



PROPOSED SUBSCRIPTION FOR SHARES IN THE CAPITAL OF GEMDALE PROPERTIES AND INVESTMENT CORPORATION LIMITED

1. INTRODUCTION

The Board of Directors (the "**Board**") of OUE Limited (the "**Company**") wishes to announce that one of its subsidiaries, OUE Lippo Limited ("**OUE Lippo**"), has on 26 December 2014 entered into a conditional subscription agreement (the "**Subscription Agreement**") with Gemdale Properties And Investment Corporation Limited ("**GPI**" or the "**Target Company**"), and together with its subsidiaries, the "**Target Group**") pursuant to which OUE Lippo had agreed to subscribe (the "**Proposed Subscription**") for an aggregate of 2,900,000,000 new ordinary shares in the capital of the Target Company (the "**Subscription Shares**") at an issue price of HK\$0.52 per Subscription Share (the "**Issue Price**"), amounting to an aggregate consideration of HK\$1,508,000,000 ("**Subscription Consideration**").

The Subscription Shares will represent approximately 22.97% of the enlarged issued shares of Target Company immediately after completion of the Proposed Subscription (excluding any share of the Target Company which may be issued upon exercise of options granted under share option schemes adopted by the Target Company on 20 May 2003 or 15 May 2013). The Subscription Shares shall, when fully paid, rank *pari passu* in all respects with the shares of the Target Company in issue or to be issued by the Target Company on or prior to the date of completion of the Proposed Subscription ("**Completion Date**"), including the rights to all dividends and other distributions declared, made or paid at any time after the date of allotment.

2. DETAILS OF THE PROPOSED SUBSCRIPTION

2.1. Information on the Target Group

GPI is a real estate developer and operator listed on The Stock Exchange of Hong Kong Limited ("**HKEX**") (Stock Code: 535.HK). GPI is principally engaged in property investment, development and management of residential, commercial and business park projects in Greater China. As at 30 June 2014, GPI has total land bank of approximately 4.07 million square meters diversified across 9 cities in Greater China, including Beijing, Shanghai, Shenzhen, Hangzhou, Xi'an, Tianjin, Shenyang, Ningbo and Dalian.

2.2. Rationale For the Proposed Subscription

The Company and its subsidiaries ("**OUE Group**") is a diversified real estate owner, developer and operator with a real estate portfolio located in prime locations in Asia and the U.S. The Proposed Subscription is expected to allow OUE Group to gain access and exposure to the real estate market in China through its shareholding in the Target Company as well as the opportunity to leverage on future potential collaborations and partnerships with the Target Group which is one of the established real estate developers in China. The Proposed Subscription may also allow OUE Group to enhance long term shareholder value via the in-built development growth prospects and opportunities within the Target Group. The Proposed Subscription will also be the starting point for OUE Group and the Target Group to

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explore potential synergies between OUE Group's management expertise in the real estate sector and the Target Group's expertise in the Chinese real estate market.

2.3. Subscription Consideration

The Subscription Consideration has been determined on a willing-buyer-willing-seller basis, and takes into account the track record of the Target Group, its management strength and capabilities, its geographical reach, its financial position and capacity and the Company's assessment of the business and prospects of the Target Group (including its potential synergy with OUE Group).

The Issue Price of HK\$0.52 represents a discount of approximately 16.1% to the Target Company's net tangible asset value of HK\$0.62 per share as at 30 June 2014.

The Issue Price of HK\$0.52 also represents a premium of approximately 18.7% to the volume-weighted average price of approximately HK\$0.4382 for each ordinary share in the capital of the Target Company, based on trades done on HKeX on 24 December 2014, the market day preceding the signing of the Subscription Agreement.

Under the Subscription Agreement, the Subscription Consideration shall be payable by OUE Lippo in full on Completion Date upon application by OUE Lippo for the Subscription Shares.

2.4. Conditions Precedent

Completion of the Proposed Subscription ("**Completion**") is conditional upon the controlling shareholder of the Target Company having not reduced its shareholding to below 50% on or prior to the Completion Date and the satisfaction of the following conditions ("**Conditions**"):-

- (a) approval by the shareholders of the Target Company in a general meeting of the Target Company of the Subscription Agreement and the transactions contemplated thereunder and the allotment and issue of the Subscription Shares; and
- (b) the Listing Committee of HKeX having granted approval for the listing of and permission to deal in the Subscription Shares.

