



ORCHARD PARADE HOLDINGS LIMITED

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

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- (1) THE PROPOSED RESTRUCTURING OF THE COMPANY INVOLVING:
 - A. THE PROPOSED REIT TRANSACTION (AS DEFINED HEREIN); AND
 - B. THE PROPOSED ASSET SWAP TRANSACTION (AS DEFINED HEREIN);
 - (2) THE PROPOSED SPECIAL DIVIDEND AND DIVIDEND IN SPECIE (EACH AS DEFINED HEREIN);
 - (3) THE SHARE ISSUE AUTHORITY FOR THE PROPOSED SPECIAL DIVIDEND; AND
 - (4) THE PROPOSED NAME CHANGE OF THE COMPANY
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1. THE PROPOSALS

Orchard Parade Holdings Limited (the “**Company**” or “**OPHL**”) wishes to announce that it intends to seek the approval of shareholders of OPHL (“**Shareholders**”) for the proposals (the “**Proposals**”) described below at an extraordinary general meeting of the Company (“**EGM**”) to be held, details of which will be separately announced.

For the avoidance of doubt, the actual completion of the Transactions (save for the acquisition of shares in the REIT Manager and the Trustee-Manager) and the payment of the Special Dividend and the Dividend in Specie (each as defined herein) shall be conditional on the initial public offering of Far East Hospitality Trust (“Far East H-Trust”) and the listing and quotation of the stapled securities in Far East H-Trust (“Stapled Securities”) and commencement of trading of such Stapled Securities on the SGX-ST taking place. In the event that such listing and trading of the Stapled Securities does not take place, completion of the sale and purchase of the relevant assets and business under the Transactions (save for the acquisition of shares in the REIT Manager and the Trustee-Manager) will not occur and the Special Dividend and Dividend in Specie will not be payable to Shareholders.

It is envisaged that the acquisition of shares in the REIT Manager and the Trustee-Manager will be completed after Shareholders’ approval is obtained and immediately prior to the lodgement of the preliminary prospectus with the MAS in connection with the initial public offering of Far East H-Trust.

In the event that the initial public offering of Far East H-Trust and the listing and trading of the Stapled Securities does not take place, the Company will still proceed with the proposed Name Change (as defined herein) if Shareholders’ approval for the Name Change is obtained.

In the meantime, Shareholders are advised to refrain from taking any action in respect of their shares in the Company which may be prejudicial to their interests, to exercise caution when dealing with shares in the Company (“Shares”). In the event that Shareholders wish to deal in the Shares, they should seek their own advice and/or consult their own stockbrokers.

1.1 The Proposed Restructuring

OPHL proposes to carry out a restructuring exercise which will involve:

- (a) (i) the grant of leasehold interests in three of OPHL's hospitality properties (held directly or through its subsidiaries), namely Orchard Parade Hotel ("**OPH**"), Albert Court Village Hotel ("**ACVH**") and Central Square Village Residences ("**CSV**R") (collectively, the "**Hospitality Assets**"), to Far East Hospitality Real Estate Investment Trust ("**Far East H-REIT**"), a proposed real estate investment trust ("**REIT**") which will form part of Far East H-Trust, a proposed hospitality stapled group to be sponsored by the Sponsor¹ (which is part of the Far East Organization group of companies ("**Far East Organization**")), and immediately upon completion of the sale of the leasehold interests in the Hospitality Assets, the entry into a Master Lease Agreement (as defined herein) between each of the relevant members of the OPHL Group (as defined herein) and Far East H-REIT (directly or, as the case may be, through Far East Residences (a sub-trust which will be wholly-owned by Far East H-REIT) ("**Far East Residences**")), in respect of the Hospitality Assets (excluding the Excluded Commercial Premises²). OPHL (through Jelco) will be appointed by Far East H-REIT or, as the case may be, Far East Residences, as the property manager of the Excluded Commercial Premises (the "**Property Manager**") pursuant to property management agreements to be entered into with Far East H-REIT and Far East Residences in relation to such Excluded Commercial Premises; and
- (ii) the acquisition of 330,000 ordinary shares in the share capital of FEO Hospitality Asset Management Pte. Ltd., the proposed manager of Far East H-REIT (the "**REIT Manager**") and 33 ordinary shares in the share capital of FEO Hospitality Trust Management Pte. Ltd., the proposed trustee-manager of Far East Hospitality Business Trust ("**Far East H-BT**"), and the trustee-manager of Far East H-BT, the "**Trustee-Manager**" (representing a 33.0% interest in each of the REIT Manager and the Trustee-Manager),

(collectively, the "**REIT Transaction**"); and

¹ The "**Sponsor**" comprises the following Far East Organization group of companies, namely (i) Far East Organization Centre Pte. Ltd. ("**FEOC**"), (ii) Far East Organisation Pte. Ltd. ("**FEOPL**"), (iii) Golden Development Private Limited, (iv) Glory Realty Co. Private Ltd., (v) F. E. Holdings Pte. Ltd., (vi) Boo Han Holdings Pte. Ltd., (vii) Lucky Realty Company Pte Ltd and (viii) Orchard Landmark Pte. Ltd., and their respective subsidiaries, including (a) OPHL, a subsidiary of FEOPL, (b) First Choice Properties Pte Ltd ("**FCPPL**"), a subsidiary of OPHL, (c) OPH Riverside Pte Ltd ("**OPHRPL**"), a subsidiary of OPHL, (d) Serene Land Pte Ltd, a subsidiary of Golden Development Private Limited, (e) Oxley Hill Properties Pte Ltd, a subsidiary of Golden Development Private Limited, (f) Far East SOHO Pte. Ltd., a subsidiary of Golden Development Private Limited, (g) Transurban Properties Pte. Ltd. ("**TPPL**"), a subsidiary of Glory Realty Co. Private Ltd., (h) Orchard Parksuites Pte Ltd, a subsidiary of Glory Realty Co. Private Ltd., (i) Golden Landmark Pte Ltd, a subsidiary of F. E. Holdings Pte Ltd, (j) Riverland Pte Ltd, a subsidiary of F. E. Holdings Pte Ltd, (k) Victory Realty Co. Private Ltd., a subsidiary of F. E. Holdings Pte Ltd, (l) China Classic Pte Ltd, a subsidiary of Victory Realty Co. Private Ltd. and (m) Dollar Land Singapore Private Limited, a subsidiary of Lucky Realty Company Pte Ltd.

² "**Excluded Commercial Premises**" means specific commercial areas in the properties constituting the initial portfolio of properties of Far East H-Trust which will not be subject to the respective Master Lease Agreements.

- (b) the Asset Swap Acquisition (as defined herein) and Asset Swap Divestment (as defined herein) (collectively, the “**Asset Swap Transaction**”) between OPHL and its subsidiaries (the “**OPHL Group**” or “**Group**”) and certain members of Far East Organization.

The REIT Transaction and the Asset Swap Transaction (collectively, the “**Transactions**”) are intended to be completed simultaneously on the date of listing of Far East H-Trust on the Main Board of Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) (the “**Listing Date**”), save for the acquisition of shares in the REIT Manager and the Trustee-Manager.

