

ANNOUNCEMENT

JOINT VENTURE WITH FAR EAST ORCHARD LIMITED ENTRY INTO DEFINITIVE SALE AGREEMENTS FOR THE STC DISPOSALS

Unless otherwise defined, all capitalised terms used but not defined in this Announcement shall have the meanings ascribed to them in the announcement dated 15 April 2013 made by The Straits Trading Company Limited (the “Company”) in relation to the entry into the joint venture implementation agreement dated 15 April 2013 among the Company, Far East Orchard Limited and Far East Hospitality Holdings Pte. Ltd. (the “JV Implementation Announcement”).

1. INTRODUCTION

1.1 STC SPAs. The Board wishes to announce that, further to the JV Implementation Announcement, the following definitive Sale Agreements have been entered into in respect of the STC Disposals (“**STC SPAs**”):

1.1.1 a sale and purchase agreement dated 19 June 2013 between the Company and the JVCo in relation to the sale by the Company and purchase by the JVCo of the RHI Shares (the “**RHI SPA**”); and

1.1.2 a sale and purchase agreement dated 19 June 2013 among Sword Properties Pty Ltd (“**SPPL**”)¹, as trustee for Sword Unit Trust², Rendezvous Hotels Management Pty Ltd (“**RHMPL**” and, together with SPPL, the “**Hotel Assets Vendors**”)³, Sword Private Limited (“**SPL**”)⁴, the JVCo and Far East Hospitality Properties (Australia) Pte. Ltd. (“**FEHPA**”)⁵ in relation to the sale by the Hotel Assets Vendors and the purchase by FEHPA of the RHMPL Hotels and the Hotel Business Assets (as defined in Schedule 2 to this Announcement) (the “**Hotel Assets SPA**”).

A summary of the key terms of each STC SPA (including the conditions to which completion thereunder is subject) is set out in **Schedules 1 and 2** to this Announcement respectively.

1.2 FEOrchard BTA. Further to the Implementation Agreement, Jelco has on 19 June 2013 also entered into a conditional Sale Agreement with Far East Hospitality Management (S) Pte. Ltd. (“**FEHMS**”)⁶ in respect of the sale by Jelco and the purchase by FEHMS of the H/SRMAs and certain other FEOrchard Assets (the “**FEOrchard BTA**”).

Further information on the FEOrchard BTA has been set out in the announcement entitled “Entry into Sale and Purchase Agreements in connection with the joint venture with The Straits Trading Company Limited” made by FEOrchard on the SGX-ST today.

¹ SPPL is an indirect wholly-owned subsidiary of the Company.

² All the units in Sword Unit Trust are owned by RHMPL and RHMPL owns the hotel known as Rendezvous Hotel Perth (currently undergoing re-branding as Rendezvous Grand Hotel Perth).

³ RHMPL is an indirect wholly-owned subsidiary of the Company and owns the hotels known as Rendezvous Studio Hotel Perth Central and Rendezvous Grand Hotel Melbourne.

⁴ SPL is a wholly-owned subsidiary of the Company.

⁵ FEHPA is a wholly-owned subsidiary of the JVCo.

⁶ FEHMS is a wholly-owned subsidiary of the JVCo.

2. STC DISPOSALS

Information on, *inter alia*, (i) the STC Assets, (ii) the rationale of and benefits to the Company of the Potential Transactions and (iii) the factors taken into account for arriving at the aggregate consideration for the Potential Transactions have already been set out in paragraphs 3 and 4 of the JV Implementation Announcement respectively.

3. ILLUSTRATIVE FINANCIAL EFFECTS

3.1 Assumptions. The pro-forma financial effects of the Potential Transactions on the EPS, the NTA per Share, and the share capital of the Company are set out below and have been computed based on (i) the audited consolidated financial statements of the Group for FY2012 as announced on 29 April 2013 (“**Audited Group FY2012 Results**”), and (ii) the unaudited consolidated financial statements of the Group for the financial quarter ended 31 March 2013 (“**1Q2013**”) as announced on 13 May 2013 (“**Group 1Q2013 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.

3.2 NTA – FY2012. For purely illustrative purposes only, assuming the Potential Transactions had been effected on 31 December 2012, being the end of FY2012, the effect of the Potential Transactions on the NTA per Share for FY2012, based on the Audited Group FY2012 Results, would be as follows:

	Before the Potential Transactions	After the Potential Transactions
NTA (S\$ million)	1,110.0	1,113.9
NTA per Share (S\$) ⁽¹⁾	3.41	3.42

Note:

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

3.3 NTA – 1Q2013. For purely illustrative purposes only, assuming the Potential Transactions had been effected on 31 March 2013, being the end of 1Q2013, the effect of the Potential Transactions on the NTA per Share for 1Q2013, based on the Group 1Q2013 Results, would be as follows:

	Before the Potential Transactions	After the Potential Transactions
NTA (S\$ million)	1,327.4	1,329.4
NTA per Share (S\$) ⁽¹⁾	3.37	3.37

Note:

⁽¹⁾ Calculated based on 394,397,772 Shares in issue, being the number of Shares outstanding as at 31 March 2013.

