

Ho Bee posts net profit of \$37.6m in first half 2006

Proposes interim dividend of 0.75 cents per share

Outlook is bright and total earnings for 2006 will abundantly exceed that of FY2005, says CEO

SINGAPORE, 10 August 2006 – MAINBOARD-LISTED Ho Bee Investment Ltd has posted a net profit after tax and minority interests of S\$37.6 million in its first half ended 30 June 2006. This is an increase of 58% over the S\$23.8 million it made in the same period the previous year. More significantly, its six-month profit in 2006 is merely S\$0.5 million shy of the S\$38.1 million net profit the Group achieved for the whole of 2005.

Ho Bee's shareholders will also be rewarded with an interim dividend of 0.75 cents per share, the first time the Group is making such a payout. In May, shareholders received a special dividend of 0.75 cents per share as well as a final dividend of 0.75 cents per share for FY2005.

Group turnover for the first six months of 2006 stands at S\$174.5 million, up 45% from S\$120.6 million it recorded in the previous corresponding period. Contributing significantly to the increase is the income generated by the Group's property development activities which registered a turnover of S\$170.2 million in the first six months of 2006, up 92% from S\$88.6 million in the corresponding period the previous year.

The hefty increase in turnover can be attributed to the recent sale of the Group's office building at Robinson Road, HB Robinson, which was transacted at a price of S\$80 million. In addition, the Group also booked its progressive income from the sale of a few of its residential projects, adding further buoyancy to its topline. These include: The Berth by the Cove (97% sold), The Berthside (100% sold) and Coral Island (over 90% sold) at Sentosa Cove, and Montview (over 90% sold) at Mount Sinai. Temporary Occupation Permit for The Berthside and The Berth by the Cove is expected before the year is up.

The Group's property investment division has seen little activity in the second quarter, registering a turnover of S\$2.8 million in the first six months. It has sold one floor of its office space in Suntec Tower Two last year, and thus rental income has dipped by 9% in the first half 2006. Occupancy rates however have remained stable at above 90%.

Said a beaming Mr Chua Tian Poh, Chairman and Chief Executive Officer of the Ho Bee Group: "We have turned in a set of impressive results and I am very pleased with the Group's overall performance. It is due in no small part to the vision of our management team, and the diligence and effort put in to ensure that all our targets are met.

"Our results also underline the fact that our strategy is working well, focusing on our core business of property development and taking a nimble and fleet-footed approach to all investment decisions," he added.

Strong Financials

The Group's financial standing remains strong. Although gearing is up at 97.2%, it is mitigated by the opportunities afforded through the purchase of a number of prime plots of land for further development. These include the Baywater Collection at Sentosa Cove, the project at Orange Grove Road and Quinterra at Holland Road.

The Group's assets now total S\$1.04 billion and net tangible assets stand at S\$445 million. This works out to 60.4 cents per share, compared with 49.9 cents per share as at 31 Dec 2005, an increase of 21%. Earnings per share stands at 5.63 cents, up 46% from the previous corresponding period.

Ho Bee has also registered a positive net working capital of S\$758m, an increase of 92% compared to the previous corresponding period.

Positive Outlook

Ho Bee's Mr Chua is upbeat and optimistic about the property market outlook. He said: "The signs are positive, especially for the high-end residential market segment. Ho Bee is well-positioned to take advantage of this as we have a few developments that fall within this market segment.

"Together with our excellent set of results, our total earnings for the current year are likely to abundantly exceed our previous year's," he added.

Indeed, Mr Chua pointed out that prices of private residential properties have continued to rise for the nine consecutive quarters, with the 2nd quarter of 2006 showing the highest increase -- 1.8% over 1.5% in the previous quarter (according to statistics released by the Urban Redevelopment Authority).

The rise is most prevalent in the luxury residential sector of the market, and property consultancy CB Richard Ellis had forecast that luxury home prices would rise 20 per cent this year, higher than the 15 per cent increase last year and far in excess of the 3.8 per cent gain in the overall Urban Redevelopment Authority's price index for private homes in 2005. In addition, the development of the Sentosa Integrated Resort would further enhance investment appeal of Sentosa Cove, Mr Chua reasoned.

Always on the lookout for opportunities

Going forward, said Mr Chua, the Group will not only focus on developing the plots it has acquired but will continually be on the lookout for good investment opportunities to acquire land for development, both Singapore and overseas.

"There are opportunities everywhere, and I will do my utmost to ensure that my team at Ho Bee will continue to be clear and purposeful in our approach, savvy about market potential, and quick to seize opportunities. I am always mindful that we are a listed company, and that we are accountable to our shareholders. I would like to assure them that my team and I will continue to work hard and grow the business and sustain our profitability," he added.

Quality developer

Ho Bee has built a reputation for itself in the last 18 years as a developer of quality properties – residential, industrial and commercial. Since its first foray into the residential property market on Sentosa Cove, and its subsequent unqualified success in promoting and selling its upscale homes there, it has become the biggest housing developer on Sentosa Cove.

To date, it has acquired five parcels of land totalling 906,924 sq ft on the island. Its Coral Island development, comprising 21 luxurious waterfront villas, is due for completion in the second half of 2007, and it will be launching Paradise Island (Sentosa Cove), comprising 29 luxurious waterfront villas and the Baywater Collection, a 249-unit waterfront condominium later this year.

On the mainland, Ho Bee's residential developments that have been launched recently include :

- Montview, a 115-unit condominium in Mount Sinai
- Vertis, a 42-unit apartment block in Amber Gardens
- Quinterra, a 55-unit apartment block in Holland Road

It also expects to launch a 60-unit freehold condominium in the upscale Orange Grove Road area later this year.

End

About Ho Bee Investment Ltd (www.hobee.com)

Ho Bee Investment Ltd (Ho Bee) is principally engaged in the business of real estate development and investment in Singapore and overseas. Established in 1988, it has earned a reputation as a builder of quality developments, in the residential, industrial and commercial sectors.

The Group is highly focused on its core business and adopts a nimble and fleet-footed approach to all investment decisions. It has an able and experienced management team that has an aggregate of about 100 years of experience in the business.

The Group is the biggest buyer of housing sites on Sentosa Cove since land parcels in that upscale housing district came on the market in late 2003. To date, it has bought five parcels of land totalling 906,924 sq ft on the island.

Some of the properties developed by Ho Bee that are currently on the market include:

- Coral Island (Sentosa Cove) : 21-luxurious waterfront villas
- Montview: a 115-unit condominium in Mount Sinai
- Vertis: a 42-unit apartment block in Amber Gardens
- Quinterra: a 55-unit apartment block in Holland Road

As opportunities arose, the Group has also diversified overseas, namely in the UK and China. It also has a diversified portfolio of investment properties that consist of residential, industrial and commercial properties in Singapore. The Group was listed on the Singapore Stock Exchange in 1999.

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