

LETTER TO SHAREHOLDERS

HO BEE LAND LIMITED

(Incorporated in Singapore)
(Company Registration No. 198702381M)

Directors:

Mr Chua Thian Poh (Chairman and Chief Executive Officer)
Mr Ong Chong Hua (Executive Director)
Mr Desmond Woon Choon Leng (Executive Director)
Mr Tan Keng Boon (Lead Independent Director)
Mr Ch'ng Jit Koon (Independent Director)
Mr Jeffery Chan Cheow Tong (Independent Director)
Mr Tan Eng Bock (Independent Director)
Mr Bobby Chin Yoke Choong (Independent Director)

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11 April 2016

To: The Shareholders of Ho Bee Land Limited (the “Company”)

Dear Sir/Madam

PROPOSED RENEWAL OF THE SHARE BUYBACK MANDATE

1. INTRODUCTION

- 1.1 **Background.** At the 27th Annual General Meeting of the Company held on 28 April 2015 (the “2015 AGM”), shareholders of the Company (“Shareholders”) approved the renewal of a mandate (the “Share Buyback Mandate”) to enable the Company to purchase or otherwise acquire issued ordinary shares of the Company (“Shares”). The rationale for, the authority and limitations on, and the financial effects of, the Share Buyback Mandate were set out in the Appendix to the Notice of the 2015 AGM dated 9 April 2015 (the “2015 Appendix”) and Ordinary Resolution 10 set out in the Notice of the 2015 AGM.

The Share Buyback Mandate was expressed to take effect on the date of the passing of the Ordinary Resolution 10 at the 2015 AGM and will expire on the date of the forthcoming 28th Annual General Meeting of the Company (the “2016 AGM”), which will be held on Thursday, 28 April 2016. Consequently, Shareholders’ approval is being sought for the renewal of the Share Buyback Mandate at the 2016 AGM.

- 1.2 **Letter to Shareholders.** The purpose of this letter is to provide Shareholders with information relating to the proposed renewal of the Share Buyback Mandate to be tabled at the 2016 AGM.
- 1.3 **SGX-ST.** The Singapore Exchange Securities Trading Limited (the “SGX-ST”) takes no responsibility for the accuracy of any statements or opinions made or reports contained in this letter.
- 1.4 **Advice to Shareholders.** Shareholders who are in any doubt as to the course of action you should take, should consult your stockbroker, bank manager, solicitor, accountant or other professional adviser immediately.

2. THE SHARE BUYBACK MANDATE

- 2.1 **Rationale.** The rationale for the Company to undertake the purchase or acquisition of its Shares is as follows:

- (a) The Directors constantly seek to increase Shareholders’ value and to improve, *inter alia*, the return on equity of the Company and its subsidiaries (the “Group”). A share buyback at the appropriate price level is one of the ways through which the return on equity of the Group may be enhanced.

- (b) Share buybacks provide the Company with a mechanism to facilitate the return of surplus cash over and above its ordinary capital requirements, in an expedient and cost-efficient manner.
- (c) It will also provide the Directors with greater flexibility over the Company's share capital structure with a view to enhancing the earnings and/or net asset value per share.
- (d) The Directors further believe that share buybacks by the Company will help mitigate short-term market volatility, offset the effects of short-term speculation and bolster Shareholders' confidence.

If and when circumstances permit, the Directors will decide whether to effect the Share purchases *via* market purchases or off-market purchases, after taking into account the amount of surplus cash available, the prevailing market conditions and the most cost-effective and efficient approach. The Directors do not propose to carry out purchases pursuant to the Share Buyback Mandate to such an extent that would, or in circumstances that might, result in a material adverse effect on the financial position of the Group.

2.2. **Authority and Limits on the Share Buyback Mandate.** The authority and limitations placed on the Share Buyback Mandate, if renewed at the 2016 AGM, are substantially the same as previously approved by Shareholders at the 2015 AGM and are summarised below:

2.2.1 Maximum Number of Shares

Only Shares which are issued and fully paid-up may be purchased or acquired by the Company. The total number of Shares that may be purchased or acquired by the Company is limited to that number of Shares representing not more than 5% of the total number of issued Shares of the Company as at the date of the 2016 AGM at which the renewal of the Share Buyback Mandate is approved. Any Shares which are held as treasury shares will be disregarded for purposes of computing the 5% limit.

