

ANNOUNCEMENT

PROPOSED DISPOSAL OF RENDEZVOUS GRAND HOTEL SINGAPORE AND RENDEZVOUS GALLERY AND PROPOSED ACQUISITION OF STAPLED SECURITIES IN FAR EAST HOSPITALITY TRUST

1. INTRODUCTION

1.1 Proposed Disposal. The board of directors ("**Board**") of The Straits Trading Company Limited (the "**Company**") wishes to announce that, further to the announcement by the Company dated 26 November 2012, two of its subsidiaries, Hotel Rendezvous Private Limited ("**HRPL**") and Rendezvous Properties Private Limited (collectively, the "**Vendors**"), have entered into two inter-conditional sale and purchase agreements ("**Agreements**") in respect of the disposal of the State Lease Term (as defined in paragraph 2.1.1 below) in the following manner:

1.1.1 the sale by the Vendors and the purchase by DBS Trustee Limited in its capacity as trustee of Far East Hospitality Real Estate Investment Trust ("**Far East H-REIT**") of a 70 years lease ("**70 Years Lease**") of Lot 457K Town Subdivision 11 at 9 Bras Basah Road, Singapore 189559 ("**Property**"), comprising a hotel component known as Rendezvous Grand Hotel Singapore ("**Hotel**") and a retail component known as Rendezvous Gallery ("**Term Lease Agreement**"); and

1.1.2 the sale by the Vendors and the purchase by Serene Land Pte Ltd ("**SLPL**") of the Balance Term Lease (as defined in paragraph 2.1.3(ii) below) of the Property ("**Balance Lease Agreement**"),

(collectively, the "**Proposed Disposal**").

The Proposed Disposal will also include the disposal by the Vendors to Far East H-REIT of all plant and equipment located in or on or about the Property ("**Plant and Equipment**"), and to SLPL of the undertaking in connection with HRPL's business of owning and operating the Hotel ("**Hotel Undertaking**")¹ (the Plant and Equipment and the Hotel Undertaking, collectively the "**Assets**") and the transfer of HRPL's employees. The State Lease Term and the Assets shall hereinafter be collectively referred to as the "**Disposal Interest**".

1.2 Proposed Acquisition. As part of the consideration for the Proposed Disposal, the Vendors (or their nominees) will be allotted and issued stapled securities of Far East Hospitality Trust ("**Stapled Securities**") ("**Proposed Acquisition**", and together with the Proposed Disposal, the "**Proposed Transaction**"). Further information on the Far East Hospitality Trust and the Stapled Securities are set out in paragraphs 2.2 and 4 respectively.

¹ The "**Hotel Undertaking**" would include, *inter alia*, the hotel contracts, the furniture, fixtures, furnishings and equipment.

1.3 Major Transaction. Based on the relative figures computed on the basis of Rule 1006 of the listing manual (“**Listing Manual**”) of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) as more particularly set out in paragraph 9 below, the Proposed Transaction will be classified as a “major transaction” under Chapter 10 of the Listing Manual.

1.4 Shareholders’ Approval. Accordingly, the approval of the shareholders of the Company (“**Shareholders**”) will be sought for the Proposed Transaction. The Company intends to convene an extraordinary general meeting (“**EGM**”) to seek approval of the Shareholders for the Proposed Transaction.

2. INFORMATION ON THE PROPOSED TRANSACTION

2.1 Information on Assets to be Disposed of and Description of Trade

2.1.1 The Vendors are the registered proprietors of the Property held under State Lease No. 20439 dated 28 February 1995, as supplemented by an indenture of supplemental lease dated 5 November 2012 (collectively, “**State Lease**”) for a leasehold term of 99 years commencing from 30 March 1994 (“**State Lease Term**”). The Property comprises a hotel component, the Rendezvous Grand Hotel Singapore and a retail component, the Rendezvous Gallery.

2.1.2 Rendezvous Grand Hotel Singapore is a 4.5 star hotel development with 298 guest rooms, located at the junction of Bras Basah Road and Prinsep Street. The hotel was built in the 1990s and underwent major renovation and refurbishments in 2011. Adjoining the Rendezvous Grand Hotel Singapore is the Rendezvous Gallery, which is a 3-storey conservation building with food & beverage outlets.

