

SYNOPSIS OF QUESTIONS AND ANSWERS (NO. 6) FOR SALE OF SITE FOR COMMERCIAL DEVELOPMENT AT ORCHARD ROAD / SOMERSET ROAD (SOMERSET CENTRAL)
(Total of 4 Q&A – dated 21 July 2006)

Q1 As shown in the attached diagram (Appendix 1), the bidding entity is a SPV (Special Purpose Vehicle) company with 3 equal shareholders (i.e. Company A, B and C each holding 33.33% of the shares in the SPV). At the time of bid, Shareholder A holds 100% of the shares in Company A as well as Company B, and Shareholder C holds 100% of the shares in Company C.

Assuming that the bid by the SPV is successful and it signs the Building Agreement and carries out the development on the Land Parcel, can Shareholder A subsequently, prior to obtaining TOP for the development, sells all of its shares in Company B to a new investor (i.e. Shareholder B)? In this case, Company A, B and C continue to each hold 33.33% of the shares in the SPV, and Shareholder A and Shareholder C continue to each hold 100% of the shares in Company A and Company C respectively.

A1 Under Condition 32(b) of the Conditions of Tender, each of Company A, B and C [being shareholders of the successful tenderer (i.e. the SPV) as at the tender submission date that are companies] is required to ensure that its shareholders as at the tender submission date hold and continue to retain a controlling interest of more than 50% of the shares in itself until the date of issue of Temporary Occupation Permit or Permits for the whole of the development on the Land Parcel (“TOP date”). Hence, Shareholder A should hold more than 50% of the shares in Company B up to the TOP Date.

However, we can allow Shareholder A to sell all of its shares in Company B to a new investor (Shareholder B) subject to the following :

- (a) the SPV shall, except where our prior written consent is obtained, ensure that each of Company A, B and C hold and continue to retain 33.33% of the shares in the SPV until the TOP date.
- (b) Company A shall, except where our prior written consent is obtained, ensure that Shareholder A hold and continue to retain 100% of the shares in Company A itself until the TOP date, and shall furnish to us an undertaking in writing to that effect .
- (c) Company C shall, except where our prior written consent is obtained, ensure that Shareholder C hold and continue to retain 100% of the shares in Company C itself until the TOP

date, and shall furnish to us an undertaking in writing to that effect.

- (d) The Building Agreement shall be amended, if necessary, to reflect the matters stated in sub-paragraphs (a) to (c) above.

Q2 If instead of Shareholder A selling its shares in Company B to a new investor (i.e. Shareholder B), will it be acceptable if -

- (a) Shareholder A sells all of its shares in Company A and/or Company B to Shareholder C; or**
- (b) Shareholder C sells all of its shares in Company C to Shareholder A?**

In this case, as is the same in the first question, Company A, B and C continue to each hold 33.33% of the shares in the SPV.

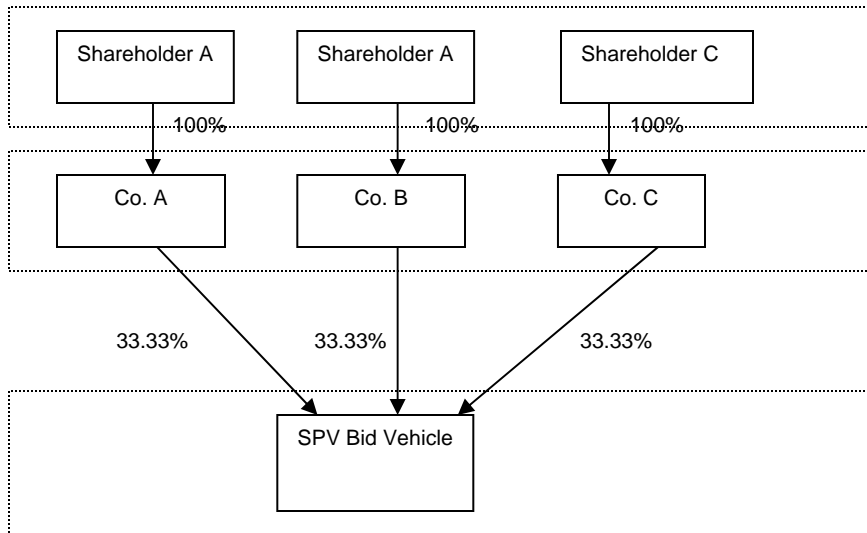
A2 The sale and transfer of shares referred to in each of the scenarios mentioned in Question 2 are not in compliance with the Conditions of Tender. However, we note that Company A, Company B and Company C will continue to each hold 33.33% of the shares in the SPV. On this basis and since either Shareholder A or Shareholder C will continue to own 100% of the shares in Company A, Company B and Company C, we are prepared to allow the sale and transfer of shares referred to in each of the scenarios subject to the following -

- (a) the written approval of the Authority is obtained prior to the particular sale and transfer of shares specified;
- (b) the approval of the Authority may be given subject to such amendments to the Building Agreement, the furnishing of such undertakings to the Authority and other terms as may be deemed necessary.