For illustrative purposes only, based on the number of issued Shares of the Company as at 21 March 2016, being the latest practicable date prior to the printing of this letter (the "**Latest Practicable Date**") of 666,234,800 fully paid Shares (excluding treasury shares), and assuming that no further Shares are issued on or prior to the 2016 AGM, not more than 33,311,740 Shares (representing 5% of the issued Shares of the Company as at the date of the 2016 AGM) may be bought by the Company pursuant to the proposed Share Buyback Mandate.

2.2.2 Duration of Authority

Purchases or acquisitions of Shares may be made, at any time and from time to time, on and from the date of the 2016 AGM, at which the renewal of the Share Buyback Mandate is approved, up to:

- (a) the date on which the next annual general meeting of the Company is held or required by law to be held; or
- (b) the date on which the purchases or acquisitions of Shares by the Company pursuant to the Share Buyback Mandate are carried out to the full extent mandated; or
- (c) the date on which the authority conferred by the Share Buyback Mandate is varied or revoked by Shareholders in a general meeting,

whichever is the earliest.

2.2.3 Manner of Purchase of Shares

Purchase or acquisition of Shares may be made by way of:

- (a) an on-market share buyback ("**Market Purchase**"), transacted through the SGX-ST's trading system through one or more duly licensed stock brokers appointed by the Company for the purpose; and/or
- (b) an off-market share buyback ("**Off-Market Purchase**"), otherwise than on a securities exchange, in accordance with an equal access scheme as defined in Section 76C of the Companies Act, Chapter 50 (the "**Companies Act**").

2.2.4 Off-Market Purchase

The Directors may impose such terms and conditions which are not inconsistent with the Share Buyback Mandate, the Listing Manual of the SGX-ST (the “**Listing Manual**”) and the Companies Act as they consider fit in the interests of the Company in connection with or in relation to any equal access scheme or schemes. Under the Companies Act, an equal access scheme must satisfy all of the following conditions:

- (a) offers for the purchase or acquisition of Shares shall be made to every person who holds Shares to purchase or acquire the same percentage of their Shares;
- (b) all of those persons shall be given a reasonable opportunity to accept the offers made; and
- (c) the terms of all the offers are the same, except that there shall be disregarded:
 - (i) differences in consideration attributable to the fact that offers may relate to Shares with different accrued dividend entitlements;
 - (ii) (if applicable) differences in consideration attributable to the fact that offers relate to Shares with different amounts remaining unpaid; and
 - (iii) differences in the offers introduced solely to ensure that each person is left with a whole number of Shares.

Additionally, pursuant to the Listing Manual, in making an Off-Market Purchase, the Company must issue an offer document to all Shareholders which must contain at least the following information:

- (a) the terms and conditions of the offer;
- (b) the period and procedures for acceptances; and
- (c) the information required under Rules 883(2), (3), (4), (5) and (6) of the Listing Manual.

2.2.5 Maximum Purchase Price

The purchase price (excluding brokerage, stamp duties, applicable goods and services tax and other related expenses) to be paid for the Shares will be determined by the Directors.

However, the purchase price to be paid for a Share must not exceed:

- (a) in the case of a Market Purchase, 105% of the Average Closing Price (as hereinafter defined); and
 - (b) in the case of an Off-Market Purchase, 120% of the Highest Last Dealt Price (as hereinafter defined),
- (the “**Maximum Price**”) in either case, excluding brokerage, stamp duties, applicable goods and services tax and other related expenses.

For the above purposes:

“**Average Closing Price**” means the average of the closing market prices of the Shares over the last five market days on which the transactions in the Shares are recorded on the SGX-ST, preceding the day of the Market Purchase, and deemed to be adjusted for any corporate action that occurs after the relevant five-day period;

“**Highest Last Dealt Price**” means the highest price transacted for a Share recorded on the market day on which there were trades in the Shares immediately preceding the day of the making of the offer pursuant to the Off-Market Purchase; and

“**day of the making of the offer**” means the day on which the Company announces its intention to make an offer for the purchase of Shares from Shareholders, stating the purchase price (which shall not be more than the Maximum Price calculated on the foregoing basis) for each Share and the relevant terms of the equal access scheme for effecting the Off-Market Purchase.

