3,190,967	3,328,282	9,841	0	6,637	39,044	6,574,771
Carrying amount								
At 31 March 2020	151,518	12,209,992	10,193,874	14,047	3,344,887	406	14,323	25,929,047

6. PROPERTY, PLANT AND EQUIPMENT (*continued*)

Land and buildings comprise residential car parks, flats on rental or short-term leases, commercial properties, and markets and hawker centres. Under the agreement with the National Environment Agency (“NEA”) for the management and maintenance of markets and hawker centres belonging to HDB, the NEA shall retain the rental collected, bear the operating expenses and reimburse the HDB for the holding costs of these properties. The reimbursement is recorded in “Recoveries” (Note 20). The net book value of these markets and hawker centres was \$397 million (2018/2019: \$408 million).

The impairment losses and reversal of impairment losses in respect of certain commercial properties were recognised based on the estimated recoverable values, taking into account the recent tenders and market comparables for these properties.

7. INVESTMENT PROPERTIES

	<u>Group</u>	<u>HDB</u>
	\$'000	\$'000
Cost		
At 1 April 2018	1,218,369	1,199,242
Additions	847	26
Transfer from property, plant and equipment	31,040	31,040
At 31 March 2019	<u>1,250,256</u>	<u>1,230,308</u>
Accumulated depreciation and impairment losses		
At 1 April 2018	335,180	330,530
Depreciation	16,827	16,572
Transfer from property, plant and equipment	8,887	8,887
At 31 March 2019	<u>360,894</u>	<u>355,989</u>
Carrying amount		
At 31 March 2019	<u>889,362</u>	<u>874,319</u>
Fair value		
At 31 March 2019	<u>5,948,438</u>	<u>5,915,008</u>

7. INVESTMENT PROPERTIES (*continued*)

	<u>Group</u>	<u>HDB</u>
	\$'000	\$'000
Cost		
At 1 April 2019	1,250,256	1,230,308
Additions	2,056	2,056
Transfer to property, plant and equipment	(1,952)	(1,952)
At 31 March 2020	<u>1,250,360</u>	<u>1,230,412</u>
Accumulated depreciation and impairment losses		
At 1 April 2019	360,894	355,989
Depreciation	17,145	16,881
Transfer to property, plant and equipment	(487)	(487)
At 31 March 2020	<u>377,552</u>	<u>372,383</u>
Carrying amount		
At 31 March 2020	<u>872,808</u>	<u>858,029</u>
Fair value		
At 31 March 2020	<u>6,271,508</u>	<u>6,238,018</u>

The fair value of the investment properties, which are leasehold in nature, is determined based on the comparable sales method or the income approach as stated in Note 2.12 to the financial statements based on the properties' highest and best use.

The fair value of the Group's investment properties, classified as Level 3 fair value, has been derived using the comparable sales method. In arriving at its fair value, the selling price of shops and office in the vicinity are considered. Adjustments have been made to reflect the differences in size, location, condition, tenure, prevailing market conditions including improvements in market rentals and other relevant factors affecting its fair value.

In the absence of available market information on comparable sales, fair value of the Group's investment properties is derived based on the income method. In arriving at its fair value, the contractual or market rents are considered with the application of an appropriate discount rate to obtain the present value of future cash flows.

The property rental income from the Group's investment properties all of which are leased out under operating leases, amounted to \$179 million (2018/2019: \$181 million). Direct operating expenses (including repairs and maintenance) arising from the rental-generating investment properties amounted to \$76 million (2018/2019: \$76 million).

The impairment losses and reversal of impairment losses are recognised to reflect the estimated recoverable amount based on the prevailing market conditions.

8. LOANS RECEIVABLE

	<u>Group</u>		<u>HDB</u>	
	<u>31 March 2020</u>	<u>31 March 2019</u>	<u>31 March 2020</u>	<u>31 March 2019</u>
	\$'000	\$'000	\$'000	\$'000
<i>Loans receivable</i>				
Mortgage loans for flats	40,193,926	40,303,844	40,193,926	40,303,844
Late payment charges for mortgage loans	36,126	31,788	36,126	31,788
Staff loans	33	61	0	0
	<u>40,230,085</u>	<u>40,335,693</u>	<u>40,230,052</u>	<u>40,335,632</u>
<i>Deferred receivable</i>				
Upgrading costs due from lessees	55,862	62,903	55,862	62,903
	<u>40,285,947</u>	<u>40,398,596</u>	<u>40,285,914</u>	<u>40,398,535</u>
<i>Less:</i>				
Allowance for impairment losses	(7,280)	(6,455)	(7,280)	(6,455)
Balance as at 31 March	<u>40,278,667</u>	<u>40,392,141</u>	<u>40,278,634</u>	<u>40,392,080</u>
Represented by amount receivable:				
Within 1 year	2,614,995	2,604,713	2,614,982	2,604,694
Later than 1 year but not more than 2 years	2,270,672	2,287,563	2,270,662	2,287,549
Later than 2 years but not more than 5 years	6,492,882	6,514,390	6,492,872	6,514,362
Later than 5 years	28,900,118	28,985,475	28,900,118	28,985,475
	<u>40,278,667</u>	<u>40,392,141</u>	<u>40,278,634</u>	<u>40,392,080</u>

The mortgage loans are granted to the buyers of flats under the public housing schemes (Note 17) with the flats held as collateral. The carrying amounts of loans receivable approximate their fair values.

The loans receivable and deferred receivable are denominated in Singapore dollars.

The movement in allowance for impairment losses on loans receivable for the Group is as follows:

	<u>Group and HDB</u>	
	<u>31 March 2020</u>	<u>31 March 2019</u>
	\$'000	\$'000
Balance as at 1 April	6,455	20,305
Loss allowance	3,273	421
Bad debts written off against allowance	(2,448)	(14,271)
Balance as at 31 March	<u>7,280</u>	<u>6,455</u>

For the loans receivable, there is no significant loss allowance provided in relation to the next 12 months.

