

Straits Trading Company, together  
with parties acting in concert, to  
increase stake in WBL to c.44.6%

26 Nov 2012



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## Disclaimer

This investor presentation should be read in conjunction with the full text of the possible offer announcement dated 26 November 2012 released by Standard Chartered Bank on behalf of STC and the full text of the announcement dated 26 November 2012 released by STC in relation to the transactions. Shareholders are advised to read all the documents relating to the transactions that are filed with the SGX-ST when they become available. Copies of documents may be obtained, when available, from the SGX-ST website ([www.sgx.com](http://www.sgx.com)).

# Section I

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## Introduction



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# Introduction

- **STC to acquire c.23.6%<sup>(1)</sup> stake in WBL from Third Avenue (“TA”)<sup>(2)</sup> and Aberdeen<sup>(3)</sup> which would increase its shareholding in WBL to c. 40.6%<sup>(1)</sup> (the “Transaction”)**
  - **To the best of STC’s knowledge, STC, together with parties acting in concert, to hold c.44.6%<sup>(1)</sup> stake in WBL post Transaction**
  - **Transaction subject to SGX and STC’s shareholder approvals**
  - **In addition, a mandatory general offer (“MGO”) for WBL will also be triggered on the satisfaction or waiver of the conditions of the Transaction**
- **Transaction is in line with STC’s “Transformation Strategy” – Existing minority shareholding to be transformed into a strategic stake in WBL**
- **As the single largest stockholder post Transaction, STC is well positioned to work closely with WBL board to pursue business initiatives beneficial for all WBL stockholders. STC may together with parties acting in concert also emerge as the majority stockholder if the MGO is successful**
- **Transaction structured with no cash outlay – enables STC to maintain prudent level of gearing even considering the MGO**
- **Transaction broadens STC’s shareholder base with induction of TA and Aberdeen as shareholders in STC post Transaction and also given option for WBL stockholders to accept STC shares in the MGO**

## Notes

1. *Stockholding percentage based on total stock units outstanding of 271,152,261 as at the date of the Announcement*
2. *Third Avenue (“TA”) refers to funds and portfolios managed by Third Avenue Management LLC*
3. *Aberdeen refers to Aberdeen Asset Management Asia Limited in its capacity as fund manager and agent for its clients*

# Key Transaction Terms

<b>Transaction</b>	<ul style="list-style-type: none"><li>▪ Acquisition of c. 23.6% stake in WBL from TA and Aberdeen</li><li>▪ MGO will be triggered upon satisfaction or waiver of conditions under the stock purchase agreements with TA and Aberdeen</li></ul>
<b>Purchase Consideration</b>	<ul style="list-style-type: none"><li>▪ 1.07 shares of STC for 1.0 WBL stock unit (approx. 68.5m new STC shares to be issued to TA and Aberdeen)</li></ul>
<b>MGO</b>	<ul style="list-style-type: none"><li>▪ MGO will be conditional on STC receiving acceptances giving STC and its concert parties &gt; 50% interest in WBL</li><li>▪ MGO offer price :<ul style="list-style-type: none"><li>✓ 1.07 shares of STC or;</li><li>✓ Cash Consideration of S\$3.41 per WBL stock unit based on 1 day VWAP of STC</li></ul></li><li>▪ Potential maximum cash outlay of up to S\$547million based on the cash offer price of S\$3.41 per WBL stock unit and assuming (i) 100% acceptances for the MGO (ii) all stockholders elect for the cash consideration</li></ul>
<b>Key Approvals</b>	<ul style="list-style-type: none"><li>▪ SGX approvals on shareholder's circular and listing of new STC shares</li><li>▪ STC's shareholder approval for the Transaction, MGO and issuance of new STC shares</li></ul>

