

Ho Bee Land Limited and its subsidiaries
Registration Number: 198702381M

Condensed Interim Financial Statements
For the six months ended 30 June 2022

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A. **Condensed interim consolidated income statement**

	Note	Group		Change %
		6 months ended 30 th June		
		2022 \$'000	2021 \$'000	
Revenue	3	178,270	157,280	13.3
Other income		32,818	1,678	NM
Fair value gain/(loss) on investment properties	7	15,954	(3,719)	NM
Cost of sales – residential development projects		(40,036)	(36,410)	10.0
Direct rental expenses		(9,455)	(9,450)	0.1
Loss on foreign exchange		(12,008)	(1,222)	NM
Staff costs & directors' remuneration		(9,247)	(10,994)	(15.9)
Other operating expenses		(6,401)	(4,091)	56.5
Profit from operating activities		<u>149,895</u>	<u>93,072</u>	61.1
Net finance costs		(33,220)	(19,401)	71.2
Share of profits, net of tax, of:				
- associates		16,662	10,823	53.9
- jointly-controlled entities		7,790	49,956	(84.4)
Profit before income tax	4	<u>141,127</u>	<u>134,450</u>	5.0
Income tax credit/(expense)	5	<u>9,556</u>	<u>(19,881)</u>	NM
Profit for the period		<u>150,683</u>	<u>114,569</u>	31.5
Profit attributable to:				
Owners of the Company		149,899	105,528	42.0
Non-controlling interests		784	9,041	(91.3)
Profit for the period		<u>150,683</u>	<u>114,569</u>	31.5
Earnings per share				
Basic earnings per share (cents)	13	22.57	15.89	42.0
Diluted earnings per share (cents)	13	22.57	15.89	42.0

NM : Not Meaningful

B. **Condensed interim consolidated statement of comprehensive income**

	Group		Change %
	6 months ended 30th June		
	2022 \$'000	2021 \$'000	
Profit for the period	150,683	114,569	31.5
Items that are or may be reclassified subsequently to profit or loss:			
Effective portion of changes in fair value of cash flow hedges	20,203	11,987	68.5
Foreign currency translation differences relating to foreign operations	(42,570)	15,662	NM
Net (loss)/gain on hedges of net investment in foreign operations	(11,910)	4,867	NM
Share of foreign currency translation differences of equity-accounted investees	(16,572)	12,533	NM
Total other comprehensive income for the period, net of income tax	(50,849)	45,049	NM
Total comprehensive income for the period	99,834	159,618	(37.5)
Attributable to:			
Owners of the Company	99,080	150,167	(34.0)
Non-controlling interests	754	9,451	(92.0)
Total comprehensive income for the period	99,834	159,618	(37.5)

NM : Not Meaningful

C. **Condensed interim statements of financial position**

	Note	Group		Company	
		30.06.2022 \$'000	31.12.2021 \$'000	30.06.2022 \$'000	31.12.2021 \$'000
Non-current assets					
Property, plant and equipment	6	51,096	44,508	2,061	2,654
Investment properties	7	6,007,191	4,952,993	-	-
Subsidiaries		-	-	1,466,226	181,637
Associates		313,826	369,545	72,251	129,997
Jointly-controlled entities		401,027	395,501	252,688	252,688
Other assets		150	150	-	-
Financial assets	8	79,382	231,358	74,339	225,833
Other receivables		160,788	176,152	1,420,934	1,178,604
Deferred tax assets		130	142	-	-
		7,013,590	6,170,349	3,288,499	1,971,413
Current assets					
Development properties	10(i)	629,014	322,147	-	-
Deposit for land premium	10(ii)	2,872	56,899	-	-
Trade and other receivables		71,779	67,507	53,366	19,060
Cash and cash equivalents		110,814	123,415	32,734	56,249
		814,479	569,968	86,100	75,309
Total assets		7,828,069	6,740,317	3,374,599	2,046,722
Equity attributable to equity holders of the Company					
Share capital	12	156,048	156,048	156,048	156,048
Reserves		3,805,947	3,773,269	1,853,437	1,838,309
		3,961,995	3,929,317	2,009,485	1,994,357
Non-controlling interests		16,738	20,334	-	-
Total equity		3,978,733	3,949,651	2,009,485	1,994,357
Non-current liabilities					
Loans and borrowings	9	1,889,182	1,802,721	146,799	972
Other liabilities		25,291	29,976	28,426	-
Deferred income		53,805	42,683	-	-
Deferred tax liabilities		21,984	26,099	-	-
		1,990,262	1,901,479	175,225	972
Current liabilities					
Trade and other payables		85,179	91,755	18,731	16,632
Loans and borrowings	9	1,730,319	743,038	1,159,147	34,500
Deferred income		1,671	1,671	-	-
Current tax payable	5	41,905	52,723	12,011	261
		1,859,074	889,187	1,189,889	51,393
Total liabilities		3,849,336	2,790,666	1,365,114	52,365
Total equity and liabilities		7,828,069	6,740,317	3,374,599	2,046,722