8. LOANS RECEIVABLE (*continued*)

Interest rates and repayment terms on the loans are:

	<u>Interest rate</u> (per annum)	<u>Repayment term</u>
Mortgage loans granted to lessees for purchase of flats under public housing schemes	2.60% to 3.16% (2018/2019: 2.60% to 3.16%)	Up to 30 years
Loans granted to staff	4.25% (2018/2019: 4.25%)	Up to 7 years
Upgrading costs due from flat lessees	2.60% to 3.16% (2018/2019: 2.60% to 3.16%)	Up to 25 years
Upgrading costs due from shop lessees	- (2018/2019: 5.00%)	Up to 5 years

A credit assessment based on objective criteria is carried out for loans granted. The loans are secured by the flats that are sold. The loans are collected through monthly instalment payments from the loan recipients. Instalment payments are due on the 1st day of every month. Late payment charges will be imposed based on the outstanding balance as at the end of each month, in accordance with the Housing and Development (Penalties for Late Payment) Rules and the Housing and Development (Interest and Penalties for Late Payment of Improvement Contributions) Rules.

In determining the recoverability of the loans receivable, the HDB considers any change in credit quality of the loan, the probability of default, the duration of the loan in arrears, and the market value of the collateral as at the reporting date. Accordingly, an allowance of \$7 million (2018/2019: \$6 million) representing 0.02% (2018/2019: 0.02%) of the total loans receivable had been made.

9. INVESTMENT IN SUBSIDIARIES

	<u>HDB</u>	
	<u>31 March 2020</u>	<u>31 March 2019</u>
	\$'000	\$'000
Unquoted equity investment at cost	1,500	1,500

9. INVESTMENT IN SUBSIDIARIES (*continued*)

Details of the subsidiaries at the end of the reporting period are as follows:

<u>Name of subsidiaries</u>	<u>Principal activities</u>	<u>Country of incorporation</u>	<u>Percentage of equity held</u>	
			<u>31 March 2020</u>	<u>31 March 2019</u>
			%	%
<i>Direct subsidiary</i>				
E M Services Pte Ltd ^(a)	Property management and engineering services	Singapore	75	75
<i>Indirect subsidiaries</i>				
E M Real Estate Pte Ltd ^(a)	Property management	Singapore	100	100
E M Learning Pte Ltd ^(a)	Corporate training services	Singapore	100	100
E M Engineering Pte Ltd ^(a)	Engineering services	Singapore	100	100
B & W Air-Conditioning Services Pte Ltd ^(a)	Air-conditioning services	Singapore	100	100

^(a) Audited by PricewaterhouseCoopers LLP.

10. INVESTMENT SECURITIES

	<u>Group</u>	
	<u>31 March 2020</u>	<u>31 March 2019</u>
	\$'000	\$'000
<i>Current investments:</i>		
Debt securities (quoted), at fair value	3,826	3,010
<i>Non-current investments:</i>		
Equity securities (quoted), at fair value	13,985	15,045
Debt securities (quoted), at fair value	0	1,806
	<u>17,811</u>	<u>19,861</u>

The investment securities are measured at FVOCI. The fair value of investments in quoted investments is based on the quoted closing market prices on the last market day of the financial year. These are classified as level 1 of the fair value hierarchy.

The investments in quoted debt securities have effective interest rates ranging from 3.22% to 4.65% per annum (2018/2019: 2.09% to 6.00%).

11. INCOME TAX

(a) *Income tax expense*

	<i>Group</i>	
	<i>2019/2020</i>	<i>2018/2019</i>
	\$'000	\$'000
Tax expense attributable to profit is made up of:		
— Current income tax	4,779	0
— Deferred income tax	(1,068)	2,959
	<u>3,711</u>	<u>2,959</u>
Under/(over) provision in prior financial years		
— Current income tax	54	(25)
— Deferred income tax	879	(4)
	<u>933</u>	<u>(29)</u>
	<u>4,644</u>	<u>2,930</u>
<i>Reconciliation of effective tax rate:</i>		
Net surplus before taxation	37,324	50,075
<i>Less:</i>		
Net surplus of the HDB excluding intra-group transactions	(21,042)	(37,137)
Net surplus subject to taxation	<u>16,282</u>	<u>12,938</u>
Tax at statutory rate of 17% (2018/2019: 17%)	2,768	2,199
Expenses not deductible for tax purpose	1,045	779
Income not subject to tax	(6)	(19)
Statutory stepped income exemption	(35)	0
Tax concession and rebates	(61)	0
Under/(over) provision of current income tax in prior years	54	(25)
Under/(over) provision of deferred tax in prior years due to:		
— Capital allowances and deferred costs	879	(4)
	<u>4,644</u>	<u>2,930</u>

11. INCOME TAX (*continued*)(b) *Deferred tax assets/(liabilities)*

The following are the major deferred tax assets and liabilities recognised by the Group, and the movements thereon, during the current and prior reporting periods:

	<i>Deferred tax liabilities</i>	<i>Deferred tax assets</i>			<i>Deferred tax assets/(liabilities)</i>
	<i>Capital allowances</i>	<i>Accrued operating expenses</i>	<i>Tax losses</i>	<i>Lease liabilities-net</i>	<i>Total</i>
	\$'000	\$'000	\$'000	\$'000	\$'000
<i>Group</i>					
At 31 March 2018	(3,095)	399	0	0	(2,696)
Charged to income and expenditure statement	(3,797)	0	724	0	(3,073)
At 31 March 2019	(6,892)	399	724	0	(5,769)
Charged to income and expenditure statement	772	(24)	(724)	165	189
At 31 March 2020	(6,120)	375	0	165	(5,580)

12. PROPERTIES UNDER DEVELOPMENT

	<i>Group and HDB</i>	
	<i>31 March 2020</i>	<i>31 March 2019</i>
	\$'000	\$'000
Land	14,229,798	13,402,984
Buildings	4,110,980	3,526,944
Upgrading works	31,747	55,725
	18,372,525	16,985,653
<i>Less:</i>		
Provision for foreseeable loss (Note 2.13)	(4,007,334)	(3,139,058)
Balance as at 31 March	14,365,191	13,846,595

