



# THE STRAITS TRADING COMPANY LIMITED

Company Registration No.: 188700008D  
(A member of The Tecity Group)

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## THE PROPOSED ACQUISITION OF ENTIRE ISSUED SHARE CAPITAL OF TERTIUS DEVELOPMENT PTE. LTD.

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### 1. INTRODUCTION

Pursuant to Rule 704(15)(c) of the Listing Manual of the Singapore Exchange Securities Trading Limited, the Board of Directors of The Straits Trading Company Limited (the "**Company**") wishes to announce that a wholly-owned subsidiary of the Company, Straits Developments Private Limited (the "**Purchaser**") has on 1 March 2010 entered into a conditional sale and purchase agreement (the "**SPA**") with Messrs Enny Widjaja and Lee Kong Hian (collectively, the "**Vendors**") whereby the Purchaser has agreed to purchase, and the Vendors have agreed to sell, the entire issued share capital (the "**Sale Shares**") of Tertius Development Pte. Ltd. ("**Tertius**") upon the terms and subject to the conditions of the SPA (the "**Proposed Acquisition**"). The Purchaser has also agreed, under the SPA, to accept the assignment of all the shareholders' loans made by the Vendors to Tertius which remain outstanding and owed by Tertius immediately prior to the completion of the Proposed Acquisition ("**Completion**") (the "**Shareholders' Loans**").

### 2. INFORMATION ON TERTIUS

Tertius is a private limited liability company incorporated in Singapore in July 2007. As at the date hereof, Tertius has an issued and paid-up share capital of S\$1,000,000 divided into 1,000,000 ordinary shares, all of which have been fully paid-up.

Tertius is engaged in the business of construction and development of 12 units of 2-storey strata bungalows with attic, private swimming pools and basement private car parks (the "**Housing Project**") on the land owned by Tertius located at Lots 05641C and 05643W both of Mukim 17 at Chancery Lane, Singapore (collectively, the "**Site**"). Based on the management accounts of Tertius, the net tangible asset value of Tertius as at 31 January 2010 was approximately S\$0.693 million. Tertius' aggregate financial commitment in respect of the Housing Project (including land cost, total development cost and incidental selling costs) up to 2012 is currently estimated by the Purchaser to be approximately S\$58.24 million.

### 3. SALIENT TERMS OF THE PROPOSED ACQUISITION

- 3.1 **Consideration.** The aggregate consideration payable by the Purchaser for the Proposed Acquisition including the assignment of the Shareholders' Loans (based on the amount owing as at the date hereof) amounts to S\$13.888 million (the "**Consideration**"). A good faith deposit of S\$150,000 has been placed by the Purchaser with stakeholders pending Completion and the balance sum of the Consideration shall be paid by the Purchaser upon Completion.

Under the terms of the SPA, upon Completion, the Purchaser will also be required to:

- (a) apply for the replacement of a financial guarantee for the sum of S\$2.733 million given to the Controller of Residential Property in connection with Tertius' Qualifying Certificate dated 16 October 2007 with a financial guarantee from a financial institution acceptable to the Controller of Residential Property or such other forms of guarantee/security as the Controller of Residential Property may require and/or approve (the "**BG Replacement**"); and
- (b) procure written confirmation from Hong Leong Finance Limited ("**HLF**") to the effect that the obligations of the Vendors and one Budijuwono Handjaja (collectively, the "**Guarantors**") under a deed of guarantee given by the Guarantors in favour of HLF in relation to certain loans and credit facilities extended by HLF to Tertius have been discharged.

The Consideration was arrived at after arms' length negotiations on a willing buyer-willing seller basis, taking into account, *inter alia*, the latest available book value of the assets being acquired.

The Company proposes to fund the Consideration and the BG Replacement through bank borrowings and internal resources.