2.1.3 Upon completion of the Proposed Disposal:

- (i) DBS Trustee Limited in its capacity as trustee of Far East H-REIT will be the registered proprietor of the Property for the 70 Years Lease;
- (ii) SLPL will be the registered proprietor of the Property for the balance of the State Lease Term (subject to the 70 Years Lease) (“**Balance Term Lease**”); and
- (iii) DBS Trustee Limited in its capacity as trustee of Far East H-REIT will sublet the hotel component of the Property to SLPL under a master lease agreement for a sublease period which is to be negotiated between Far East H-REIT and SLPL (“**Master Lease**”).

2.2 Information on Far East Hospitality Trust

The Far East Hospitality Trust comprises the Far East H-REIT and the Far East Hospitality Business Trust (“**Far East H-BT**”). Far East H-REIT is a Singapore-based real estate investment trust established with the principal investment strategy of investing on a long-term basis, directly or indirectly, in a diversified portfolio of income-producing real estate in Singapore, used primarily for hospitality and/or hospitality-related purposes, whether wholly or partially, as well as real estate-related assets in connection to the foregoing. Far East H-BT has been dormant since the listing of Far East Hospitality Trust on the Main Board of the SGX-ST on 27 August 2012.

3. INFORMATION ON THE AGREEMENTS

3.1 **Conditions.** The Proposed Transaction is conditional upon satisfaction of certain conditions, or their satisfaction subject only to completion of the Agreements including, *inter alia*:

- 3.1.1 if required, approval by the Shareholders of each of the Agreements;
- 3.1.2 approval by the unitholders of Far East H-REIT and Far East H-BT (if required) of, *inter alia*, the Term Lease Agreement, the Master Lease, the issue and placement of Stapled Securities to the Far East Organization group, the issue of Consideration Securities (as defined in paragraph 4.1.1(i) below) and such other matters in connection therewith;
- 3.1.3 the SGX-ST Listing Approval (as defined in paragraph 8 below) having been obtained for, *inter alia*, the listing of and quotation of the Consideration Securities (as defined in paragraph 4.1 below) on the SGX-ST, and where such approval is subject to any conditions, such conditions having been fulfilled; and
- 3.1.4 evidence of acknowledgement from the Singapore Land Authority (“**SLA**”) that the SLA is aware of the excess gross floor area of 240.51 square metres (or such other lesser amount which the Vendors and Far East H-REIT may mutually agree to), which is the approximate amount by which the actual gross floor area of the Property exceeds the gross floor area permitted under the State Lease, and that there is no pending action taken by the head lessor under the State Lease to re-enter and terminate the State Lease,

(collectively, the “**Conditions**”).

3.2 **Completion Date.** Completion of the Agreements shall take place concurrently and shall fall on the latest of the following dates (“**Scheduled Completion Date**”):

- 3.2.1 the date falling 15 Business Days² after the date on which the Vendors notify Far East H-REIT or SLPL (as the case may be) in writing of the satisfaction of the Conditions;
- 3.2.2 1 August 2013; or
- 3.2.3 such other date as may be agreed in writing between the Vendors and Far East H-REIT or SLPL (as the case may be).

If Far East H-REIT requires a mortgage to be created in respect of the 70 Years Lease, Far East H-REIT shall obtain written approval from the SLA for the same (“**Mortgage Consent**”). If the Mortgage Consent is not obtained by Far East H-REIT by 28 June 2013, the Scheduled Completion Date shall be extended to 15 August 2013 (“**Extended Completion Date**”). The Scheduled Completion Date and/or the Extended Completion Date (as the case may be) shall hereinafter be referred to as the “**Completion Date**”.

² “**Business Day**” means a day (other than Saturdays, Sundays and public holidays) on which commercial banks are open for business in Singapore.