- 2.3 **Status of Purchased Shares.** Shares purchased or acquired by the Company are, unless held as treasury shares to the extent permitted under the Companies Act (as set out below), deemed to be cancelled immediately on purchase or acquisition, and all rights and privileges attached to those Shares will expire on cancellation. All Shares purchased by the Company (other than treasury shares held by the Company to the extent permitted by the Companies Act) will be automatically delisted by the SGX-ST, and certificates in respect thereof will be cancelled and destroyed by the Company as soon as reasonably practicable following settlement of any such purchase. The total number of issued Shares will be diminished by the number of Shares purchased or acquired by the Company and which are not held as treasury shares.
- 2.4 **Treasury Shares.** Under the Companies Act, Shares purchased or acquired by the Company may be held or dealt with as treasury shares. Some of the provisions on treasury shares under the Companies Act are summarised below:
- (a) The aggregate number of Shares that may be held as treasury shares shall not at any time exceed 10% of the total number of issued Shares of the Company.
 - (b) Subject always to the Singapore Code on Take-overs and Mergers (the “Take-Over Code”), treasury shares may, *inter alia*, be (a) sold for cash; (b) transferred for the purposes of or pursuant to any share scheme, whether for employees, directors or other persons; (c) transferred as consideration for the acquisition of shares in or assets of another company or assets of a person; (d) cancelled; or (e) sold, transferred or otherwise used for such other purposes as may be prescribed by the Minister for Finance.
 - (c) The treasury shares will not confer upon the Company any right to attend or vote at meetings, nor any right to receive dividends and/or other distributions (whether in cash or otherwise) of the Company’s assets (including any distribution of assets to members on winding up). However, the allotment of shares as fully paid bonus shares in respect of treasury shares is allowed. A subdivision or consolidation of any treasury share into treasury shares of a greater or smaller amount is also allowed as long as the total value of the treasury shares after the subdivision or consolidation is the same as before.

In the event that the Company elects to hold the Shares purchased pursuant to the proposed Share Buyback Mandate as treasury shares, such treasury shares shall not be regarded for the purpose of computing the maximum number of Shares which the Company is able to buy back under the proposed Share Buyback Mandate.

- 2.5 **Source of Funds.** Under the Companies Act, any share buyback pursuant to the proposed Share Buyback Mandate may be made out of the Company’s capital and/or distributable profits that are available for payment as dividends so long as the Company is solvent.

The Company intends to use internal sources of funds (comprising cash and fixed deposits) or bank borrowings or a combination of both to finance the purchase of its Shares. The Directors do not propose to exercise the Share Buyback Mandate in such a manner and to such extent that the liquidity and capital adequacy position of the Group would be materially and adversely affected.

- 2.6 **Tax Implications.** Shareholders who are in doubt as to their respective tax positions or the tax implications of Share purchases by the Company pursuant to the Share Buyback Mandate, or who may be subject to tax whether in or outside Singapore, should consult their own professional advisers.
- 2.7 **Reporting Requirements under the Companies Act.** Within 30 days of the passing of a Shareholders’ resolution to approve the purchase or acquisition of Shares by the Company, the Company shall lodge a copy of such resolution with the Accounting and Corporate Regulatory Authority.

The Company shall notify the Accounting and Corporate Regulatory Authority within 30 days of a purchase or acquisition of Shares on the SGX-ST or otherwise. Such notification shall include, *inter alia*, the date of the purchase or acquisition, the number of Shares purchased or acquired, the number of Shares cancelled, the number of Shares held as treasury shares, the Company’s issued share capital before and after the purchase or acquisition, the amount of consideration paid by the Company for the purchase or acquisition, and whether the Shares were purchased or acquired out of the profits or the capital of the Company.

- 2.8. **Listing Manual.** Under the Listing Manual, a listed company may only purchase shares by way of Market Purchases at a price per share which is not more than 5% above the average closing market price, being the average of the closing market prices of the shares over the last five market days, on which transactions in the share were recorded, before the day on which the purchases were made and deemed to be adjusted for any corporate action that occurs after the relevant five-day period. The Maximum Price for a Share in relation to Market Purchases by the Company, referred to in paragraph 2.2.5 of this letter, conforms to this restriction.

