STAMFORD TYRES CORPORATION LIMITED
(Company Registration Number 198904416M)
(Incorporated in the Republic of Singapore)

SALE OF PROPERTY BY A WHOLLY OWNED SUBSIDIARY

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1. INTRODUCTION

The Board of Directors (the "**Board**") of Stamford Tyres Corporation Limited (the "**Company**" and together with its subsidiaries, the "**Group**") is pleased to announce that its wholly owned subsidiary, Stamford Tyres International Pte Ltd ("**STIPL**"), had on 28 August 2013 completed the sale of its property located at 207 Balestier Road #01-13 Balestier Towers Singapore 329683 (the "**Property**") to Newfort Alliance (Moulmein) Pte. Ltd. (the "**Purchaser**") at a cash consideration of S$6,300,000 (the "**Sale Price**") (the "**Sale**").

2. INFORMATION ON THE SALE

2.1 The Property

The Property, an estate in fee simple, relates to a retail shop of approximately 143 square metres or approximately 1,539 square feet located at the first level of Balestier Towers.

The Property has been leased to an unrelated party since 2009.

2.2 The Sale Price

The Sale Price of the Property of S$6,300,000 (excluding Goods and Services Tax) was arrived at on a willing buyer willing seller basis and was determined by STIPL after taking into consideration factors such as the prevailing market conditions, the net book value of the Property of S$727,846 as at 30 April 2013 and the historical transacted prices of the properties sold recently in the vicinity. No valuation was carried out in connection with the Sale.

STIPL had received the entire Sale Price in cash from the Purchaser on the date of completion of the Sale.

2.3 Material Conditions of the Sale

There were no significant conditions precedent other than the usual satisfactory replies to legal requisitions to various government departments, relating to the Property.

The Property has been sold subject to its existing tenancy and on "as is, where is" condition.

3. RATIONALE FOR THE SALE

The Sale Price represents an amount of S$4,093 per square foot or a premium of approximately 8.66 times of the Property's net book value as at 30 April 2013.

The Board is of the view that the Sale would be beneficial for and in the interest of the Company as the Sale Price is attractive in view of the current uncertainties in the property market and global economy and represents a good opportunity for the Company to realise the gain from the appreciation of the Property which is no longer used for its operations. In addition, the proceeds from the Sale will strengthen the Group's cash position.

4. USE OF PROCEEDS FROM THE SALE

The net proceeds from the Sale will be used for the Group's business and to fund the Group's investment in its distribution and warehousing capabilities as well as for working capital purposes.

5. FINANCIAL EFFECTS OF THE SALE

The net book value of the Property as at 30 April 2013 was S$727,846. Accordingly, the excess of the Sale Price over the net book value of the Property is approximately S$5.5 million.

The Group is expected to record a net gain of approximately S$5.5 million after taking into account the net book value of the Property and the expenses relating to the Sale.

The financial effects of the Sale are for illustration purposes only and do not reflect the future financial position of the Group after completion of the Sale. Based on the latest audited consolidated financial statements of the Company for its financial year ended 30 April 2013, the financial effects of the Sale on the Group will be as follows:-

(a) <u>Net Tangible Asset ("**NTA**") per share</u>

Assuming that the Sale has taken place on 30 April 2013, the NTA per share of the Group would be as follows:-

	Before the Sale	After the Sale
NTA (S$'000)	120,248	125,820
NTA per share (cents)	51.04	53.41

(b) <u>Earnings per share ("**EPS**")</u>

Assuming that the Sale had been completed on 1 May 2012, the EPS of the Group would be as follows:-

	Before the Sale	After the Sale
Profit after tax (S$'000)	11,558	17,064
Weighted average number of shares ('000)	235,053	235,053
EPS - Basic and diluted (cents)	4.92	7.26

6. RELATIVE FIGURES UNDER CHAPTER 10 OF THE LISTING MANUAL

The relative figures of the Sale, computed according to Rule 1006(a) to (d) of the Listing Manual of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") based on the Sale and the Company's latest audited consolidated financial statements for its financial year ended 30 April 2013, are as follows:-

Rule 1006		The Sale (S$'000)	The Group (S$'000)	%
(a)	Net asset value of the Property to be disposed of compared with the Group's net asset value as at 30 April 2013	728	120,248	0.61
(b)	The net profits attributable to the Property disposed of compared with the Group's net profits for its financial year ended 30 April 2013	67[(1)]	11,558	0.58
(c)	The value of the Sale Price received compared with the Company's market capitalisation as at 16 July 2013 (being the market day immediately preceding the date of the exercise of the option by the Purchaser in respect of the Property)	6,300	100,124	6.29
(d)	The number of equity securities issued by the Company as consideration for an acquisition, compared with the number of equity securities previously in issue	This basis of computation is not applicable as no equity securities will be issued in connection with the Sale		

Note:-

(1) The Property has generated net rental revenue of an aggregate amount of S$67,200 for STIPL's financial year ended 30 April 2013.

As the relative figure under Rule 1006(c) as computed above exceeds 5% but does not exceed 20%, the Sale constitutes a disclosable transaction within the meaning of Chapter 10 of the Listing Manual.

7. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS IN THE SALE

None of the Directors or controlling or substantial shareholders of the Company has any interest, direct or indirect, in the Sale.

8. DOCUMENTS FOR INSPECTION

Copies of the option (including the exercise of the option by the Purchaser) and the instrument of transfer in respect of the Property are available for inspection during normal business hours at the registered office of the Company at 19 Lok Yang Way Singapore 628635 for a period of three (3) months from the date of this announcement.

On Behalf of the Board
Stamford Tyres Corporation Limited

WEE KOK WAH
President
28 August 2013