3.2 **Conditions Precedent.** The Proposed Acquisition is conditional upon and subject to, *inter alia*, the following conditions:

- (a) completion, on or before the Completion Date (as defined below), of a due diligence exercise on Tertius by the Purchaser, and the results of such due diligence exercise being satisfactory to the Purchaser in its sole and absolute discretion;
- (b) no material adverse change (as reasonably determined by the Purchaser in its sole and absolute discretion) in the prospects, operations or financial conditions of Tertius occurring on or before the Completion Date and such change is not one arising from an event (other than an event constituting or giving rise to a breach of certain of the representations, warranties and undertakings on the part of the Vendors) affecting or likely to affect generally all companies carrying on similar businesses in Singapore;
- (c) the provision of a written confirmation addressed to Tertius, in terms satisfactory and/or acceptable to the Purchaser in its sole and absolute discretion, from the Housing Project's Surveyor (as defined in the SPA) to confirm, *inter alia*, that in his professional opinion and based on the approvals/grants obtained in relation to the Housing Project, Tertius will be able to fulfil and comply with all Tertius' obligations under the prescribed form of the sale and purchase agreement under the Housing Developers Rules (Cap. 130, Rule 1) and in particular, Tertius shall be able to apply for sub-division of the Site and to obtain the requisite subsidiary strata certificates of title for all the units in the Housing Project;

- (d) the provision of a written confirmation addressed to Tertius, in terms satisfactory and/or acceptable to the Purchaser in its sole and absolute discretion, from the relevant consultants, contractors and/or such other persons as the Purchaser deems necessary to the effect that the pump equipment and ancillary machineries/structures for the swimming pools to be constructed in all the units in the Housing Project will be capable of being installed in the swimming pool pump rooms as shown in the approved Building Plan Nos. A1033-00003-2008-BP01 and A1033-00003-2008-BP02 and/or in accordance with such other requirements as may be imposed by the relevant authorities;
- (e) the provision of a written confirmation addressed to Tertius, in terms satisfactory and/or acceptable to the Purchaser in its sole and absolute discretion, from each of the consultants and contractors involved in the construction of the Housing Project to the effect that, *inter alia*,:
  - (i) each of the consultants and contracts shall not withdraw or terminate their respective contracts with Tertius in connection with the transfer of the Sale Shares to the Purchaser; and
  - (ii) no re-design fees shall be charged or chargeable in relation to any proposed changes to the design or construction of the Housing Project and/or the units therein which have been discussed between the Purchaser and the relevant consultant or contractor up to and including the date of the SPA;
- (f) the provision of written confirmation from Urban Redevelopment Authority, Development Control Division that in respect of the Grant of Written Permission on 15 October 2008 vide Decision No P290907-08G3-2000 obtained for the Housing Project (the "WP"), as supplemented/amended by Urban Redevelopment Authority Development Control Division's letter dated 18 February 2009:
  - (i) the WP is valid, in order and subsisting except for certain particulars to be replaced as specified in the SPA; and
  - (ii) no development charge is payable by Tertius in respect of the WP, the changes to the WP contemplated in sub-paragraph (i) above and/or the lifting of the title restriction in respect of land lot 5643W Mukim 17; and
- (g) certain completion conditions relating to the Site and the Housing Project set out in the SPA being satisfied.

Subject to the satisfaction of the conditions precedent referred to above, Completion is scheduled to take place on 15 April 2010 or such other date as the Purchaser and the Vendors may agree in writing (the "**Completion Date**"), whereupon Tertius will become a 100% owned subsidiary of the Company.

#### 4. FINANCIAL IMPACT

The Proposed Acquisition is not expected to have a significant impact on the financial position of the Company and its subsidiaries for the current financial year ending 31 December 2010.

## **5. INTEREST(S) OF DIRECTORS AND CONTROLLING SHAREHOLDERS**

None of the Directors of the Company, and to the best of the Directors' knowledge, none of the controlling shareholders of the Company, has any interest, direct or indirect, in the Proposed Acquisition.

By Order of the Board

Maureen Leong (Mrs)  
Secretary  
**The Straits Trading Company Limited**

1 March 2010  
Singapore

### **About The Straits Trading Company Limited**

One of the oldest listed public companies in Singapore since 1887, The Straits Trading Company Limited has business interests and investments spanning the Asia Pacific region. Through its listed subsidiary on Bursa Malaysia, Malaysia Smelting Corporation Berhad, Straits Trading engages in tin mining and smelting, and resource investments. Its subsidiary Straits Developments Private Limited is in the property business, which includes property investments, development and management primarily in Singapore and Malaysia. Its hotel business is driven by its subsidiary Rendezvous Hospitality Group Private Limited, which owns, operates and manages its stable of hotels in the Asia Pacific region under the Rendezvous and Marque brands. It also holds a significant stake in WBL Corporation, a technology, automotive distribution, property development, and engineering and distribution company listed on the SGX Main Board.