D. Condensed interim statements of changes in equity

<----- Attributable to owners of the Company ----->

Group	Share Capital \$'000	Reserve for own shares \$'000	Capital reserve \$'000	Hedging reserve \$'000	Foreign currency translation reserve \$'000	Retained earnings \$'000	Total \$'000	Non- controlling interests \$'000	Total equity \$'000
At 1 January 2021	156,048	(67,796)	791	(33,500)	(14,725)	3,583,311	3,624,129	16,541	3,640,670
Total comprehensive income for the period									
Profit for the period	-	-	-	-	-	105,528	105,528	9,041	114,569
Other comprehensive income									
Effective portion of changes in fair value of cash flow hedges	-	-	-	11,987	-	-	11,987	-	11,987
Foreign currency translation differences relating to foreign operations	-	-	-	-	15,252	-	15,252	410	15,662
Net loss on hedge of net investment in foreign operations	-	-	-	-	4,867	-	4,867	-	4,867
Share of foreign currency translation differences of equity-accounted investees	-	-	-	-	12,533	-	12,533	-	12,533
Total other comprehensive income	-	-	-	11,987	32,652	-	44,639	410	45,049
Total comprehensive income for the period	-	-	-	11,987	32,652	105,528	150,167	9,451	159,618
Transactions with owners of the Company, recognised directly in equity									
Distributions to owners of the Company									
Dividend paid to non-controlling shareholder	-	-	-	-	-	-	-	(1,100)	(1,100)
Final tax-exempt dividend paid of 8 cents and special dividend of 2 cents per share in respect of 2020	-	-	-	-	-	(66,402)	(66,402)	-	(66,402)
Total distributions to owners of the Company	-	-	-	-	-	(66,402)	(66,402)	(1,100)	(67,502)
At 30 June 2021	156,048	(67,796)	791	(21,513)	17,927	3,622,437	3,707,894	24,892	3,732,786

D. Condensed interim statements of changes in equity (cont'd)

<----- Attributable to owners of the Company ----->

	Share Capital \$'000	Reserve for own shares \$'000	Capital reserve \$'000	Hedging reserve \$'000	Foreign currency translation reserve \$'000	Retained earnings \$'000	Total \$'000	Non- controlling interests \$'000	Total equity \$'000
Group									
At 1 January 2022	156,048	(67,796)	791	(14,843)	7,696	3,847,421	3,929,317	20,334	3,949,651
Total comprehensive income for the period									
Profit for the period	-	-	-	-	-	149,899	149,899	784	150,683
Other comprehensive income									
Effective portion of changes in fair value of cash flow hedges	-	-	-	20,203	-	-	20,203	-	20,203
Foreign currency translation differences relating to foreign operations	-	-	-	-	(42,540)	-	(42,540)	(30)	(42,570)
Net loss on hedge of net investment in foreign operations	-	-	-	-	(11,910)	-	(11,910)	-	(11,910)
Share of foreign currency translation differences of equity-accounted investees	-	-	-	-	(16,572)	-	(16,572)	-	(16,572)
Total other comprehensive income	-	-	-	20,203	(71,022)	-	(50,819)	(30)	(50,849)
Total comprehensive income for the period	-	-	-	20,203	(71,022)	149,899	99,080	754	99,834
Transactions with owners of the Company, recognised directly in equity									
Distributions to owners of the Company									
Dividend paid to non-controlling shareholder	-	-	-	-	-	-	-	(4,350)	(4,350)
Final tax-exempt dividend paid of 10 cents per share in respect of 2021	-	-	-	-	-	(66,402)	(66,402)	-	(66,402)
Total distributions to owners of the Company	-	-	-	-	-	(66,402)	(66,402)	(4,350)	(70,752)
At 30 June 2022	156,048	(67,796)	791	5,360	(63,326)	3,930,918	3,961,995	16,738	3,978,733

D. **Condensed interim statements of changes in equity (cont'd)**

Company	Share Capital \$'000	Reserve for own shares \$'000	Retained earnings \$'000	Total equity \$'000
At 1 January 2021	156,048	(67,796)	1,794,581	1,882,833
Total comprehensive income for the period	-	-	26,228	26,228
Dividend paid	-	-	(66,402)	(66,402)
At 30 June 2021	156,048	(67,796)	1,754,407	1,842,659

Company	Share Capital \$'000	Reserve for own shares \$'000	Retained earnings \$'000	Total equity \$'000
At 1 January 2022	156,048	(67,796)	1,906,105	1,994,357
Total comprehensive income for the period	-	-	81,530	81,530
Dividend paid	-	-	(66,402)	(66,402)
At 30 June 2022	156,048	(67,796)	1,921,233	2,009,485

E. **Condensed interim consolidated statement of cash flows**

	Note	Group	
		6 months ended 30 th June	
		2022	2021
		\$'000	\$'000
Cash flows from operating activities			
Profit for the period		150,683	114,569
Adjustments for:			
Depreciation of property, plant and equipment and right-of-use assets		475	422
Loss on disposal of property, plant and equipment	6	-	(17)
Unrealised exchange differences		9,694	1,295
Interest income		(893)	(1,595)
(Writeback of allowance)/allowance for doubtful receivables		(676)	465
Dividend income from investment designated at FVTPL		(96)	(14)
Distribution income from financial assets designated at FVTPL		(19)	(46)
Finance costs		34,113	20,996
Fair value changes in investment properties		(15,954)	3,719
Fair value changes in financial assets designated at FVTPL		(29,321)	(377)
Share of profits of:			
- associates		(16,662)	(10,823)
- jointly-controlled entities		(7,790)	(49,956)
Income tax (credit)/expense	5	(9,556)	19,881
		113,998	98,519
Changes in:			
Development properties		(268,909)	10,837
Trade and other receivables		3,205	5,580
Trade and other payables		4,312	(16,809)
Cash (used in)/generated from operations		(147,394)	98,127
Income taxes paid		(7,757)	(26,224)
Net cash (used in)/generated from operating activities		(155,151)	71,903