3.3 Termination Rights

3.3.1 Each of the Agreements:

- (i) may be terminated by the Vendors, Far East H-REIT, or SLPL (as the case may be) in its or their sole discretion if, *inter alia*, the Conditions are not satisfied on or before 28 June 2013; and/or
- (ii) will terminate automatically, in the case of the Term Lease Agreement, if the Balance Lease Agreement is terminated for any reason, and in the case of the Balance Lease Agreement, if the Term Lease Agreement is terminated for any reason.

3.3.2 The Term Lease Agreement may be terminated as follows:

- (i) by Far East H-REIT, if there is a breach of the warranties set out therein by any of the Vendors which results or is likely to result in Far East H-REIT suffering any loss and/or damage, and/or being required to incur, any sum(s) in excess of an aggregate amount of S\$65 million if Far East H-REIT proceeds with the purchase of the 70 Years Lease and the Plant and Equipment; or
- (ii) by either the Vendors or Far East H-REIT, if prior to completion of the Term Lease Agreement the Property is materially damaged. For the purposes of the Agreements, “**materially damaged**” means damage or destruction of the Property or any part thereof resulting in at least 75% of the total number of hotel rooms being rendered unusable for the purposes of the Hotel or the total costs for the reinstatement of which (as estimated by a qualified and independent quantity surveyor) exceeds 50% of the aggregate consideration in respect of the Term Lease Agreement.

3.3.3 The Balance Lease Agreement:

- (i) may be terminated by SLPL if there is a breach of the warranties set out therein by any of the Vendors which results or is likely to result in SLPL suffering any loss and/or damage, and/or being required to incur, any sum(s) in excess of an aggregate amount of S\$10 million if SLPL proceeds with the purchase of the Balance Term Lease and the Hotel Undertaking; or
- (ii) will concurrently and automatically terminate if prior to completion of the Balance Lease Agreement, the Property is materially damaged and the Term Lease Agreement is terminated or rescinded by either party as a result of any such damage.

3.4 Other Material Provisions. Some of the other material provisions in respect of the Agreements include the following:

- #### 3.4.1
- if the Property or any part of it is damaged but not materially damaged, the Vendors shall be obliged to repair the damage subject to the following:

- (i) repair work does not extend to scheduled M&E works that the Vendors are liable for under the Term Lease Agreement and damage due to fair wear and tear; and
- (ii) in respect of all items of repair for damage arising from any one occurrence:
 - (a) where the aggregate cost of such items of repair does not exceed S\$10,000, the whole of such cost shall be fully borne by Far East H-REIT;
 - (b) where the aggregate cost of such items of repair exceeds S\$10,000, the whole of such cost (including for the avoidance of doubt, the first S\$10,000) shall be fully borne by the Vendors,

provided always that the Vendor's obligation to pay for all repair works as set out in this paragraph 3.4.1 shall be subject to a maximum cap of 50% of the aggregate consideration in respect of the Term Lease Agreement; and

3.4.2 if the sale is not completed on or before the Completion Date and the delay in completion of the Term Lease Agreement or the Balance Lease Agreement (as the case maybe) is due solely to the default of:

- (i) Far East H-REIT or SLPL (as the case may be) (excluding in the case of Far East H-REIT, any failure by Far East H-REIT to satisfy the Conditions set out in paragraphs 3.1.2 and 3.1.3 above and excluding, in the case of SLPL, any non-satisfaction of the Conditions); or
- (ii) the Vendors (excluding, in the case of the Term Lease Agreement, any failure by the Vendors to satisfy the Conditions set out in paragraphs 3.1.1 and 3.1.4 above, and, in the case of the Balance Lease Agreement, any failure by the Vendors to satisfy the Conditions set out in paragraphs 3.1.1 above and any non-satisfaction of the Conditions set out in paragraphs 3.1.2, 3.1.3 and 3.1.4 above),

the relevant defaulting party must pay interest (as liquidated damages) commencing on the day following the Completion Date, up to and including the date of actual completion. Interest will be calculated on the relevant aggregate consideration payable under the respective Agreements at 8% per annum.

