



**THE STRAITS TRADING COMPANY LIMITED**

(Incorporated in Singapore)

(Company Registration No.: 188700008D)

**ANNOUNCEMENT**

**VOLUNTARY CONDITIONAL CASH OFFER  
TO ACQUIRE ALL THE ISSUED AND PAID-UP ORDINARY SHARES IN THE CAPITAL OF  
THE STRAITS TRADING COMPANY LIMITED**

**1. INTRODUCTION**

1.1 The Board of Directors (the "**Board**") of The Straits Trading Company Limited (the "**Company**" or "**STC**") wishes to inform the shareholders of the Company ("**Shareholders**") that Standard Chartered Bank ("**SCB**") has, for and on behalf of The Cairns Pte. Ltd. (the "**Offeror**"), on 6 January 2008, issued an announcement (the "**Offer Announcement**") stating, *inter alia*, that:

1.1.1 the Offeror intends to make a voluntary conditional cash offer (the "**Offer**") for all the issued ordinary shares (the "**Shares**") in the capital of the Company other than those already owned, controlled or agreed to be acquired by the Offeror (the "**Offer Shares**");

1.1.2 as at the date of the Offer Announcement, subject to further enquiries to be made as described in paragraph 9 of the Offer Announcement, the Offeror, together with the Relevant Persons (as defined in the Offer Announcement), own or control in aggregate 73,204,543 Shares, representing approximately 22.46 per cent of the issued Shares;

1.1.3 in accordance with Rule 15 of The Singapore Code on Take-overs and Mergers (the "**Code**"), and subject to the terms and conditions set out in the offer document to be issued by SCB, for and on behalf of the Offeror (the "**Offer Document**"), the Offeror will make the Offer for the Offer Shares at an offer price (the "**Offer Price**") of S\$5.70 in cash for each Offer Share;

1.1.4 the Offer Shares are to be acquired (a) fully-paid, (b) free from all liens, equities, mortgages, charges, encumbrances, rights of pre-emption and other third party rights and interests of any nature whatsoever and (c) together with all rights, benefits and entitlements attached thereto as at the date of the Offer Announcement and thereafter attaching thereto (including all voting rights and the right to receive and retain all dividends and other distributions (if any) which may be announced, declared, paid or made thereon by the Company on or after the date of the Offer Announcement together with all interest accrued thereon). If any

dividend, other distribution or return of capital is declared, made or paid on or after the date of the Offer Announcement, the Offeror reserves the right to reduce the Offer Price by the amount of such dividend, distribution or return of capital; and

1.1.5 the Offer will be conditional upon the Offeror having received, by the close of the Offer, valid acceptances in respect of such number of Offer Shares which, together with the Shares owned, controlled or agreed to be acquired by the Offeror and parties acting in concert with it either before or during the Offer and pursuant to the Offer or otherwise, will result in the Offeror and the parties acting in concert with it holding such number of Shares carrying more than 50% of the voting rights of the Company.

1.2 Further details and information on the Offer are set out in the Offer Announcement, a copy of which is enclosed with this Announcement. Shareholders are encouraged to refer to the full text of the Offer Announcement.

## **2. INFORMATION ON THE OFFEROR**

The following information on the Offeror is extracted from the Offer Announcement:

### **“4. INFORMATION ON THE OFFEROR**

The Offeror is a company incorporated in Singapore on 4 March 2005. The principal activity of the Offeror is that of an investment holding company. On 2 January 2008, the Offeror changed its name from Granger Pte. Ltd. to The Cairns Pte. Ltd.

The directors of the Offeror are:

- (a) Chew Gek Khim;
- (b) Chew Gek Hiang; and
- (c) Chew Kwee San.

As at the date of this Announcement, the following parties acting in concert with the Offeror hold an aggregate of 73,068,715 Shares:

- (a) Kambau Pte. Ltd.;
- (b) Siong Lim Private Limited
- (c) Tecity Pte. Ltd.;
- (d) Mellford Pte. Ltd.;

- (e) Raffles Investments Limited;
- (f) Raffles Investments (Singapore) Pte. Limited.; and
- (g) Raffles Investments (1993) Pte. Ltd.,

(collectively, the “**Offeror Shareholders**”).

The Offeror Shareholders, together with the Offeror, are part of a group of investment companies commonly referred to as the “Tecity Group” (the “**Tecity Group**”). The Tecity Group was founded by the late Tan Sri (Dr) Tan Chin Tuan and is currently owned or controlled by his family members (which include the directors of the Offeror as listed above).

The Offeror Shareholders had, on 6 January 2008, agreed to transfer all the 73,068,715 Shares held by them to the Offeror in return for shares in the Offeror. Upon completion of such transfer, the Offeror Shareholders will own the Offeror in the following proportion:

- (a) Kambau Pte. Ltd. – 5.18%;
- (b) Siong Lim Private Limited – 26.05%;
- (c) Tecity Pte. Ltd. – 31.99%;
- (d) Mellford Pte. Ltd. – 0.64%;
- (e) Raffles Investments Limited – 33.08%;
- (f) Raffles Investments (Singapore) Pte. Limited. – 1.31%; and
- (g) Raffles Investments (1993) Pte. Ltd. – 1.74%.”