E. **Condensed interim consolidated statement of cash flows (cont'd)**

	Note	Group	
		6 months ended 30th June	
		2022	2021
		\$'000	\$'000
Cash flows from investing activities			
Net cash outflow on acquisition of a subsidiary (Note A)		(1,280,885)	-
Purchase of property, plant and equipment	6	(6,606)	(664)
Proceeds from sale of property, plant and equipment	6	-	157
Interest received		893	337
Dividends from investment designated at FVTPL		96	14
Investment in jointly-controlled entities		(602)	(4,758)
Distribution from associates (capital reduction)		63,618	8,235
Repayment from jointly-controlled entities (non-trade)		13,845	12,843
Additions to investment properties	7	(13,941)	(175,700)
Deposit for land premium		(2,872)	-
Purchase of financial assets designated at FVTPL		(1,130)	(19,419)
Redemption of financial assets designated at FVTPL		173,688	-
Distributions from financial assets designated at FVTPL		36	138
Net cash used in investing activities		(1,053,860)	(178,817)
Cash flows from financing activities			
Proceeds from bank loans		1,490,988	207,562
Repayment of bank loans		(187,324)	(61,615)
Payment of lease liability		(110)	(18)
Interest paid		(32,797)	(20,996)
Dividends paid		(66,402)	(66,402)
Dividend paid to non-controlling shareholder		(4,350)	(1,100)
Net cash generated from financing activities		1,200,005	57,431
Net decrease in cash and cash equivalents		(9,006)	(49,483)
Cash and cash equivalents at 1 January		123,415	118,739
Effect of exchange rate fluctuations on cash held		(3,595)	1,282
Cash and cash equivalents at 30 June		110,814	70,538

Note A - Net cash outflow on acquisition of a subsidiary

On 7 March 2022, the Group acquired a 100% interest in 34 Leadenhall Street Limited which holds 52 Lime Street, The Scalpel, in London. The Group accounted for the acquisition as acquisition of assets.

Net cash outflow on acquisition of a subsidiary is provided below:

	Group
	6 months ended 30th June
	2022
	\$'000
Investment properties	1,305,324
Other assets	653
Other liabilities	(24,439)
Total purchase consideration	<u>1,281,538</u>
Less: Cash and bank balances acquired	<u>(653)</u>
Net cash outflow on acquisition of a subsidiary	<u><u>1,280,885</u></u>

F. Notes to the condensed interim consolidated financial statements

1. Corporate information

Ho Bee Land Limited (the Company) is incorporated and domiciled in the Republic of Singapore and whose shares are publicly traded on the Mainboard of the Singapore Exchange. The address of the Company's registered office is 9 North Buona Vista Drive, #11-01 The Metropolis Tower 1, Singapore 138588.

These condensed interim consolidated financial statements as at and for the six months ended 30 June 2022 comprise the Company and its subsidiaries (collectively, the "Group" and individually as "Group entities") and the Group's interests in associates and jointly-controlled entities.

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

2. Basis of Preparation

The condensed interim financial statements for the six months ended 30 June 2022 have been prepared in accordance with SFRS(I) 1-34 *Interim Financial Reporting* issued by the Accounting Standards Council Singapore. The condensed interim financial statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance of the Group since the last annual financial statements for the year ended 31 December 2021.

The condensed interim financial statements for the six months end 30 June 2022 have been prepared on a going concern basis notwithstanding that as at 30 June 2022, the Group's total current liabilities exceeded its total current assets by \$1,044,595,000 (31 Dec 2021: \$319,219,000). The Group expects to refinance \$1,128,358,000 of its short-term bridging loans in the next 12 months and is confident that the refinancing of the facilities will occur as required. Coupled with the undrawn revolving credit facilities available to the Group, the expected capital distribution from the Group's associates and jointly-controlled entity in China, and the estimated positive cash flows from the Group's operations, management assessed that the Group will be able to meet its obligations that are due within the next 12 months.

The accounting policies adopted are consistent with those of the previous financial year which were prepared in accordance with SFRS(I)s, except for the adoption of new and amended standards as set out in Note 2.1.

The condensed interim financial statements are presented in Singapore dollar which is the Company's functional currency.

2.1. New and amended standards adopted by the Group

The Group has applied the following SFRS(I)s, amendments to and interpretations of SFRS(I) for the first time for the annual period beginning on 1 January 2022:

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

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

2.2. Use of judgements and estimates

In preparing the condensed interim financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 31 December 2021.

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

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

- Note 2 – Management's use of the going concern basis for accounting
- Note 5 – Estimation of provisions for current and deferred taxation
- Note 7 – Valuation of investment properties
- Note 8 – Valuation of financial instruments
- Note 10 – Measurement of realisable amounts of development properties

3. Segment and revenue information

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

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

Other segments include investing in equity securities, private equity and European property fund and notes. These segments do not meet any of the quantitative thresholds for determining reportable segments in the current period.

