

ANNOUNCEMENT

PROPOSED ACQUISITION OF SHARES IN ARA ASSET MANAGEMENT LIMITED AND REAL ESTATE CO-INVESTMENT WITH ONE OF ITS MAJOR SHAREHOLDERS

1. INTRODUCTION

1.1 Proposed Acquisition. The Board of Directors (the “**Board**”) of The Straits Trading Company Limited (the “**Company**”) wishes to announce that the Company has today entered into the following share purchase agreements (“**SPAs**”), as follows:

1.1.1 an agreement with JL Investment Group Limited (“**JL**”) (“**JL SPA**”), pursuant to which the Company will purchase 118,930,000 shares in ARA Asset Management Limited (“**ARA**”, and issued ordinary shares in ARA, the “**Shares**”), representing approximately 14.07% of the issued Shares (“**JL Sale Shares**”); and

1.1.2 an agreement with Cheung Kong Investment Company Limited (“**Cheung Kong**”), pursuant to which the Company will purchase 50,970,000 Shares, representing approximately 6.03% of the issued Shares (“**Cheung Kong Sale Shares**” and together with the JL Sale Shares, the “**Sale Shares**”),

(collectively, the “**Proposed Acquisition**”).

1.2 Real Estate Co-Investment. The Board also wishes to announce that STC Capital Pte. Ltd. (“**SCPL**”)¹, a wholly-owned subsidiary of the Company, has today entered into a real estate co-investment agreement (“**Real Estate Co-Investment Agreement**”) with each of JL Investment Holding (2012) Ltd and JL Equity II Limited (“**JLEL**”) in relation to the Business (as defined below) (the “**Real Estate Co-Investment**”).

The Proposed Acquisition and the Real Estate Co-Investment are mutually exclusive and the completion of the SPAs is not conditional upon the execution of the Real Estate Co-Investment Agreement.

2. INFORMATION ON THE PROPOSED ACQUISITION

2.1 Information on the Vendors

2.1.1 JL is wholly-owned by Mr. Lim Hwee Chiang (“**Mr. Lim**”). Mr. Lim has been the group chief executive officer and executive director of ARA since its establishment in 2002.

2.1.2 Cheung Kong is a wholly owned subsidiary of Cheung Kong (Holdings) Limited (“**Cheung Kong Holdings**”). Cheung Kong Holdings is the flagship of the Cheung Kong Group, the leading Hong Kong based multi-national conglomerate. The combined market capitalisation of the Cheung Kong Group's Hong Kong listed

¹ SCPL was established with and has an issued share capital of S\$1.00. The book value and the net tangible asset value of SCPL is S\$1.00.

companies amounted to HK\$945 billion as at 31 August 2013. The Cheung Kong Group operates in 52 countries and employs about 270,000 staff worldwide. Cheung Kong Holdings is a property development and strategic investment company. It is one of the largest developers in Hong Kong of residential, commercial and industrial properties. About one in seven private residences in Hong Kong were developed by the company.

2.2 Information on ARA and Description of Trade

2.2.1 ARA, an affiliate of the Cheung Kong group, is a real estate fund management company listed on the Main Board of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”). ARA’s business is focused on the following primary segments:

- (i) REITs – ARA and its subsidiaries (“**ARA Group**”) is one of the largest REIT managers in Asia ex-Japan and currently manages six REITs listed in three countries namely, Fortune REIT dual-listed in Singapore and Hong Kong, Suntec REIT and Cache Logistics Trust listed in Singapore, Hui Xian REIT and Prosperity REIT listed in Hong Kong and AmFIRST REIT listed in Malaysia;
- (ii) Private real estate funds – the ARA Group manages several private funds investing in real estate in Asia;
- (iii) Real estate management services – the ARA Group provides property management services and manages the award-winning Suntec Singapore International Convention & Exhibition Centre; and
- (iv) Corporate finance advisory services – the ARA Group has an in-house advisory arm providing corporate finance advisory services to related corporations.

2.2.2 Following completion of the SPAs (“**Completion**”), the Company will own or control an aggregate 169,900,000 Shares, representing approximately 20.10% of the issued Shares.