## Section II

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# Transaction Rationale



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# Investment Rationale



# Corporate Vision & Strategy – *The Corporate Transformer*

Chairman's  
Statement,  
Annual Report  
2009

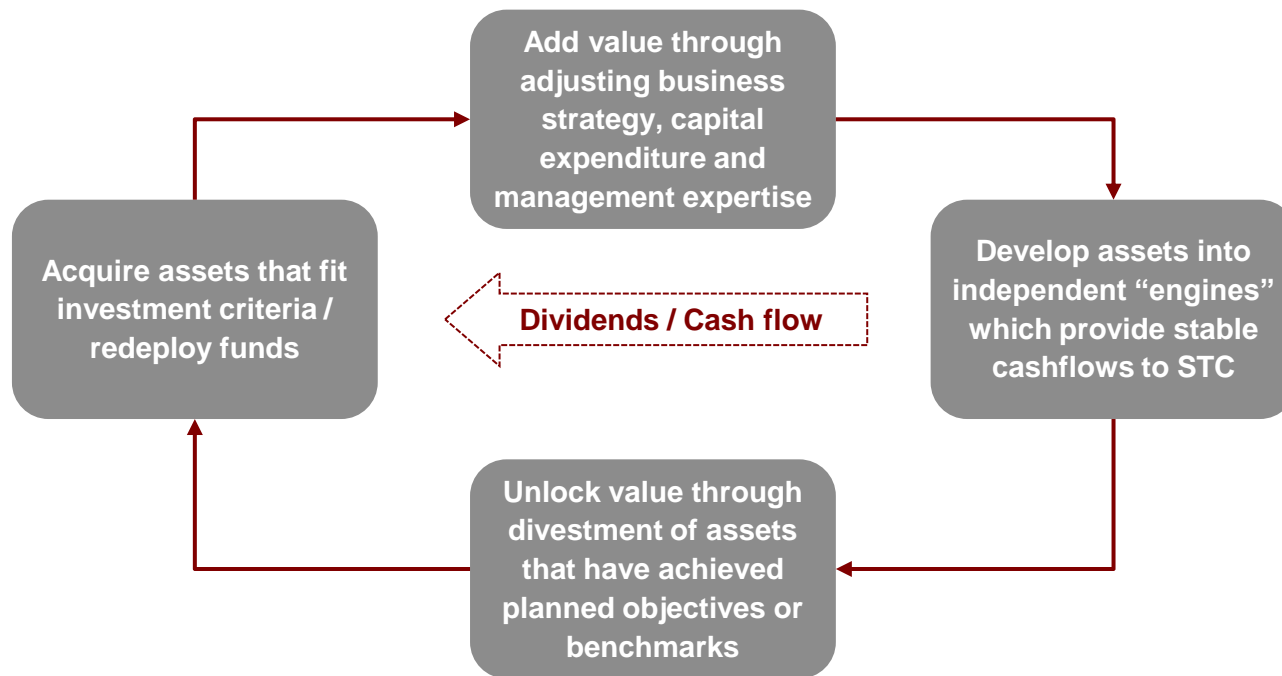
Corporate Vision...

“Straits Trading’s vision is to be a Corporate Transformer – to shape and transform our investments into businesses of enhanced value.”

STC’s businesses...

“With each business viewed as an investment, financial discipline must be imposed on each business...”

“Each of these businesses can be kept and nurtured or they may be sold, merged with other partners, or re-engineered into different businesses.”





# Transaction In-line With STC's "Transformation" Strategy

## At Tecity Takeover



## TRANSFORMATION



*Optimise corporate structure with target returns and hurdle rates for each division*

## Today

## Growth Engine

### Property

Flagship Straits Trading Building ("STB") in redevelopment construction phase

- Completed flagship STB (100% occupancy & astute acquisition of high quality assets)
- Increased divestment of residential properties deemed non core to rental portfolio, and GCB developments

### Property

Repositioned as niche developer in high-end "lifestyle" property segment  
Active capital management strategy to redeploy capital to higher yielding areas



### Hospitality

Owned 80% of Hotel Management Company (RHI)

- Strategic review & execution for hotels
  - ✓ Acquired full control of RHI and aligned ownership & management operations
  - ✓ Asset enhancement initiatives
  - ✓ Cost rationalization initiatives

### Hospitality

Streamlined corporate office  
Embarked on brand transformation

- Non-binding MoU to form a strategic alliance with a leading hospitality operator with proposed:
  - 50%-50% JV asset ownership group
  - 20% stake in a leading hospitality management company

### MSC

In addition to core tin operations, undertook capital intensive resources (gold, copper, nickel and coal) investments

- Supporting strategic improvements at MSC
  - ✓ Refocus on core tin business
  - ✓ Commenced divestment program of non-tin assets
  - ✓ Improved profile & liquidity with SGX secondary listing

### MSC

Well positioned to benefit from any rise in tin prices and increased demand in the commodity



### Investments

Disparate equity & debt investments in a range of public & private companies

- Rationalising other investments
  - ✓ Share swap with Tecity to increase stockholding interest in WBL
  - ✓ STC became one of the largest stockholders of WBL

### Investments

A significant minority interest of c.17% WBL stake

- Portfolio of leading businesses/ assets in WBL
- As the largest stockholder (or possible majority stockholder), STC is well positioned to work along with other stockholders to unlock value in WBL and make it the 4<sup>th</sup> Growth Engine for STC