Information regarding the results of each reportable segment is included below. Performance is measured based on segment gross profit, as included in the internal management reports that are reviewed by management. Segment gross profit is used to measure performance as management believe that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

3.1 Reportable segments

	Property Development \$'000	Property Investment \$'000	Others \$'000	Total \$'000
1 January 2022 to 30 June 2022				
Revenue from external parties*	49,624	128,646	-	178,270
Operating results	9,588	119,191	-	128,779
Other operating income				48,772
Other operating expenses				(27,656)
Profit from operations				149,895
Finance costs				(33,220)
Share of profits of associates				16,662
Share of profits of jointly-controlled entities				7,790
Income tax credit				9,556
Profit for the period				150,683
Other material non-cash items:				
- Fair value changes on investment properties	-	15,954	-	15,954
Capital expenditure	-	1,319,265	-	1,319,265
Reportable segment assets	670,422	6,082,516	79,382	6,832,320
Investments in associates and jointly-controlled entities**	748,560	-	-	748,560
Reportable segment liabilities	170,623	3,508,224	-	3,678,847

* There is no inter-segment revenue during the six month period ended 30 June 2022.

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

3.1 Reportable segments (cont'd)

	Property Development \$'000	Property Investment \$'000	Others \$'000	Total \$'000
1 January 2021 to 30 June 2021				
Revenue from external parties*	43,350	113,930	-	157,280
Operating results	6,940	104,480	-	111,420
Other operating income				1,678
Other operating expenses				(20,026)
Profit from operations				93,072
Finance costs				(19,401)
Share of profits of associates				10,823
Share of profits of jointly-controlled entities				49,956
Income tax expense				(19,881)
Profit for the period				114,569
Other material non-cash items:				
- Fair value changes on investment properties	-	(3,719)	-	(3,719)
Capital expenditure	-	175,700	-	175,700
Reportable segment assets	299,473	4,989,271	191,244	5,479,988
Investments in associates and jointly-controlled entities**	872,063	-	-	872,063
Reportable segment liabilities	38,987	2,687,795	-	2,726,782

* There is no inter-segment revenue during the six month period ended 30 June 2021.

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

3.2 Disaggregation of revenue

The Group operates principally in Singapore, United Kingdom, Australia and China.

In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of business.

	Singapore \$'000	United Kingdom \$'000	Australia \$'000	China \$'000	Consolidated total \$'000
1 January 2022 to 30 June 2022					
Sale of development properties, transferred at a point in time	32,648	-	13,143	3,833	49,624
Rental income and service charges	50,434	78,023	189	-	128,646
Total revenue	83,082	78,023	13,332	3,833	178,270
1 January 2021 to 30 June 2021					
Sale of development properties, transferred at a point in time	6,029	-	37,321	-	43,350
Rental income and service charges	50,078	63,084	768	-	113,930
Total revenue	56,107	63,084	38,089	-	157,280

4. Profit before taxation

The following items have been included in arriving at profit before taxation:

	Group	
	6 months ended 30th June	
	2022	2021
	\$'000	\$'000
Income		
Income from tenants' usage of chilled water and air-conditioning	579	599
Interest income	893	1,595
Fair value changes	29,321	377
Realised gains from financial assets designated at FVTPL	19	46
Expenses		
Direct operating expenses from investment properties	(8,680)	(7,792)
Depreciation of property, plant and equipment	(370)	(390)
Depreciation of right-of-use assets	(105)	(32)
Staff costs	(9,247)	(10,994)
Interest expense	(34,113)	(20,996)
Writeback of allowance/(allowance) for doubtful receivables	676	(465)

5. Income tax (credit)/expense

The Group calculates the period income tax expense using the tax rate that would be applicable to the expected total annual earnings. The major components of income tax expense in the condensed interim consolidated income statement are:

	Group	
	6 months ended 30th June	
	2022	2021
	\$'000	\$'000
Current tax expense		
Current period	25,745	15,316
Over provision of tax in prior years	(33,795)	(298)
	<u>(8,050)</u>	<u>15,018</u>
Deferred tax expense		
Movements in temporary differences	2,869	1,940
Over provision in respect of prior years	(4,818)	-
	<u>(1,949)</u>	<u>1,940</u>
Withholding taxes	443	2,923
Total income tax (credit)/expense	<u>(9,556)</u>	<u>19,881</u>

The Group has received favorable revised tax assessments from IRAS which discharged tax of \$33,165,000 relating to disposal of properties provided in prior years. Accordingly, the Group has reversed the amount and this resulted in a net tax credit recorded in profit or loss for the six months ended 30 June 2022.

6. Property, plant and equipment

During the six months ended 30 June 2022, the Group acquired assets amounting to \$6,606,000 (30 June 2021: \$664,000) and no assets was disposed of (30 June 2021: assets disposed of \$140,000).

7. Investment properties

	Group	
	2022	2021
	\$'000	\$'000
Freehold properties		
At 1 January	2,511,220	2,448,639
Additions/capital expenditure	1,305,324	-
Fair value changes	(36,602)	33,874
Exchange differences	(275,013)	28,707
At 30 June/31 December	<u>3,504,929</u>	<u>2,511,220</u>
Leasehold properties		
At 1 January	2,441,773	2,181,206
Additions/capital expenditure	13,941	184,482
Reclassification from deposit for land premium*	-	55,900
Fair value changes	52,556	19,232
Exchange differences	(6,008)	953
At 30 June/31 December	<u>2,502,262</u>	<u>2,441,773</u>
Total investment properties at 30 June/31 December	<u><u>6,007,191</u></u>	<u><u>4,952,993</u></u>
Comprising:		
- Completed investment properties	5,746,175	4,705,918
- Investment properties under development	261,016	247,075
	<u><u>6,007,191</u></u>	<u><u>4,952,993</u></u>

* The deposit for land premium pertains to the progressive payment made for the acquisition of the Biopolis Phase 6 land parcel located at Buona Vista, Singapore in 2020. Following the payment of the balance of land premium and assumption of the land title, the Group reclassified the deposit for land premium to investment properties in 2021.