3.4 EPS – FY2012. 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 Audited Group FY2012 Results, would be as follows:

	Before the Potential Transactions	After the Potential Transactions
Profit after tax and non-controlling interests (S\$ million)	(55.2)	(24.0)
EPS (cents)⁽¹⁾	(16.95)	(7.38)

Note:

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

3.5 EPS – 1Q2013. For purely illustrative purposes only, assuming the Potential Transactions had been effected on 1 January 2013, being the beginning of 1Q2013, the effect of the Potential Transactions on the EPS for 1Q2013, based on the Group 1Q2013 Results, would be as follows:

	Before the Potential Transactions	After the Potential Transactions
Profit after tax and non-controlling interests (S\$ million)	(0.3)	3.4
EPS (cents)⁽¹⁾	(0.07)	0.87

Note:

⁽¹⁾ Calculated based on 394,397,772 Shares in issue, being the number of Shares outstanding as at 31 March 2013.

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

4. RELATIVE FIGURES UNDER RULE 1006 OF THE LISTING MANUAL

4.1 **Disposal Interest.** The relative figures for the Relevant Disposal⁷ computed on the relevant bases set out in Rule 1006 of the Listing Manual and based on the Audited Group FY2012 Results 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⁾ .	159.0	1,171.1	13.6
(b)	The net profit / (loss) attributable to the Disposal Interest, compared with the Group's net profit / (loss) ⁽²⁾ .	(34.1)	(95.0)	35.9
(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\$1,171.1 million as reported in the Audited 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\$95.0 million as reported in the Audited Group FY2012 Results.
- (3) The aggregate consideration received by the Company comprises (i) the RHI Share Consideration (as set out in section 1.1 of Schedule 1), (ii) Cash Consideration, (iii) Hotel Assets Share Consideration, and (iv) the Loan (each, as set out in section 1.1 of Schedule 2), on the assumption that there is no adjustment to the consideration for the STC Disposals, and less the Auckland Lease Cash Provision as more particularly described in section 7.3 of Schedule 1.
- (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 Last Trading Day VWAP.

4.2 **Relevant Acquisition.** The relative figures for the Relevant Acquisition computed on the relevant bases set out in Rule 1006 of the Listing Manual and based on the Audited Group FY2012 Results 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)	(95.0)	9.2

⁷ The Relevant Disposal and the Disposal Interest are calculated on the basis of a 100 per cent. disposal of the STC Assets.

Rule 1006	Bases	Relevant Acquisition (\$ million)	Group (\$ million)	Relative Figures (%)
(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\$95.0 million as reported in the Audited 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 as more particularly described in section 7.3 of Schedule 1, and less the Cash Consideration as more particularly described in section 1.1 of Schedule 2 respectively, and the full value of the encumbrances on the RHMPL Hotels (S\$53.4 million). This assumes that the consideration payable under the Hotel Assets SPA will be satisfied entirely by the Cash Consideration and the Hotel Assets Share Consideration, and not by way of the Loan (as more particularly described in section 1.1 of Schedule 2).
- (3) The market capitalisation has been calculated on the basis of 394,397,772 Shares in issue multiplied by the Last Trading Day VWAP.

5. NO SHAREHOLDERS' APPROVAL REQUIRED

5.1 Disposal Waiver. As only the relative figure computed under Rule 1006(b) of the Listing Manual for the Relevant Disposal exceeds 20 per cent. and is a negative figure, an application was made on behalf of the Company to the SGX-ST on 17 April 2013, to seek, *inter alia*, a confirmation pursuant to paragraph 4 of Practice Note 10.1 of the Listing Manual that the STC Disposals are not subject to the approval of Shareholders pursuant to Rule 1014 of the Listing Manual (the "**Disposal Waiver**"). The grounds for the Disposal Waiver are as follows:

5.1.1 the STC Disposals will involve the divestment of the Company's interest in the STC Assets which are presently loss-making in nature. The STC Assets will, following the completion of the STC SPAs, be jointly owned by the JVCo Shareholders indirectly through the JVCo.

In addition, as recognised in paragraph 4.1 of Practice Note 10.1 of the Listing Manual, Shareholders should, generally, be less concerned with disposals of loss-making assets by an issuer; and

5.1.2 disclosure to Shareholders in respect of the STC Disposals is unlikely to be compromised to any material extent without the issuance of a circular to Shareholders in this regard, as the Company has released the JV Implementation Announcement in relation to the STC Disposals containing the information required under Rules 1010 and 1011 of the Listing Manual.

5.2 SGX Confirmation. In a letter from the SGX-ST dated 13 May 2013, the SGX-ST stated that, as the relative figures under Listing Rule 1006(a) and (c) for the Relevant Disposal do not exceed 20 per cent. and that Shareholders should not be concerned over the disposal of a loss-making asset, the SGX-ST has no objections to the Company's application for a waiver from compliance with Rule 1014(2) of the Listing Manual for the Relevant Disposal, subject to the following:

5.2.1 the Company announcing the waiver granted, the reasons for seeking the waiver and the conditions as required under Rule 107 of the Listing Manual; and

5.2.2 submission of a written confirmation from the Company that the waiver does not contravene any laws and regulations governing the Company and the articles of association of the Company.