2.3 Rationale for the Proposed Acquisition

Following the divestment of the Company’s 40.6% stake in WBL Corporation Limited and sale of the Rendezvous Grand Hotel Singapore this year, the Company has articulated that it will be evaluating investment opportunities to acquire a sound, well managed business to form a new growth engine for the Company.

The Company believes that the acquisition of a 20.1% stake in ARA is in-line with the above strategy as it will allow the Company to become the largest shareholder in one of the largest real estate fund managers in the region. ARA has a strong track record of assets under management (“**AUM**”) growth with total AUM of S\$23.5 billion as at 30 June 2013, and a well-established business model with recurring earnings stream.

ARA will continue to benefit from the expanded business networks and relationships of two strong sponsors. In addition, subject to definitive agreements being entered into, the Company’s Real Estate Co-Investment Vehicles (as defined below) are expected to provide

seed / capital commitments to support new private real estate fund products by ARA, allowing ARA to further expand its private funds business.

3. INFORMATION ON THE SPAS

3.1 Consideration. The consideration payable by the Company to:

3.1.1 JL, for the JL Sale Shares, will be satisfied by a combination of S\$156.1 million in cash and 13.7 million new shares in the Company ("**Purchaser Shares**") to be allotted and issued by the Company to JL, credited as fully paid ("**Consideration Purchaser Shares**"); and

3.1.2 Cheung Kong, for the Cheung Kong Sale Shares, will be satisfied by way of S\$88.3 million in cash.

3.2 Conditions. The Proposed Acquisition will be conditional upon satisfaction of the following conditions:

3.2.1 completion of the other SPA in accordance with its terms;

3.2.2 the notification by ARA Asset Management (Fortune) Limited, ARA Trust Management (Suntec) Limited and ARA-CWT Trust Management (Cache) Limited to and approval from, the Monetary Authority of Singapore ("**MAS**") for or in connection with the acquisition of the interest in the ARA Group by the Company, and if such approval is granted subject to conditions which are required to be fulfilled prior to Completion, the fulfilment of such conditions; and

3.2.3 the application by the Company to and, approval from, the MAS for or in connection with the acquisition of the interest in the ARA Group by the Company and if such approval is granted subject to conditions which are required to be fulfilled prior to Completion, the fulfilment of such conditions.

3.3 Long Stop Date. Completion of the SPAs will take place three business days after the Company issues to JL and Cheung Kong notice that the relevant conditions have been satisfied ("**Completion Date**"), or at a date to be agreed between the parties which shall be no later than 31 March 2014 ("**Long Stop Date**").

3.4 Undertakings

3.4.1 Each of JL and Cheung Kong undertakes to the Company that it shall not, prior to and on Completion Date, *inter alia*, sell any of its Shares at a consideration per Share which is lower than the sale price of each Sale Share, excluding any commission, fees or brokerage which is payable to any placement agent or broker.

3.4.2 The Company will undertake:

- (i) to each of JL and Cheung Kong that it shall not sell, transfer, give or otherwise dispose of any of the legal, beneficial or economic consequences of ownership of all or any of the Sale Shares for a period of 6 months commencing from the Completion Date; and

- (ii) to JL that it shall not, for a period of 6 months commencing from the date of the JL SPA, allot and issue any new Purchaser Shares at a price lower than the price at which each Consideration Purchaser Share will be allotted and issued.

3.5 Termination Rights. Each of the Company, JL and Cheung Kong can terminate the relevant SPA at any time prior to Completion if:

3.5.1 there is a breach of any of the representations and warranties in the relevant SPA; or

3.5.2 the conditions in paragraph 3.2 are not satisfied on or before the Long Stop Date.

