CIRCULAR DATED 3 FEBRUARY 2008

THIS CIRCULAR IS ISSUED BY THE STRAITS TRADING COMPANY LIMITED. THIS CIRCULAR IS IMPORTANT AS IT CONTAINS THE RECOMMENDATIONS OF THE INDEPENDENT DIRECTORS OF THE STRAITS TRADING COMPANY LIMITED AND THE ADVICE OF CIMB-GK SECURITIES PTE. LTD. THIS CIRCULAR REQUIRES YOUR IMMEDIATE ATTENTION AND YOU SHOULD READ IT CAREFULLY.

If you are in any doubt in relation to this Circular or as to the action you should take, you should consult your stockbroker, bank manager, solicitor, accountant or other professional adviser immediately.

If you have sold or transferred all your issued ordinary shares in the capital of The Straits Trading Company Limited, you should immediately forward this Circular to the purchaser or to the bank, stockbroker or agent through whom you effected the sale for onward transmission to the purchaser.

The Singapore Exchange Securities Trading Limited assumes no responsibility for the correctness of any of the statements made, reports contained or opinions expressed in this Circular.

THE STRAITS TRADING COMPANY LIMITED
(Incorporated in Singapore)
(Company Registration Number: 188700008D)

CIRCULAR TO SHAREHOLDERS

in relation to the

VOLUNTARY CONDITIONAL CASH OFFER

by

STANDARD CHARTERED BANK

for and on behalf of

THE CAIRNS PTE. LTD.
(Incorporated in the Republic of Singapore)
(Company Registration Number: 200502854M)

to acquire all the issued ordinary shares in the capital of
The Straits Trading Company Limited
other than those already owned, controlled or agreed to be acquired by
The Cairns Pte. Ltd.

Independent Financial Adviser to the Independent Directors of The Straits Trading Company Limited

CIMB-GK SECURITIES PTE. LTD.
(Incorporated in the Republic of Singapore)
(Company Registration Number: 198701621D)

SHAREHOLDERS SHOULD NOTE THAT THE REVISED TCPL OFFER ANNOUNCEMENT AND TCPL OFFER DOCUMENT STATE THAT ACCEPTANCES SHOULD BE RECEIVED BY THE CLOSE OF THE REVISED TCPL OFFER AT 5.30 P.M. ON 22 FEBRUARY 2008, OR SUCH LATER DATE(S) AS MAY BE ANNOUNCED FROM TIME TO TIME BY OR ON BEHALF OF TCPL.

SHAREHOLDERS WHO WISH TO ACCEPT THE REVISED TCPL OFFER MUST DO SO BY 5.30 P.M. ON 22 FEBRUARY 2008, OR SUCH LATER DATE(S) AS MAY BE ANNOUNCED FROM TIME TO TIME BY OR ON BEHALF OF TCPL.

CONTENTS

DEFINITIONS

Except where the context otherwise requires, the following definitions apply throughout this Circular:

"**Act**"	:	Companies Act, Chapter 50 of Singapore
"**Annual Report**"	:	The annual report of the Company
"**Auditors**" or "**Ernst & Young**"	:	Ernst & Young, the auditors of the Company
"**CDP**"	:	The Central Depository (Pte) Limited
"**Circular**"	:	This circular to shareholders dated 3 February 2008 from the Company containing the recommendations of the Independent Directors and the advice of the IFA to the Independent Directors in relation to the Revised TCPL Offer
"**Closing Date**"	:	5.30 p.m. (Singapore time) on 22 February 2008 or such later date(s) as may be announced from time to time by or on behalf of TCPL, being the last day and time for the lodgement of acceptances for the Revised TCPL Offer
"**Code**"	:	The Singapore Code on Take-overs and Mergers
"**Company**" or "**STC**"	:	The Straits Trading Company Limited
"**Condition**"	:	Shall have the meaning ascribed to it in paragraph 2.4 of the Company's Letter to Shareholders in this Circular
"**Directors**"	:	The directors of the Company as at the Latest Practicable Date
"**DTZ**"	:	DTZ Debenham Tie Leung (SEA) Pte Ltd
"**FAA**"	:	Form of Acceptance and Authorisation
"**FAT**"	:	Form of Acceptance and Transfer
"**FY**"	:	Financial year ended or ending 31 December
"**GEH**"	:	Great Eastern Holdings Limited
"**GEH Group**"	:	GEH and its subsidiaries
"**Group**" or "**STC Group**"	:	The Company and its subsidiaries
"**IFA**" or "**CIMB-GK**"	:	CIMB-GK Securities Pte. Ltd., the independent financial adviser to the Independent Directors
"**Independent Directors**"	:	The directors of the Company who consider themselves to be independent for the purposes of making recommendations to Shareholders in respect of the Revised TCPL Offer and the KTIPL Offer, namely, Mr Tang I-Fang, Professor Lim Chong Yah, Mr Michael Hwang, Mr Norman Ip Ka Cheung, Mr Razman Ariffin and Mr Gerard Ee Hock Kim
"**JLL**"	:	Jones Lang LaSalle Hotels
"**KTIPL**"	:	Knowledge Two Investment Pte Ltd, a wholly-owned subsidiary of Lee Latex

"KTIPL Offer"	:	The mandatory conditional cash offer by OCBC Bank, for and on behalf of KTIPL, for all the KTIPL Offer Shares
"KTIPL Offer Announcement"	:	Announcement of KTIPL's intention to make the KTIPL Offer which was released on 24 January 2008
"KTIPL Offer Price"	:	S$5.76 in cash for each KTIPL Offer Share
"KTIPL Offer Shares"	:	All the issued Shares other than those already owned or agreed to be acquired by KTIPL and the Lee Family Companies
"Latest Practicable Date"	:	29 January 2008, being the latest practicable date prior to the printing of this Circular
"Lee Family"	:	Messrs Lee Seng Gee, Lee Seng Tee and Lee Seng Wee and their immediate family members
"Lee Family Companies"	:	The intermediate companies through which the Lee Family directly or indirectly has interests in Lee Latex
"Lee Latex"	:	Lee Latex (Pte) Limited
"Listing Manual"	:	The SGX-ST Listing Manual
"Market Day"	:	A day on which the SGX-ST is open for the trading of securities
"MSC"	:	Malaysia Smelting Corporation Berhad, a subsidiary of the Company
"MYR"	:	Malaysian Ringgit, being the lawful currency of Malaysia
"OCBC Bank"	:	Oversea-Chinese Banking Corporation Limited, a substantial shareholder of the Company and the financial adviser to KTIPL
"OCBC Bank Malaysia"	:	OCBC Bank (Malaysia) Berhad, a subsidiary of OCBC Bank
"OCBC Group"	:	OCBC Bank and its subsidiaries
"Overseas Shareholder"	:	Shall have the meaning ascribed to it in paragraph 10.1 of the Company's Letter to Shareholders in this Circular
"PRC"	:	The People's Republic of China
"Properties"	:	The properties of the Group which are the subject of the Valuation Reports, as set out in Appendix 8 to this Circular
"Q4"	:	The fourth quarterly period (ended 31 December) of the relevant FY
"Restricted Jurisdiction"	:	Shall have the meaning ascribed to it in paragraph 10.2 of the Company's Letter to Shareholders in this Circular
"Revised TCPL Offer"	:	The revised voluntary conditional cash offer by SCB, for and on behalf of TCPL, to acquire all the TCPL Offer Shares on the terms and subject to the conditions set out in the Revised TCPL Offer Announcement, the TCPL Offer Document, the FAA and the FAT

"**Revised TCPL Offer Announcement**"	:	Announcement of TCPL's intention to revise the TCPL Offer which was released on 28 January 2008, setting out, *inter alia*, the revisions to the TCPL Offer as set out in the TCPL Offer Document
"**Revised TCPL Offer Letter**"	:	The letter from TCPL which will be despatched to Shareholders setting out, *inter alia*, the revisions to the TCPL Offer as set out in the TCPL Offer Document
"**Revised TCPL Offer Price**"	:	S$6.50 in cash for each TCPL Offer Share
"**SCB**" or "**FA**"	:	Standard Chartered Bank, the financial adviser to TCPL
"**SGX-ST**"	:	Singapore Exchange Securities Trading Limited
"**Shareholders**"	:	The holders of TCPL Offer Shares, including persons whose TCPL Offer Shares are deposited with CDP or who have purchased TCPL Offer Shares on the SGX-ST
"**Shares**"	:	Issued ordinary shares in the capital of the Company
"**SIC**"	:	The Securities Industry Council of Singapore
"**STASB**" or "**STAR(M)**"	:	Straits Trading Amalgamated Resources Sendirian Berhad, a wholly-owned subsidiary of the Company
"**TCPL**"	:	The Cairns Pte. Ltd.
"**TCPL Offer**"	:	The voluntary conditional cash offer by SCB, for and on behalf of TCPL, to acquire all the TCPL Offer Shares on the terms and subject to the conditions set out in the TCPL Offer Document, the FAA and the FAT
"**TCPL Offer Announcement**"	:	Announcement of TCPL's intention to make the TCPL Offer which was released on the TCPL Offer Announcement Date
"**TCPL Offer Announcement Date**"	:	6 January 2008, being the date on which the TCPL Offer Announcement was made
"**TCPL Offer Document**"	:	The document dated 25 January 2008 issued by SCB, for and on behalf of TCPL, in respect of the TCPL Offer
"**TCPL Offer Price**"	:	S$5.70 in cash for each TCPL Offer Share
"**TCPL Offer Shares**"	:	All the Shares in issue that are not already owned, controlled, or agreed to be acquired by TCPL
"**S$**", "**$**" and "**cents**"	:	Singapore dollars and cents respectively, being the lawful currency of Singapore
"**Updated Statement of Prospects**"	:	The updated statement of prospects made by the Directors in paragraph 9.1(2) of Appendix 1 to this Circular and reproduced in Appendix 5 to this Circular
"**Valuation Reports**"	:	The valuation reports dated 28 January 2008, 29 January 2008 and 1 February 2008 and the valuation certificates of the Properties from the Valuers setting out, *inter alia*, their valuation of the Properties which are reproduced in Appendix 8 to this Circular

"**Valuers**"	:	DTZ, JLL and WTW, the valuers appointed by the Company, in connection with the TCPL Offer and the KTIPL Offer, to value the Properties and to issue the Valuation Reports on these Properties
"**WTW**"	:	CH Williams Talhar & Wong Sdn Bhd
"**%**" or "**per cent.**"	:	Per centum or percentage

Unless otherwise defined, the term "**acting in concert**" shall have the meaning ascribed to it in the Code.

The terms "**Depositor**", "**Depository Register**" and "**substantial shareholder**" shall have the meanings ascribed to them respectively in the Act.

The headings in this Circular are inserted for convenience only and shall be ignored in construing this Circular.

Any discrepancies in the tables in this Circular between the listed amounts and the totals thereof are due to rounding.

Words importing the singular shall, where applicable, include the plural and *vice versa*. Words importing the masculine gender shall, where applicable, include the feminine and neuter genders and *vice versa*. References to persons shall, where applicable, include corporations.

Any reference in this Circular to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any word defined under the Act, the Code, the Listing Manual or any statutory modification thereof and not otherwise defined in this Circular shall, where applicable, have the same meaning assigned to it under the Act, the Code, the Listing Manual or any statutory modification thereof, as the case may be, unless the context otherwise requires.

Any reference to a time of day and date in this Circular is made by reference to Singapore time and date respectively unless otherwise stated.

All statements other than statements of historical facts included in this Circular are or may be forward-looking statements. Forward-looking statements include but are not limited to those using words such as "expect", "anticipate", "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 Company'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 Company nor CIMB-GK undertakes any obligation to update publicly or revise any forward-looking statements, subject to compliance with all applicable laws and regulations and/or the rules of the SGX-ST and/or any other regulatory or supervisory body or agency.

THE STRAITS TRADING COMPANY LIMITED

(Incorporated in Singapore)
(Company Registration Number: 188700008D)

Directors

Mr Bobby Chin Yoke Choong *(Chairman)*
Mr Tang I-Fang
Mr Michael Wong Pakshong
Professor Lim Chong Yah
Mr Michael Hwang
Tan Sri Dato' Dr Lin See-Yan
Mr Norman Ip Ka Cheung *(President & Chief Executive Officer)*
Mr Razman Ariffin
Mr Gerard Ee Hock Kim

Registered Address

18 Cross Street #15-01
Singapore 048423

3 February 2008

To : The Shareholders of The Straits Trading Company Limited

Dear Sir/Madam

VOLUNTARY CONDITIONAL CASH OFFER FOR THE STRAITS TRADING COMPANY LIMITED

1. INTRODUCTION

1.1 **TCPL Offer Announcement.** On 6 January 2008, SCB announced, for and on behalf of TCPL, that TCPL intends to make the TCPL Offer at the TCPL Offer Price.

1.2 **KTIPL Offer.** On 24 January 2008, OCBC Bank announced, for and on behalf of KTIPL, that KTIPL intends to make the KTIPL Offer at the KTIPL Offer Price. The circular from the Company to shareholders of the Company containing the recommendations of the Independent Directors and the advice of the IFA to these Independent Directors in relation to the KTIPL Offer will be sent to shareholders of the Company within 14 days from the despatch of the offer document to be issued by KTIPL in connection with the KTIPL Offer.

1.3 **Revision of TCPL Offer.** On 28 January 2008, SCB announced, for and on behalf of TCPL, that TCPL is revising the TCPL Offer. Details of the Revised TCPL Offer are set out in paragraph 2 below.

1.4 **Letters to OCBC Bank and GEH.** On 28 January 2008, SCB announced that it has also issued, for and on behalf of TCPL, a letter of offer to each of OCBC Bank and GEH to purchase, at the Revised TCPL Offer Price, all the 20,248,704 Shares held by OCBC Bank and its subsidiaries (excluding the GEH Group) representing approximately 6.21 per cent. of all the issued Shares, and all the 64,903,864 Shares held by the GEH Group representing approximately 19.92 per cent. of all the issued Shares[1].

The offers to OCBC Bank and GEH are unconditional and will expire at 5.30 p.m. on 22 February 2008 if they are not accepted by OCBC Bank and/or GEH. The same announcement also states that should OCBC Bank and GEH accept the offers, TCPL and parties acting in concert with it shall then own, control or have agreed to acquire not less than 162,058,845 Shares, representing 49.73 per cent. of all the issued Shares. TCPL shall then convert the Revised TCPL Offer into a mandatory conditional cash offer for the TCPL Offer Shares in accordance with the provisions of the Code.

[1] The figures set out in paragraph 1.4 are based on the information set out in the KTIPL Offer Announcement.

1.5 **TCPL Offer Document and Revised TCPL Offer Letter.** Shareholders should by now have received a copy of the TCPL Offer Document issued by SCB, for and on behalf of TCPL, setting out, *inter alia*, the terms and conditions of the TCPL Offer. The principal terms and conditions of the TCPL Offer are set out on pages 4 to 6 of the TCPL Offer Document. Shareholders are advised to read the terms and conditions contained therein carefully.

The Revised TCPL Offer Announcement states that TCPL will shortly despatch the Revised TCPL Offer Letter to Shareholders relating to the Revised TCPL Offer.

1.6 **Circular.** The purpose of this Circular is to provide Shareholders with relevant information pertaining to the Group and to set out the recommendations of the Independent Directors and the advice of the IFA to the Independent Directors with regard to the Revised TCPL Offer.

2. THE REVISED TCPL OFFER

2.1 **Consideration.** As set out in the Revised TCPL Offer Announcement, TCPL will make the Revised TCPL Offer on the following basis:

For each TCPL Offer Share : S$6.50 in cash (the "Revised TCPL Offer Price")

2.2 **Other Terms.** According to the Revised TCPL Offer Announcement, save for the revision of the TCPL Offer Price as disclosed in the Revised TCPL Offer Announcement, all the other terms and conditions of the TCPL Offer as set out in the TCPL Offer Document remain unchanged.

2.3 **No Encumbrances.** The TCPL 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 TCPL Offer Announcement Date and thereafter attaching thereto, (including the right to receive and retain all dividends, rights and other distributions (if any) announced, declared, paid or made thereon by the Company on or after the TCPL Offer Announcement Date together with all interest accrued thereon). **If any dividend, other distribution or return of capital is declared, made or paid on or after the TCPL Offer Announcement Date, TCPL reserves the right to reduce the Revised TCPL Offer Price by the amount of such dividend, distribution or return of capital.**

2.4 **Condition.** In the TCPL Offer Document, it was stated that the TCPL Offer will be conditional upon TCPL having received, by the close of the TCPL Offer, valid acceptances in respect of such number of TCPL Offer Shares which, together with the Shares owned, controlled or agreed to be acquired by TCPL and parties acting in concert with it either before or during the TCPL Offer and pursuant to the TCPL Offer or otherwise, will result in TCPL and parties acting in concert with it holding such number of Shares carrying more than 50 per cent. of the voting rights of the Company (the "**Condition**").