# Portfolio Of Businesses in WBL



- Market capitalization: S\$952m<sup>(1)</sup>
- Gross debt: S\$558m<sup>(2)</sup>
- Revenue: S\$2,464m<sup>(2)</sup>
- Net profit to stockholders: S\$75m<sup>(2)</sup>
- Stockholders' equity: S\$944m<sup>(2)</sup>

## Automotive

- Established since 1906
- Repositioned automotive businesses into a single branding "Wearnes Automotive" in 2010
- Automotive distributor in Singapore, Malaysia, Hong Kong, Indonesia and Thailand representing 11 premium brands
- "Prestige Division" comprises super luxury marques of Bentley, Bugatti and McLaren

## Property

- More than 20 years in property development in China
- Operations through China subsidiary, Huaxin International
- Strong track record of 28 developments totaling 2,320,000 sq m
- More than 95% of launched residential units sold and commercial spaces fully leased as at then end of FY2011

## Technology

- Provides manufacturing services and integrated solutions through the FPC, PCB, Precision Engineering and Electronic Manufacturing Services divisions
- Operations in the US, China, Singapore and Malaysia
- NASDAQ-listed Multi-Fineline Electronix, Inc. ("MFLEX") (effective 57% owned) and SGX Mainboard-listed MFS Technology Ltd (77% owned) are major players in the FPC and PCB industries
- MFLEX is among the top 3 providers of flexible circuit boards for top selling smartphone models<sup>(3)</sup>

## Engineering & Distribution

- Systems integrator for high technology content applications and solutions for broadcasting and multimedia, communications and IT, security and surveillance industries
- Supplier and distributor of construction materials; sand mining, commercial laundry and industrial equipment, automotive parts and gas

## Others

- Comprises non-core companies which are involved in property management and the production and distribution of agro-technology and bio-electronic products
- Investments in financial services and information technology companies
- Also includes subsidiaries that are involved in the provision of management and financial services to related companies

### Description

### Financials (YESep12)

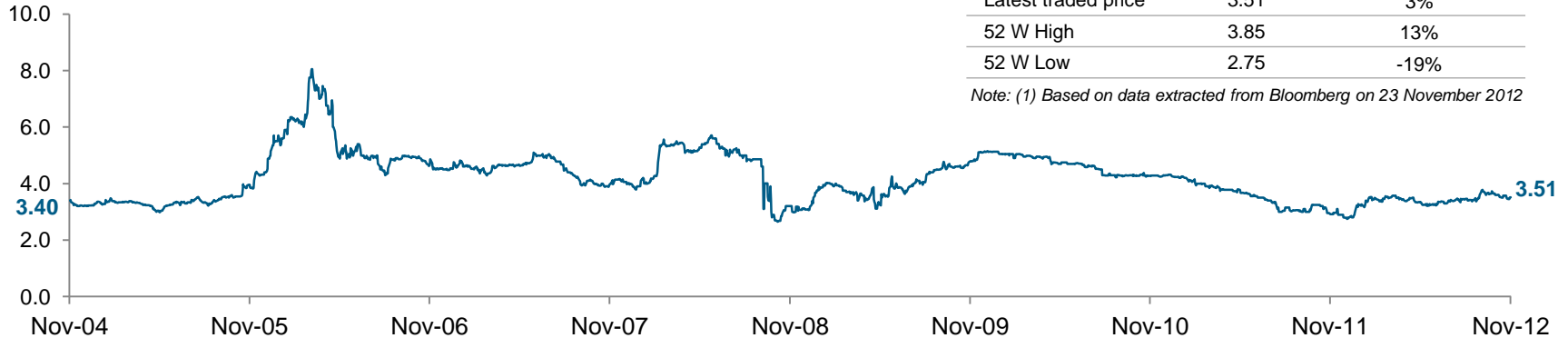
Automotive	Property	Technology	Engineering & Distribution	Others
<ul style="list-style-type: none"> <li>▪ Revenue : S\$892m</li> <li>▪ Segment result: S\$29m</li> </ul>	<ul style="list-style-type: none"> <li>▪ Revenue : S\$143m</li> <li>▪ Segment result: S\$11m</li> </ul>	<ul style="list-style-type: none"> <li>▪ Revenue : S\$1,246m</li> <li>▪ Segment result: S\$61m</li> </ul>	<ul style="list-style-type: none"> <li>▪ Revenue : S\$136m</li> <li>▪ Segment result: S\$11m</li> </ul>	<ul style="list-style-type: none"> <li>▪ Revenue : S\$47m</li> <li>▪ Segment result: S\$(0)m</li> </ul>

