



(Incorporated in the Republic of Singapore)
Company Registration No. 196700511H

DISPOSAL OF 30% INTEREST IN THE PROPERTIES KNOWN AS 7 & 11 BASSEIN ROAD, SINGAPORE BY OPH MARYMOUNT LIMITED TO TRANSURBAN PROPERTIES PTE LTD

1. INTRODUCTION

The Board of Directors of Far East Orchard Limited (the “**Company**”) wishes to announce that its wholly-owned subsidiary, OPH Marymount Limited (“**OPHM**”) has on 29 January 2015 entered into a sale and purchase agreement (“**SPA**”) to dispose of its interest in the following properties:

(i) 3/10th share in Lot 621K of Town Subdivision 29 situated at 7 Bassein Road, Singapore 309837, and

(ii) 3/10th share in Lot 45L of Town Subdivision 29 situated at 11 Bassein Road, Singapore 309839

(collectively, the “**Property**”) to Transurban Properties Pte Ltd (“**TPPL**”) (the “**Disposal**”).

The Disposal will constitute an interested person transaction (“**IPT**”) and a discloseable transaction within the meaning of Chapter 9 and Chapter 10 respectively, of the listing manual of the Singapore Exchange Securities Trading Limited (“**SGX-ST Listing Manual**”).

2. SALE CONSIDERATION

The sale consideration for the Property of S\$38.1 million (the “**Consideration**”) is payable in cash. It was arrived at on a willing-buyer and willing-seller basis after arm’s length negotiations, taking into account the latest available valuation of the Property.

Pursuant to the terms of the SPA, TPPL shall pay OPHM 5% of the Consideration, being S\$1,905,000, upon the signing of the SPA and the balance 95% of the Consideration, being S\$36,195,000, upon completion of the Disposal.

As at 29 January 2015, the net book value of the Property is S\$38,100,000 and the net profits attributable to the Property for the financial period ended 30 September 2013 is S\$43,000.

The Consideration is equivalent to the net book value of the Property as at 29 January 2015 and accordingly, there will be no gain or loss on disposal of the Property for the Company.

3. INFORMATION ON THE PROPERTY

OPHM and TPPL were jointly awarded the tender for Lot 621K of Town Subdivision 29 situated at 7 Bassein Road, Singapore 309837 and Lot 45L of Town Subdivision 29 situated at 11 Bassein Road, Singapore 309839 (collectively, the "Land Parcels") on 8 September 2010, which were zoned for residential purposes. OPHM and TPPL entered into a joint venture to acquire and develop the Land Parcels. Pursuant to the terms of the joint venture agreement, OPHM acquired 3/10th share of the Land Parcels and TPPL acquired the balance 7/10th share in the Land Parcels.

The award of the tender and the execution of the joint venture agreement between OPHM and TPPL were announced on 9 September 2010 and 17 December 2010 respectively.

Currently erected on 7 Bassein Road, Singapore 309837 is an old 10-storey apartment block known as Pastoral View, which is currently partially tenanted. 11 Bassein Road, Singapore 309837 is a vacant site. The sale of the Property is subject to existing tenancies.

The Land Parcels are mortgaged to Malayan Banking Berhad to secure a financing facility granted to OPHM and TPPL for the acquisition of the Land Parcels. Upon completion of the Disposal, the Company intends to utilise approximately S\$19.5 million of the proceeds to repay OPHM's portion of the outstanding loan under the aforesaid financing facility and discharge the mortgage over the Property. The balance of approximately S\$18.6 million will be used for general working capital and capital expenditure requirements of the Company and its subsidiaries (the "**Group**").

4. RATIONALE FOR THE DISPOSAL

Before OPHM could acquire its 3/10th share in the Land Parcels, OPHM (being owned by a public listed entity) had to obtain a qualifying certificate ("**QC**") from the Singapore Land Authority ("**SLA**") for the acquisition, pursuant to the requirements of the Residential Property Act (Cap. 274) of Singapore. The QC conditions required, inter alia, OPHM to complete the construction of the residential development at the Land Parcels and obtain temporary occupation permit by 24 March 2016.

OPHM and TPPL had completed the purchase of the Land Parcels on 26 April 2011 with the intention to redevelop the Land Parcels into a new residential development. An application for provisional planning permission was then made and obtained. The planning permission finally lapsed on 2 November 2013. The slew of property cooling measures introduced by the Government since December 2011 resulted in changes in the market circumstances, which included a significant and progressive slowdown in the residential property market. Due to such changes, it was decided that OPHM should not proceed to partake in the proposed residential development on the Land Parcels. The Disposal would free up resources for the Group to focus on other aspects of their business.

The Company had obtained an independent professional valuation report dated 1 October 2014, which ascribed an open market value of S\$127 million for the Land Parcels as at such date. TPPL has agreed to purchase the Property at 3/10th of such market value, based on OPHM's 3/10th share of the Land Parcels.

In the circumstances, the Board of Directors is of the view that the Disposal is beneficial to the Group.

Under the QC conditions, OPHM is required to obtain the approval of the SLA for any disposal of its interest in the Land Parcels. OPHM has, on 6 January 2015, obtained the SLA's approval for the Disposal.

5. OTHER SALIENT TERMS OF THE SPA

Other salient terms of the SPA are summarized as follows:

- (a) Completion of the SPA shall take place on a date falling six (6) weeks from the date of the SPA or such earlier date as parties may mutually agree.
- (b) The Title to the Property shall pass to TPPL at completion of the SPA, free from all encumbrances.
- (c) The sale and purchase of the Property is subject to "The Law Society of Singapore's Conditions of Sale 2012" in so far as the same are applicable to a sale by private treaty and are not varied by or inconsistent with the conditions contained in the SPA.
- (d) The Property is sold subject to all restrictive or other covenants and conditions, if any, affecting the Property.
- (e) The Property is sold subject to satisfactory replies to the TPPL's legal requisitions sent by TPPL's solicitors in so far as such legal requisitions relate to the Property.

