STRAITS TRADING
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ANNOUNCEMENT

PROPOSED JOINT VENTURE WITH FAR EAST ORCHARD LIMITED AND CONDITIONAL DISPOSALS AND ACQUISTIONS OF ASSETS IN CONNECTION THEREWITH

1. INTRODUCTION

1.1 **Introduction.** The Board of Directors (the "**Board**") of The Straits Trading Company Limited (the "**Company**") wishes to announce that, further to the announcement by the Company dated 26 November 2012, the Company, Far East Orchard Limited ("**FEOrchard**" and, together with the Company, the "**JVCo Shareholders**") and Far East Hospitality Holdings Pte Ltd (the "**JVCo**") have entered into a conditional joint venture implementation agreement (the "**Implementation Agreement**"), pursuant to which:

1.1.1 the JVCo Shareholders have agreed to establish a joint venture to pursue and conduct hospitality management and hospitality-related businesses and to invest in real estate used primarily for hospitality purposes and hospitality-related assets (the "**JVCo Business**"); and

1.1.2 each JVCo Shareholder has agreed to contribute various of its or its subsidiaries' assets to the JVCo as more particularly described below (such contributions, the "**Asset Contributions**").

1.2 **JVCo.** Pursuant to the Implementation Agreement, the Company will shortly subscribe for such number of shares in the capital of JVCo ("**JVCo Shares**") which will constitute 30 per cent. of an issued share capital of JVCo of S$10.00.

2. INFORMATION ON THE IMPLEMENTATION AGREEMENT

2.1 **JVCo Business.** Pursuant to the Implementation Agreement, the JVCo Shareholders agree that the JVCo will manage all wholly or majority-owned hospitality assets in:

2.1.1 FEOrchard and its unlisted subsidiaries (the "**FEOrchard Group**"), but only to the extent operated in Singapore and excluding the reversionary interests held by FEOrchard in the hotels known as "Orchard Parade Hotel", "Central Square Village Residences" and "Albert Court Village Hotel"; and

2.1.2 in the Company and its unlisted subsidiaries (the "**Group**"),

as at completion of the Sale Agreements (as defined below).

2.2 **Contributions of Assets.** The Implementation Agreement contemplates that the Asset Contributions will be effected pursuant to definitive sale and purchase agreements to be entered into on or promptly after the date of the Implementation Agreement based on certain agreed principles set out in the Implementation Agreement (collectively, the "**Sale Agreements**") for:

2.2.1 FEOrchard to sell or contribute, and the JVCo to purchase or receive or to procure that its wholly-owned subsidiary purchases or receives, the following assets:

(i) 18 hotel and serviced residence management agreements entered into by Jelco Properties Pte Ltd a wholly-owned subsidiary of FEOrchard ("**Jelco**") ("**Jelco H/SRMAs**");

(ii) seven new and pipeline hotel management agreements entered or to be entered into by FEOrchard and/or its subsidiaries,

(collectively, the "**H/SRMAs**"). Please refer to the Appendix for further information on the H/SRMAs;

(iii) the property management agreement entered into by DBS Trustee Limited, FEO Hospitality Asset Management Pte Ltd (as manager of Far East Hospitality Real Estate Investment Trust) and Jelco;

(iv) all other assets related to conducting the businesses associated with items set out in sub-paragraphs (i), (ii) and (iii) above (including all employees engaged in relation to such business and the furniture, fixtures and equipment used in relation to such assets); and

(v) a cash contribution into the JVCo of an amount of S$76.2 million and a working capital contribution of S$21.0 million into the JVCo;

(such assets, the "**FEOrchard Assets**", such sale of the FEOrchard Assets, the "**FEOrchard Disposals**");

2.2.2 the Company to sell or to procure that its subsidiaries sell to the JVCo the following assets:

(i) the following hotels owned directly or indirectly by Rendezvous Hotel Management Pty Ltd:

(a) Rendezvous Studio Hotel Perth Central;

(b) Rendezvous Grand Hotel Melbourne; and

(c) Rendezvous Hotel Perth,

(collectively, the "**RHMPL Hotels**") and the business in relation to each (including all employees engaged in relation to such business and the furniture, fixtures and equipment used in relation to such hotels); and

(ii) 100 per cent. of the issued shares in the capital of the Rendezvous Hotels International Private Limited ("**RHI**" and, such shares, the "**RHI Shares**"), a wholly-owned subsidiary of the Company,

(such assets, the "**STC Assets**", such sale of the STC Assets, the "**STC Disposals**").