Such written confirmation was submitted on behalf of the Company to the SGX-ST on 19 June 2013.

6. FURTHER INFORMATION

6.1 Directors' and Controlling Shareholders' Interests. Further to the Implementation Agreement, Mr. Yap Chee Keong and Mr. Mark Christopher Greaves have with effect from 18 June 2013 been appointed (as nominees of the Company) to the board of directors of the JVCo.

Save as disclosed in this Announcement and save for their shareholdings in the Company, none of the Directors and the controlling shareholders of the Company has any interest, direct or indirect, in the Potential Transactions.

6.2 Documents for Inspection. Copies of the STC SPAs are 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

20 June 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.

SCHEDULE 1 RHI SPA

This **Schedule 1** set outs a summary of certain key terms of the RHI SPA. References to “**Sections**” shall be references to sections in this Schedule 1.

1. Consideration

- 1.1 Consideration.** The consideration for the purchase of the RHI Shares shall, subject to such adjustment described in Section 1.2, be the sum of S\$2,800,000, which shall be satisfied by way of allotment and issuance to the Company (or SPL) of 2,800,000 JVCo Shares (“**RHI Share Consideration**”) on completion of the sale and purchase of the RHI Shares pursuant to the RHI SPA (“**RHI SPA Completion**”).
- 1.2 Post-Completion Adjustment.** The Company or the JVCo shall pay to the other party any deficit below or any excess above zero, respectively, in the sum of working capital and cash balances in RHI as at RHI SPA Completion, based on completion accounts to be drawn up by the Company following RHI SPA Completion in an agreed form. Any payment by the Company or the JVCo shall be settled purely in cash.

2. Conditions Precedent

- 2.1 Conditions.** RHI SPA Completion is conditional upon satisfaction of the following conditions or their satisfaction subject only to RHI SPA Completion (each, a “**RHI SPA Condition**”):
- 2.1.1** such approval of the shareholders of FEOrchard at an extraordinary general meeting of FEOrchard (if required) as more particularly described in paragraph 2.6.2 of the JV Implementation Announcement having been obtained (“**FEOrchard Shareholder Approval**”); and
- 2.1.2** in relation to the Rendezvous Grand Hotel Adelaide, the approval of the licensing authority constituted by the Liquor Licensing Act 1997 (SA) of South Australia having been obtained for the new shareholders, directors and anyone else who will hold a ‘position of authority’ (as defined by the Liquor Licensing Act 1997 (SA)) in respect of Allegra Hotel Pty Ltd⁸ following RHI SPA Completion.

3. Completion

- 3.1 RHI SPA Completion Date.** RHI SPA Completion shall take place on 1 August 2013 or, if the RHI SPA Conditions and the conditions precedent set out in the Hotel Assets SPA have not been satisfied or waived five Business Days⁹ prior to that date, the date falling five Business Days after all such conditions have been satisfied or such later date to which RHI SPA Completion has otherwise been extended, postponed or deferred by the Company in accordance with Section 3.2.2.

⁸ Allegra Hotel Pty Ltd is an indirect subsidiary of RHI and the leasehold owner of Rendezvous Grand Hotel Adelaide.

⁹ “**Business Day**” means a day on which banks are open for business in Singapore, Australia and New Zealand, excluding Saturdays, Sundays and public holidays.

3.2 Obligation to Complete

3.2.1 Each party to the RHI SPA shall not be obliged to proceed with RHI SPA Completion:

- (i) unless the sale and purchase under the Hotel Assets SPA is completed contemporaneously; and
- (ii) pending the outcome or conclusion of good faith discussions commenced after the date of the RHI SPA (if any) between or among any of the Company, the JVCo and FEOrchard under certain clauses of the Implementation Agreement.

3.2.2 In the event all the conditions precedent set out in the FEOrchard BTA (the “**FEOrchard BTA Conditions**”) are not satisfied by the date fixed for RHI SPA Completion, the Company shall be entitled, in its sole discretion, to extend, postpone or defer the date fixed for RHI SPA Completion until such later date as all the FEOrchard BTA Conditions have been satisfied and completion under the FEOrchard BTA is to occur.

4. Termination

4.1 **Long Stop Date.** Subject to prior good faith negotiations in accordance with the Implementation Agreement, a party to the RHI SPA (provided it is not in breach of certain obligations under the RHI SPA in connection with the satisfaction of the RHI SPA Condition) may, by not less than 30 days’ notice in writing to the other, terminate the RHI SPA (other than provisions thereunder as are customarily expressed to survive termination (the “**RHI SPA Surviving Provisions**”)) at any time before RHI SPA Completion if either RHI SPA Condition is not satisfied by the Long Stop Date or becomes incapable of satisfaction or the parties to the RHI SPA agree that the RHI SPA Conditions cannot be satisfied, and neither party to the RHI SPA shall have any claim (save in respect of antecedent breaches) against the other under the RHI SPA.

