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**PROPOSED JOINT VENTURE BETWEEN  
EPOCH THRIVE LIMITED AND OUE BAYTOWN PTE. LTD.  
IN RELATION TO THE PROPOSED SUBSCRIPTION**

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## **1. INTRODUCTION**

Reference is made to the Company's announcement dated 28 December 2014 ("**Prior Announcement**"). Capitalised terms used but not otherwise defined herein shall have the same meanings as that ascribed to them in the Prior Announcement.

The Board of Directors (the "**Board**") of OUE Limited (the "**Company**") wishes to announce that, further to OUE Lippo's entering into of the Subscription Agreement on 26 December 2014 with the Target Company, OUE Baytown Pte. Ltd. ("**OUE Baytown**"), a wholly-owned subsidiary of the Company, has on 31 December 2014 entered into a joint venture agreement (the "**Joint Venture Agreement**") with Epoch Thrive Limited (the "**JV Partner**") in respect of a proposed joint venture whereby the JV Partner shall join OUE Group to co-invest in the Proposed Subscription through OUE Lippo

OUE Lippo was incorporated in the British Virgin Islands by OUE Baytown on 9 December 2014, with an authorised share capital of US\$50,000 and issued and paid-up share capital of US\$1.00 comprising of one (1) share of US\$1.00 each ("**Share**"), which was fully subscribed by OUE Baytown at the time of incorporation.

## **2. PROPOSED JOINT VENTURE**

### **2.1. Subscription of Share by JV Partner and Shareholding Proportion**

Pursuant to the Joint Venture Agreement, each of the JV Partner and OUE Baytown has today completed the subscription of 50 and 49 Shares respectively in the share capital of OUE Lippo for a consideration of US\$50 and US\$49 respectively in cash, constituting 50% and 49% respectively of the Shares representing the entire enlarged issued and paid-up share capital of OUE Lippo as at the date of completion of the aforesaid Shares subscriptions (the "**JV Completion**").

In view of the JV Completion, OUE Baytown and the JV Partner each hold 50 Shares, representing 50% of the entire issued and paid-up share capital of OUE Lippo (the "**Proposed Joint Venture**").

### **2.2. Funding for the Proposed Subscription**

Each of the JV Partner and OUE Baytown shall provide equal amount of shareholder's loan to OUE Lippo so as to fund OUE Lippo for purposes of the Proposed Subscription. The abovementioned shareholder's loan shall be interest free and repayment on demand and subject to the terms of the Joint Venture Agreement.

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### 2.3. Board of Directors

Unless and until otherwise agreed in writing by the JV Partner and OUE Baytown, the board of directors of OUE Lippo ("**JV Board**") shall comprise four (4) directors, and each of the JV Partner and OUE Baytown shall be entitled to appoint two (2) directors. The chairman of the JV Board shall be held by a director appointed by OUE Baytown and shall not be entitled to a casting vote.

### 3. RATIONALE FOR THE PROPOSED JOINT VENTURE

The Proposed Joint Venture is formed for OUE Group and the JV Partner to collaborate in investing in the Target Group by way of the Proposed Subscription. Please refer to the Prior Announcement for further details of the Proposed Subscription.

The JV Partner was incorporated in the Republic of Seychelles on 9 December 2014. The JV Partner's sole shareholder is Mr. Gu Lei who invests in film and television contents. Besides Mr. Gu's investments in entertainment industry, Mr. Gu has also been exploring other investment opportunities such as those in the cultural real estate industry.

The Proposed Joint Venture allows OUE Group to allocate some of its financial resources for other future investment opportunities while it gains access to the Chinese real estate market.

### 4. FINANCIAL EFFECTS

The Proposed Joint Venture is not expected to have a material impact on the consolidated net tangible assets per share and consolidated earnings per share of OUE Group for the financial year ended 31 December 2014.

### 5. UPDATES IN RELATION TO PROPOSED SUBSCRIPTION

In view of the JV Completion and upon the completion of the Proposed Subscription, OUE Group shall have effective interest in 50% of the Subscription Shares ("**Effective Interest**") to be issued to OUE Lippo. Having taking into account the Proposed Joint Venture, updates to the Prior Announcement have been set out below.

#### 5.1. Updated Listing Manual Computations Of The Proposed Subscription

We refer to paragraph 3 of the Prior Announcement. Having taking into consideration the Proposed Joint Venture, the Proposed Subscription constitutes a discloseable transaction under Rule 1010 of the Mainboard Listing Manual of the SGX-ST as the relative figure computed on the base set out in Rule 1006(c) exceeds 5%. The updated relative figures are 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\$1.85 million (converted at an exchange rate of HK\$1 : S\$0.17) for 1H2014 attributable to OUE Group's Effective Interest in 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 0.2%.
- (c) Consideration Value Base under Rule 1006(c). The Subscription Consideration attributable to OUE Group's Effective Interest in the Subscription Shares of approximately S\$128.18 million (being HK\$754,000,000 converted at an exchange rate of HK\$1 : S\$0.17) amounts to 6.9% of the Company's market capitalisation of approximately S\$1.85 billion as at 26 December 2014. This 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.

Further, the Subscription Consideration attributable to OUE Group's Effective Interest in the Subscription Shares amounts to 6.9% of the Company's market capitalisation of approximately S\$1.85 billion as at 30 December 2014. This market capitalisation is calculated based on 909,885,860 shares in issue (excluding treasury shares) and the volume-weighted average price of S\$2.0369 per share as at 30 December 2014, being the market day preceding the signing of the Joint Venture 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.

## 5.2. Updated Financial Effects Of The Proposed Subscription

We refer to paragraph 4 of the Prior Announcement. The updated financial effects are set out below and 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.

Having taking into consideration the Proposed Joint Venture and based on the consolidated audited financial statements of OUE Group for the financial year ended 31 December 2013, the updated financial effects of the Proposed Subscription on OUE Group are as follows:

	Before Proposed Subscription and the Proposed Joint Venture <sup>(1)</sup>	After Proposed Subscription and the Proposed Joint Venture <sup>(4)</sup>
NTA per share (S\$) <sup>(2)</sup>	3.13	3.13
EPS (S\$) <sup>(3)(5)</sup>	(0.04)	(0.02)

Notes:

- (1) Based on the audited FY 2013 financial statement of OUE Group.
- (2) On the assumption that the Proposed Subscription and the Proposed Joint Venture have 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 and the Proposed Joint Venture have 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) On the assumption that the Proposed Joint Venture has taken place and the effective interest of OUE Group in the Subscription Shares is 50%.
- (5) 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.

**5.3. Right to Nominate Directors**

We refer to paragraph 2.6 of the Prior Announcement. In relation to OUE Lippo's right to nominate two (2) non-executive directors of the Target Company, OUE Bayfront and the JV Partner have agreed that each of OUE Bayfront and the JV Partner shall have the right to nominate a non-executive director to the board of directors of the Target Company.

**6. INTEREST OF DIRECTORS AND CONTROLLING SHAREHOLDERS**

None of the Directors or controlling shareholders of the Company has any interest, direct or indirect, in the Proposed Joint Venture.

**BY ORDER OF THE BOARD**

Ng Ngai  
Company Secretary  
31 December 2014