4. AGGREGATE CONSIDERATION AND RATIONALE FOR THE PROPOSED TRANSACTION

4.1 Consideration. The aggregate consideration in respect of the Proposed Disposal is S\$285.0 million ("**Aggregate Consideration**"), comprising:

4.1.1 in respect of the Term Lease Agreement, S\$264.3 million payable in the following manner:

- (i) S\$68.0 million by way of allotment and issue of Stapled Securities to the Vendors (or their nominees) ("**Consideration Securities**"); and
- (ii) S\$196.3 million in cash; and

4.1.2 in respect of the Balance Lease Agreement, S\$20.7 million in cash.

4.2 Further Information on Consideration Securities

4.2.1 The Vendors and Far East H-REIT have agreed that the number of Consideration Securities shall be determined by dividing S\$68.0 million by the issue price of the Stapled Security, where such issue price shall be computed based on the volume weighted average price (“**VWAP**”) for a Stapled Security for all trades on the SGX-ST for the period of 10 Business Days³ commencing on the first day of “ex-dividend” trading in relation to the books closure date for the advanced distribution or, as the case may be, cumulative distribution declared by the manager of Far East H-REIT (in relation to the Stapled Securities in issue) (“**10 Day Period**”). Accordingly, the number of Consideration Securities to be issued can only be determined after the 10 Day Period.

4.2.2 The Consideration Securities shall rank *pari passu* with the existing Stapled Securities, save for the entitlement to distributions which is to be declared by the manager of Far East H-REIT in respect of the period up to the day immediately prior to the date the Consideration Securities are issued. The Consideration Securities will be entitled to distributions in respect of the period commencing from and including the date the Consideration Securities are issued.

4.2.3 The Vendors will severally undertake to Far East H-REIT on Completion Date that it will not, without the prior written consent of Far East H-REIT, during the period commencing from the Completion Date until the date falling 180 days after the Completion Date, directly or indirectly offer, sell, contract to sell, grant any option to purchase or otherwise dispose of, any or all of its direct and indirect effective interest in the Consideration Securities (or any securities convertible into or exchangeable for any such Consideration Securities or part thereof or which carry rights to subscribe for or purchase any such Consideration Securities or part thereof). The foregoing restriction does not apply to, *inter alia*, the creation of a charge over the Consideration Securities or otherwise grant of security over or creation of any encumbrance over the Consideration Securities.

4.3 **Pricing Factors.** The aggregate consideration received or given (as the case may be) for the Proposed Transaction was arrived at after arm’s length negotiations, on a willing-buyer and willing-seller basis and determined on the basis of and taking into account, *inter alia*, the book value of the Disposal Interest as at 31 December 2012 and the market value of the Consideration Securities.

4.4 Rationale of the Proposed Transaction and Benefits to the Company

4.4.1 The Board is continuously evaluating the long term growth strategy for each of its portfolio businesses. This process includes assessing the opportunities of how the Company can grow the businesses organically as well as through value-accretive transactions to enhance Shareholders’ interests.

³ For the purposes of this paragraph 4.2.1, “**Business Day**” means any day (other than a Saturday, Sunday or gazetted public holiday) on which commercial banks are generally open for business in Singapore and the SGX-ST is open for trading.

- 4.4.2 The Proposed Transaction is in line with the Company's overall strategy to transform its portfolio of businesses into growth engines and unlock value through realisation of gains in the transformed businesses.
- 4.4.3 The Company has enhanced the value of the Disposal Interest over the past few years through continued investments in rebranding and refurbishments, resulting in an increase in book value of approximately S\$117.0 million in the value of the Disposal Interest since 2009. The Proposed Transaction will allow the Company to realise this gain and unlock substantial value in the business.
- 4.4.4 The Proposed Transaction will generate gross cash proceeds of S\$217.0 million and allow the Company to realise future upside in the Singapore hospitality sector and receive a steady flow of recurring income through its S\$68.0 million investment in the Consideration Securities.
- 4.4.5 The Company will evaluate opportunities to deploy the net proceeds in order to maximise returns to its shareholders.