13. PROPERTIES FOR SALE

	<i>Group and HDB</i>	
	<i>31 March 2020</i>	<i>31 March 2019</i>
	\$'000	\$'000
Cost of properties	1,643,417	1,608,422
<i>Less:</i>		
Provision for foreseeable loss (Note 2.14)	(249,416)	(280,435)
Balance as at 31 March	1,394,001	1,327,987

14. GOVERNMENT GRANT RECEIVABLE

	<i>Group and HDB</i>	
	<i>31 March 2020</i>	<i>31 March 2019</i>
	\$'000	\$'000
Balance as at 1 April	2,501,200	2,921,013
<i>Less:</i>		
Amount received	(1,920,042)	(2,452,387)
	581,158	468,626
Government grant for the current year	2,692,222	2,032,574
Balance as at 31 March	<u>3,273,380</u>	<u>2,501,200</u>

The government grant for the current year covers the deficit to be financed by the Government under the existing financing arrangement (Note 2.17).

15. TRADE AND OTHER RECEIVABLES

	<i>Group</i>		<i>HDB</i>	
	<i>31 March 2020</i>	<i>31 March 2019</i>	<i>31 March 2020</i>	<i>31 March 2019</i>
	\$'000	\$'000	\$'000	\$'000
Trade receivables	1,138,629	966,449	1,108,919	939,684
<i>Less:</i>				
Allowance for impairment losses	(24,651)	(18,260)	(24,651)	(18,260)
	1,113,978	948,189	1,084,268	921,424
Other receivables	159,419	97,351	151,490	92,396
<i>Less:</i>				
Allowance for impairment losses	(24)	(24)	(24)	(24)
	159,395	97,327	151,466	92,372
Prepayments and deferred costs	56,528	52,814	10,518	6,016
Deposits	1,049	1,261	720	600
Balance as at 31 March	<u>1,330,950</u>	<u>1,099,591</u>	<u>1,246,972</u>	<u>1,020,412</u>

Included in the Group's trade receivables balance is the CPF Housing Grant of \$790 million (2018/2019: \$659 million) that had been disbursed to eligible households for the purchase of flats from the HDB. The CPF Housing Grant disbursed in the current year amounted to \$355 million (2018/2019: \$275 million). The amount disbursed will be offset against the sale proceeds on sale of the flat (Notes 2.19(a) & 2.24).

In determining the recoverability of a trade receivable, the Group considers any change in the credit quality of the trade receivable as at the reporting date. The Group provides for lifetime expected credit losses for trade and other receivables, based on reasonable and supportable information available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions. The concentration of credit risk is limited due to the large and unrelated customer base.

15. TRADE AND OTHER RECEIVABLES (*continued*)

The movements in allowance for impairment losses on trade and other receivables for the Group and the HDB are as follows:

	<u>Group</u>		<u>HDB</u>	
	<u>31 March 2020</u>	<u>31 March 2019</u>	<u>31 March 2020</u>	<u>31 March 2019</u>
	\$'000	\$'000	\$'000	\$'000
Balance as at 1 April	18,284	16,609	18,284	16,609
Loss allowance	13,633	8,278	13,633	8,278
Bad debts written off against allowance	(7,242)	(6,603)	(7,242)	(6,603)
Balance as at 31 March	<u>24,675</u>	<u>18,284</u>	<u>24,675</u>	<u>18,284</u>

16. CASH AND BANK BALANCES

	<u>Group</u>		<u>HDB</u>	
	<u>31 March 2020</u>	<u>31 March 2019</u>	<u>31 March 2020</u>	<u>31 March 2019</u>
	\$'000	\$'000	\$'000	\$'000
Cash and bank balances	55,876	76,881	43,008	56,598
Fixed deposits	34,624	8,856	1,751	1,722
Balance as at 31 March	90,500	85,737	44,759	58,320
<i>Less:</i>				
Funds held in trust	(14,329)	(12,142)	(14,329)	(12,042)
Cash and cash equivalents as at 31 March	<u>76,171</u>	<u>73,595</u>	<u>30,430</u>	<u>46,278</u>

Amount held in trust comprises mainly monies maintained by the Group with financial institutions on behalf of its principal for agency projects, fixed deposits placed on behalf of Club HDB, and funds held for management of properties.

Cash and bank balances comprise cash and short-term bank deposits held by the Group, which includes bank balances of \$41 million held by Accountant-General's Department ("AGD") under the Government's Centralised Liquidity Management Framework for Statutory Boards (2018/2019: \$49 million). The carrying amounts of these assets approximate their fair values.

Fixed deposits, excluding those held in trust at the financial year end, bear average effective interest of 1.68% (2018/2019: 1.2%) per annum and for a tenure from 1 to 3 months (2018/2019: 1 to 3 months).

17. LOANS PAYABLE

	<i>Group</i>		<i>HDB</i>	
	<i>31 March 2020</i>	<i>31 March 2019</i>	<i>31 March 2020</i>	<i>31 March 2019</i>
	\$'000	\$'000	\$'000	\$'000
<i>Government loans</i>				
Mortgage financing loans	40,316,539	40,413,702	40,316,539	40,413,702
Upgrading financing loans	27,805	32,363	27,805	32,363
	<u>40,344,344</u>	<u>40,446,065</u>	<u>40,344,344</u>	<u>40,446,065</u>
<i>Bonds</i>				
Principal	24,394,000	23,017,000	24,395,000	23,020,000
Unamortised transaction cost	(37,718)	(36,561)	(37,718)	(36,561)
	<u>24,356,282</u>	<u>22,980,439</u>	<u>24,357,282</u>	<u>22,983,439</u>
Bank loans	1,338,500	364,500	1,328,500	354,500
	<u>66,039,126</u>	<u>63,791,004</u>	<u>66,030,126</u>	<u>63,784,004</u>
Interest payable	174,741	256,425	174,741	256,425
Balance as at 31 March	<u>66,213,867</u>	<u>64,047,429</u>	<u>66,204,867</u>	<u>64,040,429</u>
Represented by amount payable:				
Within 1 year	7,174,682	5,839,968	7,164,682	5,829,968
Later than 1 year but not more than 2 years	7,529,015	5,597,526	7,530,015	5,599,526
Later than 2 years but not more than 5 years	17,735,480	18,565,135	17,735,480	18,566,135
Later than 5 years	33,774,690	34,044,800	33,774,690	34,044,800
	<u>66,213,867</u>	<u>64,047,429</u>	<u>66,204,867</u>	<u>64,040,429</u>
Fair value of bonds	<u>25,468,699</u>	<u>23,221,579</u>	<u>25,469,720</u>	<u>23,224,580</u>

Under the Agreements for Loan Facility with the Government, mortgage and upgrading financing loans are obtained from the Government to finance loans granted to eligible purchasers of flats under the public housing schemes at interest rates that are in accordance with prevailing mortgage financing policy and upgrading programmes of the Government.