Far East H-Trust has, on 12 June 2012, received a letter of eligibility from the SGX-ST for the listing and quotation on the Main Board of the SGX-ST of (i) up to 1,785,413,350 Stapled Securities and (ii) the Stapled Securities to be issued to the REIT Manager or the Trustee-Manager from time to time in full or part payment of fees payable to the REIT Manager or the Trustee-Manager. Far East H-Trust’s eligibility to list on the Main Board of the SGX-ST does not indicate the merits of the initial public offering of Stapled Securities by the REIT Manager and the Trustee-Manager (the “**Offering**”), Far East H-Trust, Far East H-REIT, Far East H-BT, the REIT Manager, the REIT Trustee, the Trustee-Manager, the Sponsor, the joint global coordinators to the Offering, the joint bookrunners to the Offering or the Stapled Securities. Admission to the Official List of the SGX-ST is not to be taken as an indication of the merits of the Offering, Far East H-Trust, Far East H-REIT, Far East H-BT, the REIT Manager, the REIT Trustee, the Trustee-Manager or the Stapled Securities. The Offering is still pending the necessary regulatory approvals from the Monetary Authority of Singapore (the “**Authority**” or “**MAS**”).

1.2 The Proposed Special Dividend and Dividend in Specie

The Company proposes to seek Shareholders’ approval for the declaration by the Company of (i) a special one-tier tax-exempt dividend (the “**Special Dividend**”) of S\$0.12 per Share which the Shareholders may elect to receive either in cash or in the form of Shares, for which the Company will implement a scrip dividend scheme on such date as the directors of the Company (the “**Directors**”) shall decide after the Transactions are completed, and (ii) a dividend in specie of the Company’s 14.5% of the total existing issued capital of Yeo Hiap Seng Limited (“**YHS**”) currently held through Jelco Properties Pte Ltd (a wholly-owned subsidiary of OPHL) (“**Jelco**”) (amounting to a pro-rata dividend of 83,298,782 YHS shares in total or approximately 0.229 YHS shares per Share based on OPHL’s issued share capital of 363,308,933 Shares (excluding treasury shares) as at 31 May 2012 (the “**Latest Practicable Date**”)¹) (the “**Dividend in Specie**”) on such date as the Directors shall decide after the Transactions are completed. The Special Dividend and Dividend in Specie are conditional upon Shareholders’ approval being obtained for the Transactions.

¹ For the avoidance of doubt, the actual number of YHS shares per Share to be distributed to Shareholders pursuant to the Dividend in Specie will be determined based on OPHL’s issued share capital on the books closure date for the Dividend in Specie.

1.3 The Share Issue Authority for the Proposed Special Dividend

As Shareholders may elect to receive the Special Dividend either in cash or in the form of Shares, the Company proposes to seek specific approval from Shareholders to issue new Shares in connection with the proposed Special Dividend (the “**Share Issue Authority**”).

1.4 The Proposed Name Change of the Company

The Company also proposes to seek Shareholders’ approval for the change of the Company’s name to “Far East Orchard Limited” (the “**Name Change**”).

1.5 Circular to Shareholders

In conjunction with the Transactions, the Company will issue a circular to Shareholders (“**Circular**”) setting out, among other things, the details of and other relevant information pertaining to the Proposals, together with a notice of the EGM for the purpose of seeking Shareholders’ approvals in connection with the above.

Further details, including the convening of the EGM of Shareholders to seek the necessary approvals from Shareholders, and the issue of the Circular to Shareholders, will be announced at a later date.

2. RATIONALE FOR THE PROPOSALS

OPHL believes that the Proposals will bring the following key benefits to the Shareholders:

2.1 New business lines that complement OPHL’s strength in property development and investment and will give OPHL the opportunity to expand into the hospitality management and healthcare sectors

OPHL is the listed hospitality and property arm of Far East Organization. Through the Transactions, OPHL intends to complement its current businesses by extending its business into (i) hospitality management, (ii) the provision of healthcare real estate space and (iii) investment in the REIT Manager and the Trustee-Manager.

2.1.1 Unlocking value in the Hospitality Assets

The REIT Transaction will unlock value in the Hospitality Assets, thereby allowing the Company to return part of the proceeds to its Shareholders as a Special Dividend, while retaining a significant amount of the cash proceeds to create growth capacity and to fund the Company’s future business plans and requirements for growth. Part of the proceeds from the REIT Transaction will also go towards partially funding the Asset Swap Transaction. The proceeds will also allow the OPHL Group to reduce its borrowings and gearing.

By acquiring a 33.0% interest in each of the REIT Manager and the Trustee-Manager, this will give the OPHL Group the opportunity to participate in Far East H-Trust’s management business. This investment is expected to provide a sustainable and steady income stream with scalable growth to OPHL via a pro-rata share of the management fees to be received by the REIT Manager.

2.1.2 **Expansion into the hospitality management business**

The OPHL Group's current hospitality portfolio includes OPH, ACVH and CSVN. The OPHL Group is currently the owner of each of these Hospitality Assets. OPHL believes that its expansion into the hospitality management business will be complementary to its strength as an established owner of its own hospitality properties. Through the hospitality management business of Far East Hospitality Services Pte Ltd ("**FEHS**") to be acquired by Jelco (the "**Hospitality Management Business**"), OPHL will be a vertically-integrated hospitality operator, with the ability to both develop its own hospitality properties as well as manage a significant hospitality management business.

OPHL (through Jelco) will be acquiring an existing business, with an established portfolio of hospitality brands and experienced management, as well as hospitality management contracts and a fully functional central reservation system and process. This will allow OPHL to immediately leverage and grow the portfolio.

With the expansion, OPHL will also significantly increase its footprint, and will allow the OPHL Group to explore other hospitality businesses beyond Singapore and allow it to grow regionally. It will also derive synergies, cost savings and management know-how, as well as increase the OPHL Group's abilities and skills to operate hospitality assets for other third party owners.

By expanding its business to cover all aspects of the hospitality industry, OPHL believes that it will be able to generate for OPHL and its Shareholders a sustainable and recurring income stream in addition to the returns from OPHL's existing property development and investment business.

2.1.3 **Expansion into the provision of healthcare space**

The proposed extension of its business into the provision of healthcare space will give OPHL the opportunity to participate in the growing healthcare industry in Singapore and in the increasing demand for healthcare space.

The Singapore population has been steadily increasing in recent years from 4.8 million residents in 2008 to 5.1 million residents in 2010. Along with this growing population, the old-age dependency ratio has also increased during this corresponding period. With this growing and aging population, and the increasingly affluent residents, the demand for healthcare will continue to remain strong.

With one of the most developed economies in the world, the Singapore healthcare system is highly regarded, and widely recognised as the most advanced in the region. This has led to a vibrant and rapidly growing medical tourism industry, with many visitors coming specifically for medical treatment. The Singapore Government is actively promoting the country as a medical tourism hub, with many visitors to the country seeking medical care and to use the medical facilities.