5. VALUE OF DISPOSAL INTEREST

- 5.1 **Book Value.** Based on the unaudited consolidated financial statements of the Company and its subsidiaries ("**Group**") for the financial year ended 31 December 2012 as announced by the Company on 28 February 2013 ("**Group FY2012 Results**"), the book value of the Disposal Interest is approximately S\$285.1 million.
- 5.2 **Asset Value.** Based on the Group FY2012 Results, the asset value for the Disposal Interest is approximately S\$285.1 million.
- 5.3 **Deficit of Aggregate Consideration over Book Value.** Based on the book value of the Disposal Interest as set out in paragraph 5.1 above, the amount of deficit of the Aggregate Consideration over the said book value is approximately S\$0.1 million.
- 5.4 **Net Profit and Estimated Loss from Proposed Disposal.** Based on the Group FY2012 Results, the profit before income tax, minority interests and extraordinary items attributable to the Disposal Interest is approximately S\$0.6 million. Based on the book value of the Disposal Interest as set out in paragraph 5.1 above, the estimated loss from the Proposed Disposal is approximately S\$0.1 million.

6. VALUE OF THE CONSIDERATION SECURITIES

- 6.1 **Book Value.** Based on the unaudited consolidated financial statements of Far East Hospitality Trust for the financial period from 1 August 2012 to 31 December 2012 ("**Far East Hospitality Results 2012**"), the book value of the Consideration Securities is approximately S\$57.8 million.⁴
- 6.2 **Asset Value.** Based on the Far East Hospitality Results 2012, the net tangible asset value for the Consideration Securities is approximately S\$57.8 million.⁴

⁴ As the number of Consideration Securities will only be determined after the 10 Day Period, the values in paragraph 6 and the pro-forma financial effects of the Proposed Transaction in paragraph 7 assume that (i) the VWAP of the Stapled Securities will be S\$1.1375 (being the VWAP of the Stapled Securities on the full market day preceding the date of this Announcement on which Stapled Securities were traded on the SGX-ST), and accordingly (ii) 59,780,219 Consideration Securities will be issued.

6.3 Market Value. Based on the VWAP of the Stapled Securities transacted on SGX-ST on 12 April 2013 (being the full market day preceding the date of this Announcement on which Stapled Securities were traded on the SGX-ST), the latest open market value of the Consideration Securities is approximately S\$68.0 million.⁴

6.4 Net Profits. Based on the Far East Hospitality Results 2012, the net profits attributable to the Consideration Securities is approximately S\$6.2 million.^{4, 5}

6.5 Source of Funds. The consideration for the Consideration Securities will be satisfied by the Proposed Disposal.

7. ILLUSTRATIVE FINANCIAL EFFECTS OF THE PROPOSED TRANSACTION

7.1 Assumptions. The pro-forma financial effects of the Proposed Transaction on the net tangible assets (“NTA”) per share of the Company (“Share”), the earnings per Share (“EPS”), and the share capital of the Company which are set out below assume that 59,780,219 Consideration Securities will be issued³ and have been computed based on the Group FY2012 Results. The pro-forma financial effects of the Proposed Transaction are prepared purely for illustration only and do not reflect the actual future financial situation of the Group after completion of the Proposed Transaction.

7.2 NTA. For purely illustrative purposes only, assuming the Proposed Transaction had been effected on 31 December 2012, being the end of the most recently completed financial year of the Group ended 31 December 2012 (“FY2012”), the effect of the Proposed Transaction on the NTA per Share for FY2012, based on the Group FY2012 Results, would be as follows:

	Before the Proposed Transaction	After the Proposed Transaction
NTA (S\$ million)	1,112.7	1,138.4
NTA per Share (S\$)⁽¹⁾	3.41	3.49

Note:

(1) The figures are calculated based on 325,897,000 Shares in issue, being the number of outstanding Shares as of 31 December 2012.

7.3 EPS. For purely illustrative purposes only, assuming the Proposed Transaction had been effected on 1 January 2012, being the beginning of FY2012, the effect of the Proposed Transaction on the EPS for FY2012, based on the Group FY2012 Results, would be as follows:

⁵ Because the Far East Hospitality Results 2012 are the only available consolidated financial statements of Far East Hospitality Trust and relate only to the financial period from 1 August 2012 to 31 December 2012, the profits attributable to the Consideration Securities have been annualised accordingly.