4. CONSIDERATION FOR THE SALE SHARES

4.1 Value of Consideration. The aggregate value of the consideration payable for the Proposed Acquisition is deemed, for the purposes of Chapter 10 of the listing manual of the SGX-ST ("**Listing Manual**"), to be S\$294.4 million comprising the sum of:

4.1.1 the aggregate cash consideration payable to both JL and Cheung Kong, being S\$244.4 million; and

4.1.2 S\$50.0 million, being the value of the Consideration Purchaser Shares calculated based on the higher of the following values:

- (i) the market value of each Purchaser Share of approximately S\$3.65, based on the volume weighted average price ("**VWAP**") of the Purchaser Shares transacted on the SGX-ST on 24 October 2013, being the full market day prior to the date of the SPAs on which the Purchaser Shares were last traded on the SGX-ST ("**Last Full Trading Day**"); and
- (ii) the net asset value represented by each Purchaser Share of approximately S\$3.57 based on the unaudited consolidated financial statements of the Company and its subsidiaries ("**STC Group**") for the half year ended 30 June 2013 ("**STC Group 1H2013 Results**").

4.2 Pricing Factors. The aggregate consideration payable for the Sale Shares was arrived at after arm's length negotiations, on a willing-buyer and willing-seller basis using the 5-day VWAP of the Shares and the 1-day VWAP of the Purchaser Shares, as well as taking into account *inter alia*, the earnings, financial position, management experience, track record as well as the prospects of ARA.

4.3 Satisfaction of Consideration. The consideration for the Sale Shares will be satisfied by the allotment and issuance of the Consideration Purchaser Shares and internal funds.

4.4 Cash Alternative. In the event the approval of the SGX-ST for the listing, quotation and trading of the Consideration Purchaser Shares on the Main Board of the SGX-ST ("**AIP**") is not received on or before 31 December 2013 and/or where the AIP is subject to condition(s) that the Company is unable to comply with on or before 31 December 2013, the Company shall pay to JL an amount in cash equal to S\$50.0 million.

5. VALUE OF SALE SHARES

- 5.1 **Book Value.** Based on the unaudited consolidated financial statements of the ARA Group for the half year ended 30 June 2013 (“**ARA Group 1H2013 Results**”), the book value (excluding non-controlling interests) of the Sale Shares is approximately S\$52.5 million.
- 5.2 **Asset Value.** Based on the ARA Group 1H2013 Results, the net tangible asset value (excluding non-controlling interests) of the Sale Shares is approximately S\$52.5 million.
- 5.3 **Market Value.** Based on the VWAP of the Shares transacted on the SGX-ST on 25 October 2013 (being the full market day preceding the date of the SPAs on which the Shares were traded on the SGX-ST), the open market value of the Sale Shares is approximately S\$297.7 million.
- 5.4 **Net Profits.** Based on the ARA Group 1H2013 Results, the profit before income tax, minority interests and extraordinary items attributable to the Sale Shares is approximately S\$7.8 million.

6. INFORMATION ON THE REAL ESTATE CO-INVESTMENT

- 6.1 **Initial Capitalisation Amount.** The terms of the Real Estate Co-Investment Agreement provide for the incorporation of one or more real estate co-investment vehicles (the “**Real Estate Co-Investment Vehicles**” and each a “**Real Estate Co-Investment Vehicle**”) and the contribution of an initial aggregate capital of S\$200,000,000 (“**Initial Capitalisation Amount**”) of which:

6.1.1 S\$178,947,368 shall be contributed in cash by SCPL and/or any Other STC Subsidiary (as defined below) (“**Initial Subscription**”); and

6.1.2 S\$21,052,632 shall be contributed in cash by JLEL,

in each case, by way of subscription of shares in a Real Estate Co-Investment Vehicle (“**Real Estate Co-Investment Vehicle Shares**”) or in the form of shareholders loans and/or notes or otherwise as agreed between the parties to the Real Estate Co-Investment Agreement.

6.2 Further Capital Injection

6.2.1 Each of (i) JLEL and (ii) SCPL and/or other subsidiary of the Company (the “**Other STC Subsidiary**”) shall invest in each of the Real Estate Co-Investment Vehicle(s) with the intent that all contributions to each Real Estate Co-Investment Vehicle shall be made (subject to the other terms of the Real Estate Co-Investment Agreement) in the following ratio:

(i) SCPL and/or any Other STC Subsidiary – 89.47%; and

(ii) JLEL – 10.53%,

(the “**Contribution Ratio**”).