2.5 **Warranty.** According to the TCPL Offer Document, acceptance of the TCPL Offer will be deemed to constitute an unconditional and irrevocable warranty by the accepting Shareholder that each TCPL Offer Share tendered in acceptance of the TCPL Offer is sold by the accepting Shareholder, as or on behalf of the beneficial owner(s) thereof, (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 TCPL Offer Announcement Date and thereafter attaching thereto (including the right to receive and retain all dividends and other distributions (if any) announced, declared, paid or made thereon by the Company on or after the TCPL Offer Announcement Date together with all interest accrued thereon).

2.6 **Details of the TCPL Offer.** Further details of the TCPL Offer are set out in pages 4 to 6 and Appendix IV and Appendix V to the TCPL Offer Document including details on (a) the duration of the TCPL Offer; (b) the procedures for acceptance of the TCPL Offer; (c) the requirements relating to announcement of the level of acceptances of the TCPL Offer; and (d) the right of withdrawal of acceptances.

A copy of each of the TCPL Offer Announcement, the TCPL Offer Document and the Revised TCPL Offer Announcement is available on the website of the SGX-ST at www.sgx.com.

2.7 **Closing Date.** Shareholders should note that the Revised TCPL Offer will close at 5.30 p.m. on 22 February 2008 or such later date(s) as may be announced from time to time by or on behalf of TCPL.

3. RATIONALE FOR THE TCPL OFFER AND TCPL'S FUTURE PLANS FOR THE COMPANY

The full text of the rationale for the TCPL Offer and TCPL's intentions relating to the Company has been extracted from the TCPL Offer Document and is set out in italics below. Unless otherwise defined, all terms and expressions used in the extract below shall have the same meanings as those defined in the TCPL Offer Document. Shareholders are advised to read the extract below carefully.

"***5.1 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.

Various 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.

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 SGX-ST from 1 March 2007 to the Offer Announcement Date.

The share price of the Company has appreciated by 71.6% during the period between 3 January 2006 and the Offer Announcement Date, 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 6 below), but also the highest price of the Shares in the preceding 20 years (up until the Offer Announcement Date).

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

5.2 Future plans for STC

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 of directors and management of the Company in undertaking a strategic and operational review of the STC Group's businesses.

The Offeror currently has no plans for any changes to (a) the business of the STC Group, (b) the deployment of the fixed assets of the STC Group or (c) the employment of the employees of the STC Group."

4. LISTING STATUS AND COMPULSORY ACQUISITION

The TCPL Offer Document also sets out the intentions of TCPL relating to the listing status of the Company as follows:

"***7.1 Trading Suspension and Listing Status***

*Under the provisions of the Listing Manual, upon the announcement by the Offeror that valid acceptances have been received that bring the Shares owned by it and parties acting in concert with it to more than 90 per cent. of the total number of issued Shares excluding treasury shares, the SGX-ST may suspend the listing of the Shares in the Ready and Odd-Lots markets until it is satisfied that at least 10 per cent. of the the total number of issued Shares excluding treasury shares are held by at least 500 Shareholders who are members of the public ("**Free Float**"). In addition, based on Rule 724 of the Listing Manual, if the percentage of the total number of issued Shares excluding treasury shares held in public hands falls below 10 per cent., 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, for the Free Float to be raised to at least 10 per cent., failing which the Company may be de-listed.

7.2 Compulsory Acquisition

Pursuant to Section 215(1) of the Companies Act, in the event the Offeror receives acceptances of the Offer in respect of 90 per cent. 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 would be entitled to exercise the right to compulsorily acquire all the Shares of the Shareholders who have not accepted the Offer at a price equal to the Offer Price.

In addition, Shareholders who have accepted the Offer have the right under and subject to Section 215(3) of the Companies Act to require the Offeror to acquire their Shares in the event that the Offeror, its related corporations and/or their respective nominees acquire 90 per cent. or more of the Shares (excluding treasury shares). Shareholders who have not accepted the Offer and who wish to exercise their rights under Section 215(3) of the Companies Act are advised to seek their own independent legal advice.

7.3 Offeror's Intentions

It is the present intention of the Offeror to maintain the listing status of the Company on the SGX-ST. However, in the event the SGX-ST suspends the listing of the Shares in the manner described in paragraph 7.1 or in the event that the Offeror is entitled to exercise the right of compulsory acquisition in the manner as described in paragraph 7.2, 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."

5. INFORMATION ON TCPL

Paragraph 3 of the TCPL Offer Document sets out information on TCPL, as follows:

"***3.1 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.

3.2 Shareholders of the Offeror

The shareholders of the Offeror and their respective shareholding in the Offeror are as follows:

(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%,

*(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 in paragraph 3.1).*

Appendix I of this Offer Document sets out certain additional information on the Offeror."

6. IRREVOCABLE UNDERTAKINGS

The TCPL Offer Document states that as at 23 January 2008, no person has given any irrevocable undertaking to TCPL or any party acting in concert with it, to accept or reject the TCPL Offer.

7. RECENT DEVELOPMENTS

Shareholders' attention is drawn to paragraph 9.2 of Appendix 1 to this Circular entitled "Outlook".

8. ADVICE OF THE IFA

8.1 IFA. CIMB-GK has been appointed as the independent financial adviser to advise the Independent Directors in respect of the Revised TCPL Offer and the KTIPL Offer. Shareholders should consider carefully the recommendations of the Independent Directors and the advice of CIMB-GK to the Independent Directors before deciding whether to accept or reject the Revised TCPL Offer. The advice of CIMB-GK is set out in its letter dated 3 February 2008, which is set out on pages 16 to 66 of this Circular (the "**IFA Letter**").

8.2 Key Factors Taken into Consideration by CIMB-GK. Unless otherwise defined or the context otherwise requires, all capitalised terms below shall have the same meanings as defined in the IFA Letter.

In arriving at its advice on the Revised TCPL Offer, CIMB-GK has relied on the following key considerations (an extract of which is set out below and which should be read in conjunction with, and in the context of, the full text of the IFA Letter):

"***8. SUMMARY OF ANALYSIS***

In arriving at our advice on the Revised TCPL Offer, we have relied on the following key considerations (which should be read in conjunction with, and in the context of, the full text of this letter):

(a) The Revised TCPL Offer Price falls within the range of the estimated sum-of-parts valuation of each Share.

(b) The Revised TCPL Offer Price represents a premium of approximately 27.5% over the book NTA per Share as at 30 September 2007 but is at a discount of approximately 0.3% to the Revalued NTA per Share as at 30 September 2007. The KTIPL Offer Price represents a premium of approximately 12.9% over the book NTA per Share as at 30 September 2007 but is at a discount of approximately 11.7% to the Revalued NTA per Share as at 30 September 2007.

(c) The ex-cash Revised TCPL Offer Price represents a premium of approximately 34.7% over the ex-cash book NTA per Share as at 30 September 2007 but is at a discount of approximately 0.4% over the ex-cash Revalued NTA per Share as at 30 September 2007. The ex-cash KTIPL Offer Price represents a premium of approximately 16.3% over the ex-cash book NTA per Share as at 30 September 2007 but is at a discount of approximately 13.9% to the ex-cash Revalued NTA per Share as at 30 September 2007.

(d) The Revised TCPL Offer Price and the KTIPL Offer Price are at a premium over the VWAP of the Shares for all historical periods during the three years prior to the Announcement Date. ***As at the Latest Practicable Date, the Shares are trading above the Revised TCPL Offer Price and the KTIPL Offer Price****.*

(e) It is highly likely that the market price of the Shares has been supported by the Offers and purchases by TCPL, KTIPL and their concert parties since the TCPL Offer Announcement Date.

(f) The market price premia to the last transacted price, the 1-month VWAP and the 3-month VWAP prior to the TCPL Offer Announcement Date implied in the Revised TCPL Offer Price are above the corresponding median and mean premia in both the successful privatisation and non-privatisation Take-over Transactions while the P/NTA ratio of the Group implied in the Revised TCPL Offer Price is below the mean but above the median P/NTA ratios of the successful non-privatisation Take-over Transactions.

(g) The net dividend yield of the Company implied in the Revised TCPL Offer Price and the KTIPL Offer Price is lower than the net dividend yields (in respect of their last financial year) of almost all of the Alternative Companies and that of the STI ETF.

(h) As at the Latest Practicable Date, neither TCPL nor KTIPL and their respective parties possess statutory control of the Company. Both the Revised TCPL Offer and the KTIPL Offer have not become unconditional as at the Latest Practicable Date.

(i) It is the present intention of each of TCPL and KTIPL to maintain the listing status of the Company on the SGX-ST. There is however no assurance that TCPL or KTIPL will preserve the listing status of the Company on the SGX-ST if free float is less than 10 per cent. or that they will not exercise the right of compulsory acquisition under Section 215(1) of the Act.

(j) The Revised TCPL Offer Price of S$6.50 is S$0.74 higher than the KTIPL Offer Price of S$5.76 for each Share.

In summary, based on our analysis set out above and after having considered carefully the information available to us, the existence of competing bids for statutory control of the Company and based on the monetary, industry, market, economic and other relevant conditions prevailing as at the Latest Practicable Date, we are of the view that the Revised TCPL Offer Price is, on balance, reasonable but not compelling."

8.3 Advice of CIMB-GK. Unless otherwise defined or the context otherwise requires, all capitalised terms below shall have the same meanings as defined in the IFA Letter.

After carefully considering all available information and based on CIMB-GK's assessment of the financial terms of the Revised TCPL Offer and the KTIPL Offer, CIMB-GK has advised the Independent Directors to make the following recommendations to Shareholders in relation to the Revised TCPL Offer:

"***9. CIMB-GK'S ADVICE ON THE REVISED TCPL OFFER***

After carefully considering all available information and based on our assessment of the financial terms of the Revised TCPL Offer and the KTIPL Offer, we advise the Independent Directors to make the following recommendations to Shareholders in relation to the Revised TCPL Offer:

*Shareholders who hold a **long-term view** of their investments in the Shares and/or who are confident and optimistic about their equity investments in the Company and the prospects of the Group may wish to **REJECT** the Revised TCPL Offer.*

*Shareholders who hold a **short-term view** of their investments in the Shares and who wish to realise their holdings in the Shares in the near term and/or who are not prepared to accept the uncertainties facing the future prospects of the Group may wish to **SELL** their Shares on the open market if they can obtain a price equal to or higher than the Revised TCPL Offer Price (after deducting all related expenses) by doing so. Shareholders should note that as at the Latest Practicable Date, the Shares are trading above the Revised TCPL Offer Price. In the event that Shareholders (in particular, those with significant holdings) are unable to sell their Shares on the open market at a price equal to or higher than the Revised TCPL Offer Price, they may wish to **ACCEPT** the Revised TCPL Offer but should be aware that there is currently no certainty that the Revised TCPL Offer will become unconditional. Further, such Shareholders may wish to consider accepting the Revised TCPL Offer at a later time so as to be able to take into account any announcement and/or documents relevant to their consideration of the Offers which may be released or published by or on behalf of the Company, TCPL and/or KTIPL after the Latest Practicable Date. The Revised TCPL Offer will **close at 5.30 p.m. on 22 February 2008** or such later date(s) as may be announced from time to time by or on behalf of TCPL.*

Shareholders should note that (i) there is currently no indication as to whether there may be a further enhancement or revision of the KTIPL Offer following the Revised TCPL Offer Announcement; (ii) KTIPL has not stated its rationale for the KTIPL Offer and its future plans for STC; and (iii) there is no assurance that the trading volumes and market prices of the Shares will be maintained at current levels prevailing as at the Latest Practicable Date.

In rendering the above advice, we have not had regard to the specific investment objectives, financial situation, tax position or particular needs and constraints of any individual Shareholder. As each Shareholder would have different investment objectives and profiles, we would advise that any individual Shareholder who may require specific advice in relation to his investment objectives or portfolio should consult his stockbroker, bank manager, solicitor, accountant, tax adviser or other professional adviser immediately.

The Independent Directors should advise Shareholders that the opinion and advice of CIMB-GK should not be relied upon by any Shareholder as the sole basis for deciding whether or not to accept the Revised TCPL Offer."

Shareholders should read the extracts in paragraphs 8.2 and 8.3 above in conjunction with, and in the context of the full text of the IFA Letter which is set out on pages 16 to 66 of this Circular.

9. INDEPENDENT DIRECTORS' RECOMMENDATIONS

9.1 **Exemptions by SIC**. In its letter dated 31 January 2008, the SIC has ruled that the following directors of the Company, namely Mr Bobby Chin Yoke Choong, Mr Michael Wong Pakshong and Tan Sri Dato' Dr Lin See-Yan (the "**Relevant Directors**") are exempt from the requirement to make recommendations on the Revised TCPL Offer and the KTIPL Offer as they face irreconcilable conflicts of interest being directors of parties acting in concert with KTIPL. Nevertheless, the Relevant Directors will still accept responsibility for the accuracy of the facts stated or opinions expressed in documents and advertisements issued by, or on behalf of, the Company in connection with the Revised TCPL Offer and/or the KTIPL Offer.

9.2 **Recommendations of Independent Directors**. The Independent Directors, having considered carefully the terms of the Revised TCPL Offer and the advice given by CIMB-GK, concur with the advice of CIMB-GK in respect of the Revised TCPL Offer. Accordingly, the Independent Directors' recommendations in respect of the Revised TCPL Offer are as set out in paragraph 8.3 above.

Shareholders are advised to read the IFA Letter set out on pages 16 to 66 of this Circular carefully.

9.3 **No Regard to Specific Objectives.** In making their recommendation, the Independent Directors have not had regard to the specific objectives, financial situation, tax status, risk profiles or unique needs and constraints of any individual Shareholder. Accordingly, the Independent Directors recommend that any individual Shareholder who may require advice in the context of his specific investment portfolio should consult his stockbroker, bank manager, solicitor, accountant, tax adviser or other professional adviser immediately.

10. OVERSEAS SHAREHOLDERS

10.1 **Overseas Shareholders.** Based on the TCPL Offer Document, the availability of the Revised TCPL Offer to Shareholders whose addresses are outside Singapore, as shown on the Register of Members of STC or, as the case may be, in the records of CDP (each, an "**Overseas Shareholder**") may be affected by the laws of the relevant overseas jurisdictions. Accordingly, any Overseas Shareholder should inform himself about and observe any applicable legal requirements. Where there are potential restrictions on sending the TCPL Offer Document, the FAAs and the FATs to any overseas jurisdiction, TCPL and SCB reserve the right not to send these documents to such overseas jurisdictions. For the avoidance of doubt, the Revised TCPL Offer is made to all Shareholders, including those to whom the TCPL Offer Document, the FAAs and the FATs have not been, or may not be, sent.

Overseas Shareholders may, nonetheless, obtain copies of the TCPL Offer Document, the FAAs, the FATs and any related documents, during normal business hours and up to the Closing Date, from TCPL through its receiving agent, Tricor Barbinder Share Registration Services (a division of Tricor Singapore Pte. Ltd.) at its office located at 8 Cross Street #11-00, PWC Building, Singapore 048424. Alternatively, an Overseas Shareholder may write in to TCPL through Tricor Barbinder Share Registration Services at the address listed above to request for the TCPL Offer Document, the FAAs, the FATs and any related documents to be sent to an address in Singapore by ordinary post at the Overseas Shareholder's own risk, up to three Market Days prior to the Closing Date.

It is the responsibility of any Overseas Shareholder who wishes to request for the TCPL Offer Document, the FAAs, the FATs and any related documents to satisfy himself as to the full observance of the laws of the relevant jurisdiction in that connection, including the obtaining of any governmental or other consent which may be required, and compliance with all necessary formalities or legal requirements. In requesting for the TCPL Offer Document, the FAAs, the FATs and any related documents, the Overseas Shareholder represents and warrants to TCPL and SCB that he is in full observance of the laws of the relevant jurisdiction in that connection, and that he is in full compliance with all necessary formalities or legal requirements.

10.2 **Copies of the TCPL Offer Document.** Copies of the TCPL Offer Document, and any other formal documentation relating to the Revised TCPL 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 Revised TCPL 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 Revised TCPL Offer (unless otherwise determined by TCPL 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 Revised TCPL Offer will not be capable of acceptance by any such use, means, instrumentality or facilities.

10.3 **Notification.** TCPL and SCB each reserves the right to notify any matter, including the fact that the Revised TCPL Offer has been made, to any or all Overseas Shareholders by announcement to the SGX-ST and if necessary, paid advertisement in a daily newspaper published and circulated in Singapore, in which case such notice shall be deemed to have been sufficiently given notwithstanding any failure by any Shareholder to receive or see such announcement or advertisement.