4.2 **Automatic Termination.** The RHI SPA shall automatically terminate and no party to the RHI SPA shall be liable to the other for claims (save in respect of the RHI SPA Surviving Provisions or any antecedent breach) under the RHI SPA, if at any time prior to RHI SPA Completion:

4.2.1 a Supervening Event MAC occurs in respect of any of the STC Assets and the sale of the RHI Shares to the JVCo is excluded from the transactions contemplated by the Implementation Agreement; or

4.2.2 the Implementation Agreement is rescinded or terminated for any reason.

4.3 **Other Termination Rights.** Each party to the RHI SPA shall be entitled (in addition to and without prejudice to all other rights or remedies available, including the right to claim damages or other compensation) to terminate the RHI SPA (other than the RHI SPA Surviving Provisions) by notice in writing to the other party:

4.3.1 if at any time prior to RHI SPA Completion:

- (i) a Supervening Event Serious MAC occurs in respect of any of the STC Assets, provided that the terminating party has not caused such occurrence;

- (ii) the Hotel Assets SPA is rescinded or terminated for any reason;
- (iii) the non-terminating party is in:
 - (a) material breach of any of the undertakings to be performed by it prior to RHI SPA Completion under the RHI SPA;
 - (b) material breach of any of the representations and warranties given by it under the RHI SPA; or
 - (c) breach of a restriction under the RHI SPA against the assignment of its benefits thereunder to a third party; and

4.3.2 if on RHI SPA Completion, the non-terminating party shall have not fully complied with such obligations to be performed by it on RHI SPA Completion under the RHI SPA.

5. Warranties

5.1 **Warranties.** The Company gives various customary representations and warranties in favour of the JVCo as at entry into the RHI SPA and, again, on RHI SPA Completion ("**RHI SPA Vendor Warranties**"), in relation to, *inter alia*, the following:

- 5.1.1 due incorporation of the Company;
- 5.1.2 the authority and capacity of the Company to enter into and perform its obligations under the RHI SPA and any agreement or document entered into or in connection with the RHI SPA to which it is party;
- 5.1.3 the Company's title to and ownership of the RHI Shares; and
- 5.1.4 RHI's title to and ownership of the shares in its subsidiaries (together with RHI, collectively, the "**RHI Group**" and, each, a "**RHI Group Company**").

5.2 Limitation of Liability

- 5.2.1 The Company shall not be liable in respect of any claim for breach of any RHI SPA Vendor Warranty unless written notice of a claim for such breach is given to the Company within 15 months following RHI SPA Completion.
- 5.2.2 The maximum aggregate liability of the Company in respect of all breaches of the RHI SPA Vendor Warranties shall not exceed S\$420,000.

6. Indemnities

6.1 **Taxation.** The Company undertakes to the JVCo to pay to the JVCo an amount equal to any liability to any form of taxation in Singapore, Australia and New Zealand, whether direct or indirect, impositions, duties, contributions, rates and levies, whenever and however imposed (whether imposed by way of a withholding or deduction for or on account of tax or otherwise), and all penalties, charges, reasonable costs and interest relating thereto, of a RHI Group Company, other than any stamp duty payable in connection with the purchase of the RHI Shares or penalties or interest in respect thereof ("**Taxation**"):

- 6.1.1 in respect of or arising from any transaction, circumstance, act, event or omission of whatever nature effected or deemed to have been effected on or before RHI SPA Completion; or
- 6.1.2 by reference to any profits earned, accrued or received on or before RHI SPA Completion,

provided that written notice of a claim under such undertaking is given to the Company within five years (in the case of RHI) or four years (in the case of a subsidiary of RHI) after the filing of the relevant Taxation return or submission to the relevant Taxation authority which gave rise to such liability.

Such payment to be made shall include all reasonable costs and expenses including external advisors' and/or consultants' fees incurred by or on behalf of the JVCo in connection with (i) any notice, demand, assessment, letter or document issued or action taken by the Inland Revenue Authority of Singapore or any Taxation authority in Singapore, Australia and New Zealand and (ii) any return, computation, accounts or other documents required for the purposes of Taxation or liability as is therein mentioned.

6.2 Claim, Litigation or Arbitration. The Company covenants with the JVCo, with effect from and including RHI SPA Completion, to indemnify the JVCo against, and to pay to the JVCo the amount of, any claim, cost or expense payable:

- 6.2.1 by the JVCo or RHI (as applicable) that is incurred with respect to certain ongoing arbitration proceedings to which RHI is party, provided that written notice of a claim under such indemnity is given to the Company within six months from the date of grant of the final arbitral award in respect of such proceedings; and
- 6.2.2 by the JVCo or a RHI Group Company (as applicable) that is incurred in relation to any claim, litigation or arbitration subsisting as at RHI SPA Completion with a RHI Group Company but not resolved, concluded, satisfied, settled or withdrawn as at RHI SPA Completion, provided that written notice of a claim under such indemnity is given to the Company within 15 months following RHI SPA Completion.