Investment properties comprise a number of commercial properties that are leased to third party tenants and those under development. Investment properties are stated at fair value. External, independent valuation companies value the Group's investment property portfolio annually, at the end of each financial year. These valuers have the appropriate recognised professional qualifications and recent experience in the location and category of property being valued. The carrying value of the investment properties as at 31 December 2021 were based on valuations conducted by independent valuers Savills Valuation & Professional Services (S) Pte Ltd and Cushman & Wakefield Debenham Tie Leung Limited. The valuers have considered valuation techniques including market comparison method, the income capitalisation method and the residual value method in arriving at the open market value as at the reporting date.

7. Investment properties (cont'd)

The fair values of investment properties as at 30 June 2022 are based on 31 December 2021 valuations, adjusted for capital expenditure capitalised in the current period, and management's assessment of the valuation of the investment properties in consultation with external valuers, using consistent valuation techniques as at 31 December 2021. In making this assessment, management has taken into account whether there were significant changes in the operating performance of the properties and market inputs such as capitalisation rates or transacted prices since the last independent valuations as at 31 December 2021. The most significant input into the valuation techniques was the capitalisation rate of 3.50% to 5.00% (31 December 2021: 3.50% to 5.00%) for Singapore properties and 4.25% to 6.00% (31 December 2021: 4.03% to 5.65%) for London properties. Accordingly, the Group recognised a net fair value gain of \$15,954,000 on its investment portfolio for the 6 months period ended 30 June 2022.

Covid-19 has created more market uncertainty which could impact property valuations in the short-term. As such, the estimates of fair values of investment properties as at 30 June 2022 are subject to a high degree of uncertainty, and values may change rapidly and/or significantly when there are new developments. An independent valuation of the investment properties will be conducted at the end of this financial year to assess the changes in fair value after 30 June 2022.

8. Financial instruments

Estimation of fair values for financial assets and liabilities

Set out below is an overview of the financial assets and financial liabilities of the Group as at 30 June 2022 and 31 December 2021:

	Financial assets at amortised cost \$'000	Financial assets at FVTPL \$'000	FVOCI - equity instruments \$'000	Fair value - hedging instruments \$'000	Financial liabilities at amortised cost \$'000	Total \$'000
Group						
30 June 2022						
Trade and other receivables*	218,486	-	-	5,361	-	223,847
Financial assets at FVOCI	-	-	80	-	-	80
Financial assets at FVTPL	-	79,302	-	-	-	79,302
Cash and cash equivalents	110,814	-	-	-	-	110,814
Loans and borrowings	-	-	-	-	(3,619,501)	(3,619,501)
Trade and other payables**	-	-	-	-	(101,367)	(101,367)
	<u>329,300</u>	<u>79,302</u>	<u>80</u>	<u>5,361</u>	<u>(3,720,868)</u>	<u>(3,306,825)</u>
31 December 2021						
Trade and other receivables*	214,293	-	-	-	-	214,293
Financial assets at FVOCI	-	-	78	-	-	78
Financial assets at FVTPL	-	231,280	-	-	-	231,280
Cash and cash equivalents	123,415	-	-	-	-	123,415
Loans and borrowings	-	-	-	-	(2,545,759)	(2,545,759)
Trade and other payables**	-	-	-	(14,843)	(105,319)	(120,162)
	<u>337,708</u>	<u>231,280</u>	<u>78</u>	<u>(14,843)</u>	<u>(2,651,078)</u>	<u>(2,096,855)</u>

* Excludes prepayments, tax recoverable and goods and services tax recoverable.

** Excludes goods and services tax payable and sale deposits.

8. Financial instruments (cont'd)

Company	Financial assets at amortised cost \$'000	Financial assets at FVTPL \$'000	Financial liabilities at amortised cost \$'000	Total \$'000
30 June 2022				
Trade and other receivables*	1,474,129	-	-	1,474,129
Financial assets at FVTPL	-	74,339	-	74,339
Cash and cash equivalents	32,734	-	-	32,734
Loans and borrowings	-	-	(1,305,946)	(1,305,946)
Trade and other payables**	-	-	(18,505)	(18,505)
	<u>1,506,863</u>	<u>74,339</u>	<u>(1,324,451)</u>	<u>256,751</u>
31 December 2021				
Trade and other receivables*	1,197,605	-	-	1,197,605
Financial assets at FVTPL	-	225,833	-	225,833
Cash and cash equivalents	56,249	-	-	56,249
Loans and borrowings	-	-	(35,472)	(35,472)
Trade and other payables**	-	-	(16,401)	(16,401)
	<u>1,253,854</u>	<u>225,833</u>	<u>(51,873)</u>	<u>1,427,814</u>

* Excludes prepayments.

** Excludes goods and services tax payable.

Fair values versus carrying amounts

The carrying amounts of the Group's and the Company's financial instruments carried at amortised cost are not materially different from their fair values as at 30 June 2022 and 31 December 2021. Fair value disclosure of lease liabilities is not required.