It is also the responsibility of any Overseas Shareholder who wishes to accept the Revised TCPL Offer to satisfy himself as to the full observance of the laws of the relevant jurisdiction in that connection, including the obtaining of any governmental or other consent which may be required, and compliance with all necessary formalities or legal requirements and the payment of any taxes, imposts, duties or other requisite payments due in such jurisdiction. Such Overseas Shareholder shall be liable for any such taxes, imposts, duties or other requisite payments payable and TCPL and SCB and any person acting on their behalf shall be fully indemnified and held harmless by such Overseas Shareholder for any such taxes, imposts, duties or other requisite payments as TCPL and/or SCB and/or any person acting on their behalf may be required to pay. Any Overseas Shareholder who is in any doubt about his position should consult his professional adviser in the relevant jurisdiction. In accepting the Revised TCPL Offer, the Overseas Shareholder represents and warrants to TCPL and SCB that he is in full observance of the laws of the relevant jurisdiction in that connection, and that he is in full compliance with all necessary formalities or legal requirements.

Any Overseas Shareholder who is in doubt about his position should consult his professional adviser in the relevant jurisdiction.

11. ACTION TO BE TAKEN BY SHAREHOLDERS

Shareholders who do not wish to accept the Revised TCPL Offer need not take any further action in respect of the TCPL Offer Document, the FAA and/or the FAT which have been sent to them.

Shareholders who wish to accept the Revised TCPL Offer must do so not later than 5.30 p.m. on 22 February 2008, or such later date(s) as may be announced from time to time by or on behalf of TCPL. The Directors would like to draw the attention of Shareholders who wish to accept the TCPL Offer to the "Procedures for Acceptance" as set out on pages 19 to 23 of the TCPL Offer Document.

Acceptances should be completed and returned as soon as possible and, in any event, so as to be received by CDP (in respect of the FAA) or the share registrar of the Company (in respect of the FAT), as the case may be, not later than 5.30 p.m. on 22 February 2008, or such later date(s) as may be announced from time to time by or on behalf of TCPL.

12. RESPONSIBILITY STATEMENT

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

In respect of the IFA Letter, the sole responsibility of the Directors has been to ensure that the facts stated therein with respect to the Group are fair and accurate.

Yours faithfully
For and on behalf of the Board of Directors of
THE STRAITS TRADING COMPANY LIMITED

Norman Ip Ka Cheung
President and Chief Executive Officer

CIMB-GK SECURITIES PTE. LTD.

(Incorporated in the Republic of Singapore)
(Company Registration Number: 198701621D)

50 Raffles Place #19-00
Singapore Land Tower
Singapore 048623

3 February 2008

To: **The Independent Directors**
The Straits Trading Company Limited
18 Cross Street #15-01
Singapore 048423

Dear Sirs,

VOLUNTARY CONDITIONAL CASH OFFER BY STANDARD CHARTERED BANK FOR AND ON BEHALF OF THE CAIRNS PTE. LTD. FOR THE STRAITS TRADING COMPANY LIMITED

1. INTRODUCTION

On 6 January 2008 (the "**TCPL Offer Announcement Date**"), Standard Chartered Bank ("**SCB**") announced (the "**TCPL Offer Announcement**"), for and on behalf of The Cairns Pte. Ltd. ("**TCPL**"), that TCPL intends to make a voluntary conditional cash offer (the "**TCPL 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 TCPL ("**TCPL Offer Shares**"), at a price of S$5.70 for each TCPL Offer Share.

On 24 January 2008 (the "**KTIPL Offer Announcement Date**"), Oversea-Chinese Banking Corporation Limited ("**OCBC Bank**") announced (the "**KTIPL Offer Announcement**"), for and on behalf of Knowledge Two Investment Pte Ltd ("**KTIPL**"), a wholly-owned subsidiary of Lee Latex (Pte) Limited ("**Lee Latex**"), that KTIPL intends to make a mandatory conditional cash offer (the "**KTIPL Offer**") for all the Shares other than those already owned or agreed to be acquired by KTIPL and the intermediate companies ("**Lee Family Companies**") through which Messrs Lee Seng Gee, Lee Seng Tee and Lee Seng Wee and their immediate family members hold their interests in Lee Latex ("**KTIPL Offer Shares**"), at a price of S$5.76 for each KTIPL Offer Share (the "**KTIPL Offer Price**").

On 28 January 2008 (the "**Revised TCPL Offer Announcement Date**"), SCB announced (the "**Revised TCPL Offer Announcement**"), for and on behalf of TCPL, that TCPL is revising the offer price to S$6.50 for each TCPL Offer Share (the "**Revised TCPL Offer Price**") (the "**Revised TCPL Offer**").

On the same date, SCB also issued, for and on behalf of TCPL, a letter of offer to each of OCBC Bank and Great Eastern Holdings Limited ("**GEH**") to purchase, at the Revised TCPL Offer Price, all the 20,248,704 Shares held by OCBC Bank and its subsidiaries (excluding the GEH Group (as defined hereinafter)) ("**OCBC Group**") representing approximately 6.21 per cent. of all the issued Shares, and all the 64,903,864 Shares held by GEH and its subsidiaries ("**GEH Group**") representing approximately 19.92 per cent. of all the issued Shares. The offers to OCBC Bank and GEH are unconditional and will expire at 5.30 p.m. on 22 February 2008 if they are not accepted by

OCBC Bank and/or GEH. Should OCBC Bank and GEH accept the offers, TCPL and parties acting in concert with it shall then own, control or have agreed to acquire not less than 162,058,845 Shares, representing 49.73 per cent. of all the issued Shares. TCPL shall then convert the Revised TCPL Offer into a mandatory conditional cash offer for the Shares in accordance with the provisions of The Singapore Code on Take-overs and Mergers (the "**Code**").

CIMB-GK Securities Pte. Ltd. has been appointed as the independent financial adviser to the directors of the Company who are deemed to be independent ("**Independent Directors**") for the purpose of rendering a recommendation to the shareholders of the Company ("**Shareholders**") in connection with the offers made by TCPL and KTIPL (collectively, the "**Offers**").

This letter sets out, *inter alia*, our evaluation of the financial terms of the Offers and our advice thereon. It forms part of the circular dated 3 February 2008 and issued by the Company, providing, *inter alia*, details of the TCPL Offer and the Revised TCPL Offer and the recommendation of the Independent Directors in respect of the Revised TCPL Offer (the "**Circular**"). Unless otherwise defined or the context otherwise requires, all terms defined in the Circular shall have the same meanings herein.

Shareholders should note that the offer document containing the terms and conditions of the KTIPL Offer (the "**KTIPL Offer Document**") will be despatched not earlier than 14 days and not later than 21 days from the KTIPL Offer Announcement Date. A separate circular providing, *inter alia*, details of the KTIPL Offer and the recommendation of the Independent Directors in respect of the KTIPL Offer (the "**KTIPL Offeree Circular**") will be despatched to Shareholders within 14 days from the date of the despatch of the KTIPL Offer Document.

2. TERMS OF REFERENCE

We have been appointed to advise the Independent Directors on the financial terms of the Offers and whether Shareholders should accept or reject the Offers, pursuant to Rules 7.1 and 24.1(b) of the Code. We have confined our evaluation to the financial terms of the Offers and our terms of reference do not require us to evaluate or comment on the commercial risks and/or commercial merits of the Offers or the future prospects of the Company and its subsidiaries (the "**Group**") or any of its associated or joint venture companies and we have not made such evaluation or comment. However, we may draw upon the views of the Directors and/or the management of the Company or make such comments in respect thereof (to the extent deemed necessary or appropriate by us) in arriving at our opinion as set out in this letter. We have not been requested, and we do not express any opinion on the relative merits of the Offers as compared to any other alternative transaction. We have not been requested or authorised to solicit, and we have not solicited, any indications of interest from any third party with respect to the Shares.

We have held discussions with the Directors and the management of the Company and have examined publicly available information collated by us as well as information, both written and verbal, provided to us by the Directors, the management of the Company and the Company's other professional advisers. We have not independently verified such information, whether written or verbal, and accordingly we cannot and do not warrant or make any representation (whether express or implied) regarding, or accept any responsibility for, the accuracy, completeness or adequacy of such information. However, we have made such enquiries and exercised our judgment as we deem necessary on such information and have found no reason to doubt the reliability of the information.

We have relied upon the assurances of the Directors (including those who may have delegated supervision of the Circular) that they have taken all reasonable care to ensure that the facts stated and opinions expressed by them or the Company in the Circular are true, complete and accurate in all material respects. The Directors have confirmed to us, that to the best of their knowledge and belief, all material information relating to the Group, its associated or joint venture companies and the Offers have been disclosed to us, that such information is true, complete and accurate in all material respects and that there are no other material facts and circumstances the omission of which would make any statement in the Circular inaccurate, incomplete or misleading in any material respect. The Directors have jointly and severally accepted such responsibility accordingly.

We have not made any independent evaluation or appraisal of the assets and liabilities (including without limitation, real property) of the Group or any of its associated or joint venture companies and we have not been furnished with any such evaluation or appraisal, except for the letters and valuation certificates from the Valuers appointed by the Company in connection with the Offers set out in Appendix 8 to the Circular in which we have placed sole reliance on for such asset appraisal. With respect to such letters and valuation certificates, we are not experts in the evaluation or appraisal of the assets concerned and we have not made any independent verification of the contents of these letters and valuation certificates.

Our opinion is based upon market, economic, industry, monetary and other conditions prevailing on 29 January 2008 (the "**Latest Practicable Date**"), as well as the information made available to us as at the Latest Practicable Date. Such conditions may change significantly over a short period of time. Accordingly, we do not express any opinion or view on the future prospects, financial performance and/or financial position of the Group, its associated or joint venture companies. Shareholders should take note of any announcement and/or documents relevant to their consideration of the Offers which may be released or published by or on behalf of the Company, TCPL and/or KTIPL after the Latest Practicable Date (in particular, the KTIPL Offer Document and the KTIPL Offeree Circular).

In rendering our advice, we have not had regard to the specific investment objectives, financial situation, tax position, risk profile or particular needs and constraints of any individual Shareholder. As each Shareholder would have different investment objectives and profiles, any Shareholder who may require specific advice in the context of his specific investment objectives or portfolio should consult his stockbroker, bank manager, solicitor, accountant, tax adviser or other professional adviser immediately.

The Company has been separately advised in the preparation of the Circular (other than this letter and Appendix 7 to the Circular). We were not involved in and have not provided any advice in the preparation, review and verification of the Circular (other than this letter and Appendix 7 to the Circular). Accordingly, we take no responsibility for, and express no views (express or implied) on, the contents of the Circular (other than this letter and Appendix 7 to the Circular).

3. THE REVISED TCPL OFFER

Shareholders should by now have received a copy of the TCPL Offer Document issued by SCB, for and on behalf of TCPL. The Revised TCPL Offer Announcement states that TCPL will shortly despatch the Revised TCPL Offer Letter to Shareholders relating to the Revised TCPL Offer.

According to the Revised TCPL Offer Announcement, save for the Revised TCPL Offer Price, all the other terms and conditions of the TCPL Offer as set out in the TCPL Offer Document remain unchanged.

3.1 Revised TCPL Offer Price

For and on behalf of TCPL, SCB is making the Revised TCPL Offer to acquire all the TCPL Offer Shares on the following basis:

For each TCPL Offer Share : S$6.50 in cash

3.2 No Encumbrances

The TCPL Offer Shares are to be acquired:

(i) fully paid;

(ii) free from all liens, equities, mortgages, charges, encumbrances, rights of pre-emption and other third party rights and interests of any nature whatsoever; and

(iii) together with all rights, benefits and entitlements attached thereto as at the TCPL Offer Announcement Date and thereafter attaching thereto (including the right to receive and retain all dividends and other distributions (if any) announced, declared, paid or made thereon by the Company on or after the TCPL Offer Announcement Date together with all interest accrued thereon). If any dividend, other distribution or return of capital is declared, made or paid on or after the TCPL Offer Announcement Date, TCPL reserves the right to reduce the Revised TCPL Offer Price by the amount of such dividend, distribution or return of capital.

3.3 Condition of the TCPL Offer

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

3.4 Closing Date of the Revised TCPL Offer

Shareholders should note that the **Revised TCPL Offer will close at 5.30 p.m. on 22 February 2008** or such later date(s) as may be announced from time to time by or on behalf of TCPL.

3.5 Information on TCPL

The information on TCPL is set out in Section 3 and Appendix I of the TCPL Offer Document. We wish to highlight the following:

(i) TCPL is an investment holding company incorporated in Singapore on 4 March 2005 and its name was changed from Granger Pte. Ltd. to The Cairns Pte. Ltd..

(ii) The directors of TCPL are Chew Gek Khim, Chew Gek Hiang and Chew Kwee San. The shareholders of TCPL (namely, Kambau Pte. Ltd., Siong Lim Private Limited, Tecity Pte. Ltd., Mellford Pte. Ltd., Raffles Investments Limited, Raffles Investments (Singapore) Pte. Limited. and Raffles Investments (1993) Pte. Ltd.), together with TCPL, are part of a group of investment companies commonly referred to as the "Tecity Group" (the "**Tecity Group**").

(iii) 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 TCPL).

3.6 Rationale for the TCPL Offer and TCPL's Future Plans for STC

The full text of the rationale for the TCPL Offer and TCPL's future plans for STC are stated in Section 5 of the TCPL Offer Document. Excerpts of the relevant sections are reproduced in italics below.

"*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.*

Various 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.

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 SGX-ST from 1 March 2007 to the Offer Announcement Date.

The share price of the Company has appreciated by 71.6% during the period between 3 January 2006 and the Offer Announcement Date, 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 6 below), but also the highest price of the Shares in the preceding 20 years (up until the Offer Announcement Date).

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

"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 of directors and management of the Company in undertaking a strategic and operational review of the STC Group's businesses.

The Offeror currently has no plans for any changes to (a) the business of the STC Group, (b) the deployment of the fixed assets of the STC Group or (c) the employment of the employees of the STC Group."

Based on the above, we would like to draw your attention to the following:

(i) The companies in the Tecity Group have been shareholders of STC since the 1950s. As at the Latest Practicable Date, TCPL and its concert parties own, control or have agreed to acquire an aggregate of 76,906,277 Shares, representing approximately 23.6 per cent. of the voting rights of the Company.

(ii) TCPL has stated that it does not intend to make changes to the management team of the Company. However, TCPL has further stated that in the event that it obtains control of the Company, TCPL would wish to participate with the board of directors and management of the Company in undertaking a strategic and operational review of the Group's businesses.

(iii) TCPL has stated that it is its present intention to maintain the listing status of the Company on the SGX-ST. However, in the event that free float falls below 10 per cent. and trading in the Shares is suspended or in the event that TCPL is entitled to exercise the right of compulsory acquisition pursuant to Section 215(1) of the Act, TCPL will reassess its position in respect of its shareholdings in the Company. Accordingly, there is no assurance that TCPL will preserve the listing status of the Company on the SGX-ST if free float is less than 10 per cent. or that it will not exercise the right of compulsory acquisition under Section 215(1) of the Act.

4. THE KTIPL OFFER

The KTIPL Offer Document will be despatched not earlier than 14 days and not later than 21 days from the KTIPL Offer Announcement Date. The KTIPL Offeree Circular will be despatched to Shareholders within 14 days from the date of the despatch of the KTIPL Offer Document.

4.1 KTIPL Offer Price

The KTIPL Offer will be made on the following basis:

For each KTIPL Offer Share : S$5.76 in cash

4.2 No Encumbrances

The KTIPL Offer Shares are to be acquired:

(i) fully paid;

(ii) free from all claims, charges, equities, liens, pledges, and other encumbrances; and

(iii) together with all rights, benefits, entitlements and advantages attached thereto as at the KTIPL Offer Announcement Date and thereafter attaching thereto, including the right to all dividends, rights and other distributions (if any) declared, made or paid thereon on or after the KTIPL Offer Announcement Date (including any dividends that may be declared, made or paid thereon in respect of the financial year ended 31 December 2007).

Without prejudice to the generality of the foregoing, the KTIPL Offer Price has been determined on the basis that the KTIPL Offer Shares will be acquired with the right to receive any dividends, other distributions or return of capital that may be declared, made or paid by STC on the KTIPL Offer Shares on or after the KTIPL Offer Announcement Date ("**STC Distribution**"). In the event any STC Distribution has been paid by STC to a Shareholder who accepts the KTIPL Offer, the KTIPL Offer Price payable to such accepting Shareholder shall be reduced by an amount which is equal to the STC Distribution paid by STC to such accepting Shareholder. Accordingly, if any STC Distribution is declared, made or paid by STC on or after the KTIPL Offer Announcement Date and the settlement date in respect of the KTIPL Offer Shares accepted pursuant to the KTIPL Offer falls after the books closure date for the determination of entitlements to the STC Distribution, the amount of the STC Distribution in respect of such KTIPL Offer Shares will be deducted from the KTIPL Offer Price payable for such KTIPL Offer Shares, as KTIPL will not receive the STC Distribution in respect of those KTIPL Offer Shares from STC.

