

MONEY

OCBC sells off stake in Raffles Investments

The banks says the disposal of the stake at a profit of \$52.8 million delivers value for its shareholders

By **AUDREY TAN**

OCBC Bank has sold its entire stake in subsidiary Raffles Investments Limited, at a profit of \$52.8 million, as part of its ongoing plan to divest itself of non-core assets.

The bank said yesterday that wholly owned subsidiary Select Securities has agreed to sell its 49.8 per cent stake in the investment holding company to Aequitas, a special purpose vehicle controlled by the family of former OCBC chairman Tan Chin Tuan.

OCBC will receive \$121.7 million for its stake, or \$51.70 a share. That is a 100 per cent premium over the net asset value of Raffles Investments' stock at the end of last year.

Taking into account the market value of quoted securities and loan stocks held by Raffles Investments at the end of

last year, the sale price is at a discount of about 1.17 per cent to the adjusted net asset value, Aequitas said. Raffles Investments is not listed.

OCBC will realise profits of \$52.8 million from the sale in its third-quarter results, resulting in a gain of four cents per share, a spokesman said yesterday.

Raffles Investments' assets consist mainly of financial securities and placements with financial institutions, after it sold its 43.33 per cent stake in Raffles Hotel for \$53 million last year.

As such, OCBC is not obligated to sell its share of the company under the Monetary Authority of Singapore's guidelines for financial institutions to sell non-core assets.

But the bank chose to sell its stake because it believed that the sale delivered value for its share-

holders, the spokesman said.

Aequitas has a deemed interest of 25.71 per cent in Raffles Investments, and will become its single largest shareholder after this deal.

It will also make a mandatory cash offer for the remaining shares of Raffles Investments that it does not own, in accordance with the Code on Takeovers and Mergers.

Great Eastern Holdings, an OCBC subsidiary, still holds 0.7 per cent of Raffles Investments, while companies affiliated with bank directors Lee Seng Wee and Lee Tih Shih hold 5.5 per cent.

This is the latest in a series of divestments by OCBC. Recent disposals include its Mount Emily Road property for \$50.4 million, an \$88-million stake in Fraser & Neave and a \$9-million stake in WBL Corporation.

The bank has also put its White Sands Shopping Mall at Pasir Ris, which was valued at \$120 million at the end of last year, up for sale.