The fair value of the bonds is based on quoted market prices not traded in an active market at the end of the reporting period. The indicative ask price for the bonds issued by the Group, is classified as Level 2 fair value.

The carrying amounts of government loans and bank loans approximate their fair values. The bank loans are unsecured except for an amount of \$10 million (2018/2019: \$10 million) obtained by the subsidiary which is secured on the subsidiary's property, plant and equipment with carrying amount of \$18 million.

The loans and bonds are denominated in Singapore dollars.

17. LOANS PAYABLE (*continued*)

The average effective interest rates paid and repayment terms on the loans are:

	<u>Interest rate</u> (per annum)	<u>Repayment term</u>
Mortgage financing loans	2.50% to 3.06% (2018/2019: 2.50% to 3.06%)	Up to 30 years
Upgrading financing loans	2.50% (2018/2019: 2.50%)	10 years
Bank loans (unsecured)	0.75% to 1.23% (2018/2019: 1.82% to 1.83%)	Within 1 year
Bank loans (secured)	2.8% (2018/2019: 2.80%)	Within 1 year

Bonds are issued to finance the HDB's development programmes and working capital requirements. The bonds are as follows:

<u>Series number</u>	<u>Principal</u> \$M	<u>Coupon rate (%)</u> (per annum)	<u>Effective interest rate (%)</u> (per annum)	<u>Tenure</u>	<u>Maturity</u>
024	300	3.630	3.630	15 years	27 February 2023
034	500	3.140	3.162	10 years	18 March 2021
037	600	2.815	2.871	10 years	26 July 2021
039	650	1.950	1.983	10 years	22 September 2021
043	800	2.185	2.207	10 years	25 April 2022
045	585	2.505	2.558	12 years	27 June 2024
047	500	2.088	2.155	10 years	30 August 2022
057	600	3.948	4.015	15 years	29 January 2029
058	750	3.008	3.053	7 years	26 March 2021
060	900	3.100	3.144	10 years	24 July 2024
062	600	3.220	3.223	12 years	1 December 2026
063	1,200	2.100	2.1212	5 years	3 November 2020
064	1,000	2.500	2.5219	7 years	29 January 2023
066	675	1.750	1.7601	5 years	26 April 2021
067	700	2.545	2.5668	15 years	4 July 2031
068	700	1.470	1.5013	5 years	19 July 2021
069	700	1.910	1.9235	7 years	10 August 2023
070	600	2.035	2.0626	10 years	16 September 2026
071	900	2.220	2.2413	5 years	22 November 2021
073	900	2.233	2.2750	5 years	21 February 2022
074	500	2.350	2.3712	10 years	25 May 2027
075	600	1.825	1.8387	5 years	28 August 2022
076	640	2.598	2.6261	12 years	30 October 2029
077	680	2.250	2.2609	7 years	21 November 2024
078	515	2.320	2.3313	10 years	24 January 2028
079	600	2.303	2.3136	5 years	13 March 2023
080	500	3.080	3.1147	12 years	31 May 2030
081	700	2.420	2.4938	5 years	24 July 2023

17. LOANS PAYABLE (*continued*)

<u>Series number</u>	<u>Principal</u>	<u>Coupon rate (%)</u>	<u>Effective interest rate (%)</u>	<u>Tenure</u>	<u>Maturity</u>
	\$M	(per annum)	(per annum)		
082	700	2.625	2.7356	7 years	17 September 2025
083	500	2.550	2.6252	5 years	20 November 2023
084	600	2.675	2.7671	10 years	22 January 2029
085	500	2.495	2.5257	7 years	11 March 2026
086	700	2.164	2.1693	5 years	22 May 2024
087	600	2.270	2.3038	10 years	16 July 2029
088	500	2.315	2.3687	15 years	18 September 2034
089	700	1.750	1.7605	5 years	25 November 2024
090	700	1.760	1.8135	7 years	24 February 2027

18. TRADE AND OTHER PAYABLES

	<u>Group</u>		<u>HDB</u>	
	<u>31 March 2020</u>	<u>31 March 2019</u>	<u>31 March 2020</u>	<u>31 March 2019</u>
	\$'000	\$'000	\$'000	\$'000
Trade payables	1,349,095	1,359,505	1,319,278	1,336,965
Downpayment deposits and advances	1,392,668	1,370,202	1,392,668	1,370,202
Other deposits	314,531	125,246	313,382	124,090
Deferred income (Note 19)	188,225	162,298	183,659	161,929
Provisions	22,157	22,074	20,003	20,007
	<u>3,266,676</u>	<u>3,039,325</u>	<u>3,228,990</u>	<u>3,013,193</u>

Provision was mainly made for restoration works for a former quarry site, pending firm development plan of the agency taking over the site.

