

ANNOUNCEMENT

PROPOSED ACQUISITION OF A RETAIL DEVELOPMENT KNOWN AS TIMES MIDTOWN IN CHONGQING, PEOPLE'S REPUBLIC OF CHINA

1. INTRODUCTION

The Board of Directors (the "**Board**") of The Straits Trading Company Limited (the "**Company**") wishes to announce that its subsidiary, Straits Real Estate Pte. Ltd. ("**SREPL**"), through its wholly owned subsidiary, Chongqing Xinchuang Mall Management Co., Ltd (重庆新创商场经营管理有限公司) (the "**Purchaser**"), has today entered into nine conditional sale and purchase agreements ("**SPAs**") with Chongqing BBMG Dacheng Shanshui Properties Co., Ltd. (重庆金隅大成山水置业有限公司) (the "**Vendor**"), a wholly owned subsidiary of Beijing BBMG Dacheng Development Co., Ltd., in relation to the acquisition (the "**Proposed Acquisition**") of a retail development known as Times Midtown located in 103, Building A, Phase-II, Chayuanhua Street, Nan'an District, Chongqing, People's Republic of China (重庆市南岸区茶园花街二期A栋) (the "**Property**"). The Property will be acquired at a purchase consideration of approximately RMB668,400,000 (approximately SGD141,647,000¹) on a bare-shell basis upon its completion. SREPL expects to undertake asset enhancement initiatives to the Property which is expected to cost approximately RMB100,000,000 (approximately SGD21,192,000).

2. INFORMATION ON THE PROPOSED ACQUISITION

2.1 Information on the Vendor

The Vendor is a limited liability company established under the laws of the People's Republic of China. The Vendor is an indirect wholly owned subsidiary of BBMG Corporation, a Chinese state-owned enterprise that is listed on the Hong Kong Stock Exchange and the Shanghai Stock Exchange.

2.2 Information on the Property

The Property sits on a land site of 24,652 sq. m. with land use right tenure ending on November 2050. The Property has a total gross floor area of approximately 82,367 sq. m. and a total net leasable area of approximately 35,000 sq. m. The Property is part of a large mixed-use development project which comprises 29 residential buildings, four office towers, a hotel and an open-air street mall. The

¹ Unless otherwise stated, all conversions of amounts in RMB into amounts in SGD in this Announcement are based on a rate of exchange of RMB1:SGD0.21192 as of 15 December 2014 and is provided for reference purposes only.

Property will be directly linked to the subway station through its basement floor, and enjoys excellent access to other parts of Chongqing via a well-developed network of ring roads and expressways.

2.3 Rationale for the Proposed Acquisition

The Company has previously articulated to shareholders its strategy of redeploying capital from its existing property portfolio of high quality, but low yielding investment properties into potentially higher return real estate opportunities via SREPL. The Proposed Acquisition is in line with this stated strategy.

2.4 Information on Consideration

The total consideration for the Property payable by the Purchaser is approximately RMB668,400,000 (“**Consideration**”). The SPA provides for the Consideration to be paid on a progress payment basis and is conditional on (i) the Vendor satisfying certain conditions precedent which relate to the completion of construction and handover of the Property, (ii) the issuance of title in respect of the Property, (iii) the Purchaser obtaining financing, and (iv) SREPL obtaining all relevant regulatory approvals. The Consideration was arrived at after arm’s length negotiations, on a willing-buyer and willing-seller basis, taking into account, *inter alia*, the valuation of the Property. The Consideration will be satisfied by internal funds and bank borrowings.

3. VALUE OF THE PROPERTY

Based on the valuation commissioned by the Purchaser and conducted by Jones Lang LaSalle Limited (“**Valuer**”), the valuation of the Property is RMB801,000,000 (approximately SGD169,748,000) as at 30 November 2014. The valuation was conducted based on a completed and operational basis using both the income capitalisation and discounted cashflow methods.

4. FINANCIAL EFFECTS

4.1 No Material Impact. The Proposed Acquisition is not expected to have a material impact on the earnings per share and net tangible asset per share of the Company and its subsidiaries (the “**Group**”) for the current financial year ending 31 December 2014.

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

5. FURTHER INFORMATION

5.1 Not Material. As the Proposed Acquisition is in the ordinary course of business of the Group, it is not material for the purposes of the listing manual of the Singapore Exchange Securities Trading Limited.

5.2 Directors’ Service Contracts. No person is proposed to be appointed as a director of the Company in connection with the Proposed Acquisition. Accordingly, no service contract is proposed to be entered into between the Company and any such person.

- 5.3 Directors' Interests.** None of the directors of the Company has any interest, direct or indirect, in the transactions contemplated by the Proposed Acquisition.
- 5.4 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.
- 5.5 Documents for Inspection.** Copies of the SPAs and the report of the Valuer are available for inspection by shareholders of the Company 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

16 December 2014
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 has stakes in real estate, hospitality, resources and investments that span the Asia Pacific region. It owns a 89.5% stake in Straits Real Estate, a co-investment vehicle that seeks out real estate related investments & opportunities. It also owns a 20.1% stake in SGX-listed ARA Asset Management Limited, one of the largest real estate fund managers in the region, and has a 30% interest in Far East Hospitality Holdings, one of the largest hospitality operators in Asia Pacific. Straits Trading also engages in tin mining and smelting through its 54.8% owned subsidiary, Malaysia Smelting Corporation Berhad, that is dual listed on Bursa Malaysia and SGX-ST.