Pursuant to the Implementation Agreement, the JVCo Shareholders must take all necessary steps to implement the transactions contemplated by the FEOrchard Disposals and the STC Disposals.

Shareholders of the Company ("Shareholders") should note that, as at the date of this Announcement, the definitive Sale Agreements have yet to be entered into. In addition, the Sale Agreements may, depending on the terms and conditions of how each of the STC Disposals and FEOrchard Disposals is finally structured, be subject to the receipt of regulatory approvals. A further announcement will be made in due course by the Company to update Shareholders upon entry by the Company into the Sale Agreement in respect of the STC Disposals.

2.3 **Consideration.** The Implementation Agreement contemplates that, in consideration of the Asset Contributions, the JVCo will issue the following:

2.3.1 to FEOrchard, 257.2 million JVCo Shares in consideration for the FEOrchard Assets;

2.3.2 to the Company, 110.2 million JVCo Shares (the "**STC Consideration JVCo Shares**") in consideration for a portion of the STC Assets and pay a cash amount of S$76.2 million[1] to the Company in consideration for the balance of the STC Assets (the "**STC Cash Consideration**" and, together with the STC Consideration JVCo Shares, the "**STC Consideration**"); and

2.3.3 to a JVCo Shareholder, such number of JVCo Shares equal to any upward adjustment of the agreed purchase price payable under the Implementation Agreement for the Asset Contribution of that JVCo Shareholder divided by a subscription price of S$1.00 per JVCo Share (the "**Subscription Price**").

Any downward adjustment of such purchase price will be settled in cash payment from the JVCo Shareholder to JVCo.

2.4 **True-Up.** It is agreed under the Implementation Agreement that the JVCo will issue, and each JVCo Shareholder will subscribe at the Subscription Price, such number of JVCo Shares required to ensure that the Company and FEOrchard hold 30 per cent. and 70 per cent., respectively, of the issued JVCo Shares, following completion under the Sale Agreements.

2.5 **Working Capital Contribution**

2.5.1 As set out in paragraph 2.2.1(v), FEOrchard will be contributing a cash amount of S$21.0 million as working capital into the JVCo.

2.5.2 The Company will be contributing a cash amount of S$9 million as working capital into the JVCo ("**STC Capital Contribution**").

2.6 **Conditions.** Pursuant to the Implementation Agreement, the JVCo Shareholders are not required to perform, *inter alia*, the obligations described in paragraphs 2.2 and 2.3 above unless and until the following conditions precedent have been satisfied:

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1 Before taking into account the STC Capital Contribution.

2.6.1 the approval by the Shareholders at an extraordinary general meeting of the Company (if required) for the transactions contemplated in and the performance of the Implementation Agreement (including but not limited to the Company complying with the exercise of the Call Option (as defined below) by FEOrchard or the Put Option (as defined below) by the Company); and

2.6.2 the approval by the shareholders of FEOrchard at an extraordinary general meeting of FEOrchard (if required) for the transactions contemplated in and the performance of the Implementation Agreement (including but not limited to FEOrchard complying with the exercise of the Put Option by the Company or the Call Option by FEOrchard),

(collectively, the “**Conditions**”).

If any of the Conditions are not satisfied or waived by 1 August 2013 or as otherwise agreed by the JVCo Shareholders in writing (“**Long Stop Date**”), either JVCo Shareholder may (provided that each JVCo Shareholder shall use its best endeavours to satisfy the Conditions), subject to first negotiating in good faith with the other JVCo Shareholder, terminate the Implementation Agreement by giving not less than 30 days’ notice to the other JVCo Shareholder.

2.7 **Auckland Lease.** The Implementation Agreement contemplates that the Company shall ensure that, as at the completion of the Sale Agreement in respect of the STC Disposals (“**STC Completion**”), Rendezvous Hotels (NZ) Limited has set aside cash of S$11.0 million (the “**Auckland Lease Cash Provision**”) to make good net liabilities in respect of the deed of lease entered into by the Rendezvous Hotels (NZ) Limited relating to the hotel known as the “Rendezvous Grand Hotel Auckland” at 71-87 Mayoral Drive, Auckland.