The movements in provisions for the Group and the HDB are:

	<u>Group</u>		<u>HDB</u>	
	<u>31 March 2020</u>	<u>31 March 2019</u>	<u>31 March 2020</u>	<u>31 March 2019</u>
	\$'000	\$'000	\$'000	\$'000
Balance as at 1 April	22,074	21,924	20,007	20,008
Provisions made/(reversed)	83	150	(4)	(1)
Balance as at 31 March	<u>22,157</u>	<u>22,074</u>	<u>20,003</u>	<u>20,007</u>

19. DEFERRED INCOME

	<u>Group</u>		<u>HDB</u>	
	<u>31 March 2020</u>	<u>31 March 2019</u>	<u>31 March 2020</u>	<u>31 March 2019</u>
	\$'000	\$'000	\$'000	\$'000
Within 1 year (Note 18)	188,225	162,298	183,659	161,929
After 1 year but within 5 years	513,870	443,371	513,870	443,371
After 5 years	2,254,567	1,937,348	2,254,567	1,937,348
	<u>2,956,662</u>	<u>2,543,017</u>	<u>2,952,096</u>	<u>2,542,648</u>

Deferred income relates principally to amount received in advance in respect of operating leases of land, commercial properties, and flats (Note 2.9).

20. INCOME

	<u>Group</u>		<u>HDB</u>	
	<u>2019/2020</u>	<u>2018/2019</u>	<u>2019/2020</u>	<u>2018/2019</u>
	\$'000	\$'000	\$'000	\$'000
Interest income	1,059,737	1,065,001	1,059,480	1,064,538
Rental and related income	876,411	877,932	869,157	863,742
Car park income	743,369	727,092	743,882	727,672
Recoveries for upgrading and others	62,940	55,999	62,940	55,999
Levy on resale flats and sales premium	101,548	174,934	101,548	174,934
Agency and consultancy fees	218,812	160,251	22,243	20,008
Gain on disposal of assets	22,273	20,288	22,274	20,196
Investment income	594	643	6,527	9,155
Fees and other income	87,359	86,979	85,431	83,788
	<u>3,173,043</u>	<u>3,169,119</u>	<u>2,973,482</u>	<u>3,020,032</u>

Investment income includes:

	<u>Group</u>		<u>HDB</u>	
	<u>2019/2020</u>	<u>2018/2019</u>	<u>2019/2020</u>	<u>2018/2019</u>
	\$'000	\$'000	\$'000	\$'000
(Loss)/gain on disposal of investments	(255)	(11)	0	0
Dividend from:				
— Unquoted subsidiary	0	0	6,527	9,155
— Others	849	654	0	0

21. FINANCE EXPENSES

	<u>Group</u>		<u>HDB</u>	
	<u>2019/2020</u>	<u>2018/2019</u>	<u>2019/2020</u>	<u>2018/2019</u>
	\$'000	\$'000	\$'000	\$'000
Interest expense:				
— Government loans	1,020,855	1,023,549	1,020,855	1,023,549
— Bank loans	29,100	14,439	28,737	14,281
— Bonds	565,583	537,641	565,637	537,729
— Lease liabilities	1,322	0	234	0
	<u>1,616,860</u>	<u>1,575,629</u>	<u>1,615,463</u>	<u>1,575,559</u>
<i>Less:</i>				
Interest capitalised in properties and assets under development (Notes 6, 7, and 12)	(319,526)	(275,947)	(319,526)	(275,947)
Bond transaction cost amortisation	6,992	7,369	6,992	7,369
	<u>1,304,326</u>	<u>1,307,051</u>	<u>1,302,929</u>	<u>1,306,981</u>

During the financial year, interest capitalised as properties and assets under development amounted to \$320 million (2018/2019: \$276 million) at an average capitalisation rate of 2.41% (2018/2019: 2.40%).

22. EXPENSES BY NATURE

Expenses include the following:

	<u>Group</u>		<u>HDB</u>	
	<u>2019/2020</u>	<u>2018/2019</u>	<u>2019/2020</u>	<u>2018/2019</u>
	\$'000	\$'000	\$'000	\$'000
Cost of sales before net increase/ decrease in provision for foreseeable loss	4,173,993	5,978,896	4,173,993	5,978,896
Provision for foreseeable loss for properties under development/ for sale	1,476,754	811,960	1,476,754	811,960
Release of foreseeable loss provided in previous years, upon sale	(658,414)	(1,233,918)	(658,414)	(1,233,918)
Net increase/(decrease) in provision for foreseeable loss	818,340	(421,958)	818,340	(421,958)
Upgrading	372,471	515,240	372,471	515,240
Improvements and demolition	157,811	144,598	157,811	144,598
Depreciation	452,736	414,867	441,025	412,882
Property tax	122,744	125,165	122,631	125,055
Impairment losses on property, plant and equipment and investment properties	43	81	43	81
Reversal of impairment losses on property, plant and equipment and investment properties	0	(799)	0	(799)
Allowance for impairment losses on loans receivable and debtors	16,906	8,699	16,906	8,699
Bad debts written off	100	172	100	88
Expense for short-term leases	9,963	0	8,564	0
Expense for leases of low-value assets	2,872	0	2,872	0
Manpower costs (Note 23)	693,371	704,826	599,907	622,587
Manpower costs and overheads capitalised in:				
— properties and assets under development	(41,727)	(41,052)	(41,727)	(41,052)
— inventories of building materials	(517)	(724)	(517)	(724)
CPF Housing Grant (Note 2.24)	630,993	531,739	630,993	531,739

23. MANPOWER COSTS

	<u>Group</u>		<u>HDB</u>	
	<u>2019/2020</u>	<u>2018/2019</u>	<u>2019/2020</u>	<u>2018/2019</u>
	\$'000	\$'000	\$'000	\$'000
Salaries and bonuses	596,236	608,356	514,326	536,590
Contribution to CPF	72,214	72,839	63,003	64,725
Staff benefits	12,095	10,747	10,137	9,606
Training/development costs and others	12,826	12,884	12,441	11,666
	693,371	704,826	599,907	622,587

24. GOVERNMENT GRANT

Cumulative grant from the Government since the establishment of the HDB in 1960 amounts to:

	<u>HDB</u>	
	<u>2019/2020</u>	<u>2018/2019</u>
	\$'000	\$'000
Total grant as at 1 April	33,533,555	31,500,981
Grant for the financial year (Note 14)	2,692,222	2,032,574
Total grant as at 31 March	<u>36,225,777</u>	<u>33,533,555</u>

25. SIGNIFICANT RELATED PARTY TRANSACTIONS

The Group had transactions with its supervisory Ministry, MND, and other related parties during the year at terms agreed between the parties. The balances with related parties are unsecured, interest-free and repayable on demand unless otherwise stated.