	Before the Transaction	Proposed	After the Proposed Transaction ⁽²⁾
Profit after tax and non-controlling interests (S\$ million)		(31.0)	(28.2)
EPS (cents)⁽¹⁾		(9.52)	(8.6)

Notes:

- (1) The figures are calculated based on 325,897,000 Shares in issue, being the number of outstanding Shares as of 31 December 2012.
- (2) Pro-forma effects with respect to the Proposed Transaction considers post tax dividend income from the Far East Hospitality Trust attributable to the Consideration Securities which has been annualised from the dividend declared in the Far East Hospitality Results 2012.

7.4 Share Capital. The Proposed Transaction will not have any impact on the issued share capital of the Company.

8. SGX-ST LISTING APPROVAL

An application will be submitted by Far East Hospitality Trust to the SGX-ST to seek its approval for the listing of and quotation for the Consideration Securities on the SGX-ST (the “**SGX-ST Listing Approval**”). An appropriate announcement on the outcome of such an application will be made by Far East Hospitality Trust in due course.

Subject to the receipt of the SGX-ST Listing Approval and the compliance with such conditions (if any) imposed by the SGX-ST in connection therewith, the Consideration Securities shall, following allotment and issue on the terms and subject to the conditions of the Term Lease Agreement, be listed and quoted on the SGX-ST.

9. RELATIVE FIGURES UNDER RULE 1006 OF THE LISTING MANUAL

9.1 Proposed Disposal. The relative figures for the Proposed Disposal computed on the relevant bases set out in Rule 1006 of the Listing Manual are as follows:

Rule 1006	Bases	Proposed Disposal (S\$ million)	Group (S\$ million)	Relative Figures (%)
(a)	The net asset value (“ NAV ”) of the Disposal Interest, compared with the Group’s NAV ⁽¹⁾ .	285.1	1,229.0	23.2

Rule 1006	Bases	Proposed Disposal (S\$ million)	Group (S\$ million)	Relative Figures (%)
(b)	The net profit / (loss) attributable to the Disposal Interest, compared with the Group's net profit / (loss) ⁽²⁾ .	0.6	(43.8)	(1.4)
(c)	The aggregate value of the consideration received ⁽³⁾ , compared with the issuer's market capitalisation based on the total number of issued Shares excluding treasury shares ⁽⁴⁾ .	285.0	1,501.4	19.0

Notes:

- (1) The NAV of S\$1,229.0 million was reported in the Group FY2012 Results.
- (2) Net profit / loss is defined as profit / loss before income tax, minority interests and extraordinary items. A net loss of S\$43.8 million was reported in the Group FY2012 Results.
- (3) For the purposes of this Announcement, the Aggregate Consideration is S\$285.0 million, which comprises S\$217.0 million in cash and the Consideration Securities whose value is deemed to be S\$68.0 million. As highlighted in paragraph 4.2.1, the parties to the Term Lease Agreement have agreed that S\$68.0 million of the Aggregate Consideration shall be satisfied by the allotment and issue of Stapled Securities, the number of which would depend on the VWAP of the Stapled Securities during the 10 Day Period.
- (4) The market capitalisation has been calculated on the basis of 394,397,772 Shares in issue multiplied by the VWAP of the Shares transacted on 12 April 2013, being the full market day preceding the date of this Announcement on which the Shares were traded on the SGX-ST.

9.2 Proposed Acquisition. The relative figures for the Proposed Acquisition computed on the relevant bases set out in Rule 1006 of the Listing Manual are as follows:

Rule 1006	Bases	Proposed Acquisition (S\$ million)	Group (S\$ million)	Relative Figures (%)
(b)	The net profit / (loss) attributable to the Consideration Securities ⁽¹⁾ , compared with the Group's net profit / (loss) ^{(2),(3)} .	6.2	(43.8)	(14.2)
(c)	The aggregate value of the consideration paid ⁽⁴⁾ , compared with the Company's market	68.0	1,501.4	4.5

Rule 1006	Bases	Proposed Acquisition (S\$ million)	Group (S\$ million)	Relative Figures (%)
	capitalisation based on the total number of issued Shares excluding treasury shares ⁽⁵⁾ .			

