



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

MEMORANDUM OF UNDERSTANDING WITH THE STRAITS TRADING COMPANY LIMITED

Far East Orchard Limited (the "**Company**") is pleased to announce that it has today entered into a non-binding memorandum of understanding (the "**MOU**") with The Straits Trading Company Limited ("**STC**").

Pursuant to the MOU,

- (a) the Company is exploring the proposed acquisition from STC and/or its subsidiaries of (i) a 50.0% interest in three hotels in Australia, namely Rendezvous Studio Hotel Perth Central, Rendezvous Grand Hotel Melbourne and Rendezvous Hotel Perth, and (ii) a 50.0% interest in STC's 50.0% stake in Coastal Coffee Pty Ltd, a company incorporated in Australia and which carries on a café business, for cash;
- (b) the Company is exploring the proposed acquisition from STC and/or its subsidiaries of the STC group of companies' entire hospitality management business (including without limitation, the trade mark rights to "Rendezvous" and "Marque"); and
- (c) in consideration of the acquisition of the hospitality management business, the Company will be issuing to STC or its subsidiary new shares in its wholly-owned subsidiary ("**Hospitality Management Company**") which carries on the Company's hospitality management business and STC or its subsidiary will have the right to subscribe for additional shares in the Hospitality Management Company such that STC or its subsidiary will hold 20% of the enlarged issued share capital of the Hospitality Management Company,

(collectively, the "**Proposed Transactions**").

The Company is currently evaluating the Proposed Transactions and the structuring of the Proposed Transactions (whether by acquiring the assets and business or by acquiring the vehicles or companies that hold the assets and business). The Proposed Transactions are also subject to satisfactory due diligence, relevant valuations being carried out, the receipt of the requisite approvals and definitive agreements being negotiated finalised and executed by the parties. No definitive agreements have been executed and accordingly, there can be no assurance that the Proposed Transactions will proceed.

If the Proposed Transactions were to proceed, the definitive agreements will be signed after the financial year ending 31 December 2012, and therefore the Proposed Transactions are not expected to have a material impact on the Company's financial performance for the financial year ending 31 December 2012.

The Company will provide further details in subsequent announcements in accordance with the Listing Rules at the appropriate times.

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

By Order of the Board

Chloe Kho Kim Suan
Company Secretary
26 November 2012