Ho Bee Land Limited

(Co. Reg. No.: 198702381M)

ANNOUNCEMENT

CLARIFICATION ANNOUNCEMENT ON NEWS ARTICLE PUBLISHED BY MINGTIANDI

The Board of Directors of Ho Bee Land Limited ("**HBL"** or the **"Company"** and together with its subsidiaries (the **"Group**")) wishes to announce that it has become aware of a news article published on Mingtiandi.com ("**Mingtiandi**") on 15 March 2023 with the headline "**Singapore's Ho Bee Land Sells Industrial Assets After SGX Queries Debt Load**" (the "**News Article**").

Background

On 27 February 2023, HBL announced its financial results for the second half and full year ended 31 December 2022 (the "**FY2022 Results Announcement**").

Subsequently, on 8 March 2023, HBL received three queries from the Singapore Exchange Regulation ("**SGX RegCo**") on the FY2022 Results Announcement (the "**SGX Queries**") and announced its response to the SGX Queries on 10 March 2023 ("**Response to SGX Queries**").

As of today, HBL has not received further queries on the Response to SGX Queries from SGX RegCo.

The Group owns two properties at 12 Tannery Road Singapore 347722 ("**HB Centre 1**") and 31 Tannery Lane Singapore 347788 ("**HB Centre 2**"). A sales option for the two properties was issued in November 2022. The purchaser performed its due diligence and exercised the sales option on 7 March 2023. All conditions for the disposal were satisfied on 14 March 2023.

On 15 March 2023, HBL announced that the Company's wholly-owned subsidiary, Ho Bee Realty Pte. Ltd. had disposed of the two properties to an unrelated third party (the **"Disposal"**).

Inaccuracies in the News Article

On 16 March 2023, the Company became aware of the News Article. It noted numerous inaccuracies in the News Article which are concerning and are based on speculation and conjecture, causing reputational risk to the Group.

(1) *The News Article makes the following allegations regarding HBL:*

a. "Singapore's Ho Bee Land Sells Industrial Assets After SGX Queries Debt Load";

b. "Ho Bee Land is disposing of HB Centre I and II as it faces a debt deadline";

c. "Just over a year after buying a landmark office building in London for £718 million (then $972 million), Singapore's Ho Bee Land is selling off assets in its home market following stock exchange queries over the developer's ability to pay its debts."

d. "Paying to Play";

e. "The disposal comes shortly after shareholders reacted to Ho Bee's 27 February release of its 2022 financials by questioning the developer's capacity to settle "significant current liabilities" of S$1.23 billion due within 12 months from the 31 December end of its fiscal year. At that juncture, the company had available cash of only around S$327.4 million.";

(2) *The News Article alluded to the timing of and reason for the Disposal, saying that the Disposal "comes shortly after shareholders reacted to Ho Bee's 27 February release of its 2022 financials by questioning the developer's capacity to settle significant current liabilities of S$1.23 billion".*

(3) *The News Article indicated that HBL "….saw its profit attributable to owners of the company plunge from S$225 million in 2021 to just S$16.4 million last year….. according to its full year financials. On an operating basis, profit fell 80 percent from S$189 million in 2021 to S$37.3 million last year".*

Clarification

The Company would like to clarify that the Disposal is in the Group's ordinary course of business. The timing of acquisitions and disposals of investment properties are driven by market conditions. From time to time, the Group receives unsolicited offers to purchase its properties.

The timing of the Disposal and its announcement are unrelated to the timing of announcement of Response to SGX Queries.

The relevant portion of the Response to SGX Queries, which the News Article alluded to, is reproduced below:

"SGX RegCo's query 2

Given the Group's significant current liabilities of S$1.38 billion, and cash and bank balance of only S$327.4 million as of 31 December 2022, please disclose:

(i) the Board's assessment of whether the Company's current assets are adequate to meet the Company's short-term debt of S$1.23 billion, including its basis of assessment; and

(ii) how the Company intends to fulfil its significant payment obligations in the next 12 months. Where the Company has worked out debt repayment plans to fulfil its debt obligations, please disclose if the Company is on track to fulfilling these obligations.

Company’s response to query 2

(i) The Board agreed with Management’s assessment that the Group will be able to meet its obligations, including short-term debt of S$1.23 billion, that are due within the next 12 months. The basis of the Management’s assessment is explained in part (ii) below.

(ii) The main contributors to the Company’s short-term debt of S$1.23 billion are: (a) bridging loans amounting to S$930.8 million that were used to pay for the acquisition of The Scalpel in FY2022; and (b) S$94.5 million of a term loan that was due within 12 months from 31 December 2022.

As of today, the Group is at the stage of finalizing the loan documents for a S$810 million term loan and the loan proceeds will be utilized for the repayment of the bridging loans. The refinancing of the S$94.5 million term loan is expected to be completed in 1H2023.

Coupled with the Group’s cash balance of S$327.4 million and undrawn committed revolving credit facilities as of 31 December 2022, the estimated positive cash flows from the Group’s operations and the expected capital distributions from the Group’s associates in China in FY2023, the Management assessed that the Group will be able to meet its obligations that are due within the next 12 months.”

On page 12 of the FY2022 Results Announcement, it was disclosed that HBL had prepared its financial statements on a going concern basis and explained its basis for doing so despite the significant current liabilities.

HBL had also clearly explained in the Response to SGX Queries how it will meet its short-term debt obligations and included a clear explanation on the status of the refinancing of bank borrowings falling due within 12 months from 31 December 2022.

The Company had made no mention of proposed sale of assets to meet those short-debt debt obligations in the Response to SGX Queries. The timing of the Disposal is totally unrelated to the SGX Queries, and the News Article contains statements which are pure speculation.

The figures quoted in Inaccuracy (3) above are incorrect. Based on the information on page 3 of the FY2022 Results Announcement, the Group’s profit from operating activities for FY2022 was S$187.2 million as compared to S$281.8 million in FY2021. The year-on-year change is 34%. Profit attributable to owners of the Company fell 50% to S$165.9 million in FY2022 from S$330.5 million in FY2021.

The Company has contacted the journalist and the Managing Editor of Mingtiandi, requesting for the News Article to be corrected. We are awaiting Mingtiandi’s response.

By Order of the Board
Nicholas Chua
Executive Director
Chief Executive Officer

17 March 2023