The KTIPL Offer will be extended, on the same terms and conditions, to all the issued Shares owned or agreed to be acquired by parties acting or presumed to be acting in concert with KTIPL in connection with the KTIPL Offer (other than the Lee Family Companies).

4.3 Condition of the KTIPL Offer

The KTIPL Offer will be conditional upon KTIPL having received, by the close of the KTIPL Offer, valid acceptances in respect of such number of KTIPL Offer Shares which, when taken together with the Shares owned or agreed to be acquired by KTIPL and parties acting in concert with it (either before or during the KTIPL Offer and pursuant to the KTIPL Offer or otherwise), will result in KTIPL and parties acting in concert with it, including such relevant persons, holding such number of Shares carrying more than 50 per cent. of the voting rights attributable to the issued Shares in the capital of STC as at the close of the KTIPL Offer.

The KTIPL Offer will be unconditional in all other respects.

4.4 Information on KTIPL

KTIPL is a private company limited by shares and was incorporated in Singapore on 13 October 2000. Its principal activities are those of an investment holding company. As at the KTIPL Offer Announcement Date, KTIPL has an issued and paid-up ordinary share capital of S$20,000,000 comprising 20,000,000 ordinary shares, all of which are held by Lee Latex. KTIPL is a direct wholly-owned subsidiary of Lee Latex. As at the KTIPL Offer Announcement Date, the directors of KTIPL are Messrs Huang Thiay Sherng and Tan Khiam Hock.

Lee Latex is a company incorporated in Singapore on 10 June 1947. Its principal activity is that of investment holding. As at the KTIPL Offer Announcement Date, Lee Latex has an issued and paid-up share capital of S$30,000,000 comprising 30,000 ordinary shares. As at the KTIPL Offer Announcement Date, the directors of Lee Latex are Messrs Lee Seng Wee, Lee Seng Gee, Lee Seng Tee, Lee Yuen-Shih, Lee Han-Shih (alternate to Lee Seng Gee), Lee Shih Hua (alternate to Lee Seng Tee) and Huang Thiay Sherng.

4.5 Rationale for the KTIPL Offer and KTIPL's Future Plans for STC

As at the Latest Practicable Date, KTIPL and its concert parties own, control or have agreed to acquire an aggregate of 108,858,532 Shares, representing approximately 33.4 per cent. of the voting rights of the Company.

KTIPL has not stated its rationale for the KTIPL Offer and its future plans for STC in the KTIPL Offer Announcement.

KTIPL has however stated that it is its present intention to maintain the listing status of the Company on the SGX-ST. However, in the event that listing of the Shares on the SGX-ST is suspended or in the event that KTIPL receives acceptances in respect of not less than 90% of the KTIPL Offer Shares (other than those already held by KTIPL, its related corporations or their respective nominees as at the date of the KTIPL Offer and excluding Shares held as treasury shares), KTIPL will reassess its position in respect of its shareholdings in the Company.

In assessing the Offers, Shareholders should read carefully the KTIPL Offer Document to be despatched, in particular, the rationale of the KTIPL Offer and KTIPL's future plans for STC set out therein.

5. INFORMATION ON THE GROUP

5.1 Business

STC was incorporated in Singapore on 8 November 1887. The Group is primarily engaged in tin mining and smelting, hotel investment and management, property operations, financial investments and media advertising. The Group's tin mining and smelting business is carried out by its subsidiary, Malaysia Smelting Corporation Berhad ("**MSC**"), which is listed on the Main Board of Bursa Malaysia Securities Berhad ("**Bursa Malaysia**").

The Group's major properties include Straits Trading Building in Singapore, Straits Trading Building in Kuala Lumpur, Malaysia as well as residential properties known as Gallop Gables and Gallop Green and bungalow development at Cable Road/Nathan Road, Singapore. The Group also owns and manages Rendezvous Hotel in Singapore and Rendezvous Observation City Hotel in Perth, Australia, and also currently operates several other hotels in Australia, New Zealand and China. Further details of the Group's properties are set out in Section 6.2 of this letter.

5.2 Financial Information

A summary of the financial information of the Group for the last three financial years ended 31 December 2006 and the nine months ended 30 September 2007 ("**3Q2007**") is set out below. The following summary of financial information should be read together with the annual reports of STC in respect of the relevant financial years and the announcement of the interim results of the Group for 3Q2007 including the notes thereto.

Summary of the Group's Financial Information (1)

(S$'000)	FY2004 (Audited) (Restated)	FY2005 (Audited)	FY2006 (Audited)	3Q2007 (Unaudited)
Revenues	237,688	744,364	921,620	727,040
Profit from operations before exceptional items	68,898	82,261	78,713	73,851
Exceptional items (2)	(8,551)	8,918	145,822	270,239
Profit from operations before taxation	60,347	91,179	224,535	344,090
Profit attributable to equity holders	55,319	70,003	194,018	300,551
Earnings per Share	15.5 cents	19.6 cents	57.9 cents	92.2 cents
Shareholders' funds	1,021,554	1,229,433	1,289,322	1,652,278
Net asset value ("**NAV**") per Share	S$2.87	S$3.45	S$3.96	S$5.07

Notes:

(1) The summary in this table was extracted from the Company's annual reports for FY2005 and FY2006 and the announcement relating to the unaudited financial statements of the Company for 3Q2007.

(2) The exceptional loss in FY2004 amounting to S$8.5 million was mainly due to a net deficit on revaluation of commercial investment properties which was partially offset by a net surplus on disposal of investments. The exceptional gain in FY2005 amounting to S$8.9 million was mainly due to the gain on disposal of investments and properties and the reversal of impairment on the Group's hotel property which was partially offset by the provision for impairment and revaluation deficit from commercial properties. The exceptional gain in FY2006 amounting to S$145.8 million was mainly due to the recognition of fair value surpluses arising from the revaluation of the Group's investment properties with the adoption of the Singapore Financial Reporting Standard 40, the gain on disposal of properties and investments as well as the reversal of impairment on the Group's hotel property. The exceptional gain in 3Q2007 amounting to S$270.2 million was mainly due to the recognition of fair value surpluses arising from the revaluation of the Group's investment properties as well as net surplus arising from the disposal of the Group's investments and land plots in Malaysia.

6. FINANCIAL EVALUATION OF THE TERMS OF THE OFFERS

Methodology

In assessing the financial terms of the Offers, we have considered the following:

(i) Sum-of-parts valuation of the Group;

(ii) Book net tangible assets (defined to exclude, where applicable, minority interests, deferred tax assets and liabilities, mining rights, deferred exploration and evaluation expenditure, deferred mine development expenditure, management rights and goodwill) ("**NTA**") and revalued NTA ("**Revalued NTA**") of the Group;

(iii) Market quotation and trading activity of the Shares;

(iv) Premium paid in other take-overs of companies listed on the SGX-ST;

(v) Financial terms of the selective capital reduction undertaken by the Company in April 2006;

(vi) Dividend track record of the Company; and

(vii) Other relevant considerations which have a significant bearing on our assessment.

General bases and assumptions

As at the Latest Practicable Date, we have not been furnished the KTIPL Offer Document. In considering the KTIPL Offer, we have relied solely on information found in the KTIPL Offer Announcement.

In the course of our analysis, we have relied on the following general bases:

(a) The share capital of the Company as at the Latest Practicable Date is S$265,928,000 comprising 325,897,000 Shares; and

(b) The market prices and trading statistics of all securities and equity indices as well as foreign exchange rates used in this letter have been extracted from Bloomberg unless otherwise stated.

Valuation ratios

We have applied the following valuation ratios in our analysis:

Valuation ratio		General description
P/NTA	:	"P/NTA" or "price-to-NTA" ratio illustrates the ratio of the market price of a company's shares relative to its historical book NTA per share as recorded in its financial statements. The NTA figure provides an estimate of the value of a company assuming the sale of all its tangible assets, the proceeds which are first used to settle its liabilities and obligations with the balance available for distribution to its shareholders. Comparisons of companies using their book NTAs are affected by differences in their respective accounting policies, in particular their depreciation and asset valuation policies. Where the value of a company's key assets are adjusted to their current market values, the NTA figure derived is referred to as its "Revalued NTA".
EV/EBITDA	:	"EV" or "enterprise value" is the sum of a company's market capitalisation, preferred equity, minority interests, short and long term debt less its cash and cash equivalents. "EBITDA" stands for historical earnings before interest, tax, depreciation and amortisation expenses, inclusive of share of associates' and joint ventures' income and excluding exceptional items. The EV/EBITDA ratio illustrates the market value of a company's business relative to its historical pre-tax operating cashflow performance, without regard to the company's capital structure.
P/E	:	"P/E" or "price-to-earnings" ratio illustrates the ratio of the market price of a company's shares relative to its earnings per share. The P/E ratio is affected by, *inter alia*, the capital structure of a company, its tax position as well as its accounting policies relating to depreciation and intangible assets.

6.1 Sum-of-Parts Valuation of the Group

The Group has four distinct core businesses comprising:

(a) Tin mining and smelting;

(b) Hotel operations;

(c) Property operations; and

(d) Securities trading and investment holding.

Given the unique profile of the Group whereby the Group is engaged in diverse businesses, we consider it appropriate to value each of the Group's businesses separately to arrive at an aggregate valuation of the Group on a sum-of-parts basis. We have arrived at a range of valuation for the Group rather than a single specific value as this will provide a more objective measure of the value of the Shares taking into account *inter alia* market price volatility of MSC and the Group's significant investment portfolio of securities which is sensitive to general stock market and economic conditions.

Our valuation methodologies for each of the Group's businesses are further set out from Section 6.1.1 to Section 6.1.4 of this letter. We set out below a summary of our sum-of-parts analysis of the Group.

Summary of Sum-of-parts Valuation Analysis

	Lower (S$' million)	Upper (S$' million)
Tin mining and smelting	118.0	212.2
Hotel operations	66.0	274.8
Property operations	1,064.1	1,064.1
Investment in United Engineers Limited	66.3	115.5
Investment in WBL Corporation Limited	81.5	116.4
Remaining investment portfolio	316.6	316.6
Other net tangible assets (1)	270.7	270.7
Total valuation of the Group	**1,983.2**	**2,370.3**
Estimated valuation for each Share (S$)	**6.09**	**7.27**

Note:

(1) "Other net tangible assets" refers to such tangible assets less such tangible liabilities as at 30 September 2007 which cannot be directly attributable to any of the distinct businesses of the Group, and is provided by the Company.

The Revised TCPL Offer Price falls within the range of the estimated sum-of-parts valuation of each Share.

Shareholders should note that a discount may be applied on the sum-of-parts valuation of a conglomerate such as the Group for various reasons. In an efficient capital market, investors can generally diversify more effectively by purchasing a portfolio of stocks of focused firms as compared to purchasing stocks of a conglomerate investing in a range of diverse businesses. A valuation discount may also be applied as conglomerates are generally believed to use capital less efficiently. In arriving at the sum-of-parts valuation of the Group above, we have not applied any conglomerate discount as the quantification of such discount is highly subjective. The conglomerate discount is dependent on *inter alia* the size of the conglomerate, the extent of business diversification or synergies (if any) within the conglomerate and the requirement for additional management as compared to standalone businesses.

Similarly, we have not taken into account any premium that may arise from the Group's majority controlling interest in MSC nor the economic value of the Group's hotel trademarks (as elaborated elsewhere in this letter) as the quantification of such premium is highly subjective.

6.1.1 Tin Mining and Smelting

The Group's subsidiary, MSC, was incorporated in Malaysia as a private limited company under the name of STC (Conversion) Sdn Bhd in 1978 and changed its name to Malaysia Smelting Corporation Sdn Bhd in 1981. MSC was converted to a public company in 1985 and was listed on the Main Board of the Kuala Lumpur Stock Exchange (as it was then known) in 1994.

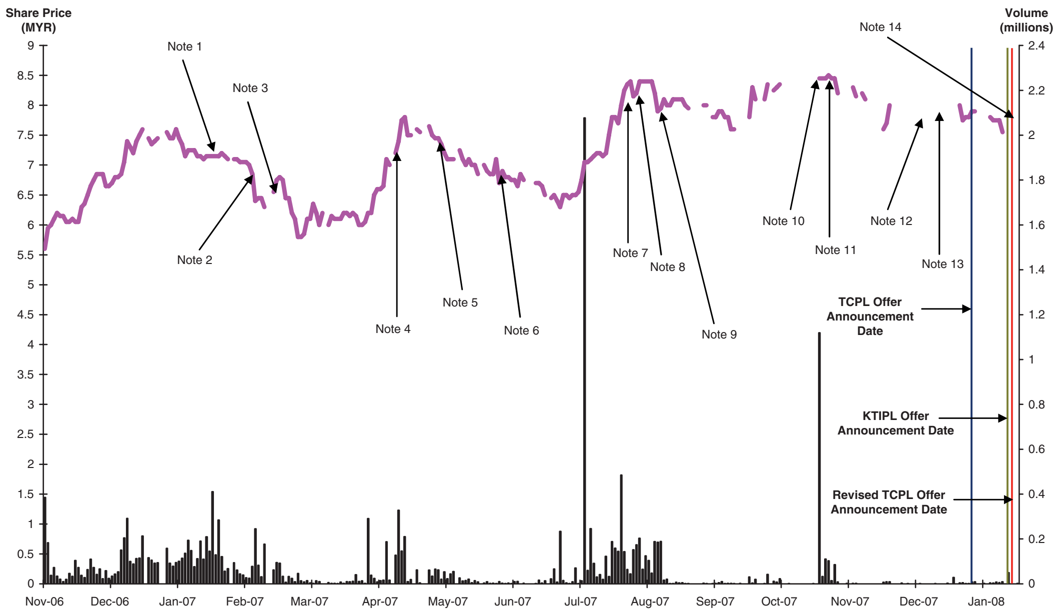
The principal activities of MSC are investment holding and the smelting of tin concentrates and tin bearing materials, the production of various grades of refined tin metal under the brand name "*MSC*" and the sales and delivery of refined tin metal and by-products. MSC's subsidiaries are principally engaged in tin mining and smelting, investment holding and the provision of an authorised warehouse for tin metal under the Kuala Lumpur Tin Market and Kuala Lumpur Commodity Exchange Warrant. MSC's associated companies are principally engaged in tin mining and the manufacture and sale of solder products.

For FY2006, MSC achieved audited consolidated revenue and audited profit after tax attributable to shareholders of approximately MYR1,637.7 million and MYR41.5 million, respectively. For 3Q2007, MSC achieved unaudited consolidated revenue and unaudited profit after tax attributable to shareholders of approximately MYR1,178.1 million and MYR22.1 million, respectively. The NTA of MSC amounted to approximately MYR293.8 million as at 30 September 2007.

(i) <u>*Market quotation and trading activity of the MSC Shares*</u>

The trend of the daily last transacted prices of the shares of MSC ("**MSC Shares**") from 8 November 2006 (being the date of lifting of its trading suspension) to the Latest Practicable Date is set out below.

Daily Last Transacted Prices of the MSC Shares
(From 8 November 2006 to the Latest Practicable Date)



Source: Bloomberg

Notes:

(1) On 24 January 2007, MSC announced that the special task force of national police had commenced investigations at its 75%-owned subsidiary, PT Koba Tin in Bangka Island as a result of a report alleging PT Koba Tin's involvement in the collection of tin ore from small scale miners operating outside its contract of work areas.

(2) On 12 February 2007, MSC announced that three of the executive directors of PT Koba Tin have been held by the police to assist in their ongoing investigations and that during the period of the investigation, PT Koba Tin is allowed to continue mining and smelting but delivery and shipment of tin metal was suspended. It was also announced that it was expected that MSC group's performance for the first quarter 2007 would be affected by the developments.

(3) On 21 February 2007, MSC released its unaudited results for FY2006 and reported that net earnings decreased by approximately 25.8% to MYR41.5 million as compared to the corresponding period in FY2005.

(4) On 18 April 2007, MSC announced *inter alia* that PT Koba Tin has been granted export licence by the Ministry of Trade in Jakarta effective from 18 April 2007 and that it would resume delivery and shipment of tin metal.

(5) On 8 May 2007, MSC released its unaudited results for the 3 months ended 31 March 2007 and reported that net earnings decreased by approximately 33.4% to MYR6.5 million as compared to the corresponding period in FY2006.

(6) On 4 June 2007, MSC announced *inter alia* that the three executive directors of PT Koba Tin were accused of the allegation of being involved in the collection of tin ore from small scale miners operating outside PT Koba Tin's contract of work area, in the district court of Sungailiat in the province of Bangka Belitung and that all three directors had maintained a not guilty plea.