6.2.2 The parties to the Real Estate Co-Investment Agreement have also committed to contribute to the Real Estate Co-Investment Vehicle(s) up to an aggregate maximum of S\$950,000,000 (“**Aggregate Commitment Amount**”) inclusive of the Initial

Capitalisation Amount which amount shall be contributed in accordance with the Contribution Ratio as follows:

- (i) in the case of SCPL and/or any Other STC Subsidiary, (a) in cash by way of shareholder loan(s) and/or notes and/or subscription for new Real Estate Co-Investment Vehicle Shares and (b) by way of asset contribution in accordance with the terms of the Real Estate Co-Investment Agreement, up to the sum of S\$850,000,000 (the “**SCPL Aggregate Commitment Amount**”); and
- (ii) in the case of JLEL, in cash by way of shareholder loan(s) and/or notes or subscription for new Real Estate Co-Investment Vehicle Shares, up to the sum of S\$100,000,000.

6.2.3 The sale proceeds (“**Proceeds**”) arising from the sale(s), in the ordinary course of business, of certain real estate assets owned by the STC Group (“**Real Estate Assets**”) shall be injected by the STC Group, through SCPL and/or any Other STC Subsidiary, to meet the SCPL Aggregate Commitment Amount, save that STC shall be entitled to retain:

- (i) such part of the Proceeds equivalent to the Initial Subscription; and
- (ii) such part of the Proceeds which is in excess of the SCPL Aggregate Commitment Amount.

6.2.4 If by 31 December 2016, SCPL and/or any Other STC Subsidiary collectively have not contributed to the Real Estate Co-Investment Vehicle(s) the SCPL Aggregate Commitment Amount, SCPL shall, in accordance with the terms of the Real Estate Co-Investment Agreement, procure the transfer to the Real Estate Co-Investment Vehicle(s) of all the remaining unsold Real Estate Assets (“**Unsold Assets**”) at the fair value of the Unsold Assets as at 31 December 2016 determined in accordance with the relevant provisions of the Real Estate Co-Investment Agreement.

6.3 Business. Under the Real Estate Co-Investment Agreement, each Real Estate Co-Investment Vehicle shall carry on the business (the “**Business**”) of a real estate operating company to invest in real estate and real estate-related investments across specific geographical locations. The parties to the Real Estate Co-Investment Agreement agree to the establishment of investment vehicles (collectively, the “**Fund Entities**”), the interests in which will be held by one or more Real Estate Co-Investment Vehicles. The initial three Fund Entities shall be as follows:

- 6.3.1** a development fund;
- 6.3.2** a distressed fund; and
- 6.3.3** a strategic investments fund,

(collectively, the “**Funds**”), each with the investment mandate and capital allocation to pursue certain real estate and real estate-related investments across specific geographical locations as more particularly set out in the Real Estate Co-Investment Agreement.

For the avoidance of doubt, the parties to the Real Estate Co-Investment Agreement acknowledge and agree that in relation to the Business, for so long as JLEL holds any Real Estate Co-Investment Vehicle Shares: (i) none of the Real Estate Co-Investment Vehicles, nor any of the Fund Entities, shall invest or have any interest, or carry on business, in any hospitality sector (including but not limited to hotels, serviced residences, resorts and other lodging facilities) in any part of the world and (ii) none of the Real Estate Co-Investment Vehicles, nor any of the Fund Entities, shall invest or have any interest in, or carry on the business of, fund management, asset management and/or property management for any third parties.

6.4 Rationale for the Real Estate Co-Investment

As part of its corporate policy, the Company continuously evaluates long term growth options with respect to each of its portfolio businesses to enhance shareholders' interests and transform its portfolio of businesses into independent growth engines, with each business being focused players in their chosen fields.

The Company's property division currently comprises mainly a portfolio of high quality but low yielding investment properties in Singapore and Malaysia. As a small scale player in the real estate space, there may be limited profitable growth opportunities for the Company's property division. The Company believes that the Real Estate Co-Investment will enable the Company's property division to transform into a dynamic real estate investment platform that is backed by strong capital commitments and industry expertise.