2.8 **Use of Brands.** Each of the JVCo Shareholders will procure the transfer of certain intellectual property rights in brands and trademarks, the particulars of which are set out in the Implementation Agreement (“**Brands**”), to the JVCo on a cost-free basis. The JVCo Shareholders agree that the Brands to be contributed by each of them to the JVCo on STC Completion or the completion of the FEOrchard Disposal (“**FEOrchard Completion**”) (as the case may be) will therefrom only be used by the JVCo and its subsidiaries in connection with the JVCo Business and the JVCo Shareholders will not use the Brands for any purpose other than to conduct the JVCo Business or as may be agreed by the JVCo and the Brands must at all times be administered and managed by the JVCo. The JVCo Shareholders agree that Brands contributed by the Company may be licensed to Serene Land Pte. Ltd. (“**SLPL**”) and may be further sub-licensed by SLPL prior to the STC Completion.

2.9 **Business Opportunities.** The Company will use its best endeavours to refer all business opportunities in the hospitality sector made available by or to it or its Affiliates (as defined in the Implementation Agreement, which would include, *inter alia*, its subsidiaries) to the JVCo. Such business opportunities would include an opportunity to make an investment in or manage a hospitality asset. The Company will only be permitted to independently pursue a business opportunity (otherwise than through JVCo) if it has been, *inter alia*, declined after evaluation by the board of directors of JVCo in accordance with, and subject to conditions under, the Implementation Agreement.

2.10 **Non-compete.** Save for certain exceptions as set out under the Implementation Agreement, the Company must not, and must procure that each of its subsidiaries (excluding any entity whose securities are listed on a stock exchange and its subsidiaries) do not, during the period from the date of Final Completion (as defined below) until the date on which the Company's shareholding percentage in the JVCo is less than 10 per cent., do or attempt to do the following within the Restricted Territory (as defined below):

2.10.1 directly or indirectly carry on or otherwise have an interest in, or be engaged in any business which is the same as or substantially similar to or which competes with the JVCo Business (including by providing the same or similar products or services); and

2.10.2 solicit or persuade any person who the Company is aware is a customer or client of a the JVCo Business, to cease doing such business with the JVCo (or a subsidiary of the JVCo) or reduce the amount of business which the customer or client would normally do or otherwise have done with the JVCo (or a subsidiary of the JVCo).

For the purposes of this paragraph 2.10, "**Restricted Territory**" shall mean (i) the world, or (ii) if that territory is held to be unenforceable, the Asia-Pacific Region; or (iii) if the Asia-Pacific Region is held to be unenforceable, Singapore, Australia, New Zealand and Germany.

2.11 **Supervening Event MAC.** JVCo and the JVCo Shareholders agree that:

2.11.1 if prior to completion of each of the STC Completion, the FEOrchard Completion or both ("**Final Completion**"), any matter, event or circumstance occurs that results in or is likely to result in (i) physical damage to, (ii) an actual or threatened claim or litigation being made in respect of or relating to or (iii) an actual or threatened termination of a material contract that forms part of, any of the STC Assets or FEOrchard Assets which is likely to result or results in a diminution in value thereof of equal to more than 30 per cent. but not more than 50 per cent. of the intended total capital of JVCo[2] ("**Supervening Event MAC**"), the Company and FEOrchard will negotiate in good faith to determine the best course of action to take in respect of the assets that have suffered the Supervening Event MAC ("**Diminished Assets**"); and

2.11.2 if they do not reach a resolution on such course of action, the Diminished Assets will be excluded and a cash contribution will be made by the party that was intended to contribute the relevant Diminished Assets to ensure that the Company and FEOrchard hold 30 per cent. and 70 per cent., respectively, of the issued JVCo Shares, unless otherwise mutually agreed between FEOrchard and the Company in writing.

2.12 **Termination Rights prior to Final Completion.** Prior to Final Completion, the Implementation Agreement may be terminated on the occurrence of certain events, *inter alia*:

2.12.1 if any of the Conditions are not satisfied or waived by the Long Stop Date, by either JVCo Shareholder;

[2] This assumes that the Asset Contributions are complete.