(7) On 1 August 2007, MSC announced that the three directors of PT Koba Tin had been fully acquitted of all charges.

(8) On 7 August 2007, MSC released its unaudited results for the 6 months ended 30 June 2007 and reported that net earnings decreased by approximately 26.1% to MYR14.6 million as compared to the corresponding period in FY2006.

(9) On 16 August 2007, MSC announced that it had entered into a heads of agreement with Metal Resources Capital Limited to collaborate in the development of tin and other mineral resources in Indonesia. It was also announced that the parties intend that the joint venture company to be set up seek a listing on a recognised stock exchange at an appropriate time.

(10) On 29 October 2007, MSC announced that it had entered into a joint venture contract with Guangxi Guilin Jinwei Realty Co., Ltd and Vertex Metals Incorporation to establish a new joint venture company named Guilin Hinwei Tin Technology Co., Ltd for the smelting and refining of tin, and the production and sale of tin-based products in China.

(11) On 2 November 2007, MSC released its unaudited results for the 9 months ended 30 September 2007 and reported that net earnings increased marginally by approximately 18.3% to MYR22.1 million as compared to the corresponding period in FY2006.

(12) On 23 December 2007, MSC announced that it had entered into a subscription agreement pursuant to which MSC purchased 11.4 million common shares with 6.8 million detachable warrants representing approximately 12.8% interest in the capital of Asian Mineral Resources Limited which is listed on the TSX Venture Exchange.

(13) On 28 December 2007, MSC announced that PT Tenaga Anugerah, in which MSC has an indirect 60% interest, had entered into mining cooperation agreement with PT Sarana Marindo to undertake offshore tin mining.

(14) On 29 January 2008, MSC announced that the head of local police force in Kabupaten (district) Bangka Tengah had issued a letter to its 75%-owned subsidiary, PT Koba Tin, to stop receiving tin ore from its subcontractors as well as cease production of tin ingots from its smelting operations. According to the local police, this was to facilitate them to carry out investigations following allegations that two of PT Koba Tin's appointed subcontractors have been mining in a forest area within PT Koba Tin's contract of work area where they are not authorised to. PT Koba Tin's internal control measures and investigations have however, confirmed that all production from its appointed subcontractors have been derived from mining activities carried out within PT Koba Tin's contract of work area and outside of the forest area.

The volume-weighted average price ("**VWAP**") and trading volume of the MSC Shares from 8 November 2006 to the Latest Practicable Date are set out below.

	VWAP (MYR)	Highest price (MYR)	Lowest price (MYR)	Average daily trading volume [(1)] ('000)	Daily trading volume as a percentage of free float [(2)] (%)
Prior to TCPL Offer Announcement Date					
Since 8 November 2006	7.19	8.80	5.40	61	0.3
Last 1 year	7.35	8.80	5.60	56	0.3
Last 6 months	7.70	8.80	6.45	58	0.3
Last 3 months	8.31	8.60	7.50	27	0.1
Last 1 month	7.78	8.00	7.60	2	<0.1
Last traded Market Day prior to the TCPL Offer Announcement	7.80	7.80	7.80	1	<0.1
Last traded Market Day prior to the KTIPL Offer Announcement	7.58	7.60	7.55	50	0.3
After TCPL Offer Announcement Date					
Between TCPL Offer Announcement Date and the Latest Practicable Date	7.69	8.40	7.50	7	<0.1
As at Latest Practicable Date	7.60	7.70	7.50	2	<0.1
From 8 November 2006 to the Latest Practicable Date	7.20	8.80	5.40	59	0.3

Source: Bloomberg

Notes:

(1) The average daily trading volume of the MSC Shares is calculated based on the total volume of shares traded during the period divided by the number of Market Days during that period.

(2) Free float refers to those MSC Shares in which the directors and the substantial shareholders of MSC has no interests and amounts to approximately 18.9 million MSC Shares or approximately 25.2% of the issued share capital of MSC based on information available in MSC's latest annual report.

We note the following:

(i) Since 8 November 2006 up to the Latest Practicable Date, the MSC Shares have traded between a low of MYR5.40 and a high of MYR8.80 with a VWAP of MYR7.20.

(ii) Since 8 November 2006 up to the Latest Practicable Date, the MSC Shares were traded on 252 Market Days or 83.7% of the total Market Days with an average daily trading volume of approximately 59,000 Shares representing approximately 0.3% of MSC's free float.

Market price represents the value of a company as perceived by the stock market and subject to market efficiency and rationality, reflects information relevant to a company such as its business directions, plans and strategies, expected financial performance, future prospects and potential growth and is susceptible to, *inter alia*, investor sentiment and market speculation. Based on the highest and lowest market prices of the MSC Shares during the period from 8 November 2006 up to the Latest Practicable Date, the valuation of the Company's existing stake in MSC will range from approximately S$130.2 million to S$212.2 million.

We wish to highlight that a control premium may be imputed on the market valuation of MSC given the majority controlling interest in MSC held by the Group. We have however not applied any control premium as the quantification of such premium is highly subjective. We further note that trading in the MSC Shares has been rather illiquid. Accordingly, the aforementioned valuation of MSC may not reasonably reflect its fair value.

We wish to highlight that the market price of MSC Shares is and will continue to be affected to varying extent by changes in, *inter alia*, market, economic, political, industry, monetary and other general macroeconomic conditions as well as company-specific factors. Accordingly, the historical trading performance of the MSC Shares should not be relied upon as a promise of its future trading performance.

(ii) *Valuation ratios of listed comparable companies of MSC*

As an alternative assessment of the valuation of MSC, we consider the valuation ratios of selected listed companies which are principally engaged in tin mining and manufacturing and which are, in our opinion, broadly comparable to MSC ("**Tin Companies**"). A summary profile of the Tin Companies is set out below.

Tin Companies	Exchange of Listing	Description
Minsur S.A. ("**Minsur**")	Lima Stock Exchange, Peru	Minsur mines and refines tin, copper, and other metals in Peru. Minsur owns and operates processing plants in San Rafael and Pisco, and distributes its products mainly to Asia, the United States and Europe.
PT Timah Tbk ("**PT Timah**")	Jakarta Stock Exchange, Indonesia	PT Timah operates tin mines on Indonesian islands such as Bangka and Karimun and coastal areas of Sumatra. Through its subsidiaries, PT Timah also provides consultancy, shipping dockyard and workshop, transportation, exploration and research and development services.

Source: Bloomberg

We wish to highlight that the Tin Companies are not exhaustive and they differ from MSC in terms of, *inter alia*, market capitalisation, principal exchange of listing, size of operations, composition of business activities, asset base, geographical spread, track record, financial performance, operating and financial leverage, risk profile, liquidity, accounting policies, future prospects and other relevant criteria. As such, any comparison made is necessarily limited and merely serves only as an illustrative guide.

The valuation ratios of the Tin Companies set out below are based on their last transacted share prices as at the Latest Practicable Date.

	Market capitalisation (S$' million)	Historical P/E (times)	Forecast P/E (times)	EV/EBITDA (times)	P/NTA (times)
MSC (implied in the last transacted share price of MSC Shares)	253.8	13.9	NA [5]	8.2	2.0
Minsur [1]	3,416.0	12.7	7.8	7.3	2.8
PT Timah [2]	2,096.0	66.0	9.9	24.3	4.8
Mean [3]		12.7	8.8	7.3	3.8
MSC's consolidated net profit after tax attributable to shareholders for 3Q2007 (S$' million)					9.7
MSC's consolidated net profit after tax attributable to shareholders for FY2006 (S$' million)					18.2
MSC's consolidated EBITDA for FY2006 (S$' million)					46.8
MSC's NTA as at 30 September 2007 (S$' million)					129.1
Implied valuation of MSC based on the mean valuation ratio (S$' million)		**230.9**	**161.3** [6]	**211.7**	**493.7**
Implied valuation for each MSC Share (S$) [4]		**3.08**	**2.15**	**2.82**	**6.58**
Implied valuation of 73.16% in MSC held by STC (S$' million)		**168.9**	**118.0**	**154.9**	**361.2**

Source: Bloomberg

Notes:

(1) The historical P/E and EV/EBITDA ratios of Minsur were based on earnings as obtained from Bloomberg as at the Latest Practicable Date. The forecast P/E ratio of Minsur was based on analysts' estimates quoted by Bloomberg available as at the Latest Practicable Date. The P/NTA ratio of Minsur was based on its NTA value as obtained from Bloomberg as at the Latest Practicable Date.

(2) The historical P/E and EV/EBITDA ratios of PT Timah were based on earnings as set out in its latest available published full-year financial statements as at the Latest Practicable Date. The forecast P/E ratio of PT Timah was based on analysts' estimates quoted by Bloomberg available as at the Latest Practicable Date. The P/NTA ratio of PT Timah was based on its NTA value as set out in its latest available published financial statements as at the Latest Practicable Date.

(3) In computing the mean historical P/E and EV/EBITDA ratios, the ratios pertaining to PT Timah have been excluded as outliers.

(4) The implied valuation per MSC Share is based on 75,000,000 outstanding MSC Shares as at the Latest Practicable Date.

(5) "NA" denotes not available.

(6) The earnings of MSC for FY2007 would have been approximately S$12.9 million assuming that its earnings achieved in 3Q2007 of approximately S$9.7 million are being annualised. In arriving at the implied valuation of MSC based on the mean forecast P/E ratio, we have assumed the earnings for FY2006 of approximately S$18.2 million instead of such annualised earnings for FY2007 as MSC has stated that it expects pre-tax earnings for FY2007 to be better than that in FY2006.

Among the P/E ratio, the EV/EBITDA ratio and the P/NTA ratio, it would be appropriate to attach most weight to the P/E ratio and the EV/EBITDA ratio, being earnings-based valuation approaches given that MSC is a going concern engaged in the business of tin mining and manufacturing and such business is typically valued based on the amount of earnings that it can generate through the use of its capital and resources. As at the Latest Practicable Date, MSC has not publicly announced any intention to change the nature of its business or to realise or convert the use of its assets in any material respect within the foreseeable future.

As at the Latest Practicable Date, the Company holds approximately 73.16% shareholding interest in the issued share capital of MSC. We wish to highlight that a control premium may be imputed on the valuation of MSC given the majority controlling interest in MSC held by the Group. We have however not applied any control premium in this analysis as the quantifiaction of such premium is highly subjective. Accordingly, based on the range of P/E and EV/EBITDA ratios of the Tin Companies, the implied valuation of the Company's stake in MSC will range from approximately S$118.0 million to S$168.9 million.

(iii) *<u>Past dealings in MSC Shares by the Group</u>*

We note the following past dealings in MSC Shares by the Group:

(a) *Takeover of MSC by STC in November 2004*

On 26 November 2004, the Company entered into an agreement to purchase 8.19% shareholding interest in MSC at a purchase price of MYR6.30 in cash per MSC Share ("**Acquisition**"). On 17 February 2005, pursuant to the Acquisition, Straits Trading Amalgamated Resources Sdn Bhd ("**STAR(M)**"), a wholly owned subsidiary of the Company, gave notice of a take-over offer for MSC at an offer price of MYR6.30 in cash for each MSC Share ("**MSC Take-over**"). This offer price was subsequently adjusted, to account for net dividend paid out by MSC, to MYR6.12 for each MSC Share.

Based on the offer price of MYR6.12 for each MSC Share, MSC would have been valued under the MSC Take-over at MYR459.0 million. This translates to an implied valuation of the Company's existing stake in MSC of approximately S$147.5 million. Shareholders should note that such implied valuation of MSC is likely to have imputed a control premium given that the Company did not have statutory control of MSC prior to the Acquisition and the MSC Take-over.

(b) *Purchase of an additional 30.0% equity interest in MSC by the Group in August 2006*

On 29 August 2006, the Company's wholly-owned subsidiaries, STAR(M) and Sword Investments Private Limited ("**Sword**") entered into a conditional share acquisition agreement with MMC Corporation Berhad pursuant to which STAR(M) and Sword agreed to purchase an aggregate of 22,500,000 MSC Shares representing a total of 30% interest in the issued share capital of MSC at a purchase price of MYR4.75 in cash for each MSC Share.

Based on the purchase price of MYR4.75 for each MSC Share, MSC would have been valued at MYR356.3 million. This translates to an implied valuation of the Company's existing stake in MSC of approximately S$114.5 million. Shareholders should note that such implied valuation of MSC is likely to have imputed a liquidity discount given that trading in the MSC Shares was then suspended as its public float was below the prescribed 25% minimum shareholding spread requirement of Bursa Malaysia.

(c) *Placement of MSC Shares by the Group in November 2006*

On 1 November 2006, the Company announced that, to facilitate the increase in public shareholding and the re-quotation of MSC Shares on Bursa Malaysia, the Group had successfully placed out 15,422,000 MSC Shares at MYR4.95 each. Based on the placement price of MYR4.95 for each MSC Share, MSC would have been valued at MYR371.3 million. This translates to an implied valuation of the Company's existing stake in MSC of approximately S$119.3 million. Shareholders should note that such implied valuation of MSC is likely to have imputed a discount given that the placement was undertaken to restore public float.

(d) *Purchase of an additional 0.15% equity interest in MSC by MSC's associated company in May 2007*

On 10 May 2007, the Company announced that Redring Solder (Malaysia) Sdn Bhd, a 40%-owned associate of MSC had acquired an additional 110,000 MSC Shares at MYR7.45 each, thereby increasing the Group's direct and deemed interest in MSC to 73.16%. Based on the purchase price of MYR7.45 for each MSC Share, MSC would have been valued at MYR558.8 million. This translates to an implied valuation of the Company's existing stake in MSC of approximately S$179.6 million.

Shareholders should note that the above is purely for information purposes only. We have not taken into consideration the implied valuation of MSC in the aforementioned transactions in our assessment of the Group's tin mining and smelting business owing to, *inter alia*, the time elapsed since the aforementioned transactions and that the intention of the parties to the transactions as well as the rationale underlying such transactions were entirely different from those of the Offers. The aforementioned transactions should not be regarded in the context of the Offers as these transactions were entered into at different points in time under different circumstances and market conditions.

(iv) Outlook of MSC

We note that STC had, in the announcement of its results for 3Q2007, stated the following in respect of the tin mining and smelting segment:

"*With the reduction in PT Koba Tin's production to about 1,000 tonnes per month, PT Koba Tin is in the process of undertaking a major cost rationalisation programme to improve its operating efficiency. Performance of PT Koba Tin is expected to improve progressively as the benefits of the on-going rationalisation programme are being realised.*

The Group's investment focus remains in tin, coal and gold. Recently, MSC entered into (a) an agreement to collaborate with Metal Resources Capital Limited and expand the Group's tin operations in Indonesia, and (b) a Joint Venture Agreement with Guangxi Guilin Jinwei Realty Co., Ltd and Vertex Metals Incorporation to smelt and refine tin, and produce and sell tin and tin-based products in the People's Republic of China."

We further note that MSC had, in the announcement of its results for 3Q2007, stated the following:

"*Performance by the Company's principal subsidiary, PT Koba Tin, is expected to improve progressively as the benefits of the on-going rationalization programme are being realized.*

Barring any other unforeseen circumstances and in the light of the current high tin prices, the Board expects the Group's pre-tax profit for the current year to be better than that of the previous year."

We wish to highlight the following:

(a) On 16 August 2007, MSC entered into a heads of agreement with Metal Resources Capital Limited to collaborate in the development of tin and other mineral resources in Indonesia. In connection therewith, a joint venture company ("**Newco**") will be incorporated in Singapore to *inter alia* hold the exclusive rights in respect of several proposed tin exploration concessions in Indonesia. It is the intention of the parties to seek a listing of Newco on a recognised stock exchange at an appropriate time. MSC recognised that this strategic alliance represents an opportunity to significantly increase the potential of discovering new tin reserves in identified concessions.

(b) On 29 October 2007, MSC entered into a joint venture contract with Guangxi Guilin Jinwei Realty Co., Ltd and Vertex Metals Technology Co., Ltd to establish a new joint venture company for the smelting and refining of tin, and the production and sale of tin and tin-based products in China. While the proposed joint venture is not expected to have an immediate material effect on the earnings, net assets and gearing of MSC for FY2007, it is however expected to contribute positively to the future earnings of MSC.

(c) On 21 December 2007, MSC entered into a subscription agreement pursuant to which MSC purchased 11.4 million common shares with 6.8 million warrants representing approximately 12.8% interest in the capital of Asian Mineral Resources Limited, a company listed on TSX Venture Exchange. This subscription represents a strategic and significant entry for the MSC group of companies into the nickel mining business in the Asean region. While the proposed joint venture is not expected to have an immediate material effect on the earnings, net assets and gearing of MSC for FY2007, it is however expected to contribute positively to the earnings of MSC over the longer term, especially upon commencement of commercial production at the Ban Phuc Nickel Sulphide Project located in North Vietnam which is expected to take place in 2009.