7. Other Undertakings

7.1 Intra-Group Loans. The Company undertakes to the JVCo that there will be no outstanding loan owing by any RHI Group Company to any of the Company and its Affiliates (as defined in the RHI SPA) (other than the RHI Group Companies) as at RHI SPA Completion.

7.2 Auckland Lease

- 7.2.1 **Rectification / Repair Works.** The Company undertakes to and with the JVCo to:
 - (i) carry out such rectification works ("**Rectification Works**") in respect of the hotel known as Rendezvous Grand Hotel Auckland (the "**Auckland Hotel**") set out in the notice of repair dated 11 December 2012 issued by the lessor of the Auckland Hotel ("**Auckland Hotel Lessor**") to, *inter alia*, Rendezvous Hotels

(NZ) Limited (as lessee of the Auckland Hotel)¹⁰ in accordance with the standard required in such notice of repair.

- (ii) bear the costs of certain repair, renovation, replacement or retrofitting works and/or “make good” obligations in respect of the Auckland Hotel required of the lessee pursuant to the terms of the lease agreement in respect of the Auckland Hotel, other than the Rectification Works, that is required:
 - (a) under any requests made or notices of repairs issued by the Auckland Hotel Lessor; and
 - (b) for structural defects (whether or not such structural defects existed before or as at RHI SPA Completion), unless such structural defects arose after RHI SPA Completion by virtue of the neglect or negligence of the JVCo or a RHI Group Company or their respective contractors or agents,

provided that where the full quoted costs of such works required:

- (1) do not exceed S\$10,000, such costs shall be borne by, *inter alia*, the JVCo and its affiliate which is, following RHI SPA Completion, the hotel operator of the Auckland Hotel for the time being (“**Auckland Hotel Operator**”); and
- (2) exceed S\$10,000, the JVCo shall, or shall procure that the Auckland Hotel Operator shall, discuss in good faith with the Company if such works should be carried out and, if the Company so agrees, the Company shall bear the full costs of such works.

7.3 Auckland Lease Cash Provision. The Company shall ensure that, as at RHI SPA Completion, the Company has set side cash of S\$11,000,000 for RHI to make payment in satisfaction of any net liabilities of any RHI Group Company (other than such works referred in Section 7.2).

7.4 “RENDEZVOUS” Marks and Name

On Final Completion, the Company shall deliver to the JVCo a deed of assignment duly executed by Hotel Rendezvous Private Limited (“**HRPL**”)¹¹ which shall assign to RHI all of HRPL’s rights, title and interest in the “RENDEZVOUS” trademarks registered in the name of HRPL.

Shareholders should note that, as a result of negotiations between the Company and FEOrchard, the terms of the RHI SPA may deviate from certain matters originally contemplated in connection with the sale of the RHI Shares and as mentioned in the JV Implementation Announcement.

¹⁰ Rendezvous Hotels (NZ) Limited is a wholly-owned subsidiary of RHI and the leasehold owner of the Rendezvous Grand Hotel Auckland.

¹¹ HRPL is an indirect wholly-owned subsidiary of the Company.

SCHEDULE 2

HOTEL ASSETS SPA

This **Schedule 2** set outs a summary of certain key terms of the Hotel Assets SPA. References to “**Sections**” shall be references to sections in this Schedule 2.

1. Consideration

1.1 Aggregate Consideration. The aggregate consideration for the RHMPL Hotels and the Hotel Business Assets¹² is S\$174.6 million (“**Aggregate Consideration**”) and shall be satisfied as follows:

1.1.1 payment of S\$76.18 million in cash (“**Cash Consideration**”) to RHMPL or the party nominated in writing by RHMPL to FEHPA, which is payable upon completion of the Hotel Assets SPA (“**Hotel Assets SPA Completion**”); and

1.1.2 the remaining consideration in either one or a combination of the following:

(i) the issue by JVCo of JVCo Shares at the Subscription Price for each JVCo Share at Hotel Assets SPA Completion to SPL as directed by the Hotel Assets Vendors (“**Hotel Assets Share Consideration**”); and

(ii) the execution by JVCo of a loan agreement relating to the loan to be owed by JVCo to SPL as and from Hotel Assets SPA Completion (“**Loan**”) and assuming the obligations thereunder,

plus or minus adjustments as provided for under the Hotel Assets SPA.

The number of JVCo Shares comprising the Hotel Assets Share Consideration and the amount of the Loan shall be agreed between FEHPA and the RHMPL at least 10 Business Days prior to 1 August 2013, failing which, the consideration payable by way of the Hotel Assets Share Consideration and the Loan shall be wholly satisfied by the allotment and issue of 98,420,000 JVCo Shares to SPL, as directed by the Hotel Assets Vendors, credited as fully paid-up, at the Subscription Price for each JVCo Share.