2.12.2 if prior to the STC Completion, FEOrchard Completion or Final Completion, any matter, event or circumstance occurs that results in or is likely to result in (i) physical damage to, (ii) an actual or threatened claim or litigation being made in respect of or relating to or (iii) an actual or threatened termination of a material contract that forms part of, any of the STC Assets or FEOrchard Assets which is likely to result or results in a diminution in value thereof of more than 50 per cent. of the intended total capital of the JVCo[3] ("**Supervening Event Serious MAC**"), by either JVCo Shareholder, provided the party intending to terminate the Implementation Agreement has not caused the Supervening Event Serious MAC; and

2.12.3 if the Conditions have been satisfied and there is no Supervening Event MAC and no Supervening Event Serious MAC, but a JVCo Shareholder has not transferred the Minimum Asset Contribution pursuant to the relevant Sale Agreement by the Final Completion, the other JVCo Shareholder will have the right to terminate the Implementation Agreement, where, "**Minimum Asset Contribution**" shall mean (i) in respect of the Company, at least two of the three RHMPL Hotels and (ii) in respect of FEOrchard, 12 of the Jelco H/SRMAs.

2.13 **Termination Rights after Final Completion.** After Final Completion, the Implementation Agreement may be terminated on the occurrence of, *inter alia*, an Event of Default (as defined below), by the JVCo Shareholder in respect of whom the Event of Default has not occurred.

2.14 **Default Options.** Pursuant to the Implementation Agreement, on the occurrence of certain events of default ("**Events of Default**"), the non-defaulting JVCo Shareholder ("**Non-Defaulting JVCo Shareholder**") has a right to the following:

2.14.1 a call option ("**Call Option**") to purchase all (but not part only) of the JVCo Shares held by the defaulting JVCo Shareholder and its subsidiaries ("**Defaulting JVCo Shareholder**") at:

(i) the fair value to be determined in accordance with the terms of the Implementation Agreement ("**Fair Value**") of those JVCo Shares where the event of default is any of the following:

(a) an administrator, liquidator or provisional liquidator being appointed in respect of the Defaulting JVCo Shareholder;

(b) an application or order being made for the winding-up or dissolution of the Defaulting JVCo Shareholder;

(c) a receiver, receiver and manager, trustee, other controller or similar officer being appointed over the assets or undertaking of the Defaulting JVCo Shareholder; or

(d) the Defaulting JVCo Shareholder suspends payment of its debts generally or is unable to pay its debts as and when they fall due or is presumed to be insolvent under applicable law,

(each, an "**Insolvency Event of Default**"); or

(ii) a 10 per cent. discount to the Fair Value of those JVCo Shares where the event of default is any of the following:

(a) the Defaulting JVCo Shareholder disposing, or proposing to dispose, of any its shares in breach of the Implementation Agreement;

(b) the Defaulting JVCo Shareholder is in breach of a material term of the Implementation Agreement and does not rectify or compensate for that breach within 60 days of receipt of written notice requesting it to do so from the other JVCo Shareholder; or

(c) a change of control occurs in respect of the Defaulting JVCo Shareholder,

(each, a "**Non-Insolvency Event of Default**"),

if the Non-Defaulting JVCo Shareholder is a member of the FEOrchard Group; or

2.14.2 a put option ("**Put Option**") to require FEOrchard to purchase all (but not part only) of the JVCo Shares held by the Group at:

(i) the Fair Value of those JVCo Shares (where the event of default is an Insolvency Event of Default); or

(ii) a 10 per cent. premium to Fair Value of those JVCo Shares (where the event of default is a Non-Insolvency Event of Default),

if the Non-Defaulting JVCo Shareholder is a member of the Group.

2.15 Other Provisions. Apart from the provisions above, the Implementation Agreement also contains various other provisions regulating the rights of the JVCo Shareholders, *inter se,* as are customary for business joint ventures, including:

2.15.1 a moratorium on the disposal of shares of the JVCo by the Company for a period of two years following Final Completion;

2.15.2 various pre-emption rights in respect of transfer of shares of the JVCo (including "tag-along" rights given in favour of the Company and "drag-along" rights given in favour of FEOrchard);

2.15.3 various minority protections (including reserved board and shareholder reserved matters);

2.15.4 provisions on how future capital requirements of the JVCo may be satisfied; and

2.15.5 the dividend policy of the JVCo.

3. INFORMATION ON THE STC ASSETS AND THE JVCO

3.1 Information on the STC Assets

3.1.1 RHMPL Hotels

(i) Rendezvous Hotel Perth is a 4.5-star hotel located at 148 The Esplanade, Scarborough, WA 6019 Australia, along Scarborough Beach, Perth, and has 18 storeys and comprises 336 guest rooms.

(ii) Rendezvous Studio Hotel Perth Central is a 4-star hotel located at 24 Mount Street, Perth WA 6000 Australia, in the southwest quadrant of the city centre in Perth and comprises 103 guest rooms.