Although the Listing Manual does not prescribe a maximum price in relation to purchases of shares by way of Off-Market Purchases, the Company has set a cap of 20% above the Highest Last Dealt Price of a Share as the Maximum Price for a Share to be purchased or acquired by way of an Off-Market Purchase.

The Listing Manual also specifies that a listed company shall report all purchases or acquisitions of its shares to the SGX-ST not later than 9.00 a.m.:

- (a) in the case of a Market Purchase, on the market day following the day of purchase or acquisition of any of its shares; and
- (b) in the case of an Off-Market Purchase under an equal access scheme, on the second market day after the close of acceptances of the offer.

Such announcement (which must be in the form prescribed by the Listing Manual) shall, *inter alia*, include details of the date of the purchase, the total number of shares purchased, the number of shares cancelled, the number of shares held as treasury shares, the purchase price per share or the highest and lowest prices paid for such shares, as applicable, the total consideration (including stamp duties and clearing charges) paid or payable for the shares, the number of shares purchased as at the date of announcement (on a cumulative basis), the number of issued shares excluding treasury shares and the number of treasury shares held after the purchase.

While the Listing Manual does not expressly prohibit any purchase of shares by a listed company during any particular time or times, because the listed company would be regarded as an “insider” in relation to any proposed purchase or acquisition of its issued shares, the Company will not undertake any purchase or acquisition of Shares pursuant to the proposed Share Buyback Mandate at any time after a price-sensitive development has occurred or has been the subject of consideration and/or a decision of the Board until such price-sensitive information has been publicly announced. In particular, in line with the best practices guide on securities dealings from the SGX-ST which has been adopted in Rule 1207(19) of the Listing Manual, the Company will not purchase or acquire any Shares through Market Purchases or Off-Market Purchases during the period of one month immediately preceding the announcement of the Company’s full year results and two weeks immediately before the announcement of the Company’s first quarter, second quarter and third quarter results.

- 2.9 **Listing Status.** The Company is required under Rule 723 of the Listing Manual to ensure that at least 10% of its Shares (excluding treasury shares) are in the hands of the public. The “public”, as defined under the Listing Manual, are persons other than the directors, chief executive officer, substantial shareholders, or controlling shareholders of the Company or its subsidiaries, as well as the associates (as defined in the Listing Manual) of such persons.

As at the Latest Practicable Date, there are 155,879,400 Shares in the hands of the public (as defined above), representing 23.4% of the issued share capital (excluding treasury shares) of the Company. In undertaking any purchase of its Shares through Market Purchases, the Directors will use their best efforts to ensure that a sufficient number of Shares remain in public hands so that the share buyback(s) will not:

- (a) adversely affect the listing status of the Shares on the SGX-ST;
- (b) cause market illiquidity; or
- (c) adversely affect the orderly trading of Shares.

- 2.10 **Implications under the Take-over Code.** Appendix 2 of the Take-over Code contains the share buyback guidance note applicable as at the Latest Practicable Date. The take-over implications arising from any purchase or acquisition by the Company of its Shares are set out below:

2.10.1 Obligation to make a take-over offer

If, as a result of any purchase or acquisition by the Company of its Shares, a Shareholder’s proportionate interest in the voting capital of the Company increases, such increase will be treated as an acquisition for the purposes of Rule 14 of the Take-over Code. If such increase results in a change of effective control, or, as a result of such increase, a Shareholder or group of Shareholders acting in concert obtains or consolidates effective control of the Company, such Shareholder or group of Shareholders acting in concert could become obliged to make a take-over offer for the Company under Rule 14 of the Take-over Code.

2.10.2 Persons acting in concert

Under the Take-over Code, persons acting in concert comprise individuals or companies who, pursuant to an agreement or understanding (whether formal or informal), cooperate, through the acquisition by any of them of shares in a company, to obtain or consolidate effective control of that company. Unless the contrary is established, persons who will be presumed to be acting in concert include the followings:

- (a) the following companies:
 - (i) a company;
 - (ii) the parent company of (i);
 - (iii) the subsidiaries of (i);
 - (iv) the fellow subsidiaries of (i);
 - (v) the associated companies of any of (i), (ii), (iii) or (iv);
 - (vi) companies whose associated companies include any of (i), (ii), (iii), (iv) or (v); and
 - (vii) any person who has provided financial assistance (other than a bank in the ordinary course of business) to any of the above for the purchase of voting rights; and
- (b) a company with any of its directors (together with their close relatives, related trusts as well as companies controlled by any of the directors, their close relatives and related trusts).