1.2 Post-Completion Adjustment. The Aggregate Consideration may be adjusted, *inter alia*, as follows:

1.2.1 FEHPA shall pay to RHMPL an amount of cash equal to the sum of any excess above zero in the sum of working capital and the cash balances in the Business¹³ as at Hotel Assets SPA Completion, based on completion accounts to be drawn up by each Hotel Assets Vendor following Hotel Assets SPA Completion in an agreed form (“**Completion Accounts**”); or

¹² “**Hotel Business Assets**” means the assets of the Business (as defined below) owned by each relevant Hotel Assets Vendor comprising, *inter alia*, fixtures and fittings, Business Contracts (as defined below), and all other property and assets of the Hotel Assets Vendor used exclusively in the Business, but excluding the property interests given in favour of the tenants under the agreements for lease, leases, licences and other rights of occupation or use encumbering the RHMPL Hotels.

¹³ “**Business**” means the hotel business conducted by each Hotel Assets Vendor from the RHMPL Hotels using the RHMPL Hotels and the Hotel Business Assets.

- 1.2.2 RHMPL shall pay to FEHPA an amount of cash equal to the sum of any deficit below zero in the sum of working capital and the cash balances in the Business, based on the Completion Accounts.

2. Conditions Precedent

- 2.1 **Conditions.** Hotel Assets SPA Completion is conditional upon satisfaction of, *inter alia*, the following conditions, or their satisfaction subject only to Hotel Assets SPA Completion (each, a “**Hotel Assets SPA Condition**”):

- 2.1.1 FEOrchard Shareholder Approval;

- 2.1.2 regulatory approvals by:

- (i) the Treasurer of the Commonwealth of Australia of the transactions contemplated by the Hotel Assets SPA; and
- (ii) the Western Australian Department of Racing, Gaming and Liquor of the applications to transfer various liquor licences to FEHPA or its nominee; and

- 2.1.3 the consent of United Overseas Bank Limited (“**UOB**”) to novation of various facility agreements entered into between RHMPL, Rendezvous Hotels (Australia) Pty Ltd and UOB.

The Hotel Assets SPA Conditions cannot be waived by the parties to the Hotel Assets SPA.

3. Diminished Assets

If a Supervening Event MAC occurs in respect of the STC Assets prior to Hotel Assets SPA Completion and no resolution on the course of action is reached in respect of the Diminished Assets pursuant to the terms of the Implementation Agreement, and the Diminished Assets include part of the RHMPL Hotels and the Business, such part of the RHMPL Hotels and the Business will not be transferred by the relevant Hotel Assets Vendors to FEHPA under the Hotel Assets SPA and the parties acknowledge that the Company shall, as a replacement for such part of the RHMPL Hotels and the Business, inject in cash the value of such part of the RHMPL Hotels and the Business into the JVCo on Hotel Assets SPA Completion in accordance with the terms of the Implementation Agreement, unless otherwise mutually agreed between the Company and FEOrchard in writing pursuant to the Implementation Agreement.

4. Completion

- 4.1 **Hotel Assets SPA Completion Date.** Hotel Assets SPA Completion shall take place on 1 August 2013. In the event the FEOrchard BTA Conditions are not satisfied by 1 August 2013, the Hotel Assets Vendors shall be entitled, in their sole discretion, to extend, postpone or defer the date fixed for Hotel Assets SPA Completion until such later date as such FEOrchard BTA Conditions have been satisfied and completion is to occur under the FEOrchard BTA.

4.2 Obligation to Complete

- 4.2.1 Each party to the Hotel Assets SPA shall not be obliged to proceed with Hotel Assets SPA Completion:

- (i) unless the sale and purchase under the RHI SPA is completed contemporaneously; and
- (ii) pending the outcome or conclusion of good faith discussions commenced after the date of the Hotel Assets SPA (if any) between or among any of the parties to the Hotel Assets SPA and FEOrchard under certain clauses of the Implementation Agreement.

4.3 Inability to Transfer. Subject to the Hotel Assets SPA Conditions being satisfied prior to the Long Stop Date (as more particularly described in Section 5.1 below), in addition to any cash injection by the Company arising due to a Supervening Event MAC in respect of the STC Assets (as set out in paragraph 2.11 of the JV Implementation Announcement), in the event that any RHMPL Hotels cannot be transferred to FEHPA, the parties to the Hotel Assets SPA acknowledge that the Company shall, as a replacement for such RHMPL Hotel, inject in cash the value of such RHMPL Hotel into the JVCo on Hotel Assets SPA Completion in accordance with the Implementation Agreement, unless otherwise mutually agreed between the Company and FEOrchard in writing pursuant to the Implementation Agreement or unless FEOrchard exercises its right to terminate the Implementation Agreement under certain clauses of the Implementation Agreement.

5. Termination

5.1 Long Stop Date. Subject to prior good faith negotiations in accordance with the Implementation Agreement, a party to the Hotel Assets SPA (provided it is not in breach of certain obligations under the Hotel Assets SPA in connection with the satisfaction of the Hotel Assets SPA Conditions) may, by not less than 30 days' notice in writing to the other, terminate the Hotel Assets SPA (other than provisions thereunder as are customarily expressed to survive termination (the "**Hotel Assets SPA Surviving Provisions**")) at any time before Hotel Assets SPA Completion if any of the Hotel Assets SPA Conditions are not satisfied or waived in accordance with the Hotel Assets SPA by 1 August 2013 or become incapable of satisfaction or the parties to the Hotel Assets SPA agree that the Hotel Assets SPA Conditions cannot be satisfied, and none of the parties to the Hotel Assets SPA shall have any claim (save in respect of antecedent breaches) against the others under the Hotel Assets SPA.