Through the Asset Swap Transaction, OPHL will (through Jelco) acquire 45 units of medical suites in Novena Medical Center (“**NMC**”) and 48 units of medical suites in Novena Specialist Center (“**NSC**”). Some of these units will be held for long-term investment and will be leased out for recurring income, while the remaining units will be available for sale. The Group intends to actively manage this portfolio of medical suites, and will continue to build on expanding this investment.

As an established property developer, OPHL believes that it can also leverage its existing strength and track record to expand into the business of developing healthcare properties. It will actively seek and identify new sites and opportunities to develop such healthcare real estate. OPHL has plans and intentions to be the premier private owner, operator and landlord of healthcare space in Singapore. The board of directors of OPHL (the “**Board**”) will also be exploring other opportunities in the healthcare sector when the appropriate opportunity arises.

2.1.4 Ability to unlock the value in YHS at a premium

In deciding to transfer part of the Company’s shareholdings in YHS as part consideration for the Asset Swap Acquisition, the Board has taken into account the following considerations:

- (i) the Board believes that this is an opportune time for the Company to divest its investment in YHS. The Company has been a passive investor in and does not participate in the management of YHS, and deems its investment in YHS as non-core. One of the objectives of the Asset Swap Transaction is to enhance the recurring income stream of the Company. Utilising part of the shareholding of the Company in YHS as part consideration for the acquisitions of the medical units and hospitality management business will enable the OPHL Group to acquire these medical units and hospitality management business and enjoy a regular and recurring income stream from these medical units and hospitality management business;
- (ii) the Asset Swap Transaction will allow the Company to conserve its cash holding for further strategic investment, and allow the Company to more actively participate in future land tender and property developments. A full cash consideration for the Asset Swap Acquisition will be a significant drain on the Company’s cash holdings; and
- (iii) the offer of a premium above the market price is a good price at which to divest the Disposal Shares (as defined herein), and allows the Company to realise a profit upon divestment. The Company is unlikely to be able to realise such a premium in an outright open market sale.

2.2 Name Change to leverage on the Far East brand and to demonstrate its affiliation with Far East Organization

The Company proposes to change its name to “Far East Orchard Limited” to better reflect its close alignment with its substantial shareholder and to leverage on the “Far East” brand. This will ensure a distinct and clear association with Far East Organization.

3. DETAILS OF THE REIT TRANSACTION

3.1 Sale of the Hospitality Assets

3.1.1 Description of the Hospitality Assets to be transferred to Far East H-REIT

Orchard Parade Hotel

Under the REIT Transaction, OPHL will grant a 50-year leasehold interest in OPH to Far East H-REIT commencing from the Listing Date. Immediately thereafter, OPH (excluding the Excluded Commercial Premises) will be leased by Far East H-REIT to OPHL for 20 years, subject to renewal for another 20 years at the option of OPHL.

Albert Court Village Hotel

Under the REIT Transaction, FCPPL (a wholly-owned subsidiary of OPHL) will grant a 75-year leasehold interest in ACVH to Far East H-REIT commencing from the Listing Date. Immediately thereafter, ACVH (excluding the Excluded Commercial Premises) will be leased by Far East H-REIT to FCPPL for 20 years, subject to renewal for another 20 years at the option of FCPPL.

Central Square Village Residences

Under the REIT Transaction, OPHRPL (a wholly-owned subsidiary of OPHL) will grant a 80-year leasehold interest in CSVR to Far East Residences commencing from the Listing Date. Immediately thereafter, CSVR (excluding the Excluded Commercial Premises) will be leased by Far East Residences to OPHRPL for 20 years, subject to renewal for another 20 years at the option of OPHRPL.

3.1.2 Sale Consideration and Valuation for the Hospitality Assets

The sale consideration for the Hospitality Assets was negotiated on a willing-buyer and willing-seller basis and is based on the open market value of the Hospitality Assets as at 1 May 2012, which was independently appraised by SG&R Singapore Pte Ltd, trading as "HVS" ("HVS") (the "**Independent Valuer for the REIT Transaction**").

The minimum aggregate sale consideration of S\$702 million for the sale of the Hospitality Assets is based on the aggregate appraised value of the Hospitality Assets, as set out below. At the same time, the Board believes that the Shareholders should be given the opportunity to enjoy any potential upside based on the final pricing of the Stapled Securities for the initial public offering of Far East H-Trust.

The following table sets out the appraised values by the Independent Valuer for the REIT Transaction as at 1 May 2012 and the minimum sale consideration for each of the Hospitality Assets (based on the appraised value of each property):

Asset	Minimum sale consideration and appraised value (S\$ million)
OPH	412
ACVH	110
CSVN	180
Total	702

Further details on the formula for the determination of the sale consideration will be set out in the Circular.

3.1.3 Transaction-Related Costs

In addition to the above, the Company will incur estimated professional and other fees and expenses of approximately S\$1 million in connection with the REIT Transaction.

3.1.4 Use of Proceeds from the sale of the Hospitality Assets

The sale of the Hospitality Assets will raise gross proceeds of at least S\$702 million. The Company expects to use the gross proceeds from the sale of the Hospitality Assets as follows:

- (i) approximately S\$356 million to discharge the existing encumbrances over the Hospitality Assets;
- (ii) approximately S\$58 million as part consideration for the Asset Swap Acquisition;
- (iii) approximately S\$9 million for the stamp duty chargeable on the Asset Swap Acquisition;
- (iv) up to S\$44 million for the payment of the proposed Special Dividend; and
- (v) approximately S\$2 million for the estimated professional and other fees and expenses incurred or to be incurred by the Company in connection with the Transactions.

The balance of approximately S\$233 million will be used as working capital and to fund the future business needs of the OPHL Group by equipping the OPHL Group with adequate financial resources to be able to actively participate in future property tenders and developments as well as resources to explore opportunities in line with its hospitality and healthcare strategies.

In the event that the gross proceeds raised from the sale of the Hospitality Assets exceed S\$702 million, the Company will allocate the excess amount of gross proceeds raised to fund working capital and the future business needs of the OPHL Group.

The Company will make an announcement as and when the proceeds from the sale of the Hospitality Assets are materially disbursed, as well as disclose the breakdown of the use of proceeds in its annual report for the relevant financial year.

3.1.5 REIT Transaction SPAs

The Company (through the relevant members of the OPHL Group) proposes to enter into the following conditional sale and purchase agreements in connection with the REIT Transaction with Far East H-REIT or, as the case may be, Far East Residences on a date to be determined by the Board following Shareholders' approval being obtained for the Transactions:

- (i) a conditional sale and purchase agreement between OPHL and DBS Trustee Limited, in its capacity as trustee of Far East H-REIT (the "**REIT Trustee**"), pursuant to which OPHL will grant a 50-year leasehold interest in OPH to Far East H-REIT;
- (ii) a conditional sale and purchase agreement between FCPPL and the REIT Trustee, pursuant to which FCPPL will grant a 75-year leasehold interest in ACVH to Far East H-REIT; and
- (iii) a conditional sale and purchase agreement between OPHRPL and DBS Trustee Limited, in its capacity as trustee of Far East Residences, pursuant to which OPHRPL will grant a 80-year leasehold interest in CSVR to Far East Residences,

(collectively, the "**REIT Transaction SPAs**").