The circumstances under which Shareholders (including the Directors) and persons acting in concert with them respectively will incur an obligation to make a take-over offer under Rule 14 of the Take-over Code after a purchase or acquisition of Shares by the Company are set out in Appendix 2 of the Take-over Code.

2.10.3 Effect of Rule 14 and Appendix 2

In general terms, the effect of Rule 14 and Appendix 2 of the Take-over Code is that, unless exempted, Directors of the Company and persons acting in concert with them will incur an obligation to make a take-over offer for the Company under Rule 14 if, as a result of the Company purchasing or acquiring its Shares, the voting rights of such Directors and their concert parties would increase to 30% or more, or if the voting rights of such Directors and their concert parties fall between 30% and 50% of the Company's voting rights, the voting rights of such Directors and their concert parties would increase by more than 1% in any period of six months. In calculating the percentages of voting rights of such Directors and their concert parties, treasury shares shall be excluded.

Under Appendix 2 of the Take-over Code, a Shareholder not acting in concert with the Directors of the Company will not be required to make a take-over offer under Rule 14 if, as a result of the Company purchasing or acquiring its own Shares, the voting rights of such Shareholder in the Company would increase to 30% or more, or, if such Shareholder holds between 30% and 50% of the Company's voting rights, the voting rights of such Shareholder would increase by more than 1% in any period of six months. Such Shareholder need not abstain from voting in respect of the resolution authorising the renewal of the Share Buyback Mandate.

2.10.4 Advice to Shareholders

The Directors of the Company are not aware of any other fact(s) or factor(s) which suggest or imply that any particular person(s) and/or Shareholder(s) are, or may be regarded as, parties acting in concert such that their respective interests in voting Shares should or ought to be consolidated, and consequences under the Take-over Code would ensue as a result of a purchase of Shares by the Company pursuant to the Share Buyback Mandate.

Further details of the interests of the Directors and substantial Shareholders of the Company in the Shares as at the Latest Practicable Date are set out in paragraph 3 of this letter.

Shareholders who are in any doubt as to whether they would incur any obligations to make a take-over offer as a result of any purchase of Shares by the Company pursuant to the proposed Share Buyback Mandate are advised to consult their professional advisers before they acquire any Shares in the Company during the period when the proposed Share Buyback Mandate is in force.

2.11 **Previous Purchases.** The details of the share buybacks made by the Company in the previous 12 months prior to the Latest Practicable Date are as follows:

- (a) the total number of Shares purchased was 917,100. All such Shares were acquired by way of Market Purchases;
- (b) the highest and lowest price paid for such Share purchases were S\$1.970 and S\$1.955 respectively; and
- (c) the total consideration paid by the Company for such Share purchases was S\$1,775,797.33.

2.12 **Financial effects of the Share Buyback Mandate.** The financial effects on the Company and the Group arising from share buybacks which may be made pursuant to the proposed Share Buyback Mandate will depend on, *inter alia*, whether the Shares are purchased or acquired out of profits and/or capital of the Company, the aggregate number of Shares purchased or acquired, the consideration paid for such Shares, whether the Shares purchased or acquired are held as treasury shares or cancelled and the amount (if any) borrowed by the Company to fund the purchase or acquisition.

Under the Companies Act, share buybacks may be made out of the Company's profit and/or capital so long as the Company is solvent. Where the consideration paid by the Company for a share buyback is made out of profits, such consideration (excluding related brokerage, goods and services tax, stamp duties and other related expenses) will correspondingly reduce the amount available for the distribution of cash dividends by the Company. Where the consideration paid by the Company for share buyback is made out of capital, the amount available for the distribution of cash dividends by the Company will not be reduced. In any case, no purchase or acquisition of Shares, whether out of capital and/or profits will be made in circumstances which would have or may have a material adverse effect on the liquidity and capital adequacy position of the Group as a whole.

The financial effects of share buybacks on the Company and the Group, based on the audited financial statements of the Company and the Group for the financial year ended 31 December 2015 ("FY2015") are based on the assumptions set out below.