If any of the Conditions in paragraphs (a) and (b) above is not fulfilled on or before 31 March 2015 (or such later date as may be agreed between OUE Lippo and the Target Company in writing), the Subscription Agreement shall lapse and become null and void and the parties to the Subscription Agreement shall automatically be released from all obligations thereunder, save for any liability arising out of any antecedent breaches of the Subscription Agreement.

2.5. Completion Date

Completion is scheduled to take place on the date falling 7 business days after satisfaction of the last of the Conditions or such other date as may be notified to OUE Lippo by the Target Company.

2.6. Right to Nominate Directors

Subject to Completion, OUE Lippo shall have the right to nominate not more than two (2) persons to be nominated as non-executive directors of the Target Company in accordance

with the Bye-laws of the Target Company, subject to the compliance with the Rules Governing the Listing of Securities on HKEx.

3. LISTING MANUAL COMPUTATIONS

The Proposed Subscription constitutes a discloseable transaction under Rule 1010 of the Mainboard Listing Manual of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") as the relative figure computed on the base set out in Rule 1006(c) exceeds 5%, as set out below:

- (a) Net Asset Value Base under Rule 1006(a). Not applicable as the Proposed Subscription is an acquisition and not a disposal of assets.
- (b) Net Profits Base under Rule 1006(b). Not applicable as the Target Group's net loss of approximately S\$3.70 million (converted at an exchange rate of HK\$1 : S\$0.17) for 1H2014 attributable to the Subscription Shares as a percentage of OUE Group's net profit of approximately S\$1.07 billion for 1H2014 based on the unaudited consolidated financial statements of OUE Group for 1H2014 is negative 0.3%.
- (c) Consideration Value Base under Rule 1006(c). The Subscription Consideration of approximately S\$256.36 million (being HK\$1,508,000,000 converted at an exchange rate of HK\$1 : S\$0.17) amounts to 13.9% of the Company's market capitalisation of approximately S\$1.85 billion. The market capitalisation is calculated based on 909,885,860 shares in issue (excluding treasury shares) and the volume-weighted average price of S\$2.0306 per share as at 26 December 2014, being the market day preceding the signing of the Subscription Agreement.
- (d) Equity Securities Issued Based under Rule 1006(d). Not applicable as no shares will be issued by the Company as consideration for the Proposed Subscription.

4. FINANCIAL EFFECTS

The financial effects have been prepared for illustrative purposes only and are neither indicative of the actual financial effects of the Proposed Subscription on net tangible assets ("**NTA**") per share and earnings/(loss) per share ("**EPS**") of OUE Group, nor are they reflective of the future actual performance of OUE Group.

Based on the consolidated audited financial statements of OUE Group for the financial year ended 31 December 2013, the financial effects of the Proposed Subscription on OUE Group are as follows:

	Before Proposed Subscription ⁽¹⁾	After Proposed Subscription
NTA per share (S\$) ⁽²⁾	3.13	3.13
EPS (S\$) ⁽³⁾⁽⁴⁾	(0.04)	(0.00)

Notes:

- (1) *Based on the audited FY 2013 financial statement of OUE Group.*
- (2) *On the assumption that the Proposed Subscription had been effected on 31 December 2013. NTA per share is derived based on the number of shares in issue of 909,885,860 (excluding treasury shares) as at 31 December 2013.*
- (3) *On the assumption that the Proposed Subscription had been effected on 1 January 2013. EPS is derived based on the weighted number of shares in issue of 909,885,860 (excluding treasury shares) for FY 2013.*
- (4) *The Target Group's audited financial statement for 2013 was for a period of 15 months ended 31 December 2013 due to the change in the Target Group's financial year-end from 30 September to 31 December during the financial year ended 31 December 2013. In view of the aforesaid, the pro-rated financial results of the Target Group for the 12-month period ended 31 December 2013 have been used for the purposes of illustrating the financial effects of the Proposed Subscription.*

5. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

None of the Directors or controlling shareholders of the Company has any interest, direct or indirect, in the Proposed Subscription (other than through their shareholdings in the Company).

6. DOCUMENT AVAILABLE FOR INSPECTION

A copy of the Subscription Agreement is available for inspection during normal business hours at the registered office of the Company at 50 Collyer Quay #18-01/02 OUE Bayfront, Singapore 049321, for a period of three (3) months from the date of this Announcement.

BY ORDER OF THE BOARD

Ng Ngai
Company Secretary
28 December 2014