(iii) Rendezvous Grand Hotel Melbourne is a 4.5-star hotel located at 318-332 Flinders Street, Melbourne, VIC 3000 Australia and has 340 guest rooms and suites.

3.1.2 RHI

RHI, a wholly-owned subsidiary of the Company, operates a network of 13 hotels located in Singapore, China, New Zealand and Australia. RHI is involved in the lease and/or management of mid-scale to upscale hotels under the "Rendezvous" brand. RHI operates through itself and three wholly owned subsidiaries, namely, Rendezvous Hotels (Australia) Pty Ltd (which in turns wholly-owns Allegra Hotel Pty Ltd), Marque Hotels International Pty Ltd and Rendezvous Hotels (NZ) Limited.

3.2 Information on the JVCo. The JVCo is a private limited company incorporated in Singapore as the joint venture vehicle to hold and conduct the JVCo Business. The Company and FEOrchard will subscribe for 110.2 million and 257.2 million JVCo Shares respectively, representing a nominal interest of 30% and 70%, respectively, of the issued JVCo Shares. Shareholders should note that the Implementation Agreement provides for subsequent changes in the shareholding composition of the JVCo and the number of JVCo Shares to be held by each JVCo Shareholder in certain circumstances.

3.3 Rationale and Benefits to the Company

3.3.1 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.

3.3.2 The Potential Transactions (as defined below in paragraph 7.1) are in line with the Company's overall strategy to transform its portfolio of businesses into independent growth engines, with each business being focused players in their chosen fields.

3.3.3 The Potential Transactions enable the Company to have a stake in a sizeable Asia Pacific hotel operator with a sustainable and scalable platform for future growth and expansion. The Potential Transactions will increase the number of rooms under management from approximately 2,776 to more than 6,000.

3.3.4 The Potential Transactions will bring together two of Singapore's leading hospitality operators to further grow and strengthen the Rendezvous brand in Singapore and Asia Pacific.

3.3.5 The Potential Transactions would, on a pro-forma basis, be earnings accretive to the Company. Going forward, the JVCo will be treated as an associate of the

Company for financial accounting purposes. The Company will receive cash proceeds of S$56.2 million[3] from the Potential Transactions and would be able to deploy these funds into other potentially value accretive acquisitions to maximise returns to its Shareholders.

4. STC CONSIDERATION

The aggregate consideration given or received (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 the book value of the STC Assets and the potential earnings, management experience as well as track record and prospects of the JVCo.

5. VALUE OF STC ASSETS

5.1 **Book Value.** Based on the unaudited consolidated financial statements of the Group for the financial year ended 31 December 2012 as announced by the Company on 28 February 2013 ("**Group FY2012 Results**"), and including the remaining refurbishment costs to be incurred, the book value of the STC Assets is approximately S$212.4 million. Under the Implementation Agreement, the Company will transfer the full value of the encumbrances on the RHMPL Hotels, being S$53.4 million, to the JVCo. Accordingly, the net book value of the STC Assets is approximately S$159.0 million.

5.2 **Asset Value.** Based on the Group FY2012 Results, the net tangible asset value for the STC Assets is approximately S$159.0 million.

5.3 **Market Value.** The Company has commissioned independent property valuers, Jones Lang LaSalle Hotels ("**Jones Lang LaSalle**") and CBRE Valuations Pty Limited ("**CBRE**"), to value the RHMPL Hotels, as follows:

5.3.1 Based on the report by Jones Lang LaSalle dated 31 December 2012:

(i) Rendezvous Hotel Perth has an "As Is" valuation of AUD68,000,000 and an "As If Complete" valuation of AUD100,000,000 as at 31 December 2012; and

(ii) Rendezvous Studio Hotel Perth Central has a valuation of AUD25,000,000 as at 31 December 2012.

The valuations are based on the income capitalisation approach and discounted cash flow approach.

5.3.2 Based on the report by CBRE dated 26 June 2012, Rendezvous Grand Hotel Melbourne has a valuation of AUD60,000,000 as at June 2012. The valuation is based on the income capitalisation approach, discounted cash flow approach and direct comparison approach.

5.4 **Excess of STC Consideration over Book Value.** Based on the book value of the STC Assets as set out in paragraph 5.1 above, the amount of excess of the STC Consideration over the said book value after certain adjustments is approximately S$3.9 million.