The Fund Entities that the parties to the Real Estate Co-Investment Agreement will establish are envisaged to broaden the scope of the Company's current property division and allow the Company to re-deploy capital into potentially higher return real estate opportunities across specific geographical locations.

In addition, subject to definitive agreements being entered into, the Real Estate Co-investment Vehicles will provide seed / capital commitments to support new private real estate fund products by ARA. This is expected to help ARA grow its private funds business and in turn create value for shareholders' of ARA and the Company.

7. PRINCIPAL TERMS OF THE REAL ESTATE CO-INVESTMENT AGREEMENT

7.1 Moratorium. Under the terms of the Real Estate Co-Investment Agreement, JLEL agrees that it will not, without the prior written consent of SCPL, sell and/or transfer all or any part of the Real Estate Co-Investment Vehicle Shares held by it for the time being to any person prior to 31 December 2016 or such other date as the parties to the Real Estate Co-Investment Agreement may agree in writing.

7.2 Other Terms. The Real Estate Co-Investment Agreement also contains provisions regulating the rights of the shareholders to each of the Real Estate Co-Investment Vehicles as are customary for business joint ventures, including but not limited to:

7.2.1 the composition of the board of directors of each Real Estate Co-Investment Vehicle;

7.2.2 pre-emption rights in respect of the transfer of Real Estate Co-Investment Vehicle Shares by JLEL;

- 7.2.3 a tag-along right given in favour of JLEL; and
- 7.2.4 restrictions relating to non-compete and non-solicitation imposed on all the parties to the Real Estate Co-Investment Agreement.

8. REAL ESTATE CO-INVESTMENT CONSIDERATION

- 8.1 **Value of Consideration.** Assuming that SCPL and/or any Other STC Subsidiary collectively contribute up to the SCPL Aggregate Commitment Amount and subscribe for new Real Estate Co-Investment Vehicle Shares up to the SCPL Aggregate Commitment Amount (“**Maximum Subscription**”), the aggregate value of the consideration payable for such new Real Estate Co-Investment Vehicle Shares pursuant to the Maximum Subscription will be S\$850,000,000.
- 8.2 **Pricing Factors.** As each newly incorporated Real Estate Co-Investment Vehicle is a start-up company, the pricing of each shareholder’s contribution is based on the nominal value of its respective contribution.
- 8.3 **Satisfaction of Consideration.** As mentioned in paragraph 6.2.2(i), the SCPL Aggregate Commitment Amount shall be made by SCPL and/or any Other STC Subsidiary (a) in cash by way of shareholder loan(s) and/or notes and/or subscription for new Real Estate Co-Investment Vehicle Shares and (b) by way of asset contribution in accordance with the terms of the Real Estate Co-Investment Agreement. Any such cash contribution (excluding the Initial Subscription which shall be satisfied using internal funds) shall be satisfied using the Proceeds and/or any such asset contribution shall be in the form of the transfer of the Unsold Assets.

9. VALUES OF THE REAL ESTATE CO-INVESTMENT VEHICLES

- 9.1 **Book Value and Asset Value.** Assuming (i) SCPL and/or any Other STC Subsidiary collectively contribute up to the SCPL Aggregate Commitment Amount, and (ii) the Maximum Subscription has taken place, the book value and the net tangible asset value of the Maximum Subscription is S\$850,000,000.
- 9.2 **Net Profits / Losses.** As the Real Estate Co-Investment Vehicle(s) have not commenced business, the Real Estate Co-Investment Vehicle(s) do not have any reported net profits or losses.

10. ILLUSTRATIVE FINANCIAL EFFECTS

- 10.1 **Assumptions.** The pro-forma combined financial effects of the Proposed Acquisition, the Initial Subscription and the Maximum Subscription on the earnings per Purchaser Share (“**EPS**”), the net tangible assets (“**NTA**”) per Purchaser Share, and the share capital of the Company are set out below and have been computed based on the audited consolidated financial statements of the STC Group for the financial year ended 31 December 2012 (“**STC Group FY2012 Results**”) and the STC Group 1H2013 Results.