6. INTERESTED PERSON TRANSACTION

TPPL is a company incorporated in Singapore on 29 May 1996 and has a paid-up capital of S\$1,000,000. As at the date of this Announcement, the directors of TPPL are Ng Siok Giok, Ng Chee Tat Philip and Tan Siok Hwee. The principal activities of TPPL are that of a real estate developer and property investment and development.

TPPL is a wholly owned subsidiary of Glory Realty Co. Private Ltd., which is controlled by The Estate of Ng Teng Fong (the "**Estate**"). The controlling shareholder of the Company is Far East Organisation Pte. Ltd., which is in turn 50% owned by The Estate. TPPL is therefore an "interested person" of the Company.

The Consideration represents approximately 3.8% of the Group's latest audited consolidated net tangible assets ("**NTA**") of S\$996,293,000 as at 31 December 2013. As the value is less than 5% of the latest audited consolidated NTA of the Group, for the purpose of Chapter 9 of the SGX-ST Listing Manual, shareholders' approval is not required.

As at 29 January 2015, the aggregate value of all transactions between the Company and TPPL for the financial year ending 31 December 2015 ("**FY2015**") is approximately S\$158,000 for the hospitality management income received. The aggregate value of all interested person transactions for FY2015 as at 29 January 2015 is approximately S\$1,383,000, of which \$2,622,000 is mainly for the rental expense on operating leases for hotels and serviced residences paid and \$1,239,000 is mainly for hospitality management income received.

7. RELATIVE FIGURES PURSUANT TO RULE 1006 OF THE LISTING MANUAL

The relative figures computed on bases as set out in Rule 1006 of the SGX-ST Listing Manual, and based on the latest announced financial statements of the Group for the 9-month period ended 30 September 2014, are as follows:

(a)	The net asset value of the assets to be disposed of, compared with the Group's net asset value.	3%
(b)	The net profits of S\$43,000 attributable to the assets disposed of, compared with the Group's net profits of approximately S\$21,773,000	0.2%
(c)	The aggregate value of the consideration paid (being approximately S\$38,100,000), compared with the issuer's market capitalisation based on the total number of issued shares excluding treasury shares (being S\$676,992,000) ⁽¹⁾	5.6%
(d)	The number of equity securities issued by the issuer as consideration for an acquisition, compared with the number of equity securities previously in issue.	Not applicable
(e)	The aggregate volume or amount of proved and probable reserves to be disposed of, compared with the aggregate of the Group's proved and probable reserves. This basis is applicable to a disposal of mineral, oil or gas assets by a mineral, oil and gas company, but not to an acquisition of such assets.	Not applicable

Note:

- (1) Under Rule 1002(5), the market capitalisation of the Company is determined by multiplying the number of ordinary shares of the Company ("**Shares**") in issue excluding treasury shares, being 400,587,031 Shares, and the weighted average price of S\$1.69 per Share on 29 January 2015 being the date of the SPA.

As the relative figure under Rule 1006(c) exceeds 5.0%, the Disposal constitutes a discloseable transaction as defined in Rule 1010.

8. FINANCIAL EFFECTS

The financial effects below have been prepared on the audited financial statements of the Group for the financial year ended 31 December 2013 (“FY2013”) and are strictly for illustration purposes¹.

Net tangible assets (“NTA”) per Share

Assuming that the Disposal had been completed on 31 December 2013 and based on the audited financial statements of the Company for FY2013, the financial effects which the Disposal would have on the NTA per share are as follows:

	Before the Disposal	After the Disposal
NTA (S\$) (S\$’000)	996,293	996,293
Number of Shares (‘000)	389,912	389,912
NTA per Share (S\$)	2.56	2.56

Earnings per Share (“EPS”)

Assuming that the Disposal had been completed on 1 January 2013 and based on the audited consolidated financial statements of the Group for FY2013, the financial effects which the Disposal would have on the EPS are as follows:

	Before the Disposal	After the Disposal
Profit attributable to Shareholders (S\$’000)	29,385	29,328
Number of Shares (‘000)	389,912	389,912
EPS (Singapore cents)	7.5	7.5

Note:

- (1) Please note that the above financial figures are for illustrative purposes only and do not necessarily reflect the actual results and financial performance and position of the Group after the Disposal. No representation is made as to the actual financial position and/or results of the Group after completion of the Disposal.

9. AUDIT & RISK COMMITTEE (“ARC”) STATEMENT

The ARC of the Company has considered the terms of the Disposal and is of the view that the Disposal is on normal commercial terms and is not prejudicial to the interests of the Company and its minority shareholders.

10. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

Save as disclosed above, none of the Directors, controlling shareholders or substantial shareholders of the Company has any interest, direct or indirect, in the above transactions.

11. SERVICE CONTRACTS

There is no person who is proposed to be appointed as a Director of the Company in connection with the Disposal. Accordingly, no service contract is proposed to be entered into between the Company and any such person.

12. DOCUMENTS AVAILABLE FOR INSPECTION

A copy of the SPA is available for inspection during normal business hours at the Company's registered office address at 1 Tanglin Road, #05-01 Orchard Parade Hotel, Singapore 247905 for a period of three (3) months from the date of this announcement.

BY ORDER OF THE BOARD

Jessica Lien Mei Jin
Company Secretary
29 January 2015