

VOLUNTARY CONDITIONAL CASH OFFER

by

STANDARD CHARTERED BANK

for and on behalf of

THE CAIRNS PTE. LTD.

(Company Registration No.:200502854M)
(Incorporated in the Republic of Singapore)

to acquire all the issued and paid-up ordinary shares in the capital of

THE STRAITS TRADING COMPANY LIMITED

(Company Registration No.:188700008D)
(Incorporated in the Republic of Singapore)

other than those already owned, controlled or agreed to be acquired by the Offeror

OFFER ANNOUNCEMENT

1. INTRODUCTION

Standard Chartered Bank ("**SCB**") wishes to announce, for and on behalf of The Cairns Pte. Ltd. (the "**Offeror**"), that the Offeror intends to make a voluntary conditional cash offer (the "**Offer**") for all the issued ordinary shares ("**Shares**") in the capital of The Straits Trading Company Limited ("**STC**" or the "**Company**"), other than those already owned, controlled or agreed to be acquired by the Offeror ("**Offer Shares**").

As at the date of this Announcement, subject to further enquiries to be made as described in paragraph 9 of this Announcement, the Offeror together with the Relevant Persons (defined below), own or control in aggregate 73,204,543 Shares, representing approximately 22.46% of all the issued Shares.

2. THE OFFER

- 2.1 In accordance with Rule 15 of The Singapore Code on Take-overs and Mergers ("**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 on the following basis:

For each Offer Share: S\$5.70 in cash (the "**Offer Price**").

- 2.2 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 hereof and hereafter 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 this 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 this Announcement, the Offeror reserves the right to reduce the Offer Price by the amount of such dividend, distribution or return of capital.**

3. CONDITION

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.

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%.

5. INFORMATION ON THE COMPANY

STC is a company incorporated in Singapore and listed on the Singapore Exchange Securities Trading Limited ("**SGX-ST**"). STC was incorporated in Singapore in 1887.

The principal activities of the Company are those of an investment holding company. The Company and its subsidiaries (the "**Group**") is primarily engaged in mining, smelting, investments in other metals and mineral resources, hotel investment and management, property operations and financial investments. The smelting business is conducted by its subsidiary company, Malaysia Smelting Corporation Berhad.

As at 4 January 2008, being the last date on which the Shares were traded prior to this Announcement, STC has a market capitalisation of approximately S\$1,616,450,000.

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 a 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.

7. FINANCIAL EVALUATION OF THE OFFER

The Offer Price represents:

Description	Share Price*	Premium / (Discount) over Share / (to) Price
(1) Last transacted price on 4 January 2008 (being the last day on which the Shares were traded prior to the date of this Announcement)	S\$4.96	14.9%
(2) Volume weighted average price on the SGX-ST (" VWAP ") for the one (1) month period prior to the date of this Announcement	S\$5.16	10.4%
(3) VWAP for the three (3) month period prior to the date of this Announcement	S\$4.97	14.7%
(4) VWAP for the six (6) month period prior to the date of this Announcement	S\$4.73	20.6%
(5) VWAP for the 12 month period prior to the date of this Announcement	S\$4.48	27.1%

*Based on last done prices extracted from Bloomberg

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 the 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 the 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 the 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).

9. DISCLOSURE OF SHAREHOLDINGS AND DEALINGS

9.1 As at the date of this Announcement:

- (a) the directors of the Offeror;
- (b) Dr Chew Beng Keng and Dr Tan Kheng Lian, who are the parents of the directors of the Offeror; and
- (c) SCB,

(each, a "**Relevant Person**") together with the Offeror, own or control an aggregate of 73,204,543 Shares, representing approximately 22.46% of the issued share capital of the Company (based on the latest information available to the Offeror as at the date of this Announcement).

9.2 Save as disclosed in this Announcement (including the Appendix), none of the Offeror and the Relevant Persons (a) owns, controls or has agreed to acquire any Shares as at the date of this Announcement, or (b) has dealt for value any Shares in the three (3) months prior to the date of this Announcement.

9.3 In the interest of confidentiality, the Offeror has not made enquiries in respect of certain other parties who are or may be deemed to be acting in concert with it in connection with the Offer. Similarly, SCB has also not made any enquiries in respect of other members of the SCB group. Further enquiries will be made of such persons and the relevant disclosures, if any, will be made in the Offer Document.

10. OVERSEAS SHAREHOLDERS

This Announcement does not constitute an offer to sell or the solicitation of an offer to subscribe for or buy any security, nor is it a solicitation of any vote or approval in any jurisdiction, nor shall there be any sale, issuance or transfer of the securities referred to in this Announcement in any jurisdiction in contravention of applicable law. The Offer will be made solely by the Offer Document and the forms of acceptance accompanying the Offer Document, which will contain the full terms and conditions of the Offer, including details of how the Offer may be accepted.

The release, publication or distribution of this Announcement in certain jurisdictions may be restricted by law and therefore persons in any such jurisdictions into which this Announcement is released, published or distributed should inform themselves about and observe such restrictions.