Conditions precedent

Pursuant to the terms of the REIT Transaction SPAs, the disposal of the Hospitality Assets is subject to and conditional upon the listing of the Stapled Securities and commencement of trading of the Stapled Securities on the SGX-ST on the Listing Date. Further details of the terms of the REIT Transaction SPAs will be set out in the Circular.

3.1.6 Master Lease Agreements

Upon closing of the REIT Transaction SPAs, certain members of the OPHL Group will enter into master lease agreements with (i) Far East H-REIT in relation to OPH and ACVH, and (ii) Far East Residences in relation to CSVR, excluding the Excluded Commercial Premises (the "**Master Lease Agreements**").

The term of each Master Lease Agreement is for 20 years commencing from the Listing Date, with an option for the Master Lessee to obtain an additional lease for a further 20 years on the same terms and conditions, save for amendments required due to change in law and excluding any further option to renew.

Far East H-REIT or, as the case may be, Far East Residences will receive gross rental income under the terms of the Master Lease Agreements, comprising a fixed rent and a variable rent.

Further details of the terms of the Master Lease Agreements will be set out in the Circular.

3.2 Other transactions in connection with and pursuant to the REIT Transaction

There will be ancillary contracts that will be entered into by OPHL (directly or indirectly) pursuant to and as a consequence of the REIT Transaction.

Further details of some of the contracts to be entered into by OPHL (directly or indirectly) in connection with and pursuant to the REIT Transaction will be set out in the Circular.

3.3 Acquisition of shares in the REIT Manager and the Trustee-Manager

OPHL proposes to enter into a share purchase agreement with FEO Asset Management Pte Ltd (“FAMPL”) for the acquisition of (i) 330,000 ordinary shares at S\$330,000 (representing a 33.0% interest) in the REIT Manager and (ii) 33 ordinary shares in the Trustee-Manager at S\$33 (representing a 33.0% interest) in the Trustee-Manager (the “Share Purchase Agreement”), on the terms and subject to the conditions therein. The acquisition of shares in the REIT Manager and the Trustee-Manager will be completed immediately prior to the lodgement of the preliminary prospectus with the MAS in connection with the initial public offering of Far East H-Trust.

3.4 Directors’ service contracts in relation to the REIT Transaction

No person is proposed to be appointed as a Director in relation to the REIT Transaction or any other transactions contemplated in relation to the REIT Transaction.

3.5 Major Transaction – Chapter 10 of the Listing Manual of the SGX-ST (the “Listing Manual”)

Chapter 10 of the Listing Manual classifies transactions by the Company into (i) non-discloseable transactions, (ii) discloseable transactions, (iii) major transactions and (iv) very substantial acquisitions or reverse takeovers, depending on the size of the relative figures computed on, among other things, the following bases:

- (a) the net asset value (“NAV”) of the assets to be disposed of, compared with the OPHL Group’s NAV (this basis is not applicable to an acquisition of assets);
- (b) the net profits attributable to the assets acquired or disposed of, compared with the OPHL Group’s net profits; and
- (c) the aggregate value of the consideration given or received, compared with OPHL’s market capitalisation.

The relative figures in relation to the REIT Transaction computed on the applicable bases of comparison set out above are as follows:

Rule 1006	Bases	Hospitality Assets (S\$’000)	OPHL Group (S\$’000)	Relative Figures (%)
(a)	NAV of the Hospitality Assets as at 31 December 2011, compared with the OPHL Group’s NAV as at 31 December 2011	452,950	1,079,639	42.0

Rule 1006	Bases	Hospitality Assets (S\$'000)	OPHL Group (S\$'000)	Relative Figures (%)
(b)	Net profits based on 100.0% of the Hospitality Assets' net profit for the financial year ended 31 December 2011 ("FY2011"), compared with the OPHL Group's net profits for FY2011	27,152	147,107	18.5
(c)	Consideration given for the Hospitality Assets, compared with OPHL's market capitalisation ⁽¹⁾	702,000	OPHL's market capitalisation ⁽¹⁾ : 599,460	117.1

Note:

(1) OPHL's market capitalisation is based upon 363,308,933 Shares in issue and S\$1.65 per Share as at the Latest Practicable Date.

As the relative figures under Rules 1006(a) and 1006(c) exceed 20.0% and the REIT Transaction is not in the ordinary course of the Company's business, the REIT Transaction constitutes a major transaction for OPHL as defined in Chapter 10 of the Listing Manual.

3.6 OPHL ROFR

Pursuant to, and in connection with the initial public offering of Far East H-Trust, the Company proposes to grant a right of first refusal to the REIT Trustee and the Trustee-Manager with effect from the Listing Date (the "OPHL ROFR"). Further details of the terms of the OPHL ROFR will be set out in the Circular.

4. DETAILS OF THE ASSET SWAP TRANSACTION

4.1 Information on the Asset Swap Acquisition

The NMC Units

Under the Asset Swap Transaction, OPHL will acquire Far East Organization's 45 units in NMC (the "NMC Units"). NMC comprises suites that come with provisions for washrooms to suit the medical practitioners' needs and configure the layout to their requirements.

The NSC Units

Under the Asset Swap Transaction, OPHL will acquire Far East Organization's 48 units in NSC (the "NSC Units"). NSC features medical suites and is situated adjacent to the Oasia Hotel, within the same building.

The Hospitality Management Business

Under the Asset Swap Transaction, OPHL will (through Jelco) acquire the Hospitality Management Business from FEHS. FEHS is the exclusive hospitality operator of the Far East Organization group of hotels and serviced residences. It currently has sole rights to operate and manage all hotels and serviced residences of Far East Organization. The transfer will comprise, *inter alia*, the transfer of employees employed by FEHS, the hospitality management agreements entered into between the relevant Far East

Organization entities and FEHS setting out the terms on which FEHS provides hospitality management services as the operator of the 18 hospitality assets in Far East Organization (including the properties to be owned by Far East H-REIT) (the “**Hospitality Management Agreements**”), which will be novated to Jelco pursuant to the Business Transfer Agreement (as defined herein), as well as certain intellectual rights used or owned by FEHS in connection with the Hospitality Management Business. It also owns the various hospitality brands which several of the Far East Organization hotels are currently operating under. These include the hospitality brands “Far East Hospitality”, “Oasia”, “The Village”, “East Village”, “Orchard” and “Quincy”.