#### Notes:

1. Market capitalisation based on total outstanding stock units of 271,152,261
2. Based on the unaudited financial statements of WBL for the financial year ended 30 September 2012
3. MFLEX investor presentation Nov 2012

# Well Positioned To Work Closely With WBL Board To Unlock Value

WBL Stock Price (S\$)



- 1) STC to emerge as the largest stockholder in WBL post Transaction which enhances its ability to work closely with WBL board to pursue initiatives to unlock stockholder value. STC together with parties acting in concert may also emerge as a majority stockholder if the MGO is successful
- 2) STC has a track record of transforming and repositioning businesses

## Pre Transaction WBL Stockholding

## Post Transaction WBL Stockholding

% Stockholding	Pre Transaction <sup>(2)</sup>	Post Acquisition from Aberdeen and TA <sup>(3)</sup>
STC	17%	41%
Tecity	4%	4%
Third Avenue	16%	0%
Aberdeen	7%	0%
Others	55%	55%
<b>Total</b>	<b>100%</b>	<b>100%</b>

**STC would have a stockholding of 46% to 96% if the MGO is successful**

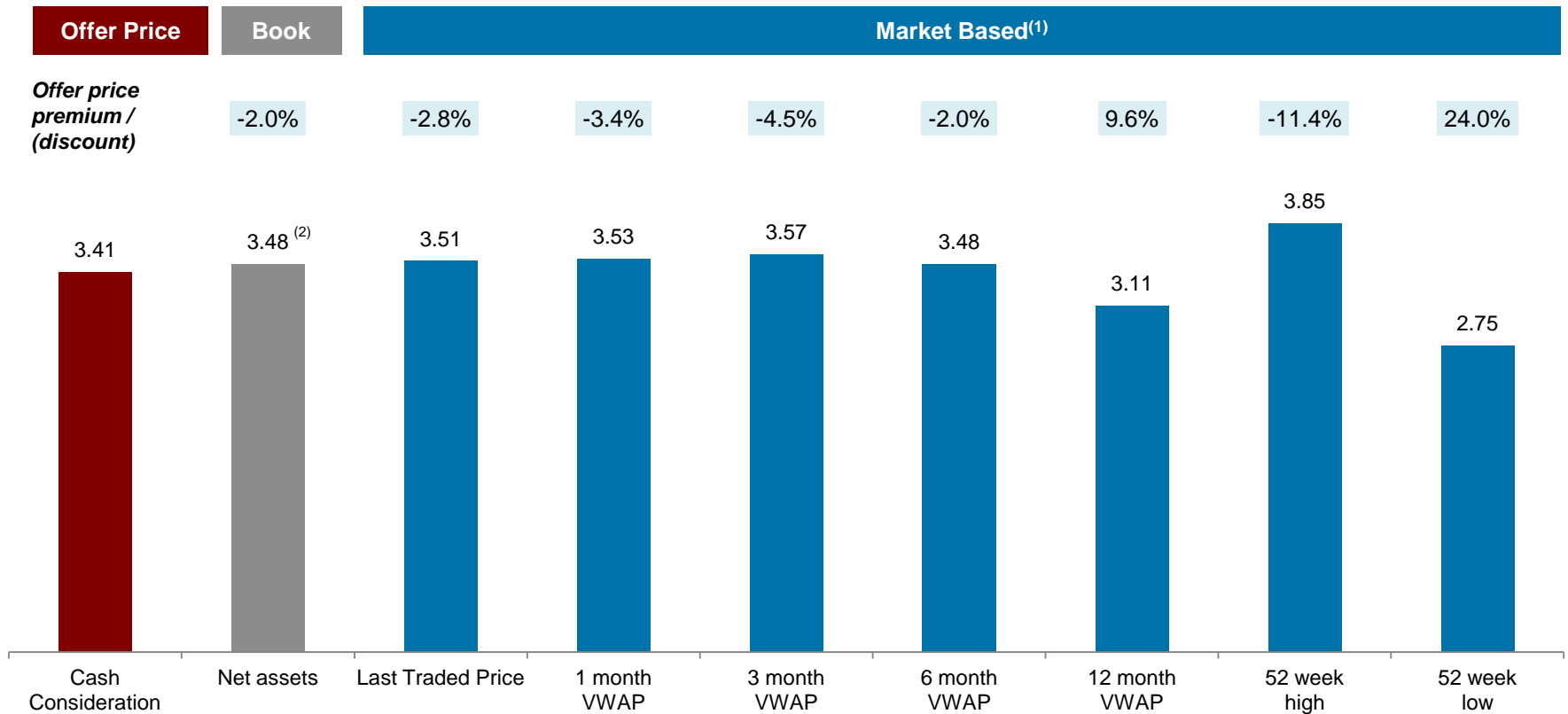
### Notes

2. Stockholding percentage based on total stock units outstanding of 271,152,261

3. Assumes that the Transaction has been completed

# Pricing Benchmarks

Stock price comparison (WBL price/stock unit, S\$)