Copies of this Announcement and any formal documentation relating to the Offer are not being, and must not be, directly or indirectly, mailed or otherwise forwarded, distributed or sent in or into or from any jurisdiction where the making of or the acceptance of the Offer would violate the law of that jurisdiction ("**Restricted Jurisdiction**") and will not be capable of acceptance by any such use, instrumentality or facility within any Restricted Jurisdiction and persons receiving such documents (including custodians, nominees and trustees) must not mail or otherwise forward, distribute or send them in or into or from any Restricted Jurisdiction.

The Offer (unless otherwise determined by the Offeror and permitted by applicable law and regulation) will not be made, directly or indirectly, in or into, or by the use of mails of, or by any means or instrumentality (including, without limitation, telephonically or electronically) of interstate or foreign commerce of, or any facility of a national, state or other securities exchange of, any Restricted Jurisdiction and the Offer will not be capable of acceptance by any such use, means, instrumentality or facilities.

The ability of Shareholders who are not resident in Singapore to accept the Offer may be affected by the laws of the relevant jurisdictions in which they are located. Persons who are not resident in Singapore should inform themselves of, and observe, any applicable requirements.

11. CONFIRMATION OF FINANCIAL RESOURCES

SCB, as financial adviser to the Offeror, confirms that sufficient financial resources are available to the Offeror to satisfy full acceptance of the Offer by the holders of the Offer Shares.

12. OFFER DOCUMENT

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 this Announcement.

13. RESPONSIBILITY STATEMENT

The Directors of the Offeror (including those who may have delegated detailed supervision of this Announcement) have taken all reasonable care to ensure that the facts stated and all opinions expressed in this Announcement are fair and accurate and that no material facts have been omitted from this Announcement.

Where any information has been extracted or reproduced from published or otherwise publicly available sources or obtained from the Company, the sole responsibility of the Directors of the Offeror 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.

The Directors of the Offeror jointly and severally accept responsibility accordingly.

Issued by

STANDARD CHARTERED BANK

For and on behalf of
THE CAIRNS PTE. LTD.
6 January 2008

**If you have any queries or require clarification, please call
our information helpline at 65-6530-3092.**

Forward-Looking Statements

All statements other than statements of historical facts included in this Announcement are or may be forward looking statements. Forward-looking statements include but are not limited to those using words such as "seek", "expect", "anticipate", "estimate", "believe", "intend", "project", "plan", "strategy", "forecast" and similar expressions or future or conditional verbs such as "will", "would", "should", "could", "may" and "might". These statements reflect the Offeror's current expectations, beliefs, hopes, intentions or strategies regarding the future and assumptions in light of currently available information.

Such forward-looking statements are not guarantees of future performance or events and involve known and unknown risks and uncertainties. Accordingly, actual results may differ materially from those described in such forward-looking statements. Shareholders and investors should not place undue reliance on such forward-looking statements, and neither the Offeror nor SCB undertakes any obligation to update publicly or revise any forward-looking statements.

DEALINGS BY THE OFFEROR AND THE RELEVANT PERSONS

The dealings of the Offeror and/or the Relevant Persons in respect of the Shares for the period commencing three (3) months prior to the date of this Announcement are as follows:

Name of Offeror Shareholder / Relevant Person	Date of Transaction	Average price per Share (S\$)	Number of Shares acquired
Tecity Pte Ltd	8/10/2007	4.60172	372,000
Tecity Pte Ltd	9/10/2007	4.60528	53,000
Tecity Pte Ltd	10/10/2007	4.64000	45,000
Tecity Pte Ltd	15/10/2007	4.64000	10,000
Tecity Pte Ltd	16/10/2007	4.64000	57,000
Tecity Pte Ltd	17/10/2007	4.59140	200,000
Tecity Pte Ltd	18/10/2007	4.63404	104,000
Tecity Pte Ltd	19/10/2007	4.65877	422,000
Tecity Pte Ltd	22/10/2007	4.63627	102,000
Tecity Pte Ltd	24/10/2007	4.66000	20,000
Tecity Pte Ltd	25/10/2007	4.66000	33,000
Tecity Pte Ltd	26/10/2007	4.66000	9,000
Tecity Pte Ltd	2/11/2007	4.68000	15,000
Tecity Pte Ltd	5/11/2007	4.68000	5,000
Tecity Pte Ltd	6/11/2007	4.68949	137,000
Tecity Pte Ltd	7/11/2007	4.71571	28,000
Tecity Pte Ltd	12/11/2007	4.70403	318,000
Tecity Pte Ltd	13/11/2007	4.71783	46,000
Tecity Pte Ltd	14/11/2007	4.71918	49,000
Tecity Pte Ltd	15/11/2007	4.73151	73,000
Tecity Pte Ltd	16/11/2007	4.73888	107,000
Tecity Pte Ltd	20/11/2007	4.73493	375,000
Tecity Pte Ltd	21/11/2007	4.74000	182,000
Tecity Pte Ltd	22/11/2007	4.74000	98,000
Tecity Pte Ltd	26/11/2007	4.73561	41,000
Tecity Pte Ltd	28/11/2007	4.74000	6,000
Tecity Pte Ltd	6/12/2007	5.00646	161,000
Tecity Pte Ltd	7/12/2007	5.08039	102,000
Tecity Pte Ltd	10/12/2007	5.09733	150,000
Raffles Investments Limited	4/1/2008	4.99520	786,000
Total Shares acquired from 7/10/2007 – 6/1/2008			4,106,000