4.2 Purchase Consideration and Valuation for the Asset Swap Acquisition

As consideration for the acquisitions of the NMC Units, the NSC Units and the Hospitality Management Business, the Company will separately arrange for 200,942,854 YHS shares representing approximately 35.0% of the total existing issued share capital of YHS held by the Company (through its wholly-owned subsidiary, Jelco) (the “**Disposal Shares**”) to be transferred, with the balance (if any) to be paid in cash, to each of Novena Point Pte Ltd (“**NPPL**”), TPPL and FEHS. The acquisitions of the NMC Units, the NSC Units and the Hospitality Management Business will be pursuant to Asset Swap SPAs (as defined herein) to be entered into between the respective parties. There will be no separate sale and purchase agreements entered into in relation to the transfer of the Disposal Shares.

The purchase consideration for the Asset Swap Acquisition was negotiated on a willing-buyer and willing-seller basis and is based on the open market value of the NMC Units and the NSC Units as at 1 May 2012 and the indicative fair value of the Hospitality Management Business as at 1 April 2012, which was independently appraised by HVS (the “**Independent Valuer for the NMC Units and the NSC Units**”) and Deloitte & Touche Financial Advisory Services Pte Ltd (the “**Independent Valuer for the Hospitality Management Business**”) respectively based on accepted valuation procedures and practices.

The purchase consideration payable by the OPHL Group for the Asset Swap Acquisition will be satisfied by the Asset Swap Divestment where OPHL (through Jelco) will separately divest the Disposal Shares to NPPL, TPPL and FEHS at approximately S\$362 million based on a price of S\$1.80 per YHS share, which is at a premium of 40.6% to the last traded price of S\$1.28 per YHS share as at the Latest Practicable Date. The difference of approximately S\$58 million between the purchase consideration for the Asset Swap Acquisition and the sale consideration for the Asset Swap Divestment will be settled in cash by OPHL (through Jelco). The NAV per YHS share as at 31 March 2012 is S\$1.10, and the consideration is at a premium of S\$0.70 or 63.6% to the NAV per YHS share.

The following table sets out the appraised values by the Independent Valuer for the Hospitality Management Business as at 1 April 2012 and the Independent Valuer for the NMC Units and the NSC Units as at 1 May 2012 and the respective purchase considerations for the NMC Units, the NSC Units and the Hospitality Management Business:

Asset	Appraised Value (S\$ million)	Purchase Consideration (S\$ million)
NMC Units	145.28	145.28
NSC Units	160.07	160.07
Hospitality Management Business	115.0 to 125.0	115.0
Total	420.35 to 430.35	420.35

4.3 Transaction-Related Costs

The following transaction costs are expected to be incurred by the Company in connection with the Asset Swap Transaction:

- (i) an estimated stamp duty of approximately S\$9 million chargeable on the Asset Swap Acquisition; and
- (ii) estimated professional and other fees and expenses of approximately S\$1 million incurred or to be incurred by the Company in connection with the Asset Swap Transaction.

Part of the proceeds raised from the sale of the Hospitality Assets will be used towards paying for the transaction costs set out in sub-paragraphs (i) and (ii) above (see paragraph 3.1.4 of this Announcement for further details on the use of proceeds of the sale of the Hospitality Assets).

4.4 Terms of the Asset Swap Transaction

4.4.1 Asset Swap SPAs

The Company (through the relevant members of the OPHL Group) proposes to enter into the following conditional agreements in connection with the Asset Swap Transaction with certain members of Far East Organization on a date to be determined by the Board following Shareholders' approval being obtained for the Transactions:

- (i) a conditional sale and purchase agreement with NPPL, pursuant to which the Company will (through Jelco) acquire the NMC Units (the "**NMC SPA**"); and
 - (ii) a conditional sale and purchase agreement with TPPL, pursuant to which the Company will (through Jelco) acquire the NSC Units (the "**NSC SPA**"); and
 - (iii) a conditional business transfer agreement with FEHS, pursuant to which the Company will (through Jelco) acquire the Hospitality Management Business (the "**Business Transfer Agreement**"),
- (collectively, the "**Asset Swap SPAs**"),

in consideration for the transfer of the Disposal Shares (to be separately arranged for), with the balance of the consideration (if any) paid in cash to each of NPPL, TPPL and FEHS.

4.4.2 NMC SPA and NSC SPA

Conditions precedent

Pursuant to the terms of the NMC SPA and the NSC SPA, the acquisitions of the NMC Units and the NSC Units are subject to and conditional upon the listing of the Stapled Securities and commencement of trading of the Stapled Securities on the SGX-ST on the Listing Date.

Further details of the terms of the NMC SPA and the NSC SPA will be set out in the Circular.

4.4.3 Business Transfer Agreement

Pursuant to the Business Transfer Agreement, FEHS will transfer to Jelco the Hospitality Management Business, which comprises assets used or owned by FEHS in connection with the Hospitality Management Business, including but not limited to the Hospitality Management Agreements, employees employed in the Hospitality Management Business and certain trademarks or brands used in the Hospitality Management Business, on the terms and subject to the conditions set out in the Business Transfer Agreement.

Conditions precedent

Pursuant to the terms of the Business Transfer Agreement, the acquisition of the Hospitality Management Business is subject to and conditional upon the following conditions precedent being satisfied or, as the case may be, waived:

- (a) the listing of the Stapled Securities and commencement of trading of the Stapled Securities on the SGX-ST on the Listing Date; and
- (b) all material third party consents having been obtained.

Further details of the terms of the Business Transfer Agreement will be set out in the Circular.

4.5 Directors' service contracts in relation to the Asset Swap Transaction

No person is proposed to be appointed as a Director in relation to the Asset Swap Transaction or any other transactions contemplated in relation to the Asset Swap Transaction.

4.6 Major Transaction – Chapter 10 of the Listing Manual

4.6.1 Asset Swap Acquisition

The relative figures in relation to the Asset Swap Acquisition computed on the applicable bases of comparison set out above, assuming the REIT Transaction had taken place prior to the Asset Swap Transaction, are as follows:

Rule 1006	Bases	NMC Units, NSC Units and the Hospitality Management Business (S\$'000)	OPHL Group (S\$'000)	Relative Figures (%)
(b)	Net profits of the NMC Units, the NSC Units and the Hospitality Management Business for FY2011 compared with the OPHL Group's net profits for FY2011 ⁽¹⁾	8,837	103,491	8.5
(c)	Consideration given for the NMC Units, the NSC Units and the Hospitality Management Business compared with OPHL's market capitalisation ⁽²⁾	420,000	OPHL's market capitalisation ⁽²⁾ : 599,460	70.1

Notes:

- (1) Adjusted for the REIT Transaction and the divestment of assets under the Asset Swap Transaction and the Dividend in Specie.
- (2) OPHL's market capitalisation is based upon 363,308,933 Shares in issue and S\$1.65 per Share as at the Latest Practicable Date.