(d) On 28 December 2007, PT Tenaga Anugerah (a company in which MSC indirectly has a 60% interest) entered into a mining cooperation agreement with PT Sarana Marindo. The Group expects that, barring unforeseen circumstances, this cooperation to undertake offshore tin mining venture will contribute positively to the earnings of the MSC group in 2008.

6.1.2 Hotel Operations

(i) Market value of the hotel assets

In connection with the Offers, the Directors have commissioned the Valuers to conduct independent valuations of its hotel properties (refer to Section 6.2 of this letter). The Directors are of the view that, apart from those assets encompassed in such valuation, it is not necessary to revalue the other assets of the Group's hotel operations business as the revaluation of these assets would not have a material impact on the market value of the hotel assets.

The financial contribution of those hotel assets which the Group owns presently accounts for a major portion of the profit attributable to the Group's hotel operations. Accordingly, we have not ascribed any value to the management contracts relating to those hotels not owned by the Group on the basis that the value thereon may not be significant relative to the market value of the Group's hotel assets.

Taking into account the revaluation of its hotel properties, the market value of the Group's hotel assets as at 31 December 2007 would amount to approximately S$274.8 million in aggregate.

(ii) Valuation ratios of comparable listed hotel companies

As an alternative valuation of the Group's hotel operations business, we consider the valuation ratios of selected companies listed on the SGX-ST which are principally engaged in hotel operations and which are, in our opinion, broadly comparable to the Company in this aspect ("**Hotel Companies**").

We wish to highlight that the Hotel Companies are not exhaustive and they differ from the Group's hotel operations business in terms of, *inter alia*, ownership and location of hotel assets, size of operations, composition of business activities, asset base, geographical spread, track record, financial performance, operating and financial leverage, risk profile, accounting policies, future prospects and other relevant criteria. As such, any comparison made is necessarily limited and merely serves as an illustrative guide.

The valuation ratios of the Hotel Companies set out below are based on their last transacted share prices as at the Latest Practicable Date.

Company	Market capitalisation (S$' million)	Historical P/E [(1)] (times)	Forecast P/E [(1)] (times)	EV/EBITDA [(1)] (times)	P/NTA [(2)] (times)
Hotel Grand Central Limited	430.8	6.8	12.7	5.3	0.7
Hotel Plaza Limited	1,038.0	9.1	NA [(7)]	7.3	2.3
Hotel Properties Limited	1,674.0	16.9	12.9	15.6	1.5
L.C. Development Ltd	273.3	33.5	7.3	17.0	1.0
Stamford Land Corporation Limited	406.0	12.2	7.3	10.6	0.9
Maximum [(3)]		16.9	12.9	17.0	2.3
Minimum [(3)]		6.8	7.3	5.3	0.7
Mean [(3)]		11.2	10.1	11.2	1.3
Segment results of the hotel operations business for 3Q2007 [(4)] (S$ 'million)					6.6
Segment results of the hotel operations business for FY2006 [(4)] (S$ 'million)					5.9
EBITDA of the hotel operations business for FY2006 [(4)] (S$' million)					14.0
NTA of the hotel operations business as at 30 September 2007 [(4)] (S$' million)					172.7
Implied valuation of the hotel operations business based on the mean valuation ratio (S$' million)		**66.0**	**88.5** [(5)]	**139.7** [(6)]	**222.3**

Source: Bloomberg and respective companies' latest available annual reports and financial statements

Notes:

(1) The historical P/E and EV/EBITDA ratios of the Hotel Companies were based on their respective earnings as set out in their latest available published full-year financial statements as at the Latest Practicable Date and have been adjusted to exclude exceptional items. The forecast P/E ratios of the Hotel Companies were based on analysts' estimates quoted by Bloomberg available as at the Latest Practicable Date.

(2) The P/NTA ratios of the Hotel Companies were based on their respective NTA values as set out in their latest available published financial statements as at the Latest Practicable Date.

(3) In computing the maximum, minimum and mean historical P/E ratios, L.C. Development Ltd has been excluded as outlier.

(4) Segment results, EBITDA and NTA attributable to the Group's hotel operations business are provided by the Company.

(5) In arriving at the implied valuation of the hotel operations business based on the mean forecast P/E ratio, the segment results attributable to the hotel operations business for 3Q2007 have been annualised.

(6) The implied valuation of the hotel operations business is computed by applying the relevant valuation ratio to the EBITDA of the hotel operations business and adjusting for the segment liabilities.

(7) "NA" denotes not available.

Based on the mean P/E, EV/EBITDA and P/NTA valuation ratios of the Hotel Companies, the implied valuation of the Group's hotel operations business is approximately S$66.0 million to S$222.3 million.

(iii) *Outlook of hotel operations business*

We note that STC had, in the announcement of its results for 3Q2007, stated the following in respect of the hotel operations segment:

"*Measures have been put in place, including the refurbishment of the banquet facilities, to ensure the turnaround of the Auckland hotel and to improve the performance of the Broome and Port Douglas hotels. These included taking sales and marketing initiatives with strong yield and cost controls. Room yield is expected to improve further once refurbishments are completed at Port Douglas and the three new Marque hotels.*

Hotel operations are expected to further improve when the new hotels in Guilin and Christchurch commence operations in 2008."

6.1.3 Property Operations

(i) *Market value of properties*

The Group's property operations comprise property development and holding of investment properties. Currently, the Group's main investment properties are Straits Trading Building in Singapore (currently under re-development), Straits Trading Building in Kuala Lumpur, Malaysia, Gourmet Gallery, residential properties in Singapore known as Gallop Gables and Gallop Green as well as bungalows at Cable Road/Nathan Road.

In connection with the Offers, the Directors have commissioned the Valuers to conduct independent valuations of certain properties (refer to Section 6.2 of this letter). The Directors are of the view that, apart from those assets encompassed in such valuation, it is not necessary to revalue the other properties of the Group as the revaluation of these assets would not have a material impact on the market value of the properties.

Taking into account the revaluation of the properties, the market value of the Group's investment properties, properties held for sale and properties under development as at 31 December 2007 would amount to approximately S$1,064.1 million in aggregate.

(ii) *Outlook of property operations business*

We note that STC had, in the announcement of its results for 3Q2007, stated the following in respect of the property operations segment:

"*The Group's rental income is expected to continue to improve in tandem with the rising rental market for residential and commercial properties in Singapore.*

The Group is also exploring some development projects outside Singapore. In certain strategic cities, the Group's property team may partner with the hotel operation to embark on hotel/mixed development work to expand the Group's hotel portfolio."

6.1.4 Securities Trading and Investment Holding

The investment portfolio (comprising both long-term investments and short-term marketable securities) held by the Group is significant and comprises quoted and unquoted equities, bonds and other securities in Malaysia, Singapore and other countries.

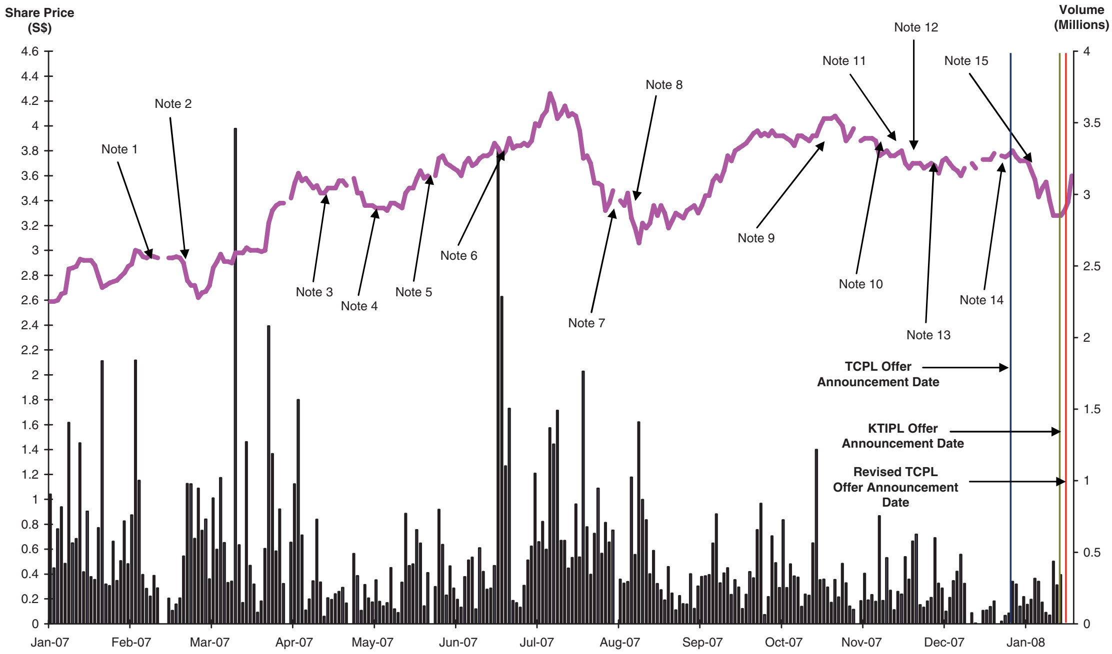
We note that United Engineers Limited ("**UE**") and WBL Corporation Limited ("**WBL**") which are both listed on the SGX-ST account for more than 30 per cent. of the Group's investment portfolio and the Company holds, as at the Latest Practicable Date, approximately 12.1% interest in UE and 10.6% interest in WBL. We have therefore separately reviewed the trading performance of the shares of UE and WBL and considered the sensitivity of the valuation of the portfolio to these shares. We wish to highlight that a premium may be imputed on the valuation of these investments due to the significance of the blocks of shares held. In arriving at our valuation of the investment portfolio, we have however not applied any premium as the quantification of such premium is highly subjective and is dependent on *inter alia* the existing and desired level of control as well as prevailing market conditions and sentiments.

(i) *<u>Market value of investment in UE</u>*

As at the Latest Practicable Date, the Group holds 26,609,240 shares in UE ("**UE Shares**") representing approximately 12.1 per cent. of UE's issued share capital.

The trend of the daily last transacted prices of the UE Shares from 8 January 2007 (being one year prior to the TCPL Offer Announcement Date) to the Latest Practicable Date is set out below.

Daily Last Transaction Price for UE Shares
(From 8 January 2007 to the Latest Practicable Date)



Source: Bloomberg

Notes:

(1) On 13 February 2007, UE announced the acquisition of the remaining 12.6% interest in UE IEMvirotech Pte Ltd not held by the UE group for a cash consideration of US$750,000.

(2) On 27 February 2007, UE released its unaudited full-year results for FY2006 and reported that net profit attributable to members increased by approximately 54% to S$34.8 million as compared to FY2005.

(3) On 19 April 2007, UE announced that the sale of its warehouse complex (known as UE Tech Park) by its 90% subsidiary, United Tech Park Pte Ltd ("**UTPPL**"), to MacarthurCook Property Investment Pte Ltd (acting as trustee for MacarthurCook Induistrial REIT) for a total cash consideration of S$115 million, had been completed.

(4) On 9 May 2007, UE released its unaudited results for the 3 months ended 31 March 2007 and reported that net profit attributable to members increased by approximately 101% to S$11.8 million as compared to the corresponding period in FY2006.

(5) On 29 May 2007, UE announced the sale of its effective 60% stake in Dalian Xinwei Metalform Products Company Limited for a consideration of RMB6.0 million.

(6) On 26 June 2007, UE announced the disposal of 29 million shares in Yongnam Holdings Limited for a consideration of approximately S$12.0 million.

(7) On 6 August 2007, UE announced that the units at *The Rochester* were sold at an average price of S$1,300 per square foot, a first for District 5 private residential property.

(8) On 13 August 2007, UE released its unaudited results for the 6 months ended 30 June 2007 and reported that net profit attributable to members increased by approximately 121% to S$26.7 million as compared to the corresponding period in FY2006.

(9) On 23 October 2007, UE announced that International Finance Corporation would provide a loan of US$9 million which was repayable over a 6-year period commencing 2010 for the purposes of funding approximately 32 medical waste treatment facilities and related operations. In addition, International Finance Corporation would subscribe for convertible redeemable cumulative preference shares in the capital of UE Envirotech Pte Ltd for a consideration of US$3.5 million.

(10) On 13 November 2007, UE released its unaudited results for the 9 months ended 30 September 2007 and reported that net profit attributable to members increased by approximately 164% to S$34.1 million as compared to the corresponding period in FY2006.

(11) On 15 November 2007, UE announced the acquisition of the remaining 40% stake in PT United Engineers Indonesia for a cash consideration of S$0.3 million.

(12) On 23 November 2007, UE announced the disposal of its entire 6.5% interest in Air-Sys International Holdings Pte Ltd for a consideration of approximately US$0.8 million.

(13) On 30 November 2007, UE announced that its wholly-owned subsidiary, United Engineers Developments Pte Ltd, had been awarded a new Built-to-Suit project at the Changi Business Park, by the Jurong Town Council. It was stated that the development cost was estimated to be in the region of S$280 million and this project was expected to contribute positively to the earnings of UE in the future.

(14) On 26 December 2007, UE announced that its wholly-owned subsidiary, United Infrastructure Pte Ltd has entered into a conditional share sale and purchase agreement with Xing Gang Power Investments Limited for the sale of 67% shareholding interest in its subsidiary, United Power Corporation for a total cash consideration of US$85.6 million.

(15) On 4 January 2008, UE announced that it had been awarded two residential sites at Ang Mo Kio Street 52 through its 92.5%-owned subsidiary, Greatearth Developments Pte Ltd and the other at Alexandra Road through a 20-80 joint venture between Greatearth Developments and Wing Tai Holdings Ltd.

The VWAP and trading volume of the UE Shares from 8 January 2007 to the Latest Practicable Date are set out below.

	VWAP (S$)	Highest price (S$)	Lowest price (S$)	Average daily trading volume [(1)] ('000)	Daily trading volume as a percentage of free float [(2)] (%)
<u>Periods prior to TCPL Offer Announcement Date</u>					
Last 1 year	3.43	4.34	2.49	479	0.4
Last 6 months	3.74	4.34	2.88	406	0.3
Last 3 months	3.83	4.10	3.58	285	0.2
Last 1 month	3.67	3.80	3.58	196	0.2
Last transacted price prior to the TCPL Offer Announcement	3.77	3.77	3.72	74	<0.1
Last transacted price prior to the KTIPL Offer Announcement	3.28	3.45	3.12	342	0.3
<u>After TCPL Offer Announcement Date</u>					
Between TCPL Offer Announcement Date and the Latest Practicable Date	3.49	3.81	2.99	288	0.2
As at Latest Practicable Date	3.62	3.80	3.40	1,114	0.9
From 8 January 2007 to the Latest Practicable Date	3.43	4.34	2.49	467	0.4

Notes:

(1) The average daily trading volume of the UE Shares is calculated based on the total volume of shares traded during the period divided by the number of Market Days during that period.

(2) Free float is estimated to be approximately 124.1 million UE Shares or approximately 57.0% of the issued share capital of UE as disclosed in UE's latest annual report.

We note the following:

(i) Since 8 January 2007 up to the Latest Practicable Date, the UE Shares have traded between a low of S$2.49 and a high of S$4.34 with a VWAP of S$3.43.

(ii) Since 8 January 2007 up to the Latest Practicable Date, the UE Shares were traded on 267 Market Days or 100.0% of the total Market Days with an average daily trading volume of approximately 467,000 Shares representing approximately 0.4% of UE's free float.

(iii) On the Latest Practicable Date which is also the Market Day immediately following the Revised TCPL Offer Announcement Date, the UE Shares have traded between a low of S$3.40 and a high of S$3.80 with a VWAP of S$3.62. The trading volume on the Latest Practicable Date was significantly higher at approximately 1,114,000 Shares compared to the average daily trading volume of 467,000 Shares during the period from 8 January 2007 to the Latest Practicable Date.

Based on the highest and lowest market prices of the UE Shares during the period from 8 January 2007 up to the Latest Practicable Date, the valuation of the Company's investment in UE will range from approximately S$66.3 million to S$115.5 million.