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[3] After taking into account the STC Capital Contribution and the Auckland Lease Cash Provision.

5.5 Net Loss and Estimated Gain

5.5.1 Based on the Group FY2012 Results, the loss before income tax, minority interests and extraordinary items attributable to the STC Assets is approximately S$34.1 million.

5.5.2 Based on the book value of the STC Assets as set out in paragraph 5.1 above, the estimated accounting gain from the STC Disposals is approximately S$5.6 million.

6. VALUE OF STC CONSIDERATION JVCO SHARES

6.1 **Book Value.** The book value of the STC Consideration JVCo Shares is approximately S$110.2 million.[4]

6.2 **Asset Value.** The net tangible asset value of the STC Consideration JVCo Shares is approximately S$53.8 million.[4]

6.3 **Net Losses.** The loss before income tax, minority interests and extraordinary items attributable to the STC Consideration JVCo Shares is approximately S$8.7 million.[4]

6.4 **Source of Funds.** The consideration for the STC Consideration JVCo Shares will be satisfied by the STC Disposals.

7. ILLUSTRATIVE FINANCIAL EFFECTS

7.1 **Assumptions.** The pro-forma combined financial effects of the STC Disposals, and the acquisition by the Company of the STC Consideration JVCo Shares and the STC Capital Contribution (collectively, the "**Potential Transactions**") on the earnings per share of the Company ("**EPS**"), the net tangible assets ("**NTA**") per share of the Company ("**Share**"), and the share capital of the Company are set out below and have been computed based on the Group FY2012 Results. Such financial effects have been prepared purely for illustrative purposes only and do not reflect the actual future financial situation of the Group following the Potential Transactions.

7.2 **NTA.** For purely illustrative purposes only, assuming the Potential Transactions 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 Potential Transactions on the NTA per Share for FY2012, based on the Group FY2012 Results, would be as follows:

	Before the Potential Transactions	**After the Potential Transactions**
NTA (S$ million)	1,112.7	1,116.6

4 The book value and the net tangible asset value of the STC Consideration JVCo Shares has been calculated on a pro-forma basis assuming the FEOrchard Assets and the STC Assets are held by the JVCo as at 31 December 2012. The net loss attributable to the STC Consideration JVCo Shares has been calculated on a pro-forma basis assuming the FEOrchard Assets and the STC Assets are held by JVCo from 1 January 2012 to 31 December 2012.

	Before the Potential Transactions	After the Potential Transactions
NTA per Share (S$)[(1)]	3.41	3.43

Note:

(1) Calculated based on 325,897,000 issued Shares, being the number of Shares outstanding as at 31 December 2012.

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

	Before the Potential Transactions	After the Potential Transactions
Profit after tax and non-controlling interests (S$ million)	(31.0)	0.2
EPS (cents)[(1)]	(9.52)	0.05

Note:

(1) Calculated based on 325,897,000 issued Shares, being the number of Shares outstanding as at 31 December 2012.

7.4 **Share Capital.** The Potential Transactions will not have any impact on the issued share capital of the Company.

8. RELATIVE FIGURES UNDER RULE 1006 OF THE LISTING MANUAL

8.1 **Disposal Interest.** Shareholders should note that, while the Company proposes to dispose of all its interests in the STC Assets to the JVCo, such disposal would be treated, for the purposes of Chapter 10 of the Listing Manual ("**Listing Manual**") of the Singapore Exchange Securities Trading Limited ("**SGX-ST**"), as a disposal of only a 70 per cent. interest in the STC Assets on the basis that the Company will retain a 30 per cent. interest in the JVCo.

Accordingly, for the purposes of computing the relative figures under Rule 1006 of the Listing Manual, the term "**Disposal Interest**" refers to a 70 per cent. interest in the STC

Assets and the term "**Relevant Disposal**" would refer hereinafter to the disposal of such interest.

The relative figures computed under Rule 1006 of the Listing Manual, as set out in this paragraph 8, have been determined on this basis.

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

Rule 1006	Bases	Relevant 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)].	111.3	1,229.0	9.1
(b)	The net profit / (loss) attributable to the Disposal Interest, compared with the Group's net profit / (loss)[(2)].	(23.9)	(43.8)	54.5
(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)].	166.4	1,501.4	11.1

Notes:

(1) Based on the NAV of S$1,229.0 million as reported in the Group FY2012 Results.

(2) Net profit / loss is defined as profit / loss before income tax, minority interests and extraordinary items. Based on the net loss of S$43.8 million as reported in the Group FY2012 Results.