4.6.2 Asset Swap Divestment

The relative figures in relation to the Asset Swap Divestment computed on the applicable bases of comparison set out above, assuming the REIT Transaction had taken place prior to the Asset Swap Transaction, are as follows:

Rule 1006	Bases	YHS Shares (S\$'000)	OPHL Group (S\$'000)	Relative Figures (%)
(a)	NAV of the Disposal Shares as at 31 December 2011, compared with the OPHL Group's NAV as at 31 December 2011	247,287	1,079,639	22.9

Rule 1006	Bases	YHS Shares (S\$'000)	OPHL Group (S\$'000)	Relative Figures (%)
(b)	Proportionate share of the profits relating to the Disposal Shares for FY2011, compared with the OPHL Group's net profits for FY2011 ⁽¹⁾	18,012	128,965	14.0
(c)	Consideration given for the Disposal Shares, compared with OPHL's market capitalisation ⁽²⁾	362,000	OPHL's market capitalisation ⁽¹⁾ : 599,460	60.4

Notes:

- (1) Adjusted for the REIT Transaction.
(2) OPHL's market capitalisation is based upon 363,308,933 Shares in issue and S\$1.65 per Share as at the Latest Practicable Date.

As the relative figures under Rule 1006(c) for the Asset Swap Acquisition and the relative figures under Rules 1006(a) and 1006(c) for the Asset Swap Divestment exceed 20.0%, and the Asset Swap Transaction is not in the ordinary course of the Company's business, the Asset Swap Transaction constitutes a major transaction for OPHL as defined in Chapter 10 of the Listing Manual. Accordingly, the Asset Swap Transaction is subject to the approval of Shareholders.

5. INTERESTED PERSON TRANSACTIONS¹

Under Chapter 9 of the Listing Manual, where the Company proposes to enter into a transaction with an Interested Person² and the value of the transaction (either in itself or when aggregated with the value of other transactions, each of a value equal to or greater than S\$100,000 with the same Interested Person during the same financial year) is equal to or exceeds 5.0% of the Company's latest audited net tangible assets ("NTA"), Shareholders' approval is required in respect of the transaction.

Based on the audited consolidated financial statements of the OPHL Group for FY2011, the audited consolidated NTA of the OPHL Group as at 31 December 2011 (the "Latest NTA") was approximately S\$1.08 billion. Accordingly, if the value of a transaction which is proposed to be entered into in the current financial year by the Company with an Interested Person is, either in itself or in aggregation with all other earlier transactions (each of a value equal to or greater than S\$100,000) entered into with the same Interested Person during the current financial year, equal to or is in excess of S\$54 million (being 5.0% of the Latest NTA), such a transaction would be subject to Shareholders' approval.

1 Has the meaning ascribed to it in the Listing Manual.

2 Means:

- (i) a director, chief executive officer or controlling shareholder of a listed company; or
(ii) an associate of such director, chief executive officer or controlling shareholder.

The Interested Person Transactions into which the Company proposes to enter are set out below.

5.1 Interested Person Transactions under the REIT Transaction

The REIT Transaction SPAs and Master Lease Agreements

The Company (through OPHL, FCPPL and OPHRPL) proposes to enter into the REIT Transaction SPAs with Far East H-REIT for OPH and ACVH and with Far East Residences for CSVN respectively. Immediately after the completion of the sale of the Hospitality Assets, the Master Lease Agreements (excluding the Excluded Commercial Premises) will be entered into between OPHL, FCPPL, OPHRPL and Far East H-REIT or, as the case may be, Far East Residences. The term of each Master Lease Agreement will commence from the Listing Date. In relation to the Excluded Commercial Premises, OPHL (through Jelco) will be appointed by Far East H-REIT or, as the case may be, Far East Residences as the property manager of the Excluded Commercial Premises pursuant to property management agreements to be entered into with Far East H-REIT and Far East Residences in relation to such Excluded Commercial Premises.

The Estate of Ng Teng Fong, Deceased (the “Estate”) will, at the time of entry into the REIT Transaction, indirectly own more than 50.0% of Far East H-REIT. Far East H-REIT is therefore considered to be an associate¹ of the Estate, which is the controlling shareholder (as defined in the Listing Manual) of OPHL, FCPPL and OPHRPL, and constitutes an Interested Person of OPHL. The minimum aggregate sale consideration for the Hospitality Assets of approximately S\$702 million is equal to 65.0% of the Latest NTA.

As such, the REIT Transaction (including the acquisition by the Company of the 33.0% stake in each of the REIT Manager and the Trustee-Manager) would constitute an “Interested Person Transaction” under Chapter 9 of the Listing Manual in respect of which the approval of Shareholders is required under Rule 906 of the Listing Manual.

Upon acquiring the 33.0% interest in the REIT Manager and the Trustee-Manager, the Company and/or its subsidiaries and associated companies (including the REIT Manager and as the case may be, the Trustee-Manager), will be entering into various other agreements with Far East H-REIT or Far East H-BT pursuant, and to give effect to, the REIT Transaction. Further details of these agreements will be set out in the Circular.

1

“associate” means:

- (a) in relation to any Director, chief executive officer, substantial shareholder or controlling shareholder (being an individual) means:
 - (i) his immediate family;
 - (ii) the trustee of any trust of which he or his immediate family is a beneficiary or, in the case of a discretionary trust, is a discretionary object; and
 - (iii) any company in which he and his immediate family together (directly or indirectly) have an interest of 30.0% or more; and
- (b) in relation to a substantial shareholder or a controlling shareholder (being a company) means any other company which is its subsidiary or holding company or is a subsidiary of such holding company or one in the equity of which it and/or such other company or companies taken together (directly or indirectly) have an interest of 30.0% or more.

The value of the transactions to be entered into with Far East H-REIT and/or Far East H-BT pursuant to the REIT Transaction, when aggregated with the aggregate sale consideration for the Hospitality Assets which are being sold to an associate of the same Interested Person, the Estate, would exceed 5.0% of the Latest NTA.

As such, these transactions would constitute “Interested Person Transactions” under Chapter 9 of the Listing Manual in respect of which the approval of Shareholders is required under Rule 906 of the Listing Manual.

5.2 Interested Person Transactions under the Asset Swap Transaction

The Asset Swap SPAs

The Company (through Jelco) proposes to enter into the NMC SPA and the NSC SPA with NPPL and TPPL, for the NMC Units and the NSC Units respectively, and the Business Transfer Agreement with FEHS for the Hospitality Management Business, in consideration for the transfer of the Disposal Shares (to be separately arranged for) and the payment (if any) of cash to each of NPPL, TPPL and FEHS. There will be no separate sale and purchase agreements entered into in relation to the transfer of the Disposal Shares.

As at the Latest Practicable Date, the Estate owns approximately 100.0% of the issued share capital in Glory Realty Co. Private Ltd.. As NPPL and TPPL are wholly-owned subsidiaries of Glory Realty Co. Private Ltd., they are therefore considered to be associates of the Estate, which is the controlling shareholder of the Company, and constitute Interested Persons of OPHL.

As at the Latest Practicable Date, Mr Philip Ng Chee Tat, the Non-Executive Chairman, is a controlling shareholder of FEHS together with his mother, Mdm Tan Kim Choo. FEHS is therefore considered to be an associate of Mr Ng and Mdm Tan, and constitutes an Interested Person of OPHL. As Mr Ng and Mdm Tan are beneficiaries of the Estate together with their immediate family members, FEHS is considered to be part of the same Interested Person group as the other entities within Far East Organization (including Glory Realty Co. Private Ltd.) for purposes of aggregation of the value of Interested Person Transactions under Chapter 9 of the Listing Manual.