2.12.1 Number of Shares Acquired or Purchased

Purely for illustrative purposes only, based on 703,338,000 Shares in issue and disregarding 37,103,200 Shares held in treasury as at the Latest Practicable Date, and assuming no further Shares are issued and no Shares are purchased or acquired by the Company, or held as treasury shares, on or prior to the 2016 AGM, not more than 33,311,740 Shares (representing 5% of the Shares in issue as at that date and disregarding the 37,103,200 Shares held in treasury) may be purchased or acquired by the Company pursuant to the proposed Share Buyback Mandate.

2.12.2 Maximum Price to be paid for Share Buybacks

For illustrative purposes only:

- (i) In the case of a Market Purchase by the Company and assuming that the Company purchases or acquires the 33,311,740 Shares at the Maximum Price of S\$2.19 for one Share (being 5% above the average of the closing market prices of the Shares for the five market days on which the Shares were traded on the SGX-ST immediately preceding the Latest Practicable Date), the maximum amount of funds required for the purchase or acquisition of the 33,311,740 Shares is S\$72,952,710.60 (excluding brokerage, commission, applicable goods and services tax and other related expenses).
- (ii) In the case of an Off-Market Purchase by the Company and assuming that the Company purchases or acquires the 33,311,740 Shares at the Maximum Price of S\$2.63 for one Share (being the price equivalent to 20% above the highest price transacted for a Share recorded on the market day on which there were trades in the Shares immediately preceding the day of the making of the offer pursuant to the Off Market Purchase), the maximum amount of funds required for the purchase or acquisition of the 33,311,740 Shares is S\$87,609,876.20 (excluding brokerage, commission, applicable goods and services tax and other related expenses).

2.12.3 Illustrative Financial Effects

For illustrative purposes only and on the basis of the following assumptions, the financial effects on the Company's and the Group's audited consolidated financial statements for FY2015, are set out below:

- (a) the Maximum Price paid for Shares acquired or purchased is as stated in paragraph 2.2.5 above;
- (b) the Company has 666,234,800 issued and paid up Shares (excluding treasury shares) as at the Latest Practicable Date, and assuming no further Shares are issued or repurchased, and 37,103,200 Shares are held by the Company as treasury shares, on or prior to the 2016 AGM;
- (c) The Company has as at 31 December 2015:-
 - (i) share capital of approximately S\$156,048,000;
 - (ii) retained profits of approximately S\$1,241,295,000; and
 - (iii) cash and cash equivalents of approximately S\$381,000.

Scenario 1

Purchases made out of capital: (A) Purchases made entirely out of capital and cancelled; and (B) Purchases made entirely out of capital and held as treasury shares.

Illustrative financial effect on the Company for Scenario 1

Company	Audited Before Buyback (S\$'000)	Market Purchase		Off-Market Purchase	
		(A)	(B)	(A)	(B)
		Proforma After Buyback and cancelled (S\$'000)	Proforma After Buyback and held as Treasury Shares (S\$'000)	Proforma After Buyback and cancelled (S\$'000)	Proforma After Buyback and held as Treasury Shares (S\$'000)
As at 31 December 2015					
Profit after tax	216,647	216,647	216,647	216,647	216,647
Share capital	156,048	83,095	156,048	68,438	156,048
Treasury shares	(62,859)	(62,859)	(135,812)	(62,859)	(150,469)
Retained profits	1,241,295	1,241,295	1,241,295	1,241,295	1,241,295
Other reserves	0	0	0	0	0
Total equity / net asset value	1,334,484	1,261,531	1,261,531	1,246,874	1,246,874
Current assets	111,107	110,726	110,726	110,726	110,726
Current liabilities	104,261	176,833	176,833	191,490	191,490
Working capital	6,846	(66,107)	(66,107)	(80,764)	(80,764)
Total borrowings	203,442	276,014	276,014	290,671	290,671
Cash and cash equivalents	381	0	0	0	0
Number of Shares ('000) as at Latest Practicable Date	666,235	632,923	632,923	632,923	632,923
Financial Ratios					
Net asset value per Share (cents)	200.30	199.32	199.32	197.00	197.00
Adjusted earnings per Share (cents)	32.52	34.23	34.23	34.23	34.23
Current ratio (times)	1.07	0.63	0.63	0.58	0.58
Gearing ratio	0.15	0.22	0.22	0.23	0.23