The financial effects as set out below are theoretical in nature and are therefore not necessarily indicative of the future financial position and earnings of the STC Group.

- 10.2 **NTA – FY2012.** For purely illustrative purposes only, assuming the Proposed Acquisition, Initial Subscription and Maximum Subscription had been effected on 31 December 2012,

being the end of the most recently completed financial year of the STC Group ended 31 December 2012 (“FY2012”), the effect of the Proposed Acquisition, Initial Subscription and Maximum Subscription on the NTA per Purchaser Share for FY2012, based on the STC Group FY2012 Results, would be as follows:

	Before the Proposed Acquisition ⁽¹⁾	After the Proposed Acquisition ⁽²⁾	After the Proposed Acquisition and the Initial Subscription ⁽²⁾	After the Proposed Acquisition and the Maximum Subscription ⁽²⁾
NTA (S\$ million)	1,110.0	1,160.0	1,160.0	1,160.0
NTA per Purchaser Share (S\$)	3.41	3.42	3.42	3.42

Notes:

- (1) Calculated based on 325,897,000 issued Purchaser Shares, being the number of Purchaser Shares outstanding as at 31 December 2012.
- (2) Calculated based on 339,595,000 Purchaser Shares in issue.

10.3 EPS – FY2012. For purely illustrative purposes only, assuming the Proposed Acquisition, Initial Subscription and Maximum Subscription had been effected on 1 January 2012, being the beginning of FY2012, the effect of the Proposed Acquisition, Initial Subscription and Maximum Subscription on the EPS for FY2012, based on the STC Group FY2012 Results, would be as follows:

	Before the Proposed Acquisition ⁽¹⁾	After the Proposed Acquisition ⁽²⁾	After the Proposed Acquisition and the Initial Subscription ⁽²⁾	After the Proposed Acquisition and the Maximum Subscription ⁽²⁾⁽³⁾
Profit / (Loss) after tax and non-controlling interests (S\$ million)	(55.2)	(43.3)	(45.5)	(74.2)
EPS (cents)	(16.95)	(12.76)	(13.40)	(21.85)

Notes:

- (1) Calculated based on 325,897,000 issued Purchaser Shares, being the number of Purchaser Shares outstanding as at 31 December 2012.
- (2) Calculated based on 339,595,000 Purchaser Shares in issue.
- (3) The computation assumes the Maximum Subscription in cash and excludes earnings from the property segment of the Company. No forecast is made on the earnings from the Real Estate Co-Investment Vehicle(s).

10.4 NTA – 1H2013. For purely illustrative purposes only, assuming the Proposed Acquisition, Initial Subscription and Maximum Subscription had been effected on 30 June 2013, being the

end of the half year of the STC Group ended 30 June 2013 (“1H2013”), the effect of the Proposed Acquisition, Initial Subscription and Maximum Subscription on the NTA per Purchaser Share for 1H2013, based on the STC Group 1H2013 Results, would be as follows:

	Before the Proposed Acquisition⁽¹⁾	After the Proposed Acquisition⁽²⁾	After the Proposed Acquisition and the Initial Subscription⁽²⁾	After the Proposed Acquisition and the Maximum Subscription⁽²⁾
NTA (S\$ million)	1,378.6	1,428.6	1,428.6	1,428.6
NTA per Purchaser Share (S\$)	3.50	3.50	3.50	3.50

Notes:

- (1) Calculated based on 394,397,772 issued Purchaser Shares, being the number of Purchaser Shares outstanding as at 30 June 2013.
- (2) Calculated based on 408,095,772 Purchaser Shares in issue.