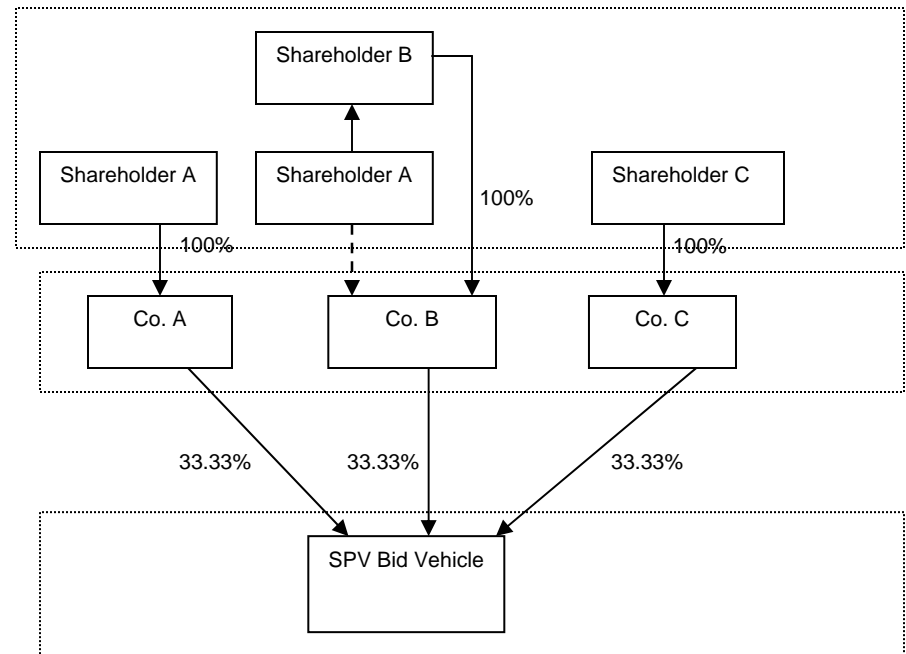
AT TIME OF BID



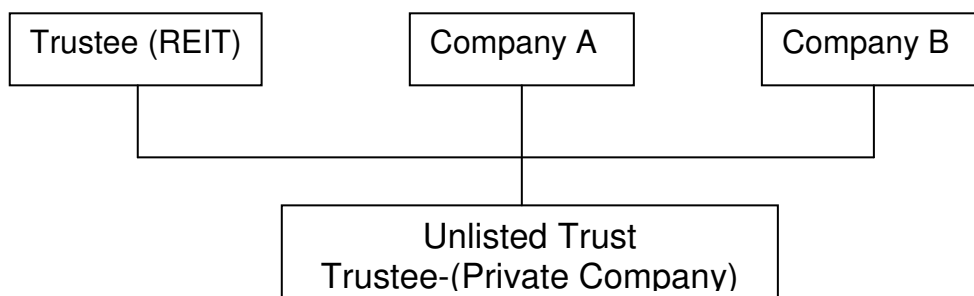
SUBSEQUENT TO BID



Shareholder A sells 100% of stake in Co. B to new investor - Shareholder B



Q3 “In relation to your reply to our question 1(b) where the successful tenderer is a trustee of the unlisted special purpose trust on behalf of the trust, and the beneficiaries of the trust are (i) the trustee of the REIT on behalf of the REIT and (ii) one or more companies [e.g. Company A and Company B (“the 2 Private Companies”)] (see diagram below), we note that the condition [specified in paragraph (b)(1) of your reply] that will be imposed upon the 2 Private Companies is the same as that specified in Condition 32(b) of the Conditions of Tender. Please clarify whether URA will impose conditions that are the same as Conditions 32(a) and (b) of the Conditions of Tender upon the trustee of the trust if it is a private company (“Trustee Private Company”). In this case, the beneficiaries of the trust (i.e. the REIT and the 2 Private Companies) are fixed by the terms of the trust and will not be changed until temporary occupation permit (“TOP”) is issued for the whole development on the Land Parcel.



A3 No. Since the Trustee Private Company is merely a trustee acting on behalf of the unlisted special purpose trust with no beneficial interest in the trust, the provisions of Conditions 32(a) and Condition 32(b) of the Conditions of Tender (which set out the requirement for controlling interest where the successful tenderer(s) signs the building agreement and carries out the development of the Land Parcel) will not apply to the Trustee Private Company.

Q4 Further, can you kindly clarify whether the beneficiaries of the unlisted special purpose trust can change after the issue of the temporary occupation permit (TOP) for the whole of the development on the Land Parcel without the approval of the URA.

A4 Yes. The beneficiaries of the unlisted special purpose trust can be changed without the approval of the URA after the issuance of TOP for the whole of the development on the Land Parcel.