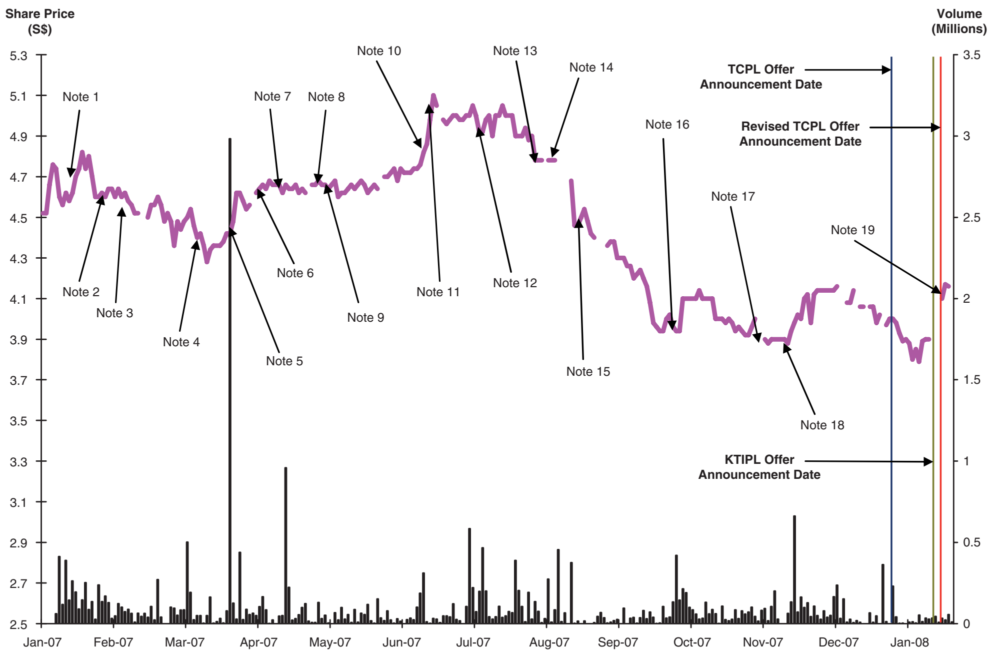
The past trading performance of the UE Shares should not, in any way, be relied upon as a promise or indication of its future trading performance.

(ii) *Market value of investment in WBL*

As at the Latest Practicable Date, the Group holds 22,389,120 shares in WBL ("**WBL Shares**") representing approximately 10.6 per cent. of WBL's issued share capital.

The trend of the daily last transacted prices of the WBL Shares from 8 January 2007 (being one year prior to the TCPL Offer Announcement Date) to the Latest Practicable Date is set out below.

Daily Last Transacted Prices of the WBL Shares
(From 8 January 2007 to the Latest Practicable Date)



Source: Bloomberg

Notes:-

(1) In March 2006, WBL's subsidiary listed on Nasdaq, Multi-Fineline Electronix Inc., ("**M-Flex**"), announced its intention to acquire MFS Technology Ltd. ("**MFS**"), another of WBL's subsidiaries which is listed on the Main Board of the SGX-ST through a voluntary general offer ("**GO**"), subject to the fulfillment of certain conditions by 31 December 2006. In relation thereto, WBL provided an irrevocable undertaking to both M-Flex and MFS to vote in favor of the proposed acquisition at M-Flex's stockholders meeting ("**Undertaking**").

In August 2006, M-Flex announced that its independent special committee of its board of directors had withdrawn its recommendation for the GO as it had determined that the terms of the GO were contrary to the best interests of M-Flex and its stockholders. The committee also recommended that M-Flex stockholders vote against the GO. M-Flex also made an application to the SIC to withdraw the GO.

In October 2006, M-Flex announced that it had filed a complaint in the United States District Court for the Central District of California alleging *inter alia* that certain filings of certain fund managers and hedge funds were false and misleading and failed to adequately inform M-Flex stockholders as to the true nature of their positions and intentions with respect to M-Flex and failed to disclose their substantial holdings in MFS securities. The aforementioned complaint was subsequently amended in November 2006. Further, M-Flex also filed a lawsuit in October 2006, in the Delaware Chancery Court seeking to direct WBL to vote its M-Flex shares against the GO and its complaint alleged that compliance by WBL with the Undertaking would result in WBL breaching its fiduciary duties and obligations to M-Flex's minority stockholders.

In December 2006, SIC denied M-Flex's application to withdraw the GO and ruled that M-Flex should extend the deadline for the fulfillment of the pre-conditions to the GO to 31 March 2007.

On 3 January 2007, WBL announced that the Undertaking had expired as at 31 December 2006.

On 6 January 2007, M-Flex announced that its independent special committee of its board of directors had agreed that M-Flex would extend the deadline for the fulfillment of the pre-conditions to the GO to 31 March 2007. WBL announced that the Undertaking will not be extended.

On 22 January 2007, M-Flex announced that Stark Master Fund and M-Flex had voluntarily agreed to dismiss without prejudice the litigation by Stark Master Fund against M-Flex in the Delaware Chancery Court and that such dismissal did not affect the pending action brought by M-Flex against WBL which was proceeding.

(2) On 5 February 2007, WBL announced that, pursuant to an application made by WBL, the Court of Chancery of the State of Delaware had ordered on 2 February 2007 that M-Flex's suit against WBL in connection with the GO be dismissed.

(3) On 14 February 2007, WBL released its unaudited results for the 3 months ended 31 December 2006 and reported that net profit attributable to the equity holders of WBL decreased by approximately 71.2% to S$7.4 million as compared to the corresponding period in FY2006.

(4) On 16 March 2007, WBL announced that having considered *inter alia* various key factors including the strategic, operational and financial synergies which are anticipated to arise from making MFS a subsidiary of M-Flex, it would continue to be in the interests of WBL to continue to proceed with the disposal of its holdings in MFS for M-Flex common stock when the GO is made by M-Flex.

(5) On 31 March 2007, M-Flex announced that the independent special committee of its board of directors had agreed, at the discretion of the SIC, to extend the deadline for fulfillment of the pre-conditions to the GO from 31 March 2007 to 30 June 2007.

(6) On 12 April 2007, WBL announced the disposal of its entire 43% interest in the registered capital of WBL Peking University Biotech Co. Ltd for a cash consideration of approximately S$19.9 million.

(7) On 20 April 2007, WBL announced the acquisition of the remaining 51% interest in the capital of Summer Palace Management Co Ltd not held by WBL for a cash consideration of approximately S$11.8 million.

(8) On 7 May 2007, WBL announced the disposal of its entire interest in the issued share capital of Wearnes Biotech & Medicals (1998) Pte Ltd for a consideration of approximately S$2.1 million.

(9) On 12 May 2007, WBL released its unaudited results for the 6 months ended 31 March 2007 and reported that net profit attributable to the equity holders of WBL decreased by approximately 77.5% to S$9.1 million as compared to the corresponding period in FY2006.

(10) On 20 June 2007, WBL announced that it had entered into a 40-60 joint venture with GIC Real Estate Pte Ltd to undertake the development of a prime retail mall, commercial and residential project in Shenyang, the capital of Liaoning Province, China.

(11) On 26 June 2007, WBL announced that the proposed disposal of its interest in MFS to M-Flex Pursuant to the GO was not approved by its shareholders at the extraordinary general meeting. On 27 June 2007, M-Flex announced that its special committee of independent directors intend to withdraw M-Flex's amended Registration Statement on Form S-4 regarding the GO.

(12) On 17 July 2007, WBL announced that the Group would be reporting a loss for the third quarter ended 30 June 2007.

(13) On 8 August 2007, WBL announced the disposal of its entire 51% interest in Wuhan Speedling Co Ltd for a cash consideration of RMB3.0 million and the disposal of its entire 50% interest in Tongcheng Medicinal Plants Development Co., Ltd for a cash consideration of RMB0.6 million.

(14) On 14 August 2007, WBL released its unaudited results for the 9 months ended 30 June 2007 and reported a net loss attributable to the equity holders of WBL of S$18.2 million compared to a profit of S$49.2 million in the corresponding period in FY2006.

(15) On 27 August 2007, WBL announced the proposed sale and lease back arrangement in respect of its property known as 163 Hoi Bun Road, Kwun Tong, Kowloon, Hong Kong for a cash consideration of HK$202 million.

(16) On 5 October 2007, WBL announced that its Thai precision manufacturing subsidiary, Wearnes Precision (Thailand) Limited, in which the group has a 98% effective interest, has today filed a petition for business reorganisation with the Central Bankruptcy Court in Thailand. In addition to the impairment charge of S$26.6 million, the discontinuation of this Thai unit would result in retrenchment costs of approximately S$2.1 million which would have a further impact on the Group's results for FY2007.

(17) On 9 November 2007, WBL announced that the WBL group will be reporting a loss for its FY2007 full year results.

(18) On 22 November 2007, WBL released its unaudited results for FY2007 and reported a net loss attributable to the equity holders of WBL of S$20.2 million compared to a profit of S$58.9 million in FY2006.

(19) On 24 January 2008, WBL presented at its annual general meeting, a summary of the WBL group's real estate holdings.

	VWAP (S$)	Highest price (S$)	Lowest price (S$)	Average daily trading volume [(1)] ('000)	Daily trading volume as a percentage of free float [(2)] (%)
Periods prior to TCPL Offer Announcement Date					
Last 1 year	4.47	5.20	3.64	100	0.1
Last 6 months	4.29	5.10	3.64	79	0.1
Last 3 months	3.99	4.20	3.64	77	0.1
Last 1 month	4.07	4.20	3.97	48	0.1
Last transacted price prior to the TCPL Offer Announcement	4.00	4.00	4.00	5	<0.1
Last transacted price prior to the KTIPL Offer Announcement	3.90	3.90	3.70	11	<0.1
After TCPL Offer Announcement Date					
Between TCPL Offer Announcement Date and the Latest Practicable Date	4.06	4.22	3.67	70	0.1
As at Latest Practicable Date	4.16	4.22	4.14	738	0.8
From 8 January 2007 to the Latest Practicable Date	4.45	5.20	3.64	98	0.1

Notes:

(1) The average daily trading volume of the WBL Shares is calculated based on the total volume of shares traded during the period divided by the number of Market Days during that period.

(2) Free float is estimated to be approximately 88.8 million WBL Shares or approximately 42.3% of the issued share capital of WBL as disclosed in WBL's latest annual report.

We note the following:

(i) Since 8 January 2007 up to the Latest Practicable Date, the WBL Shares have traded between a low of S$3.64 and a high of S$5.20 with a VWAP of S$4.45.

(ii) Since 8 January 2007 up to the Latest Practicable Date, the WBL Shares were traded on 255 Market Days or 95.5% of the total Market Days with an average daily trading volume of approximately 98,000 Shares representing approximately 0.1% of WBL's free float.

(iii) On the Latest Practicable Date which is also the Market Day immediately following the Revised TCPL Offer Announcement Date, the WBL Shares have traded between a low of S$4.14 and a high of S$4.22 with a VWAP of S$4.16. The trading volume on the Latest Practicable Date was significantly higher at approximately 738,000 Shares compared to the average daily trading volume of 98,000 Shares during the period from 8 January 2007 to the Latest Practicable Date.

Based on the highest and lowest market prices of the WBL Shares during the period from 8 January 2007 up to the Latest Practicable Date, the valuation of the Company's investment in WBL will range from approximately S$81.5 million to S$116.4 million. We note however that trading in the WBL Shares has historically been rather illiquid. Accordingly, the aforementioned valuation of WBL may not reasonably reflect its fair value.

The past trading performance of the WBL Shares should not, in any way, be relied upon as a promise or indication of its future trading performance.

(iii) *Market value of remaining investment portfolio*

We set out below a geographical and industry breakdown of the Group's remaining investment portfolio and their respective market values as at 31 December 2007.

Market Value Breakdown of the Group's Remaining Investment Portfolio by Industry and Country as at 31 December 2007 (S$'million)

Industry / Country	Malaysia	Singapore	Others	Sub-Total
Finance	4.1	51.3	3.4	**58.8**
Commerce	–	0.9	–	**0.9**
Consumer products	7.5	–	–	**7.5**
Industrial and commercial	–	–	19.0	**19.0**
Industrial products	4.2	–	–	**4.2**
Manufacturing	–	17.8	–	**17.8**
Multi-industry	–	3.5	–	**3.5**
Mining and resources	0.1	–	38.8	**38.9**
Plantation	16.9	0.1	-	**17.0**
Properties and hotel	0.9	28.9	2.1	**31.9**
Trading	134.4	1.5	–	**135.9**
Transport	1.9	–	–	**1.9**
Others	–	1.1	–	**1.1**
TOTAL	**170.0**	**105.1**	**63.3**	**338.4**

Based on information provided by the Company, the aggregate market value of the Group's remaining investment portfolio (excluding its investments in UE and WBL) amounted to approximately S$338.4 million as at 31 December 2007 and approximately S$316.6 million as at the Latest Practicable Date.

We wish to highlight that the composition of the Group's investment portfolio may change from time to time and the market prices of the securities held by the Group are and will continue to be affected to varying extent by changes in, *inter alia*, market, economic, political, industry, monetary and other general macroeconomic conditions as well as company-specific factors. Therefore, the historical market values of the Group's investment holdings, as set out above, should not in any way be relied upon as a promise or indication of its future market values.

(iv) *Outlook of securities trading and investment holding business*

We note that STC had, in the announcement of its results for 3Q2007, stated the following in respect of the financial investments segment:

"*Activities from the trading securities are expected to remain low and dividend income from investments is likely to be lower for 2007 due to the smaller investment portfolio. The Group is expected to report a substantial exceptional gain in Q4 2007 arising from the mergers of Sime Darby Berhad and Golden Hope Plantations Bhd in which the Group has investments in.*"

6.2 Book NTA and Revalued NTA of the Group

Given the asset intensive nature of the Group's business, we have considered both the book NTA and Revalued NTA of the Group in assessing the Revised TCPL Offer Price and the KTIPL Offer Price. Based on the Company's unaudited consolidated financial statements for 3Q2007, the Group also has significant cash at bank and on deposit amounting to approximately S$346.5 million as at 30 September 2007. In assessing the Revised TCPL Offer Price and the KTIPL Offer Price, we have therefore also considered both the book NTA and Revalued NTA of the Group on an ex-cash basis.

6.2.1 Book NTA and ex-cash book NTA

Based on the Company's unaudited consolidated financial statements for 3Q2007, the unaudited book NTA of the Group as at 30 September 2007 (as computed by the Company's management) was approximately S$1,663.3 million or approximately S$5.10 per Share. The Revised TCPL Offer Price is at a premium of approximately 27.5% and the KTIPL Offer Price is at a premium of approximately 12.9% over the book NTA per Share as at 30 September 2007.

On an ex-cash basis, the unaudited book NTA of the Group as at 30 September 2007 was approximately S$1,316.8 million or approximately S$4.04 per Share. The ex-cash Revised TCPL Offer Price of approximately S$5.44 is at a premium of approximately 34.7%, and the ex-cash KTIPL Offer Price of approximately S$4.70 is at a premium of approximately 16.3% over the ex-cash book NTA per Share as at 30 September 2007.

6.2.2 Revalued NTA and ex-cash Revalued NTA

To obtain an estimate of the Revalued NTA of the Group, we have relied upon the Company's unaudited consolidated financial statements as at 30 September 2007 as a base and made the appropriate adjustments (based on information provided by the Company) to take into account the following:

(i) Fair value changes of the Group's investment portfolio from 30 September 2007 to the Latest Practicable Date

The Group's investment portfolio (comprising both long-term investments and short-term marketable securities) amounted to approximately S$475.8 million as at 30 September 2007 and has increased to approximately S$526.4 million and S$504.0 million as at 31 December 2007 and the Latest Practicable Date respectively mainly due to net purchases of securities.

We have made adjustment for the fair value changes in the Group's investment portfolio since 30 September 2007 based on information provided by the Company.

(ii) Net gain on disposal of properties

The Group has sold two residential units at Gallop Gables and two small plots of land in Malaysia in the last quarter of 2007. We have accordingly made adjustment for the net gain recorded arising from such sales.

*(iii) Revaluation of certain properties owned by the Group (the "**Revalued Properties**") to their open market values as at 31 December 2007*

The Directors have commissioned the Valuers to conduct independent valuations of the Revalued Properties and their valuation certificates are set out in Appendix 8 to the Circular.

The valuation of the Revalued Properties is carried out on an open market value basis and is according to the current intended uses of the Revalued Properties as advised by the Company's management. The Group's property known as Straits Trading Building in Singapore has been valued taking into account its development potential on the basis that the development has been completed according to the Group's plans as at 31 December 2007 and after factoring in the relevant estimated development costs. With regard to the

Rendezvous Observation City Hotel in Perth, Australia, we understand from the Company that while the Group has submitted plans for the conversion of the existing hotel tower to 112 residential apartments and for the construction of a new 8-level, 140-room hotel, such plans are not finalised and are subject to further changes. Whilst the Valuers have had regard to the underlying property considerations such as zoning and potential alternate use issues, its valuation has been carried out on a "going-concern" basis assuming vacant possession of hotel management, as advised by the Company's management, and not in accordance with the proposed re-development plan which may have a value that differs from the value reported by the Valuers. The remaining Revalued Properties are valued based on their existing uses.