Illustrative financial effect on the Group for Scenario 1

Group	Audited Before Buyback (S\$'000)	Market Purchase		Off-Market Purchase	
		(A)	(B)	(A)	(B)
		Proforma After Buyback and cancelled	Proforma After Buyback and held as Treasury Shares	Proforma After Buyback and cancelled	Proforma After Buyback and held as Treasury Shares
		(S\$'000)	(S\$'000)	(S\$'000)	(S\$'000)
As at 31 December 2015					
Profit after tax and minority interests	242,244	242,244	242,244	242,244	242,244
Share capital	156,048	83,095	156,048	68,438	156,048
Treasury shares	(62,859)	(62,859)	(135,812)	(62,859)	(150,469)
Retained profits	2,689,487	2,689,487	2,689,487	2,689,487	2,689,487
Other reserves	37,765	37,765	37,765	37,765	37,765
Total equity / net asset value	2,820,441	2,747,488	2,747,488	2,732,831	2,732,831
Current assets	408,281	393,712	393,712	393,712	393,712
Current liabilities	500,865	559,249	559,249	573,906	573,906
Working capital	(92,584)	(165,537)	(165,537)	(180,194)	(180,194)
Total borrowings	1,578,979	1,637,363	1,637,363	1,652,020	1,652,020
Cash and cash equivalents	14,569	0	0	0	0
Number of Shares ('000) as at Latest Practicable Date	666,235	632,923	632,923	632,923	632,923
Financial Ratios					
Net asset value per Share (cents)	423.34	434.10	434.10	431.78	431.78
Adjusted earnings per Share (cents)	36.36	38.27	38.27	38.27	38.27
Current ratio (times)	0.82	0.70	0.70	0.69	0.69
Gearing ratio	0.55	0.60	0.60	0.60	0.60

Scenario 2

Purchases made out of profits: (A) Purchases made out of profits and cancelled; and (B) Purchases made out of profits and held as treasury shares.

Illustrative financial effect on the Company for Scenario 2

Company	Audited Before Buyback (S\$'000)	Market Purchase		Off-Market Purchase	
		(A) Proforma After Buyback and cancelled	(B) Proforma After Buyback and held as Treasury Shares	(A) Proforma After Buyback and cancelled	(B) Proforma After Buyback and held as Treasury Shares
As at 31 December 2015					
Profit after tax	216,647	216,647	216,647	216,647	216,647
Share capital	156,048	156,048	156,048	156,048	156,048
Treasury shares	(62,859)	(62,859)	(135,812)	(62,859)	(150,469)
Retained profits	1,241,295	1,168,342	1,241,295	1,153,685	1,241,295
Other reserves	0	0	0	0	0
Total equity / net asset value	1,334,484	1,261,531	1,261,531	1,246,874	1,246,874
Current assets	111,107	110,726	110,726	110,726	110,726
Current liabilities	104,261	176,833	176,833	191,490	191,490
Working capital	6,846	(66,107)	(66,107)	(80,764)	(80,764)
Total borrowings	203,442	276,014	276,014	290,671	290,671
Cash and cash equivalents	381	0	0	0	0
Number of Shares ('000) as at Latest Practicable Date	666,235	632,923	632,923	632,923	632,923
Financial Ratios					
Net asset value per Share (cents)	200.30	199.32	199.32	197.00	197.00
Adjusted earnings per Share (cents)	32.52	34.23	34.23	34.23	34.23
Current ratio (times)	1.07	0.63	0.63	0.58	0.58
Gearing ratio	0.15	0.22	0.22	0.23	0.23