8.1 Financial assets

	Group		Company	
	30.06.2022	31.12.2021	30.06.2022	31.12.2021
	\$'000	\$'000	\$'000	\$'000
Non-current				
Investments designated at FVTPL:				
- Quoted equity securities	4,774	5,221	-	-
- Private equity funds	189	226	-	-
- European property fund	30,550	42,314	30,550	42,314
Investments mandatorily at FVTPL:				
- Debt instruments - subscription of notes	43,789	183,519	43,789	183,519
Investments designated at FVOCI:				
- Unquoted equity securities	80	78	-	-
	<u>79,382</u>	<u>231,358</u>	<u>74,339</u>	<u>225,833</u>

Refer to 'fair value hierarchy' for the significant methods and assumptions used in estimating the fair values of these investments.

8.1 Financial assets (cont'd)

Fair value hierarchy

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

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

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Financial assets carried at fair value				
Group				
30 June 2022				
Financial assets carried at FVTPL	4,774	-	74,528	79,302
Financial assets designated at FVOCI	-	-	80	80
Interest rate swaps used for hedging	-	5,361	-	5,361
	<u>4,774</u>	<u>5,361</u>	<u>74,608</u>	<u>84,743</u>
31 December 2021				
Financial assets carried at FVTPL	5,221	-	226,059	231,280
Financial assets designated at FVOCI	-	-	78	78
Interest rate swaps used for hedging	-	(14,843)	-	(14,843)
	<u>5,221</u>	<u>(14,843)</u>	<u>226,137</u>	<u>216,515</u>

8.1 Financial assets (cont'd)

Level 2 fair values

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

	Group	
	Contract/ notional amount \$'000	Fair value of assets \$'000
30 June 2022		
Cash flow hedges - Interest rate swaps	450,000	5,361
31 December 2021		
Cash flow hedges - Interest rate swaps	450,000	(14,843)

8.1 Financial assets (cont'd)

Level 3 fair values

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

Group	Financial assets at FVTPL \$'000	Financial assets at FVOCI \$'000	Total \$'000
2022			
At 1 January	226,059	78	226,137
Fair value changes	30,776	-	30,776
Realised gain recognised in profit or loss	19	-	19
Exchange differences recognised in profit or loss	(8,602)	2	(8,600)
Distribution	(36)	-	(36)
Redemption	(173,688)	-	(173,688)
At 30 June	<u>74,528</u>	<u>80</u>	<u>74,608</u>
Total gain for the period included in profit or loss for assets held as at 30 June	<u>22,193</u>	<u>2</u>	<u>22,195</u>
2021			
At 1 January	174,431	77	174,508
Fair value changes	37,520	-	37,520
Realised gain recognised in profit or loss	67	-	67
Exchange differences recognised in profit or loss	(11,575)	1	(11,574)
Purchases	27,388	-	27,388
Distribution	(170)	-	(170)
Redemption	(1,602)	-	(1,602)
At 31 December	<u>226,059</u>	<u>78</u>	<u>226,137</u>
Total gain for the year included in profit or loss for assets held as at 31 December	<u>26,012</u>	<u>1</u>	<u>26,013</u>

8.1 Financial assets (cont'd)

Level 3 fair values (cont'd)

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

	6 months ended	Year ended
	30th Jun 2022	31st Dec 2021
	\$'000	\$'000
Other income		
Fair value changes	30,776	37,520
Realised gains from financial assets designated at FVTPL	19	67
	<u>30,795</u>	<u>37,587</u>
Exchange differences		
Exchange differences recognised	<u>(8,600)</u>	<u>(11,574)</u>
Total gain included in profit or loss	<u>22,195</u>	<u>26,013</u>

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

The fair values of European property fund and debt instruments (notes) are determined based on the latest available net asset value of the funds and notes obtained from the investment property/fund manager. The underlying assets of the European property fund and debt instruments consist of real estate properties which are measured at fair value by independent valuers. The estimated fair value of the investments would increase/(decrease) if the NAV was higher/(lower).

Due to the inherent uncertainty of valuations of financial assets, the estimated values may differ significantly from the values that would have been used had a ready market for the securities existed, and the differences could be material.

9. Loans and borrowings

	Group		Company	
	30.06.2022	31.12.2021	30.06.2022	31.12.2021
	\$'000	\$'000	\$'000	\$'000
Non-current liabilities				
Secured bank loans	1,888,554	1,802,497	146,408	-
Lease liabilities	628	224	391	972
	<u>1,889,182</u>	<u>1,802,721</u>	<u>146,799</u>	<u>972</u>
Current liabilities				
Secured bank loans	1,730,079	742,839	1,157,992	33,360
Lease liabilities	240	199	1,155	1,140
	<u>1,730,319</u>	<u>743,038</u>	<u>1,159,147</u>	<u>34,500</u>
	<u>3,619,501</u>	<u>2,545,759</u>	<u>1,305,946</u>	<u>35,472</u>

The bank loans are secured over certain investment properties and development properties of the Group.

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

10. (i) Development properties

	Group	
	30.06.2022	31.12.2021
	\$'000	\$'000
<i>Properties for which revenue is to be recognised at a point in time</i>		
Properties held for sale	96,322	126,141
Properties under development	533,205	196,557
	<u>629,527</u>	<u>322,698</u>
Allowance for foreseeable losses	(513)	(551)
Total development properties	<u>629,014</u>	<u>322,147</u>

For the six months ended 30 June 2022, development properties of \$35,910,000 (2021: \$98,070,000) were recognised as cost of sales and included in 'cost of sales – residential development projects'.