10.5 EPS – 1H2013. For purely illustrative purposes only, assuming the Proposed Acquisition, Initial Subscription and Maximum Subscription had been effected on 1 January 2013, being the beginning of 1H2013, the effect of the Proposed Acquisition, Initial Subscription and Maximum Subscription on the EPS for 1H2013, based on the STC Group 1H2013 Results, would be as follows:

	Before the Proposed Acquisition⁽¹⁾	After the Proposed Acquisition⁽²⁾	After the Proposed Acquisition and the Initial Subscription⁽²⁾	After the Proposed Acquisition and the Maximum Subscription⁽²⁾⁽³⁾
Profit / (Loss) after tax and non-controlling interests (S\$ million)	69.4	75.9	75.9	75.4
EPS (cents)	17.61	18.60	18.60	18.48

Notes:

- (1) Calculated based on 394,397,772 issued Purchaser Shares, being the number of Purchaser Shares outstanding as at 30 June 2013.
- (2) Calculated based on 408,095,772 Purchaser Shares in issue.
- (3) The computation assumes the Maximum Subscription in cash and excludes earnings from the property segment of the Company. No forecast is made on the earnings from the Real Estate Co-Investment Vehicle(s).

10.6 Share Capital. For purely illustrative purposes only, upon completion of the Proposed Acquisition, the Real Estate Co-Investment Agreement and the allotment and issuance of the

Consideration Purchaser Shares, the number of issued Purchaser Shares will increase from 394,397,772 Purchaser Shares to 408,095,772 Purchaser Shares.

11. SHAREHOLDERS' APPROVAL

11.1 Proposed Acquisition – Relative Figures. 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	STC Group	Relative Figures (%)
(b)	The net profit / (loss) attributable to the Sale Shares, compared with the STC Group's net profit / (loss) ⁽¹⁾ .	S\$7.8 million	S\$75.3 million	10.3
(c)	The aggregate value of the consideration paid ⁽²⁾ , compared with the Company's market capitalisation based on the total number of issued Purchaser Shares excluding treasury shares ⁽³⁾ .	S\$294.4 million	S\$1,439.6 million	20.4
(d)	The number of equity securities issued by the Company as consideration for the Proposed Acquisition, compared with the number of equity securities previously in issue.	13.7 million	394.4 million	3.5

Notes:

- (1) Net profits / losses is defined as profit or loss before income tax, minority interests and extraordinary items. The figures are based on the ARA Group 1H2013 Results and the STC Group 1H2013 Results. Net profit of S\$38.6 million was reported by the ARA Group in the ARA Group 1H2013 Results. Net profit of S\$75.3 million was reported by the STC Group in the STC Group 1H2013 Results.
- (2) For the purposes of Rule 1006(c) of the Listing Manual, the consideration for the Proposed Acquisition is deemed to be S\$294.4 million, calculated based on the criteria set out in paragraph 4.1 of this Announcement.
- (3) Market capitalisation has been calculated on the basis of 394,397,772 Purchaser Shares in issue at the date of this Announcement multiplied by the VWAP of the Purchaser Shares transacted on the Last Full Trading Day, being S\$3.65.

11.2 Real Estate Co-Investment – Relative Figures. The relative figures for the Maximum Subscription computed on the relevant bases set out in Rule 1006 of the Listing Manual are as follows:

Rule 1006	Bases	Maximum Subscription	STC Group	Relative Figures (%)
(b)	The net profit / (loss) attributable to the Maximum Subscription, compared with the STC Group's	Not applicable ⁽²⁾		

Rule 1006	Bases	Maximum Subscription	STC Group	Relative Figures (%)
	net profit / (loss) ⁽¹⁾ .			
(c)	The aggregate value of the consideration paid ⁽³⁾ , compared with the Company's market capitalisation based on the total number of issued Purchaser Shares excluding treasury shares ⁽⁴⁾ .	S\$850.0 million	S\$1,439.6 million	59.0

Notes:

- (1) Net profits / losses is defined as profit or loss before income tax, minority interests and extraordinary items.
- (2) The Real Estate Co-Investment Vehicle(s) have not commenced business and accordingly do not have any reported net profits or losses.
- (3) For the purposes of Rule 1006(c) of the Listing Manual, the consideration for the Maximum Subscription is deemed to be the SCPL Aggregate Commitment Amount, being S\$850 million.
- (4) Market capitalisation has been calculated on the basis of 394,397,772 Purchaser Shares in issue at the date of this Announcement multiplied by the VWAP of the Purchaser Shares transacted on the Last Full Trading Day, being S\$3.65.