Notes:

- (1) This assumes that 59,780,219 Consideration Securities will be issued on the basis that the VWAP of the Stapled Securities will be S\$1.138 (being the VWAP of the Stapled Securities on the full market day preceding the date of this Announcement on which Stapled Securities were traded on the SGX-ST).
- (2) Net profit / loss is defined as profit / loss before income tax, minority interests and extraordinary items. A net loss of S\$43.8 million was reported in the Group FY2012 Results.
- (3) In considering the pro-forma effects, the net profit attributable to the Proposed Acquisition has been annualised from the net profit reported in the Far East Hospitality Results 2012.
- (4) For the purposes of this Announcement, the aggregate consideration paid for the Consideration Securities is S\$68.0 million. As highlighted in paragraph 4.2.1, the parties to the Term Lease Agreement have agreed that S\$68.0 million of the Aggregate Consideration shall be satisfied by the allotment and issue of Stapled Securities, the number of which would depend on the VWAP of the Stapled Securities during the 10 Day Period.
- (5) The market capitalisation has been calculated on the basis of 394,397,772 Shares in issue multiplied by the weighted average price of the Shares transacted on 12 April 2013, being the date prior to the Announcement on which the Shares were traded on the SGX-ST.

9.3 Classification. In light of such relative figures set out above, the Proposed Transaction will be classified as a “major transaction” under Chapter 10 of the Listing Manual.

9.4 Shareholders’ Approval. Accordingly, the directors intend to convene an EGM to seek approval of the Shareholders for the Proposed Transaction. A circular setting out further information relating to the Proposed Transaction (the “**Circular**”), together with a notice of EGM, will be despatched to Shareholders in due course for the purposes of convening the EGM.

In the meantime, Shareholders are advised to refrain from taking any action in relation to their Shares which may be prejudicial to their interests until they or their advisers have considered the information and recommendations to be set out in the Circular.

10. FURTHER INFORMATION

10.1 Directors’ Service Contracts. No person is proposed to be appointed as a director of the Company or the Vendors in connection with the Proposed Transaction. Accordingly, no

service contract is proposed to be entered into between the Company, the Vendors and any such person.

- 10.2 Directors' Interests.** Save as disclosed in this Announcement and any holdings in Far East Hospitality Trust, none of the directors of the Company has any interest, direct or indirect, in the Proposed Transaction.
- 10.3 Controlling Shareholders' Interests.** Save as disclosed in this Announcement and any holdings in Far East Hospitality Trust, none of the controlling Shareholders of the Company has any interest, direct or indirect, in the Proposed Transaction.
- 10.4 Documents for Inspection.** A copy of the Term Lease Agreement and the Balance Lease Agreement is available for inspection by Shareholders during normal business hours at the registered office of the Company at 9 Battery Road, #28-01, Straits Trading Building, Singapore 049910 for three months from the date of this Announcement.

By Order of the Board

Aldric Tan Jee Wei
Company Secretary
The Straits Trading Company Limited

15 April 2013
Singapore

This Announcement will be available at the Company's website at <http://www.stc.com.sg>

About The Straits Trading Company Limited

Incorporated in 1887, The Straits Trading Company Limited is one of the oldest public listed companies in Singapore, with business interests and investments spanning the Asia Pacific region. Through its subsidiary, Malaysia Smelting Corporation Berhad, listed on Bursa Malaysia with a secondary listing on SGX-ST, Straits Trading engages in tin mining and smelting, and resource investments. Straits Trading owns properties and hotels and its property business, which includes property investments, development and management primarily in Singapore and Malaysia is driven by its subsidiary, Straits Developments Private Limited. Its hospitality division, Rendezvous Hospitality Group, manages and operates a stable of hotels in Asia Pacific under the Rendezvous brand. It also holds a significant stake in WBL Corporation Limited, a technology, automotive distribution, property development, and engineering and distribution company listed on the main board of the SGX-ST