The aggregate purchase consideration for the NMC Units, the NSC Units and the Hospitality Management Business is approximately S\$420 million which when aggregated with the aggregate sale consideration for the Hospitality Assets which are being sold to an associate of the same Interested Person, the Estate, is equal to 39.0% of the Latest NTA.

As such, the Asset Swap Transaction would constitute “Interested Person Transactions” under Chapter 9 of the Listing Manual in respect of which the approval of Shareholders is required under Rule 906 of the Listing Manual.

Pursuant and to give effect to the Asset Swap Transaction, the Company (through its wholly-owned subsidiary, Jelco) will be entering into various other agreements with other members within Far East Organization, which are associates of the Estate, which is the controlling shareholder of the Company, and constitute Interested Persons of OPHL. Further details of these agreements will be set out in the Circular.

The value of the transactions to be entered into pursuant to the Asset Swap Transaction, which, when aggregated with the aggregate sale consideration for the Hospitality Assets which are being sold to an associate of the same Interested Person, the Estate, would exceed 5.0% of the Latest NTA.

As such, these transactions would constitute “Interested Person Transactions” under Chapter 9 of the Listing Manual in respect of which the approval of Shareholders is required under Rule 906 of the Listing Manual.

5.3 Existing Interested Person Transactions

Prior to the Latest Practicable Date, the Company had entered into several Interested Person Transactions with Far East Organization during the course of the current financial year (the “**Existing Interested Person Transactions**”). For the current financial year, the total value of all interested person transactions between OPHL and Far East Organization is S\$2.7 million, and the total value of all interested person transactions entered into by OPHL with all interested persons as at the Latest Practicable Date is S\$2.7 million.

Details of the Existing Interested Person Transactions will be set out in the Circular.

6. FINANCIAL EFFECTS OF THE TRANSACTIONS

6.1 Bases and assumptions

The financial effects have been prepared for illustrative purposes only and they do not reflect the future actual financial position of the OPHL Group post-Transactions, post-Special Dividend and post-Dividend in Specie. The significant assumptions and bases are:

- (i) for the REIT Transaction, adjustments are made for:
 - (a) an estimate of the amortisation of the deferred income arising from the grant of leasehold interest in OPH (assuming proceeds at the minimum sale consideration and deducting the carrying value of the leasehold land and building as at 1 January 2011);
 - (b) grant of the leasehold interests in ACVH and CSVR at the carrying amounts as at 1 January 2011 (for earnings per share (“**EPS**”) effects) and as at 31 December 2011 (for NAV effects);
 - (c) the operating profits of the Hospitality Assets for FY2011;
 - (d) an estimate of the Group’s share of the REIT Manager’s profits arising from the 33.0% interest in the REIT Manager, assuming that the trust deed constituting Far East H-REIT (which sets out the fees payable to the REIT Manager) was in place on 1 January 2011; and
 - (e) the interest expense incurred for the Hospitality Assets for FY2011, assuming all the related bank borrowings are repaid;

- (ii) the Asset Swap Transaction is considered a business acquisition for accounting purposes. For the purposes of the financial effects, the value of the Disposal Shares used in calculating the consideration for the business acquisition is based on the closing price of the YHS shares as at the Latest Practicable Date. The actual cost of the acquisition will depend on the share price of the YHS shares at the date of the actual transfer of YHS shares at the completion of the Asset Swap Transaction. For the purposes of the financial effects, the net assets acquired in the acquisition are based on a preliminary purchase price allocation exercise. As the actual goodwill or gain on bargain purchase will be determined only on completion of the Asset Swap Transaction and the final purchase price allocation, the eventual amounts could be materially different from the amounts used in the calculation of the financial effects. Goodwill, if any, is subject to an impairment test;
- (iii) for the Asset Swap Acquisition, the effects on the EPS have also included the net income of the NMC Units, the NSC Units and the Hospitality Management Business. The net income of the NMC Units and the NSC Units are based on unaudited management accounts for the year ended 31 December 2011. The net income of the Hospitality Management Business is estimated based on the revenue from the Hospitality Management Agreements, the Property Management Agreements and related operating costs;
- (iv) all estimated professional and other fees and expenses, including stamp duty chargeable on the Transactions, are included; and
- (v) the Special Dividend is paid entirely in cash and the Dividend in Specie is based on the carrying amount of the remaining 14.5% in YHS as at 31 December 2011.

6.2 NAV per Share

Assuming the Transactions had been completed on 31 December 2011, the financial effects of the Transactions on the consolidated NAV of the OPHL Group as at 31 December 2011 are as follows:

	Before the Transactions⁽¹⁾	Post- Transactions	Post-Transactions, Special Dividend and Dividend in Specie
NAV (S\$'000)	1,079,639	1,156,129	1,009,872
No. of issued Shares ('000)	363,309	363,309	363,309
NAV per Share (S\$) ⁽²⁾	2.97	3.18	2.78

Notes:

- (1) Based on the audited consolidated financial statements of the OPHL Group for FY2011.
- (2) The NAV per Share for FY2011 is calculated based on the NAV of the OPHL Group as at 31 December 2011 and 363,308,933 Shares in issue as at 31 December 2011.

6.3 NTA per Share

Assuming the Transactions had been completed on 31 December 2011, the financial effects on the consolidated NTA of the OPHL Group as at 31 December 2011 are set out below. The NTA is determined by the consolidated NAV of the OPHL Group less the OPHL Group's share of intangible assets. The OPHL Group has no intangible assets as at 31 December 2011.

	Before the Transactions ⁽¹⁾	Post-Transactions	Post-Transactions, Special Dividend and Dividend in Specie
NTA (S\$'000)	1,079,639	1,156,129	1,009,872
No. of issued Shares ('000)	363,309	363,309	363,309
NTA per Share (S\$) ⁽²⁾	2.97	3.18	2.78

Notes:

- (1) Based on the audited consolidated financial statements of the OPHL Group for FY2011.
(2) The NTA per Share for FY2011 is calculated based on the NTA of the OPHL Group as at 31 December 2011 and 363,308,933 Shares in issue as at 31 December 2011.

6.4 Earnings per Share

Assuming the Transactions had been completed on 1 January 2011, the financial effects on the consolidated earnings of the OPHL Group for FY2011 are as follows:

	Before the Transactions ⁽¹⁾	Post-Transactions
Profit after tax and minority interests (S\$'000)	124,189	182,951
Net profit attributable to ordinary shareholders (S\$'000)	124,189	182,951
<u>EPS</u>		
No. of issued Shares ('000)	363,309	363,309
EPS (Singapore cents) ⁽²⁾	34	50

Notes:

- (1) Based on the audited consolidated financial statements of the OPHL Group for FY2011.
(2) The calculation of EPS is based on the net profit attributable to ordinary shareholders of the Company.

