

OCBC sells its stake in Raffles Investments

**Ex-chairman Tan
Chin Tuan paying
\$121.7m for it**

By Andrea Tan

[SINGAPORE] OCBC Bank is selling its 49.8 per cent stake in Raffles Investments Ltd (RIL) for \$121.7 million to its former chairman Tan Chin Tuan.

Aequitas Pte Ltd, controlled by Mr Tan and his family, is offering \$51.70 per RIL share or, at a 1.17 per cent discount to its adjusted net asset value (NAV) of \$52.31 as at end 2003. Excluding 2003's dividend of \$1.60 per share from the NAV, the offer price is 1.95 per cent above its adjusted NAV. This move would make OCBC \$52.8 million richer for the year ending December 2004.

It could be for old times' sake that Mr Tan and his family are making the offer.

"As the family of Tan Sri Tan Chin Tuan has been associated with the company for over 50 years, the offeror is increasing its stake ... to retain it as an investment company, as an alternative to liquidation," Aequitas said.

Mr Tan's grand-daughter Chew Gek Khim is a di-

rector of RIL. RIL's principal activity is investment holding after disposing of its main asset — its 43.33 per cent stake in Raffles Hotel (1886), which, in turn, owns the famous landmark. A few minority shareholders had objected to the deal late last year, as they deemed the price too cheap, claiming a higher bid of \$58 million. They lost.

"We are not required to divest Raffles Investments under the Monetary Authority of Singapore's guidelines. This disposal is in line with our on-going initiative to dispose of non-core assets," an OCBC spokesman told BT.

"This was an approach by an interested buyer. We have evaluated the offer on the table and feel that this delivers value to OCBC shareholders."

He added the impact on earnings per share for the third quarter ending September is estimated at four cents.

The RIL offer will be extended to other shareholders. Allen & Gledhill managing partner Lucien Wong, The Singapore Jewish Charities Trust Board, A B Melwani Pte Ltd and Raffles Centre (Pte) Ltd are listed among the 109 sharehold-

ers, according to records filed with the Accounting and Corporate Regulatory Authority. Raffles Centre is controlled by listed Raffles Holdings.

OCBC units Fraser and Neave and Great Eastern Life Holdings own stakes, too. Companies related to OCBC directors Lee Seng Wee and Lee Tih Shih own about 5.5 per cent in RIL.

Mr Tan and his family already own 25.71 per cent of RIL. Assuming the other minority shareholders accept the offer, Aequitas would have to fork out \$181.5 million in total for RIL shares which it does not already own.

"OCBC confirms that sufficient financial resources are available ... to satisfy full acceptance of the offer," Aequitas said.

OCBC has been divesting its non-core assets. The bank has already met regulatory requirements for the disposal of non-financial assets by July 2006. OCBC has recently disposed of a residential site at Mount Emily and has put up the White Sands Shopping Mall valued at \$120 million for sale.

OCBC shares ended up 10 cents or 0.8 per cent to close at \$12.40 yesterday.