11.3 Classification. As the relative figures under Rule 1006(c) in relation to each of the Proposed Acquisition and the Real Estate Co-Investment exceeds 20%, each of the Proposed Acquisition and the Real Estate Co-Investment is a "major transaction" as defined in the Listing Manual which requires Shareholders' approval.

11.4 Waiver of Rule 1014(2). As the Proposed Acquisition involves securities in two listed entities, it is in the interest of shareholders of both the Company and ARA that the Proposed Acquisition completes as soon as possible. An early execution of the Real Estate Co-Investment Agreement would also allow the parties to the Real Estate Co-Investment Agreement (including SCPL) to commence business and to seek acquisitions at the earliest opportunity and not miss out on potential opportunities in the time required if prior Shareholders' approval was required.

Accordingly, an application was made on behalf of the Company to the SGX-ST to seek, *inter alia*, a waiver from the requirement to obtain prior Shareholders' approval for the Proposed Acquisition and the proposed Real Estate Co-Investment and that the Company may instead seek Shareholders' ratification of the Proposed Acquisition and the proposed Real Estate Co-Investment ("**Waiver**"). In this regard, the SGX-ST has on 21 October 2013 granted the Waiver, subject to the following:

- 11.4.1** submission of a written undertaking ("**Company Undertaking**") from the Company that it will seek Shareholders' ratification of the Proposed Acquisition and the proposed Real Estate Co-Investment within 3 months from 21 October 2013, being the date of granting of the Waiver;
- 11.4.2** The Cairns Pte. Ltd. ("**TCPL**"), being the largest Shareholder with a shareholding interest in the Company of approximately 72.47%, providing a copy to the SGX-ST of written undertakings to the Company that (i) it shall vote in favour of approving any Shareholders' resolution(s) relating to the approval of the Proposed Acquisition and

the proposed Real Estate Co-Investment at the extraordinary general meeting (“**EGM**”) to be convened and (ii) it will not dispose of its equity stake in the Company before and up to the date of the EGM (“**TCPL Undertaking**”);

- 11.4.3** unanimous approval by the directors of the Company of the Proposed Acquisition and proposed Real Estate Co-Investment; and
- 11.4.4** the Company announcing the Waiver, the reasons for seeking the Waiver and the conditions, as required under Rule 107 of the Listing Manual.

Pursuant to the above, the Company wishes to announce that:

- (i) the Company has submitted the Company Undertaking to the SGX-ST;
- (ii) a copy of the TCPL Undertaking has been provided to the SGX-ST;
- (iii) the Proposed Acquisition and Real Estate Co-Investment were unanimously approved by the directors of the Company; and
- (iv) the Company intends to convene the EGM to seek Shareholders’ ratification of the Proposed Acquisition and Real Estate Co-Investment within 3 months from 21 October 2013, being the date of granting of the Waiver.

12. FURTHER INFORMATION

- 12.1 Directors’ Service Contracts.** No person is proposed to be appointed as a director of the Company in connection with the Proposed Acquisition and the Real Estate Co-Investment. Accordingly, no service contract is proposed to be entered into between the Company and any such person.
- 12.2 Directors’ Interests.** None of the directors of the Company has any interest, direct or indirect, in the transactions contemplated by the Proposed Acquisition and the Real Estate Co-Investment.
- 12.3 Controlling Shareholders’ Interests.** None of the controlling shareholders of the Company has any interest, direct or indirect, in the transactions contemplated by the Proposed Acquisition and the Real Estate Co-Investment.
- 12.4 Documents for Inspection.** Copies of the SPAs and Real Estate Co-Investment Agreement 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

28 October 2013
Singapore

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 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 business, which manages and operates a stable of hotels in Asia Pacific entered into a strategic alliance with members of the Far East Organization Group in 2013 to expand the hospitality business in Asia Pacific.