5.2 Default

5.2.1 If FEHPA fails to pay the Aggregate Consideration or commits a material default in the observance or performance of any of the other obligations imposed on it under or by virtue of the Hotel Assets SPA, and fails to make the payment or remedy the material default within 20 Business Days after receipt of notice of the default from the Hotel Assets Vendors, the Hotel Assets Vendors, in addition to any other rights the Hotel Assets Vendors may have, may, subject to the parties first entering into good faith negotiations and only upon that process completing without a resolution terminate the Hotel Assets SPA by delivering written notice to FEHPA.

5.2.2 If either of the Hotel Assets Vendors commit a material default in the observance or performance of any of the obligations imposed on it under or by virtue of the Hotel Assets SPA, and fails to remedy the material default within 20 Business Days after receipt of notice of the default from FEHPA, FEHPA, in addition to any other rights FEHPA has, may, subject to the parties first entering into good faith negotiations and

only upon that process completing without a resolution terminate the Hotel Assets SPA by, *inter alia*, delivering a written notice of termination of the same.

5.3 Termination of Implementation Agreement. The Hotel Assets SPA shall automatically terminate and no party to the Hotel Assets SPA shall be liable to the others for any claim demand, legal proceedings or cause of action (“**Claim**”) (save in respect of the Hotel Assets SPA Surviving Provisions or any antecedent breach) under the Hotel Assets SPA, if at any time prior to Hotel Assets SPA Completion the Implementation Agreement is rescinded or terminated for any reason.

5.4 Other Termination Rights. FEHPA or the Hotel Assets Vendors (as the case may be) shall be entitled (in addition to and without prejudice to all other rights or remedies available, including the right to claim damages or other compensation) to terminate the Hotel Assets SPA (other than the Hotel Assets SPA Surviving Provisions) by notice in writing to the other party:

5.4.1 if at any time prior to Hotel Assets SPA Completion, *inter alia*:

- (i) a Supervening Event Serious MAC occurs in respect of any of the STC Assets, provided that the terminating party has not caused such occurrence; or
- (ii) the non-terminating party is in:
 - (a) material breach of any of the undertakings to be performed by it (in the case of the Hotel Assets Vendors) prior to Hotel Assets SPA Completion under the Hotel Assets SPA and (in the case of FEHPA) prior to Hotel Assets SPA Completion or the completion of the FEOrchard BTA (whichever is earlier);
 - (b) material breach of any of the representation and warranties given by it under the Hotel Assets SPA; or
 - (c) breach of a restriction under the Hotel Assets SPA against the assignment of its benefits thereunder to a third party; or

5.4.2 if on Hotel Assets SPA Completion, the non-terminating party shall have not fully complied with such obligations to be performed by it on Hotel Assets SPA Completion under the Hotel Assets SPA.

6. Warranties

6.1 Warranties. Each Hotel Assets Vendor gives various customary representation and warranties in favour of FEHPA as at entry into the Hotel Assets SPA and, again, on Hotel Assets SPA Completion (“**Hotel Assets Vendors Warranties**”), in relation to, *inter alia*, the following:

6.1.1 due incorporation of each Hotel Assets Vendor;

6.1.2 the authority and capacity of each Hotel Assets Vendor to enter into and perform its obligations under the Hotel Assets SPA and any agreement or document entered into or in connection with the Hotel Assets SPA to which it is party; and

6.1.3 each Hotel Assets Vendor's title to and ownership of the RHMPL Hotels.

6.2 Limitation of Liability

6.2.1 The Hotel Assets Vendors shall not be liable in respect of any Claim for breach of any Hotel Assets Vendors Warranties unless written notice of a Claim for such breach is given to the relevant Hotel Assets Vendor within 15 months after Hotel Assets SPA Completion.

6.2.2 The maximum aggregate liability of each of the Hotel Assets Vendors in respect of all breaches of Hotel Assets Vendors Warranties by that Hotel Assets Vendor shall be:

- (i) S\$4.7 million, for breaches by RHMPL of the Hotel Assets Vendors Warranties in respect of and to the extent affecting the Rendezvous Studio Hotel Perth Central;
- (ii) S\$12.1 million, for breaches by RHMPL of the Hotel Assets Vendors Warranties in respect of and to the extent affecting the Rendezvous Grand Hotel Melbourne; and
- (iii) S\$17.4 million, for breaches by SPPL of the Hotel Asset Warranties in respect of and to the extent affecting Rendezvous Hotel Perth.

For the avoidance of doubt, the maximum aggregate liability for all the Hotel Assets Vendors combined for all breaches of Hotel Asset Warranties shall not exceed S\$34.2 million.