Illustrative financial effect on the Group for Scenario 2

Group	Audited Before Buyback (S\$'000)	Market Purchase		Off-Market Purchase	
		Proforma After Buyback and cancelled (S\$'000)	(A) Proforma After Buyback and held as Treasury Shares (S\$'000)	(B) Proforma After Buyback and held as Treasury Shares (S\$'000)	(A) Proforma After Buyback and cancelled (S\$'000)
As at 31 December 2015					
Profit after tax and minority interests	242,244	242,244	242,244	242,244	242,244
Share capital	156,048	156,048	156,048	156,048	156,048
Treasury shares	(62,859)	(62,859)	(135,812)	(62,859)	(150,469)
Retained profits	2,689,487	2,616,534	2,689,487	2,601,877	2,689,487
Other reserves	37,765	37,765	37,765	37,765	37,765
Total equity / net asset value	2,820,441	2,747,488	2,747,488	2,732,831	2,732,831
Current assets	408,281	393,712	393,712	393,712	393,712
Current liabilities	500,865	559,249	559,249	573,906	573,906
Working capital	(92,584)	(165,537)	(165,537)	(180,194)	(180,194)
Total borrowings	1,578,979	1,637,363	1,637,363	1,652,020	1,652,020
Cash and cash equivalents	14,569	0	0	0	0
Number of Shares ('000) as at Latest Practicable Date	666,235	632,923	632,923	632,923	632,923
Financial Ratios					
Net asset value per Share (cents)	423.34	434.10	434.10	431.78	431.78
Adjusted earnings per Share (cents)	36.36	38.27	38.27	38.27	38.27
Current ratio (times)	0.82	0.70	0.70	0.69	0.69
Gearing ratio	0.55	0.60	0.60	0.60	0.60

The financial effects set out above are for illustrative purposes only (based on the aforesaid assumptions). In particular, it is important to note that the above analysis is based on historical numbers for FY2015, and is not necessarily representative of future financial performance.

Although the Share Buyback Mandate would authorise the Company to purchase or acquire up to 5% of the issued Shares, the Company may not necessarily purchase or be able to purchase or acquire the entire 5% of the issued Shares. In addition, the Company may cancel all or part of the Shares repurchased or hold all or part of the Shares repurchased in treasury.

3. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

Based on the Register of Directors and the Register of Substantial Shareholders, as at the Latest Practicable Date, the shareholdings of the Directors and Substantial Shareholders in the Company are as follows:

	Direct Interest		Deemed Interest	
	Number of Shares	% of total issued Shares ⁽¹⁾	Number of Shares	% of total issued Shares ⁽¹⁾
Directors				
Chua Thian Poh ⁽²⁾	-	-	491,007,700	73.70
Desmond Woon Choon Leng	2,100,000	0.32	-	-
Ong Chong Hua	1,800,000	0.27	-	-
Tan Keng Boon	500,000	0.08	-	-
Ch'ng Jit Koon	420,000	0.06	-	-
Jeffery Chan Cheow Tong	370,000	0.06	-	-
Tan Eng Bock	-	-	-	-
Bobby Chin Yoke Choong	131,000	0.02	-	-
Substantial Shareholders				
Ho Bee Holdings (Pte) Ltd ⁽³⁾	489,593,700	73.49	1,414,000	0.21

Notes:

- (1) Based on 666,234,800 issued Shares as at the Latest Practicable Date (this is based on 703,338,000 Shares in issue as at the Latest Practicable Date and disregarding 37,103,200 Shares held in treasury as at the Latest Practicable Date).
- (2) Mr Chua Thian Poh has a deemed interest in 489,593,700 Shares held by Ho Bee Holdings (Pte) Ltd and 1,414,000 Shares held by Kingdom Investment Holdings Pte. Ltd.
- (3) Ho Bee Holdings (Pte) Ltd has a deemed interest in the 1,414,000 Shares held by Kingdom Investment Holdings Pte. Ltd.

4. DIRECTORS' RECOMMENDATION

The Directors are of the opinion that the proposed renewal of the Share Buyback Mandate is in the best interests of the Company. Accordingly, the Directors recommend that Shareholders vote in favour of Resolution 8, being the ordinary resolution relating to the proposed renewal of the Share Buyback Mandate to be proposed at the 2016 AGM.

5. INSPECTION OF DOCUMENTS

The following documents are available for inspection at the registered office of the Company at 9 North Buona Vista Drive #11-01 The Metropolis Tower 1 Singapore 138588 during normal business hours from the date of this letter up to the date of the 2016 AGM:-

- (a) the Annual Report of the Company for FY2015;
- (b) the Constitution of the Company; and
- (c) the 2015 Appendix.

6. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this letter and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, this letter constitutes full and true disclosure of all material facts about the proposed renewal of the Share Buyback Mandate, the Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this letter misleading. Where information in this letter has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this letter in its proper form and context.

Yours faithfully
For and on behalf of the
Board of Directors of
HO BEE LAND LIMITED

Desmond Woon Choon Leng
Executive Director