6.5 Gearing

Assuming that the Transactions had been completed on 31 December 2011, the financial effects on the net gearing of the Company and the OPHL Group for FY2011 are as follows:

	Before the Transactions ⁽¹⁾	Post- Transactions	Post-Transactions, Special Dividend and Dividend in Specie
Debt (interest bearing liabilities) (S\$'000) ⁽²⁾	455,660	69,760	69,760
Shareholders' equity (S\$'000) ⁽³⁾	1,079,639	1,156,129	1,009,872
Total debt + Shareholders' equity (S\$'000)	1,535,299	1,225,889	1,079,632
Gearing ⁽⁴⁾	29.7%	5.7%	6.5%

Notes:

- (1) Based on the audited consolidated financial statements of the OPHL Group for FY2011.
- (2) "Debt" means the aggregate of interest bearing liabilities.
- (3) "Shareholders' equity" refers to the aggregate of the issued and paid-up share capital and other reserves of OPHL Group.
- (4) Gearing is computed based on the ratio of Debt to the sum of Debt and Shareholders' equity.

6.6 Share capital

Assuming that the Transactions had been completed on 31 December 2011, the financial effects on the share capital of the Company and the OPHL Group for FY2011 are as follows:

	Before the Transactions ⁽¹⁾		Post-Transactions	
	No. of shares ('000) ⁽²⁾	S\$'000	No. of shares ('000)	S\$'000
Issued and fully paid (as at 31 December 2011)				
Shares	363,309	372,063	363,309	372,063

Notes:

- (1) Based on the audited consolidated financial statements of the OPHL Group for FY2011.
- (2) The number of issued and fully-paid shares before the Transactions is based on the number of Shares outstanding as at 31 December 2011.

7. INTERESTS OF THE DIRECTORS AND SUBSTANTIAL SHAREHOLDERS¹

7.1 Interests of Directors

The Non-Executive Chairman of the Company, Mr Philip Ng Chee Tat, is the Chief Executive Officer of Far East Organization and a director of FEOPL, son of Mdm Tan Kim Choo, a beneficiary of the Estate and brother of Executive Director Mdm Ng Siok Keow. Mdm Tan Kim Choo and the Estate each hold a 50.0% shareholding interest in FEOPL (a member of Far East Organization), which is in turn a substantial shareholder of OPHL.

Mr Lucas Chow Wing Keung, the Chief Executive Officer and Managing Director of the Company, is an executive director of Far East Organization.

Mdm Ng Siok Keow, an Executive Director of the Company, is an executive director of Far East Organization and a director of FEOPL, daughter of Mdm Tan Kim Choo, a beneficiary of the Estate and sister of Non-Executive Chairman Mr Philip Ng Chee Tat.

Mdm Tan Siok Hwee, an Executive Director of the Company, is an executive director of Far East Organization.

Each of Mr Philip Ng Chee Tat, Mdm Ng Siok Keow, Mdm Tan Siok Hwee and Mr Lucas Chow Wing Keung is also a director and/or an executive of several members of Far East Organization. Accordingly, the said Directors will be abstaining from making any recommendation on the Transactions to Shareholders.

The interests of Directors in the Shares as recorded in the Register of Directors' Shareholdings as at the Latest Practicable Date are set out below:

Director	Direct Interest		Deemed Interest	
	No. of Shares	% ⁽¹⁾	No. of Shares	% ⁽¹⁾
Mdm Ng Siok Keow	14,469	nm ⁽²⁾	72,346	nm ⁽²⁾

Notes:

- (1) The percentage interest is based on total issued Shares of 363,308,933 as at the Latest Practicable Date.
- (2) "nm" means "not meaningful".

¹ The term "substantial shareholder" shall have the meaning ascribed to it in Section 81 of the Companies Act.

7.2 Interests of substantial shareholders

As at the Latest Practicable Date, FEOPL holds 213,900,398 Shares, representing approximately 58.9% of the issued share capital of OPHL. FEOPL is therefore considered to be a controlling shareholder and a substantial shareholder of the Company.

The interests of the substantial shareholders in the Shares as recorded in the Register of substantial shareholders as at the Latest Practicable Date are set out below:

Substantial shareholder	Direct Interest		Deemed Interest	
	No. of Shares	% ⁽¹⁾	No. of Shares	% ⁽¹⁾
FEOPL	213,900,398	58.87	-	-
The Estate of Khoo Teck Puat, Deceased	2,248,400	0.64	18,702,600 ⁽²⁾	5.33 ⁽²⁾
Tan Kim Choo	224,659	0.06	213,900,398 ⁽³⁾	58.87 ⁽³⁾
The Estate	-	-	213,900,398 ⁽⁴⁾	58.87 ⁽⁴⁾

Notes:

- (1) The percentage interest is based on total issued Shares of 363,308,933 as at the Latest Practicable Date.
- (2) The Estate of Khoo Teck Puat, Deceased, is deemed to be interested in the shares held by Daiwa (Malaya) Private Limited, Goodwood Park Hotel Limited, Hotel Holdings (Private) Limited, Industrial Syndicate (Private) Ltd, Kim Eng Securities Pte Ltd, Leo Investments Corpn S B and Luxor Hotel Limited.
- (3) Mdm Tan Kim Choo is deemed to be interested in the shares of the Company held by FEOPL through her 50.0% shareholding in the issued share capital of FEOPL.
- (4) The Estate is deemed to be interested in the shares of the Company held by FEOPL through its 50.0% shareholding in the issued share capital of FEOPL.

Save as disclosed in this announcement and based on information available to the Company as at the Latest Practicable Date, none of the Directors or substantial shareholders has an interest, direct or indirect, in the Transactions.

8. AUDIT COMMITTEE STATEMENT

PrimePartners Corporate Finance Pte. Ltd. has been appointed as the independent financial adviser (the “**Independent Financial Adviser**” or “**IFA**”) and will provide an opinion on whether the Transactions are on normal commercial terms and are prejudicial to the interests of the Company and its minority Shareholders. The audit committee of the Company (“**Audit Committee**”) will take into consideration the opinion of the IFA, and the Audit Committee’s views on the Transactions will be set out in the Circular.

9. DOCUMENTS FOR INSPECTION

Copies of the following documents are available for inspection at the registered office of the Company at 14 Scotts Road #06-01, Far East Plaza, Singapore 228213, during normal business hours from the date of this Announcement up to and including the date falling three months after the date of this Announcement:

- (i) the memorandum and articles of association of the Company;
- (ii) audited consolidated financial statements of the OPHL Group for FY2011;
- (iii) drafts of the REIT Transaction SPAs;
- (iv) drafts of the Asset Swap SPAs;
- (v) the valuation letter on the Hospitality Management Business prepared by Deloitte & Touche Financial Advisory Services Pte Ltd;
- (vi) the full valuation report on the NMC Units and the NSC Units prepared by HVS; and
- (vii) the full valuation report on the Hospitality Assets prepared by HVS.

By Order of the Board

Chloe Kho Kim Suan

Madelyn Kwang Yeit Lam

Company Secretaries

13 June 2012