



THE STRAITS TRADING COMPANY LIMITED

(Incorporated in Singapore)

(Company Registration No.: 188700008D)

**The Straits Trading Company Limited in Advanced Discussions with
Oversea-Chinese Banking Corporation Limited on
Redevelopment and Management of Specialists' Centre and Hotel Phoenix Site**

The Board of Directors of The Straits Trading Company Limited ("**STC**") refers to the announcement on 6 January 2008 by Standard Chartered Bank, for and on behalf of The Cairns Pte. Ltd. (the "**Offeror**"), of the Offeror's intention to make a voluntary conditional cash offer (the "**Offer**") for all the issued ordinary shares in the capital of STC, other than those already owned, controlled or agreed to be acquired by the Offeror.

Having regard to the requirements of the Singapore Code on Take-overs and Mergers (the "**Code**") (including the general principles and the rules under the Code relating to the provision of information during an offer period to shareholders), the Board wishes to inform shareholders of STC ("**Shareholders**") that STC is currently in advanced negotiations with Oversea-Chinese Banking Corporation Limited ("**OCBC Bank**") with regard to arrangements under which a special purpose wholly-owned subsidiary ("**SPV**") of STC will be appointed by OCBC Bank to undertake the development, construction and completion of a hotel cum retail complex (the "**Complex**") at OCBC Bank's existing Specialists' Centre and Hotel Phoenix site. The arrangements proposed include, amongst others, the SPV funding and constructing the Complex based on a maximum development cost to be agreed between STC and OCBC Bank. On completion of the Complex, STC will sell the SPV to OCBC Bank and will at the same time lease the Complex from OCBC Bank for a period of 3 years with an option to renew for a further 3 years, at an agreed fixed annual rent.

The terms of the arrangement are currently being discussed and negotiated, and final agreement has not been reached. An announcement will be made in due course in the event that final agreement is reached between STC and OCBC Bank. In the meantime, Shareholders are advised to refrain from taking any action in relation to their shares in STC until they and/or their advisers have considered the information and recommendation of the independent directors, as well as the advice of the independent financial adviser, in relation to the Offer which will be set out in the circular to be issued in due course to the Shareholders.

The Directors of STC (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.

BY ORDER OF THE BOARD

Emily Teo
Company Secretary

Singapore, 10 January 2008