(3) The aggregate consideration received by the Company comprises (i) the STC Consideration JVCo Shares, whose value is deemed to be S$110.2 million (based on the NAV represented by each STC Consideration JVCo Share of approximately S$1.00 as derived from the aggregate NAV of the STC Assets and the FEOrchard Assets and assuming the JVCo has no other assets) and (ii) the STC Cash Consideration, on the assumption that there is no adjustment to the consideration for the STC Disposals, and less the Auckland Lease Cash Provision and the STC Capital Contribution.

(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 date prior to the Announcement on which the Shares were traded on the SGX-ST ("**Last Trading Day VWAP**").

8.3 **Relevant Acquisition.** The relatives figures for the acquisition of the STC Consideration JVCo Shares ("**Relevant Acquisition**") computed on the relevant bases set out in Rule 1006 of the Listing Manual are as follows:

Rule 1006	Bases	Relevant Acquisition (S$ million)	Group (S$ million)	Relative Figures (%)
(b)	The net profit / (loss) attributable to the STC Consideration JVCo Shares, compared with the Group's net profit / (loss) [(1)].	(8.7)	(43.8)	19.9
(c)	The aggregate value of the consideration paid[(2)], compared with the Company's market capitalisation based on the total number of issued Shares excluding treasury shares[(3)].	102.8	1,501.4	6.8

Notes:

(1) Net profit / loss is defined as profit / loss before income tax, minority interests and extraordinary items. Based on the net loss of S$43.8 million as reported in the Group FY2012 Results. The net loss attributable to the STC Consideration JVCo Shares is S$8.7 million and has been calculated on a pro-forma basis assuming the FEOrchard Assets and the STC Assets are held by the JVCo from 1 January 2012 to 31 December 2012.

(2) For the purposes of this Announcement, the aggregate consideration paid by the Company for the STC Consideration JVCo Shares is deemed to be the sum of the book value of the RHMPL Hotels and the NAV of the RHI Shares, plus the STC Capital Contribution and the Auckland Lease Cash Provision and less the STC Cash Consideration.

(3) The market capitalisation has been calculated on the basis of 394,397,772 Shares in issue multiplied by the Last Trading Day VWAP.

8.4 **Classification.** As the only relative figure in respect of each of the Relevant Disposal which exceeds 20 per cent. is Rule 1006(b), which is a negative figure, the Company will seek Shareholders' approval for the Potential Transactions if required by the SGX-ST.

9. FURTHER INFORMATION

9.1 **Directors' Service Contracts.** No person is proposed to be appointed as a director of the Company in connection with the transactions contemplated by the Implementation Agreement. Accordingly, no service contract is proposed to be entered into between the Company and any such person.

9.2 **Directors' Interests.** Save as disclosed in this Announcement and save for their shareholdings in the Company, none of the Directors of the Company has any interest, direct or indirect, in the transactions contemplated by the Implementation Agreement.

9.3 **Controlling Shareholders' Interests.** Save as disclosed in this Announcement and save for their shareholdings in the Company, none of the controlling shareholders of the Company has any interest, direct or indirect, in the transactions contemplated by the Implementation Agreement.

9.4 **Document for Inspection.** A copy of the Implementation 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

Appendix
H/SRMAs

1. The 18 hotel and serviced residence management agreements entered into by Jelco relate to:

(i) Albert Court Village Hotel;
(ii) Orchard Parade Hotel;
(iii) East Village Hotel;
(iv) Landmark Village Hotel;
(v) The Elizabeth Hotel;
(vi) Changi Village Hotel;
(vii) The Quincy Hotel;
(viii) Oasia Hotel Singapore;
(ix) Regency Hotel;
(x) Central Square Village Residences;
(xi) Riverside Village Residences;
(xii) Hougang Village Residences;
(xiii) Orchard Scott Residences;
(xiv) Orchard Parksuites;
(xv) Leonie View Residences;
(xvi) West Coast Village Residences;
(xvii) Far East Plaza Residences; and
(xviii) Sri Tiara Residences.

2. The seven (7) new and pipeline hotel management agreements relate to:

(i) Amoy Hotel;
(ii) Outpost Hotel;
(iii) Oasia Downtown Hotel;
(iv) Oasia West Residences;
(v) Oasia Residences Kuala Lumpur;
(vi) Quincy Bali; and
(vii) Quincy Bintan.