Notes:

1. Market based prices as at 23 Nov 2012, Source: Bloomberg
2. Net assets calculated as stockholders equity based on the unaudited financial statements of WBL for the financial year ended 30 September 2012, divided by total outstanding stock units of 271,152,261 as of the date of the announcement

**STRAITS  
TRADING**

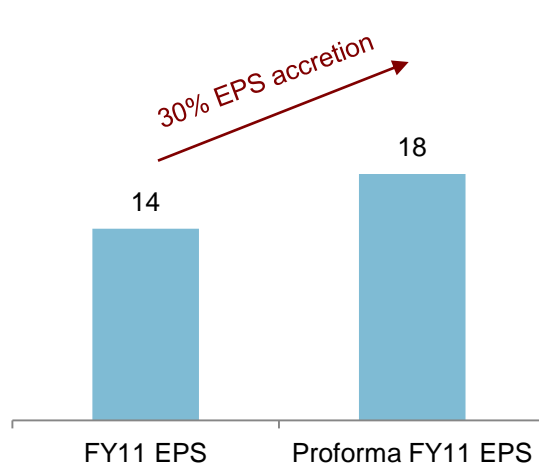
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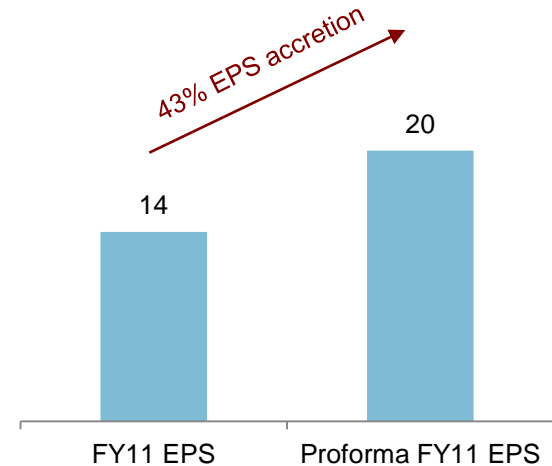
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# Transaction Allows WBL Earnings To Be Accounted In STC Financials

Post Transaction 41% Stake in WBL<sup>(1)</sup>



Post Transaction & MGO 96% Stake in WBL<sup>(2)</sup>



- ✓ STC would be able to account WBL as an associate upon completion of the acquisitions from TA and Aberdeen
- ✓ STC would be able to account WBL as a subsidiary in the event STC acquires greater than 50 per cent stake
- ✓ The resultant financial effects are expected to be positive on a historical pro forma basis

Notes:

1. Assumes that the Transaction has been completed in accordance with its terms
2. Assumes that the Transaction has been completed, and the Mandatory General Offer and Convertible Bonds Offer are accepted in full by way of Share Consideration only
3. Financial effects are based on the audited consolidated financial statements of STC for the financial year ended 31 December 2011 and the unaudited consolidated financial statements of WBL for the year ended 30 September 2012

# Broadening Of STC's Investor Base

% Shareholding	Pre Transaction STC Shareholding		Post Transaction STC Shareholding	
	Pre Transaction	Post Transaction <sup>(1)</sup>	Post Transaction and MGO <sup>(2)</sup>	
Tecity	89%	73%	51%	
Others	11%	9%	37%	
Third Avenue	0%	12%	8%	
Aberdeen	0%	6%	4%	
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	

## Note

1. Assumes that the Transaction has been completed in accordance with its terms
2. Assumes that the Transaction has been completed, and the Mandatory General Offer and Convertible Bonds Offer are accepted in full by way of Share Consideration only



- ✓ Global asset manager with AUM of US\$112.2 bn in Asia <sup>(1)</sup>
- ✓ One of the largest investors in the region
- ✓ Strong investment record, 20 years on the ground



- ✓ AUM: More than US\$12 billion<sup>(2)</sup>
- ✓ Investment management company to private and institutional investors
- ✓ Established since 1986

- **Aberdeen and TA will be major shareholders of STC upon completion of the Transaction**
- **In-line with STC's long term strategy to increase investor base and increase liquidity in STC shares**

- Transaction structured with no cash outlay - STC shares offered as consideration to Aberdeen and TA for acquisition of WBL stock units
- Enables STC to maintain prudent level of gearing even considering the MGO