10. (i) Development properties (cont'd)

Movements in allowance for foreseeable losses are as follows:

	Group	
	6 months ended	Year ended
	30th Jun 2022	31st Dec 2021
	\$'000	\$'000
At 1 January	(551)	(545)
Exchange differences	38	(6)
At 30 June/31 December	<u>(513)</u>	<u>(551)</u>

The Group has reviewed the allowance for foreseeable losses to record the properties at net realisable values and assessed that no further allowance was required to be made.

10. (ii) Deposit for land premium

The deposit for land premium as at 30 June 2022 pertains to the deposit paid to a third party for the acquisition of a residential development site in Australia.

11. Commitments

As at 30 June 2022, commitments for expenditure which have not been provided for in the financial statements were as follows:

	Group	
	30.06.2022	31.12.2021
	\$'000	\$'000
Authorised and contracted for:		
- subscription for additional interest in European property fund and notes	31,211	55,604
- development expenditure for properties under development	48,196	30,257
- capital expenditure for investment properties	155,474	166,896
- balance sum on purchase of land for development properties	6,701	235,620
	<u>241,582</u>	<u>488,377</u>

12. Share capital

	30.06.2022		31.12.2021	
	No. of Shares	\$'000	No. of Shares	\$'000
Beginning of interim period/financial year	703,338,000	156,048	703,338,000	156,048
End of interim period/financial year	703,338,000	156,048	703,338,000	156,048

There were 39,321,600 treasury shares held by the Company as at 30 June 2022 (31 December 2021: 39,321,600). There were no sale, transfer, cancellation and/or use of treasury shares for the interim financial period ended 30 June 2022.

No subsidiary companies held shares in the Company as at 30 June 2022 and 31 December 2021. There was no allotment or transfer of shares in the Company to its subsidiaries for the interim financial period ended 30 June 2022.

13. Earnings per share

	6 months ended 30 th June	
	2022	2021
Profit attributable to owners of the Company (\$'000)	149,899	105,528
Weighted average number of ordinary shares (excluding treasury shares)	664,016,400	664,016,400
Earnings per ordinary share for the period (cents)		
i) Based on weighted average number of ordinary shares (excluding treasury shares)	22.57	15.89
ii) On a fully diluted basis	22.57	15.89

Basic earnings per share and earnings per share on a fully diluted basis were computed using the net profit attributable to owners of the Company and weighted average number of ordinary shares as disclosed above for each period.

There were no dilutive potential ordinary shares for the current and previous period.

14. Net asset value

	Group		Company	
	30.06.2022	31.12.2021	30.06.2022	31.12.2021
Net assets after adjusting for non-controlling interests (\$'000)	3,961,995	3,929,317	2,009,485	1,994,357
Ordinary shares at end of period (excluding treasury shares)	664,016,400	664,016,400	664,016,400	664,016,400
Net asset value per ordinary share	\$5.97	\$5.92	\$3.03	\$3.00

15. Subsequent events

There are no known subsequent events which have led to adjustments to this set of condensed interim financial statements.

G Other Information Required by Listing Rule Appendix 7.2

1. Review

The condensed consolidated statement of financial position of Ho Bee Land Limited and its subsidiaries as at 30 June 2022 and the related condensed consolidated profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six-month period then ended and certain explanatory notes have not been audited or reviewed.

2. Performance Review for the Group

(i) Consolidated income statement

1H2022 vs 1H2021

For the six months ended 30 June 2022, Group revenue increased 13% year-on-year (“y-o-y”) to S\$178.3 million (1H2021: S\$157.3 million).

Sale of development properties was higher by 15% y-o-y at S\$49.6 million (1H2021: S\$43.4 million). The increase was mainly attributable to sales completion of more units in Turquoise this period.

Rental income increased 13% y-o-y to S\$128.6 million (1H2021: S\$113.9 million) largely due to rental income from The Scalpel in London which was acquired in March 2022.

Other income increased to S\$32.8 million (1H2021: S\$1.7 million) mainly due to fair value gain of S\$30.8 million recognised on the Group’s Munich Notes investment. The sale of the underlying office asset in Munich was completed in February 2022. The estimated gain on the Munich Notes investment is approximately €44.8 million. The Group had accounted for fair value gain amounting to €24.6 million in FY2021. The remaining gain of €20.2 million (S\$30.8 million) was recognised in 1H2022.

Net fair value gain on investment properties was S\$16.0 million compared to a net fair value loss of S\$3.7 million in 1H2021. The Group recorded S\$56.4 million fair value gain on The Metropolis, which was partially offset by S\$40.4 million fair value loss on its London portfolio.

Cost of sales for residential development projects increased 10% y-o-y to S\$40.0 million (1H2021: S\$36.4 million) which was in line with the increase in sales in 1H2022. Direct rental expenses were stable at S\$9.5 million (1H2021: S\$9.5 million).

In 1H2022, the Group recorded a net unrealised exchange loss of S\$12.0 million (1H2021: S\$1.2 million), mainly due to the revaluation of its net monetary assets in AUD and Euro, as SGD strengthened against these foreign currencies in 1H2022.

Other operating expenses increased to S\$6.4 million from S\$4.1 million in 1H2021 mainly due to higher donation expense of S\$2.1 million (1H2021: S\$0.2 million).

2. Performance Review for the Group (cont'd)

(i) Consolidated income statement (cont'd)

Overall, profit from operations improved 61% y-o-y to S\$149.9 million (1H2021: S\$93.1 million).