For projects which the HDB manages on behalf of the Government or other government agencies on agency basis, the expenditure incurred on behalf of the principals during the year, which are reimbursable by the principals amounted to \$842 million (2018/2019: \$898 million). The disbursements and reimbursements for these agency projects were reported on a net basis in the income and expenditure statement.

The following were significant transactions with the Group's supervisory Ministry, MND, and other related parties during the year:

	<u>Group and HDB</u>	
	<u>2019/2020</u>	<u>2018/2019</u>
	\$'000	\$'000
(i) <i>HDB's transactions with:</i>		
<i>Subsidiaries</i>		
Rental income	964	1,639
Engineering services	(7,229)	(3,128)
Property management	(86)	(2)
<i>Singapore Land Authority, as an agent for Ministry of Law</i>		
Proceeds from return of land, flats, and other properties to Government	56,720	9,962
Agency fee and other income	3,750	4,674
Purchase of land	(3,186,717)	(2,976,158)
Temporary occupation licence fees	(6,625)	(7,177)
<i>Ministry of National Development</i>		
Agency fee and other income	26,804	27,175
<i>National Environment Agency</i>		
Recoveries	16,396	17,211
Rental income	3,340	3,384
<i>JTC Corporation</i>		
Agency income	1,009	1,095
Flats transferred from JTC Corporation	(17,834)	0
<i>Ministry of Social and Family Development</i>		
Rental income	9,411	7,791

25. SIGNIFICANT RELATED PARTY TRANSACTIONS (*continued*)

	<i>Group and HDB</i>	
	<i>2019/2020</i>	<i>2018/2019</i>
	<i>\$'000</i>	<i>\$'000</i>
(i) <i>HDB's transactions with:</i>		
<i>Public Utilities Board</i>		
Agency fee income	1,915	507
<i>People's Association</i>		
Rental income and others	1,895	2,065
<i>Ministry of Health</i>		
Rental income	1,457	1,047
Agency fee income	7	37
<i>Central Provident Fund Board</i>		
Agency fee	(1,075)	(895)
<i>National Parks Board</i>		
Agency fee income	524	47
<i>Other Ministries and Statutory Boards</i>		
Rental income and others	517	873
<i>Town Councils</i>		
Rental of Town Councils and other income	4,827	4,794
Operating fee for car park maintenance	(63,367)	(62,897)
Electrical upgrading works expenses	(24,004)	(27,316)
(ii) <i>Subsidiaries' transactions with:</i>		
<i>Ministries, Statutory Boards and Town Councils</i>		
Estate management agency fee income	179,332	141,195
Rental of premises	(2,125)	(10,593)
<i>Amounts due to related parties as at 31 March</i>	213,235	161,700
<i>Amounts due from related parties as at 31 March</i>	159,278	146,931

The outstanding amounts are unsecured. There are no guarantees provided or received in respect of the related party balances. For 2019/2020, the Group had not made any allowance for impairment relating to amounts owed by related parties (2018/2019: \$Nil).

(iii) *Board member and key management personnel remuneration*

	<i>Group</i>		<i>HDB</i>	
	<i>2019/2020</i>	<i>2018/2019</i>	<i>2019/2020</i>	<i>2018/2019</i>
	<i>\$'000</i>	<i>\$'000</i>	<i>\$'000</i>	<i>\$'000</i>
Board Members' and Directors' fees	275	314	203	203
Salaries and other short-term employee benefits	8,645	8,917	8,152	8,416
Contribution to CPF	312	319	296	305
	9,232	9,550	8,651	8,924

26. SEGMENTAL INFORMATION

BUSINESS SEGMENTS

The Group operates predominantly in Singapore, and therefore the revenues are generated mainly from the operations in Singapore and the assets are located principally in Singapore. The accounting policy of the reporting segments are the same as the Group's accounting policy as disclosed in Note 2.

The Group's main operating decision makers are Board Members/Directors and key management personnel of the Group. The operating segments are determined based on the reports reviewed by the Group's main operating decision makers.

The Group's results are presented under seven business segments in respect of the Group's main activities and the government programmes implemented:

Home ownership segment

The Home Ownership segment focuses on providing home ownership flats to eligible purchasers of flats under the various home ownership schemes for public housing.

Upgrading segment

The Upgrading segment focuses on the upgrading programmes to renew and rejuvenate the older housing estates.

Residential ancillary functions segment

The Residential Ancillary Functions segment focuses on implementing housing policies, providing and managing ancillary facilities such as car parks in housing estates, and planning and building administration.

Rental flats segment

The Rental Flats segment focuses on providing rental flats to eligible tenants under the various rental housing schemes.

Mortgage financing segment

The Mortgage Financing segment focuses on providing housing loans to eligible purchasers of flats under the various public housing schemes.

Other rental and related businesses segment

The Other Rental and Related Businesses segment focuses on the provision, tenancy and management of commercial properties and land.

Agency and others segment

The Agency and Others segment encompasses estate management services, architectural and engineering consultancy services, and agency projects on behalf of the Government.