7. Indemnities

7.1 **Claim, Litigation or Arbitration.** The Hotel Assets Vendors undertake to indemnify JVCo against, and shall pay JVCo the amount of, any Claim, cost or expense payable by JVCo, FEHPA or such other wholly-owned subsidiary of JVCo (as applicable) that is incurred in relation to any Claim, litigation or arbitration subsisting as at Hotel Assets SPA Completion with respect to the Business, provided that JVCo notifies the Hotel Assets Vendor in writing of such indemnity claim within 15 months after the date of Hotel Assets SPA Completion ("**Hotel Assets SPA Completion Date**").

7.2 **Business Contracts.** The Hotel Assets Vendors shall, prior to Hotel Assets SPA Completion and at its own cost and expense, observe, perform, discharge and fulfil all obligations of the Hotel Assets Vendors under the Business Contracts¹⁴ and shall keep FEHPA indemnified from and against all claims, demands, actions, proceedings, damages, losses, costs, expenses and liabilities caused or contributed by any default or failure on the part of the Hotel Assets Vendors prior to Hotel Assets SPA Completion, to observe, perform, discharge and fulfil as aforesaid the Hotel Assets Vendors' obligations under such Business Contracts.

7.3 **Transferring Employees.** In respect of employees of, *inter alia*, the Hotel Assets Vendors employed in the Business who will be hired by FEMPA or its nominee after Hotel Assets SPA Completion, the Hotel Assets Vendors shall, indemnify FEMPA or its nominee from and

¹⁴ "**Business Contracts**" comprise, *inter alia*, hotel management contracts, agreements for lease, licences and other rights of occupation or use relating to the RHMPL Hotels, information technology contracts, banking and financing documents, in respect of the Business and/or the RHMPL Hotels to which a Hotel Assets Vendor or another subsidiary of the Company is or will be a party and which are wholly or partly to be performed after the Hotel Assets SPA Completion.

against all losses, damages and liabilities caused by any default or failure on the part of its subsidiaries to discharge and fulfil its subsidiaries' obligations as employer in respect of the period prior to Hotel Assets SPA Completion provided that nothing in the Hotel Assets SPA shall be construed as rendering their respective subsidiaries liable for any breach by FEMPA or its nominee of its obligations as employer in respect of the period from Hotel Assets SPA Completion.

8. Asset Refurbishments

8.1 Reimbursements. SPL undertakes to reimburse JVCo or its subsidiaries for any and all cost and expenses reasonably and properly incurred by or on behalf of JVCo or its subsidiaries in connection with certain asset refurbishments as set out in the Hotel Assets SPA ("**Asset Refurbishments**"). SPL shall use its reasonable endeavours to procure completion of the Asset Refurbishments prior to 31 October 2013.

8.2 Assignment. SPPL undertakes that it shall use reasonable endeavours to, on completion of the Asset Refurbishment, assign the benefit of all warranties contained in the contracts relating to the Asset Refurbishments from SPPL to FEHPA. For the avoidance of doubt, using reasonable endeavours to assign the benefit of the warranties under this Section 8.2 does not require SPPL to assign the entire contract under which the warranties have been given.

9. Other Salient Terms

9.1 Subject to Leases. The RHMPL Hotels are sold subject to and with the benefit of the agreements for lease, leases, licences and other rights of occupation or use encumbering the RHMPL Hotels as specified or entered into in accordance with the Hotel Assets SPA ("**Leases**").

9.2 Sale in an "as is" condition. Subject to the Implementation Agreement, each RHMPL Hotel, the Hotel Business Assets and the Leases are at the relevant Hotel Assets Vendor's risk until Hotel Assets SPA Completion Date, and on that date, risk passes to FEHPA. Each RHMPL Hotel and the Hotel Business Assets are sold in an "as is, where is" condition with all faults and defects whether or not they are apparent by inspection.

9.3 Hotel Business Assets. The Hotel Business Assets are included in the Hotel Assets SPA and FEHPA obtains the title held by the relevant Hotel Assets Vendor (subject to any statutory encumbrances and disclosed encumbrances) to the Hotel Business Assets on paying the Aggregate Consideration. The Hotel Assets Vendors may use the Hotel Business Assets until the Hotel Assets SPA Completion Date.

9.4 Outgoings. Subject to the terms of the Hotel Assets SPA, each Hotel Assets Vendor must pay, for its relevant RHMPL Hotel(s), all outgoings, costs and expenses of a Hotel Assets Vendor in relation to the relevant RHMPL Hotel(s) (including council rates and charges, water, drainage, sewerage and parks charges and land tax payable by property owners to the relevant authorities (collectively, the "**Statutory Outgoings**")) (the "**Outgoings**") applicable to those RHMPL Hotels for the period up to and including the Hotel Assets SPA Completion Date, and the FEHPA must pay the Outgoings (including Statutory Outgoings) for the period after the Hotel Assets SPA Completion Date.

Shareholders should note that, as a result of negotiations between the Company and FEOrchard, the terms of the Hotel Assets SPA may deviate from certain matters originally contemplated in connection with the STC Disposal and as mentioned in the JV Implementation Announcement.