### **3. RATIONALE FOR THE OFFER**

The following, which is extracted from the Offer Announcement, sets out the Offeror’s rationale for the Offer:

#### **“6. RATIONALE FOR THE OFFER**

The Offeror is of the view that the Offer is an opportunity for the Tecity Group to acquire an increased stake in STC as part of its strategic investments in well-run companies.

The companies in the Tecity Group have been shareholders of STC since the 1950s. Given these historical ties, the Tecity Group wishes to increase its shareholding interest in the Company. The Offeror does not intend to make changes to the management team of the Company. In the event that it obtains control of the Company, the Offeror would wish to participate with the Board and management of the Company in undertaking a strategic and operational review of the Group's businesses.

For the past 20 years, the Shares have been trading with very low liquidity but purchases by the Tecity Group over the last 10 months have contributed significantly to both the volume and the increased price of the Shares today. The Tecity Group's purchases of the Shares have accounted for approximately 50.1% of the trading in the Shares on the Singapore Exchange since 1 March 2007.

The share price of the Company has appreciated by 71.6% since 3 January 2006, partly driven by buoyant economic conditions and capital appreciation in the Singapore property market. The Offer Price represents not only a premium to the volume-weighted average price (as outlined in more detail in paragraph 7 below), but also the highest price of the Shares in the preceding 20 years.

In light of the current volatility in global credit and capital markets, the Offer presents the shareholders of STC with an opportunity to realise their investment in the Shares for cash at an attractive price.”

#### **4. COMPULSORY ACQUISITION AND LISTING STATUS**

The following information on the Offeror's intention as regards the Offeror's right to compulsorily acquire all the Shares of the Shareholders who have not accepted the Offer at a price equal to the Offer Price, and the listing status of the Company on the Singapore Exchange Securities Trading Limited, is extracted from the Offer Announcement:

##### **“8. COMPULSORY ACQUISITION AND LISTING STATUS**

Pursuant to Section 215(1) of the Companies Act (Chapter 50 of Singapore), in the event that the Offeror receives acceptances representing not less than 90% of the Shares (other than those already held by the Offeror, its related corporations or their respective nominees as at the date of the Offer and excluding any shares in the Company held as treasury shares), the Offeror would be entitled to exercise the right to compulsorily acquire all the Shares of the shareholders of the Company (“**Shareholders**”) who have not accepted the Offer at a price equal to the Offer Price.

Under Rule 724 of the listing manual (the “**Listing Manual**”) of the SGX-ST, if the percentage of Shares held in public hands (“**Free Float**”) falls below 10%, the Company must, as soon as possible, announce that fact and the SGX-ST may suspend trading of all the Shares.

Rule 725 of the Listing Manual states that the SGX-ST may allow the Company a period of three (3) months, or such longer period as the SGX-ST may agree, to raise the percentage of Shares held in public hands to at least 10%, failing which the Company may be de-listed.

It is the present intention of the Offeror to maintain the listing status of the Company on the SGX-ST. However, in the event SGX-ST suspends the listing of the Shares in the Ready and Unit Share market if the Free Float is less than 10% or in the event that the Offeror receives acceptances in respect of 90% or more of the Shares (other than those already held by the Offeror or its related corporations or their respective nominees as at the date of Offer and excluding any shares in the Company held as treasury shares), the Offeror will reassess its position in respect of its shareholdings in the Company. Accordingly, there is no assurance that the Offeror will preserve the listing status of the Company on the SGX-ST if the Free Float is less than 10% or that it will not exercise the right of compulsory acquisition under Section 215(1) of the Companies Act (Chapter 50 of Singapore) if it receives acceptances in respect of 90% or more of the Shares (other than those already held by the Offeror or its related corporations or their respective nominees as at the date of the Offer).”

## 5. **OFFER DOCUMENT**

According to the Offer Announcement, the formal Offer Document, setting out the terms and conditions of the Offer and enclosing a Form of Acceptance and Authorisation and/or a Form of Acceptance and Transfer will be despatched to holders of Offer Shares not earlier than 14 days and not later than 21 days from the date of the Offer Announcement.

## 6. **INDEPENDENT FINANCIAL ADVISER**

The Board will be appointing an independent financial adviser to advise the Directors of the Company who are regarded as independent for the purposes of the Offer under the Code (the “**Independent Directors**”). A circular containing the advice of the independent financial adviser and the recommendation of the Independent Directors will be sent to the Shareholders within 14 days from the date of the despatch of the Offer Document to be issued by the Offeror.

**In the meantime, Shareholders are advised to refrain from taking any action in relation to their Shares which may be prejudicial to their interests until they or their advisers have considered the information and the recommendation of the Independent Directors, as well as the advice of the independent financial adviser, which will be set out in the circular to be issued in due course to the Shareholders.**

**7. RESPONSIBILITY STATEMENT**

The Directors of the Company (including those who may have delegated detailed supervision of this Announcement) have taken all reasonable care to ensure that the facts stated in this Announcement are fair and accurate and that no material facts have been omitted from this Announcement, and they jointly and severally accept responsibility accordingly. Where any information has been extracted or reproduced from published or otherwise publicly available sources, the sole responsibility of the Directors of the Company has been to ensure through reasonable enquires that such information is accurately extracted from such sources or, as the case may be, reflected or reproduced in this Announcement.

BY ORDER OF THE BOARD

Emily Teo  
Secretary

Singapore, 7 January 2008