26. SEGMENTAL INFORMATION (continued)

2018/2019

	Housing						Other Activities					
	Home Ownership		Residential Ancillary Functions		Rental Flats	Mortgage Financing	Total Housing	Other Rental and Related Businesses	Agency and Others	Eliminations	Total Other Activities	Group
	\$'M	\$'M	\$'M	\$'M	\$'M	\$'M	\$'M	\$'M	\$'M	\$'M	\$'M	\$'M
Sale proceeds	4,899	0	56	0	0	0	4,955	9	0	0	9	4,964
Less: CPF Housing Grant (Notes 2.19(a) and 2.24)	(302)	0	0	0	0	0	(302)	0	0	0	0	(302)
Net sale proceeds	4,597	0	56	0	0	0	4,653	9	0	0	9	4,662
Cost of sales before net decrease in provision for foreseeable loss	(5,913)	0	(55)	0	0	(2)	(5,970)	(9)	0	0	(9)	(5,979)
Gross (loss)/profit on sales	(1,316)	0	1	0	0	(2)	(1,317)	0	0	0	0	(1,317)
Net decrease in provision for foreseeable loss	422	0	0	0	0	0	422	0	0	0	0	422
Gross (loss)/profit after net decrease in provision for foreseeable loss	(894)	0	1	0	0	(2)	(895)	0	0	0	0	(895)
External income:												
Interest income	0	2	0	0	1,062	0	1,064	0	1	0	1	1,065
Other income	267	39	746	64	8	0	1,124	800	180	0	980	2,104
Inter-segment	0	0	(2)	0	0	2	0	13	12	(25)	0	0
Total income	267	41	744	64	1,070	2	2,188	813	193	(25)	981	3,169
Net (deficit)/surplus before government grant and taxation	(1,421)	(557)	(342)	(116)	(23)	14	(2,445)	472	13	(23)	462	(1,983)
Government grant												2,033
Net surplus before taxation and transfer to reserves												50
Taxation												(3)
Net surplus for the year before transfer to reserves												47

26. SEGMENTAL INFORMATION (continued)

2018/2019

	Housing						Other Activities					
	Home		Residential	Rental	Mortgage	Total	Other Rental	Agency	Total Other			
	Ownership	Upgrading	Ancillary Functions	Flats	Financing	Eliminations	Housing	and Related Businesses	and Others	Eliminations	Activities	Group
\$'M	\$'M	\$'M	\$'M	\$'M	\$'M	\$'M	\$'M	\$'M	\$'M	\$'M	\$'M	\$'M
<i>Segment expenses include:</i>												
Finance expenses	(69)	(1)	(140)	(27)	(1,023)	0	(1,260)	(47)	0	0	(47)	(1,307)
CPF Housing Grant (Note 2.24)	(532)	0	0	0	0	0	(532)	0	0	0	0	(532)
Upgrading	0	(500)	0	(6)	0	0	(506)	(9)	0	0	(9)	(515)
Improvements and demolition	(1)	(22)	(102)	(3)	0	0	(128)	(17)	0	0	(17)	(145)
Depreciation	(56)	0	(187)	(72)	0	0	(315)	(86)	(14)	0	(100)	(415)
Reversal of impairment losses on property, plant and equipment and investment properties	0	0	0	0	0	0	0	1	0	0	1	1
Allowance for impairment losses on loans receivable and debtors	0	0	0	(6)	(1)	0	(7)	(2)	0	0	(2)	(9)
<i>Assets and liabilities</i>												
Segment assets	19,959	136	10,821	4,352	40,353	0	75,621	5,770	825	0	6,595	82,216
Government grant receivable												2,501
Unallocated assets												111
<i>Total assets</i>												84,828
Segment liabilities	16,278	238	6,362	1,308	40,559	0	64,745	4,013	498	0	4,511	69,256
Unallocated liabilities												217
<i>Total liabilities</i>												69,473
<i>Capital additions</i>	617	0	308	76	0	0	1,001	348	12	0	360	1,361

26. SEGMENTAL INFORMATION (continued)

	Housing						Other Activities					
	Home Ownership		Ancillary Functions	Rental Flats	Mortgage Financing	Eliminations	Total Housing	Other Rental and Related Businesses	Agency and Others	Eliminations	Total Other Activities	Group
	\$'M	\$'M	\$'M	\$'M	\$'M	\$'M	\$'M	\$'M	\$'M	\$'M	\$'M	\$'M
Sale proceeds	3,590	0	82	0	0	0	3,672	0	0	0	0	3,672
Less: CPF Housing Grant (Notes 2.19(a) and 2.24)	(222)	0	0	0	0	0	(222)	0	0	0	0	(222)
Net sale proceeds	3,368	0	82	0	0	0	3,450	0	0	0	0	3,450
Cost of sales before net increase in provision for foreseeable loss	(4,089)	0	(100)	0	0	15	(4,174)	0	0	0	0	(4,174)
Gross (loss)/profit on sales	(721)	0	(18)	0	0	15	(724)	0	0	0	0	(724)
Net increase in provision for foreseeable loss	(818)	0	0	0	0	0	(818)	0	0	0	0	(818)
Gross (loss)/profit after net increase in provision for foreseeable loss	(1,539)	0	(18)	0	0	15	(1,542)	0	0	0	0	(1,542)
External income:												
Interest income	0	1	0	0	1,057	0	1,058	0	2	0	2	1,060
Other income	206	47	765	62	9	0	1,089	796	227	0	1,023	2,112
Inter-segment	0	0	19	0	0	(19)	0	11	14	(24)	1	1
Total income	206	48	784	62	1,066	(19)	2,147	807	243	(24)	1,026	3,173
Net (deficit)/surplus before government grant and taxation	(2,232)	(440)	(312)	(115)	(21)	16	(3,104)	454	17	(22)	449	(2,655)
Government grant												2,692
Net surplus before taxation and transfer to reserves												37
Taxation												(4)
Net surplus for the year before transfer to reserves												33