In 1H2022, finance cost increased 71% y-o-y to S\$33.2 million (1H2021: S\$19.4 million) mainly due to additional bank borrowings to fund the acquisition of The Scalpel and the development sites in Australia, coupled with rising SONIA rates on GBP floating rate loans.

Share of profits from the China associates increased 54% y-o-y to S\$16.7 million (1H2021: S\$10.8 million), mainly contributed by profits from the Nanjing project which started handing over units to buyers in 1H2022, which was partially offset by lower contribution from the Shanghai project which had fully recognised its profits in FY2021.

Share of profits from jointly-controlled entities decreased 84% y-o-y to S\$7.8 million (1H2021: S\$50.0 million) because of the handover of the remaining 60% of the units in Phase Two of the Tangshan project in 1H2021. The profit recognised from this project was S\$46.6 million in 1H2021.

The tax credit of S\$9.6 million in 1H2022 was due to tax write-backs of S\$38.3 million arising from the revised tax assessments from IRAS relating to prior years. Excluding these write-backs, tax expense would have been S\$28.7 million in 1H2022, representing a y-o-y increase of 44% (1H2021: S\$19.9 million).

Profit attributable to owners of the Company improved 42% to S\$149.9 million (1H2021: S\$105.5 million). This translates to earnings per share of 22.57 cents (1H2021: 15.89 cents).

(ii) Consolidated statement of financial position

30 June 2022 vs 31 December 2021

Total equity increased by S\$29.1 million to S\$3.98 billion as of 30 June 2022. The increase was attributable to profit for the period, increase in fair value on cash flow hedges, partially offset by payment of final dividend of 10.0 cents per share in respect of financial year 2021 and foreign exchange translation loss in 1H2022.

Total assets increased by S\$1.1 billion to S\$7.8 billion as of 30 June 2022, mainly attributable to the increase in investment properties and development properties, partially offset by the decrease in interests in associates, financial assets and deposit for land premium.

Investment properties increased by S\$1.1 billion, largely attributable to the acquisition of The Scalpel on 7 March 2022, which was valued at £718.0 million and the capitalisation of S\$13.9 million development costs for Elementum which is under construction. On top of that, net fair value gain of S\$16.0 million was recorded in 1H2022. The fair value gain on the Singapore portfolio was partially offset by the fair value loss on the London portfolio.

Development properties increased by S\$306.9 million, mainly due to new land sites acquired and development expenditures incurred for master-planned community projects in Australia.

2. Performance Review for the Group (cont'd)

(ii) Consolidated statement of financial position (cont'd)

Interest in associates decreased by S\$55.7 million, mainly attributable to capital reduction in the Zhuhai project, which was partially offset by the Group's share of profits from associates in 1H2022.

Financial assets decreased by S\$152.0 million, mainly due to redemption and distributions received from the Munich notes and European property fund in 1H2022.

Deposit for land premium reduced by S\$54.0 million, mainly due to land deposits for Australia projects being reclassified to development properties upon settlement.

The Group's total liabilities increased by S\$1.1 billion to S\$3.8 billion as of 30 June 2022, mainly attributable to a net increase in loans and borrowings.

In 1H2022, the Group took on new borrowings to fund the acquisition of The Scalpel and development sites in Australia. Net of loan repayments and foreign exchange translation difference on GBP bank loans, total bank borrowings increased by S\$1.1 billion. Included in the loans are bridging loans that will be refinanced to term loans or repaid in the next 12 months and therefore classified as current liabilities.

Total shareholders' fund as at 30 June 2022 amounted to S\$3.96 billion (31 December 2021: S\$3.93 billion), representing a net asset value of S\$5.97 per share (31 Dec 2021: S\$5.92 per share).

3. Variance between Actual Results for the current period and prospect statement previously disclosed

Not applicable.

4. Commentary on the Group Prospects

Despite the global macroeconomic uncertainties and challenges brought about by the Russia-Ukraine war and the new wave of Covid-19 infections, the Group's enlarged portfolio of investment properties after the acquisition of The Scalpel continues to underpin its profit. In addition, the Group has also recorded encouraging sales from its Sentosa Cove projects.

The rising interest rates, inflation and volatility in foreign exchange rates could have an impact on the Group's financial performance. Nevertheless, barring any further external shocks, the Group expects to remain profitable for the year.

5. Dividend

(a) Current financial period reported on

Any dividend recommended for the current financial period reported on? No

(b) Corresponding period of the immediately preceding financial year

Any dividend declared for the corresponding period of the immediately preceding financial year? No

6. If no dividend has been declared/recommended, a statement to that effect and the reason(s) for the decision.

No dividend has been declared/recommended for the half year ended 30 June 2022. It is the Company's policy to only consider a final dividend at the end of the financial year.

7. Interested Person Transactions

The Company does not have a shareholders' mandate for interested person transactions.

8. Confirmation that the issuer has procured undertaking from all its directors and executives (in the format set out in Appendix 7.7 under Rule 720(1))

The Company has received undertaking from all its directors and executive officers in the format as set out in Appendix 7.7 under Rule 720(1) of the Listing Manual of the SGX-ST.

Confirmation by the Board

On behalf of the Board of Directors of the Company, we, the undersigned, hereby confirm to the best of our knowledge that nothing has come to the attention of the Board of Directors of the Company which may render the financial statements for the six-month period ended 30 June 2022 to be false or misleading in any material aspect.

By Order of the Board

Nicholas Chua
Executive Director
Chief Executive Officer

11 August 2022