26. SEGMENTAL INFORMATION (continued)

2019/2020

	<i>Housing</i>						<i>Other Activities</i>					
	<i>Home</i>		<i>Residential</i>		<i>Mortgage</i>	<i>Eliminations</i>	<i>Total</i>	<i>Other Rental</i>		<i>Agency</i>		<i>Total Other</i>
	<i>Ownership</i>	<i>Upgrading</i>	<i>Ancillary</i>	<i>Rental</i>				<i>and Related</i>	<i>and</i>	<i>Eliminations</i>	<i>Activities</i>	
\$'M	\$'M	\$'M	\$'M	\$'M	\$'M	\$'M	\$'M	\$'M	\$'M	\$'M	\$'M	
<i>Segment expenses include:</i>												
Finance expenses	(59)	(1)	(143)	(28)	(1,022)	0	(1,253)	(50)	(1)	0	(51)	(1,304)
CPF Housing Grant (Note 2.24)	(631)	0	0	0	0	0	(631)	0	0	0	0	(631)
Upgrading	0	(363)	0	(3)	0	0	(366)	(6)	0	0	(6)	(372)
Improvements and demolition	0	(28)	(107)	(3)	0	3	(135)	(21)	(2)	0	(23)	(158)
Depreciation	(72)	0	(190)	(76)	(1)	0	(339)	(90)	(24)	0	(114)	(453)
Allowance for impairment losses on loans receivable and debtors	0	0	0	6	3	0	9	8	0	0	8	17
<i>Assets and liabilities</i>												
Segment assets	21,925	105	10,957	4,264	40,258	0	77,509	5,904	903	0	6,807	84,316
Government grant receivable												3,273
Unallocated assets												64
<i>Total assets</i>												87,653
Segment liabilities	18,543	237	6,774	1,444	40,374	0	67,372	4,108	620	0	4,728	72,100
Unallocated liabilities												199
<i>Total liabilities</i>												72,299
<i>Capital additions</i>	1,096	0	308	45	0	0	1,449	159	2	0	161	1,610

27. COMMITMENTS

(a) *Building project commitments*

The following commitments for building projects are not recognised in the financial statements:

	<i>Group and HDB</i>	
	<i>2019/2020</i>	<i>2018/2019</i>
	\$'000	\$'000
Authorised and contracted for	7,028,918	6,967,003
Authorised but not contracted for	3,299,797	2,967,041
	<u>10,328,715</u>	<u>9,934,044</u>

(b) *Operating lease arrangements — as lessor*

The Group leases out its properties to non-related parties. The future aggregate minimum lease receivables under non-cancellable operating leases contracted for at the reporting date but not recognised as receivables are as follows:

	<i>Group</i>		<i>HDB</i>	
	<i>2019/2020</i>	<i>2018/2019</i>	<i>2019/2020</i>	<i>2018/2019</i>
	\$'000	\$'000	\$'000	\$'000
Within 1 year	79,128	84,700	76,981	78,491
After 1 year but within 5 years	69,474	66,823	69,472	65,116
After 5 years	0	0	0	0
	<u>148,602</u>	<u>151,523</u>	<u>146,453</u>	<u>143,607</u>

(c) *Operating lease arrangements — as lessee*

The Group leases properties and equipment from non-related parties. The future aggregate minimum lease payments under non-cancellable operating leases contracted for as at 31 March 2019 but not recognised as liabilities are as follows:

	<i>Group</i>	<i>HDB</i>
	<i>2018/2019</i>	<i>2018/2019</i>
	\$'000	\$'000
Within 1 year	14,073	5,470
After 1 year but within 5 years	16,372	5,468
After 5 years	0	0
	<u>30,445</u>	<u>10,938</u>

28. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

The Group leases properties and equipment from non-related parties. Set out below are the carrying amounts of right-of-use assets recognised and the movements as at 31 March 2020:

	<u>Group</u>				<u>HDB</u>			
	31 March 2020				31 March 2020			
	\$'000				\$'000			
	<u>Plant and</u>	<u>Office</u>			<u>Plant and</u>	<u>Office</u>		
	<u>Buildings</u>	<u>Machinery</u>	<u>Equipment</u>	<u>Total</u>	<u>Buildings</u>	<u>Machinery</u>	<u>Equipment</u>	<u>Total</u>
As at 1 April	36,227	8,569	1,228	46,024	2,739	8,569	11	11,319
Additions	3,067	2,351	56	5,474	0	2,351	22	2,373
Depreciation	(8,705)	(4,689)	(530)	(13,924)	(645)	(4,689)	(8)	(5,342)
As at 31 March	30,589	6,231	754	37,574	2,094	6,231	25	8,350

Set out below are the carrying amounts of lease liabilities and the movements during the period:

	<u>Group</u>	<u>HDB</u>
	31 March 2020	31 March 2020
	\$'000	\$'000
As at 1 April	46,337	11,319
Additions	5,920	2,373
Accretion of interest (Note 21)	1,322	234
Payments	(14,291)	(5,404)
As at 31 March	39,288	8,522
Current	13,210	4,650
Non-current	26,078	3,872

The Group applies the 'short-term lease' and 'lease of low-value assets' recognition exemptions for leases with lease terms of 12 months or less and leases of equipment with low-value. The expenses for short-term leases and leases of low-value assets are disclosed in Note 22.

29. CONTINGENT LIABILITIES

Housing Subsidies for SC/SPR Households

The Citizen Top-Up Grant is a \$10,000 housing subsidy that is given to eligible Singapore Citizen/Singapore Permanent Resident (SC/SPR) household when a qualifying household member becomes a Singapore Citizen, or when an SC child is born to the SC applicant/owner and spouse originally listed in the flat application. It is available to SC/SPR households who have paid a premium of \$10,000 for the purchase of an HDB flat direct from HDB, or taken a lower quantum of CPF Housing Grant for the purchase of a resale flat, a Design, Build and Sell Scheme flat, or an Executive Condominium.

The policy is estimated to have a financial effect of \$148 million (2018/2019: \$137 million). Given the uncertainty on the eventuality of SC/SPR households fulfilling the eligibility criteria (and therefore the timing and quantum of the obligation), no provision has been made in respect of this policy.

30. OUTBREAK OF CORONAVIRUS DISEASE

The outbreak of Coronavirus Disease (COVID-19) in Singapore in early 2020 has created a high level of uncertainty to the near-term global economic prospects and caused disruptions to various businesses. A series of measures have been implemented by the Singapore Government to mitigate the effects of the outbreak on the economy.

The COVID-19 outbreak has no material adverse effect on the Group's results for the financial year ended 31 March 2020. The HDB continues to support the Government in implementing the various assistance measures to its customers. The financial impact of the assistance measures and the COVID-19 outbreak will be reflected in the Group's results in the next financial year.

31. AUTHORISATION OF FINANCIAL STATEMENTS FOR ISSUE

The financial statements for the financial year ended 31 March 2020 were authorised for issue by members of its Board on 28 July 2020.