Save as stated below, the other assets of the Group have not been revalued for the purpose of determining the Revalued NTA of the Group. The Directors have confirmed to us that to the best of their knowledge and belief, that there are no material differences between the realisable value of these other assets and their respective book values as at 30 September 2007 which would have a material impact on the Revalued NTA of the Group. The Directors have confirmed to us that there have been no material acquisitions and disposals of assets by the Group, its joint venture companies and its associated companies since 30 September 2007 up to the Latest Practicable Date. Further, the Directors have also confirmed to us that to the best of their knowledge and belief, other than that already provided for or disclosed in the Company's unaudited consolidated financial statements for 3Q2007 (refer to Section 7.3 of this letter), there are no other contingent liabilities which are likely to have a material impact on the NTA of the Group as at the Latest Practicable Date.

We set out below the open market values of the Revalued Properties and the net revaluation surplus after potential tax liabilities arising from the revaluation of the Revalued Properties[1].

Description [1]	Open market value (S$' million)	Net revaluation surplus after potential tax liabilities [2] (S$' million)
__Investment Properties__		
Straits Trading Building, 9 Battery Road, Singapore 049910 *(Undergoing re-development)*	391.3 [3]	131.0
No. 9 Bras Basah Road, Singapore *(retail arcade)*	16.0	1.8
Gallop Gables, 70/72 and 80 Farrer Road, Singapore 268850/51/56 *(38 apartment units and 1 shop unit)*	152.0	29.5
Gallop Green, 13, 15, 17 and 19 Woollerton Park, Singapore 25734/5/6/7	250.0	50.0
6A/6B/8/8A Cable Road, Singapore	72.4	21.1

Description [1]	Open market value (S$' million)	Net revaluation surplus after potential tax liabilities [2] (S$' million)
Straits Trading Building, KL, No. 2 Lebuh Pasar Besar, 50050 Kuala Lumpur, Malaysia *(7-storey commercial building)*	18.3	0.9
No. 63 Jalan Raja Dr Nazrin Shah, *(previously known as Jalan Gopeng)* 30250 Ipoh, Perak, Malaysia	2.7	0.4
Lot Nos 197 and 199, Section 4, Town of Butterworth, Seberang Perai Utara, Pulau Pinang Malaysia	2.3	0.3
Lot Nos 2569 and 2626, Section 4, Town of Butterworth, Seberang Perai Utara, Pulau Pinang Malaysia	2.0	0.1
Lot Nos 189, 190, 270 and 2499, Section 4, Town of Butterworth, Seberang Perai Utara, Pulau Pinang Malaysia	8.0	1.0
Lot Nos 195, 2502 and 2570, Section 4, Town of Butterworth, Seberang Perai Utara, Pulau Pinang Malaysia	13.3	0.6
Lot Nos 4819 to 4826, Jalan Pantai, Taman Selat, 1200 Butterworth, Malaysia	1.5	<0.1
No. 38 Persiaran Persekutuan, Sri Bukit Persekutuan, 50480 Kuala Lumpur,	2.0	0.3
<u>Properties Held for Sale</u>		
17 apartment units at Gallop Gables, 74/76/78/80/82 Farrer Road, Singapore 268852/3/4/5/6	45.5	28.6
4 units of 3-storey shop houses and 5 units of 4-storey shop houses at Jalan Selat Teman Selat Butterworth	2.2	1.5

Description [(1)]	Open market value (S$' million)	Net revaluation surplus after potential tax liabilities [(2)] (S$' million)
Hotels		
Hotel Rendezvous, Singapore, 9 Bras Basah Road, Singapore 189559	165.4	61.0
Rendezvous Observation City Hotel, Perth, 183 West Coast Highway, Scarborough, Perth, Western Australia	105.1	55.5
Properties Under Development		
6 plots of land Cable Road/Nathan Road, Singapore	79.8	77.4
Total		**461.1**

Notes:

(1) We have excluded in the table above certain properties in Malaysia which were also revalued by the Group but did not result in any material net revaluation surplus. Please refer to Appendix 8 of this Circular.

(2) The potential tax effects arising from the hypothetical sale of the Revalued Properties are computed by the management of the Company in consultation with its respective tax advisers in the different tax jurisdictions. For the purpose of the computation, the fair market values (as determined by the Valuers) are taken to be the hypothetical sales proceeds arising from the disposal of the Revalued Properties.

(3) The open market value of Straits Trading Building at 9 Battery Road, Singapore, is derived based on the gross development value on completion (as appraised by the Valuers) of S$439.0 million less the relevant development costs as estimated by the Company's management amounting to approximately S$47.7 million.

We set out below the computation of the Group's Revalued NTA as at 30 September 2007.

	S$' million	S$' million
Unaudited book NTA as at 30 September 2007		1,663.3
Gross revaluation surplus on Revalued Properties	479.0	
Less: Potential tax liabilities	(17.9)	
Net revaluation surplus	461.1	
Less: Net decrease of fair value in the Group's investment portfolio (1)	(1.8)	
Add: Net gain on disposal of properties	2.4	
Net adjustments		461.7
Revalued NTA as at 30 September 2007		2,125.0
Revalued NTA per Share as at 30 September 2007		S$6.52
Discount of Revised TCPL Offer Price to Revalued NTA per Share as at 30 September 2007		**(0.3)%**
Discount of KTIPL Offer Price to Revalued NTA per Share as at 30 September 2007		**(11.7)%**

Note:

(1) In computing the net impact on book NTA arising from the fair value changes in the Group's investment portfolio from 30 September 2007 up to the Latest Practicable Date, the Company's management has taken into account the effects of the Group's investments in Sime Darby Berhad and Golden Hope Plantations Bhd.

The Revised TCPL Offer Price is at a discount of approximately 0.3 per cent. while the KTIPL Offer Price is at a discount of approximately 11.7 per cent. to the Revalued NTA per Share of S$6.52 as at 30 September 2007.

On an ex-cash basis, the Revalued NTA of the Group as at 30 September 2007 would be approximately S$1,778.5 million or approximately S$5.46 per Share. The ex-cash Revised TCPL Offer Price of approximately S$5.44 is at a discount of approximately 0.4 per cent. while the ex-cash KTIPL Offer Price of approximately S$4.70 is at a discount of approximately 13.9 per cent. to the ex-cash Revalued NTA per Share as at 30 September 2007.

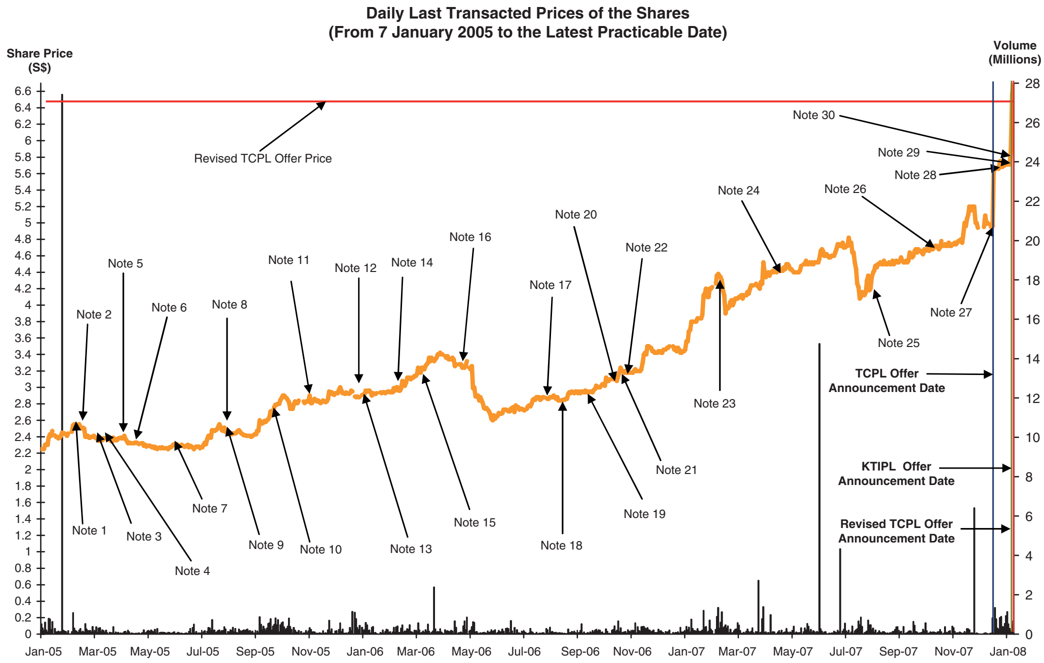
Shareholders should note that the above analysis assumes the hypothetical sale of the assets (including the Revalued Properties) of the Group as at the Latest Practicable Date. The Directors have confirmed to us that as at the Latest Practicable Date, save for those properties held for sale, the Group has not entered into any negotiation with any party in respect of any impending material disposal and/or conversion of the use of the Group's assets and/or any material change in the nature of the Group's businesses.

In addition, we wish to highlight that the Revalued NTA per Share shown above includes the revaluation surpluses on properties and changes in value arising from the Group's investment portfolio. Shareholders should be aware that the Group has not fully earned or realised the surpluses on such properties nor materialised the value of its investment portfolio as at the Latest Practicable Date. There is no assurance that any surpluses or returns eventually recorded by the Group on its properties and investment portfolio will be the same as that appraised by the Valuers or indicated in the table above.

6.3 Market Quotation and Trading Activity of the Shares

6.3.1 Historical Share Price Performance

The trend of the daily last transacted prices of the Shares from 7 January 2005 (being three years prior to the TCPL Offer Announcement Date) to the Latest Practicable Date is set out below.



Source: Bloomberg

Notes:-

(1) On 17 February 2005, the Company announced that it had served notice of the MSC Take-over as a result of its acquisition of the MSC Shares.

(2) On 25 February 2005, the Company released its unaudited results for FY2004 and reported that net earnings increased by approximately 33.7% to S$55.3 million as compared to the corresponding period in FY2003.

(3) On 10 March 2005, the Company announced that the offer price in the MSC Take-over was adjusted for net dividend from MYR6.30 to MYR6.12 per offer share.

(4) On 17 March 2005, the Company announced that the MSC Take-over had become unconditional.

(5) On 14 April 2005, the Company announced that the MSC Take-over had closed and the Group's resultant shareholding in MSC was 63.16%. As a result of the MSC Take-over, trading in the MSC Shares would be suspended from 31 May 2005.

(6) On 27 April 2005, the Company released its unaudited results for the 3 months ended 31 March 2005 and reported that net earnings decreased by approximately 16.7% to S$15.5 million as compared to the corresponding period in FY2004.

(7) On 8 June 2005, the Company announced that as a result of the merger of the asset management operations of OCBC Asset Management Limited and Straits Lion Asset Management ("**SLAM**"), STC's interest in SLAM would be 15.1%.

(8) On 5 August 2005, the Company released its unaudited results for the 6 months ended 30 June 2005 and reported that net earnings decreased by approximately 4.7% to S$55.1 million as compared to the corresponding period in FY2004.

(9) On 10 August 2005, the Company announced the sale of its entire stake of 15.1% in the capital of SLAM to OCBC Bank and Great Eastern Holdings Limited for a consideration of S$43.1 million.

(10) On 29 September 2005, the Company announced the sale-and-lease-back of 18, 20, 22 Cross Street, Singapore. The sale price of the said property was S$390 million.

(11) On 11 November 2005, the Company released its unaudited results for the 9 months ended 30 September 2005 and reported that net earnings decreased by approximately 36.2% to S$45.9 million as compared to the corresponding period in FY2004.

(12) On 30 December 2005, the Company announced the Selective Capital Reduction (as defined hereinafter).

(13) On 12 January 2006, the Company announced the sale of its entire holding in the issued share capital of Killinghall (Malaysia) Berhad.

(14) On 23 February 2006, the Company released its unaudited results for FY2005 and reported that net earnings increased by approximately 26.5% to S$70.0 million as compared to the corresponding period in FY2005.

(15) On 20 March 2006, the Company announced that its wholly-owned subsidiary, Merevale Holdings Private Limited had sold its 51% interest in the issued share capital of Straits Eastern Square Private Limited, a subsidiary of The Great Eastern Life Assurance Company Limited, for a cash consideration of S$4.36 million.

(16) On 9 May 2006, the Company released its unaudited results for the 3 months ended 31 March 2006 and reported that net earnings increased by approximately 176.2% to S$42.9 million as compared to the corresponding period in FY2005.

(17 On 8 August 2006, the Company released its unaudited results for the 6 months ended 30 June 2006 and reported that net earnings increased by approximately 20.9% to S$64.4 million as compared to the corresponding period in FY2005.

(18) On 29 August 2006, the Company announced that the Group had purchased an additional 30.0% interest in MSC, increasing its interest from 63.31% to 93.31%.

(19) On 21 September 2006, the Company announced that the Group had entered into an agreement with MSC to implement several corporate proposals to restore public float.

(20) On 1 November 2006, the Company announced that the Group had successfully placed out MSC Shares to restore public float and accordingly, the corporate proposals announced on 21 September 2006 had been aborted. STC's resultant shareholding was 73.01%.

(21) On 7 November 2006, the Company announced that MSC would be re-quoted on Bursa Malaysia on 8 November 2006.

(22) On 10 November 2006, the Company released its unaudited results for the 9 months ended 30 September 2006 and reported that net earnings increased by approximately 120.2% to S$95.4 million as compared to the corresponding period in FY2005.

(23) On 22 February 2007, the Company released its unaudited results for FY2006 and reported that net earnings increased by approximately 177.2% to S$194.0 million as compared to the corresponding period in FY2005.

(24) On 10 May 2007, the Company released its unaudited results for the 3 months ended 31 March 2007 and reported that net earnings increased by approximately 29.1% to S$55.4 million as compared to the corresponding period in FY2006. On the same date, the Company also announced that its direct and deemed interest in MSC had been increased to 73.16%.

(25) On 14 August 2007, the Company released its unaudited results for the 6 months ended 30 June 2007 and reported that net earnings increased by approximately 351.7% to S$290.8 million as compared to the corresponding period in FY2006.

(26) On 9 November 2007, the Company released its unaudited results for the 9 months ended 30 September 2007 and reported that net earnings increased by approximately 214.9% to S$300.6 million as compared to the corresponding period in FY2006.

(27) On 6 January 2008, the TCPL Offer was announced.

(28) On 10 January 2008, the Company announced that it is in advanced negotiation with OCBC Bank in respect of the development, construction and completion of a hotel cum retail complex at OCBC Bank's existing Specialists' Centre and Hotel Phoenix sites.

(29) On 24 January 2008, the KTIPL Offer was announced.

(30) On 28 January 2008, the Revised TCPL Offer was announced.

The VWAP and trading volume of the Shares from 7 January 2005 to the Latest Practicable Date are set out below.

	VWAP (S$)	Premium/ (Discount) of Revised TCPL Offer Price over VWAP (%)	Premium/ (Discount) of KTIPL Offer Price over VWAP (%)	Highest price (S$)	Lowest price (S$)	Average daily trading volume [1] ('000)	Daily trading volume as a percentage of free float [2] (%)
Periods prior to TCPL Offer Announcement Date							
Last 3 years	3.39	91.5	69.7	5.30	2.22	256	0.2
Last 2 years	3.96	64.2	45.5	5.30	2.58	234	0.2
Last 1 year	4.45	46.1	29.4	5.30	3.42	299	0.2
Last 6 months	4.72	37.8	22.1	5.30	4.02	239	0.2
Last 3 months	4.96	30.9	16.0	5.30	4.52	224	0.2
Last 1 month	5.14	26.5	12.1	5.30	4.90	449	0.3
Last transacted price prior to the TCPL Offer Announcement	4.96	31.0	16.1	4.97	4.92	811	0.6
Last transacted price prior to the KTIPL Offer Announcement	5.71	13.8	0.9	5.72	5.70	279	0.2
Last transacted price prior to the Revised TCPL Offer Announcement	5.89	10.4	(2.2)	6.11	5.80	166	0.1
After TCPL Offer Announcement Date							
Between TCPL Offer Announcement Date and the Latest Practicable Date	5.81	11.8	(0.9)	6.82	5.62	575	0.4
As at Latest Practicable Date	6.75	(3.6)	(14.6)	6.82	6.70	664	0.5

Source: Bloomberg

Notes:

(1) The average daily trading volume of the Shares is calculated based on the total volume of shares traded during the period divided by the number of Market Days during that period.

(2) Free float refers to those Shares in which TCPL, KTIPL and their respective concert parties, the Directors and the substantial shareholders of the Company have no interests as at the Latest Practicable Date, and amounts to approximately 139.8 million Shares or approximately 42.9% of the issued share capital of STC as at the Latest Practicable Date.

We note the following:

(i) Over the last three years prior to the TCPL Offer Announcement Date, the market price of the Shares has trended upwards and has traded at between a low of S$2.22 and a high of S$5.30, with an average daily trading volume of 256,000 Shares. As the market price of the Shares did not trade at or above the Revised TCPL Offer Price and the KTIPL Offer Price during this 3-year period, the Revised TCPL Offer Price and the KTIPL Offer Price are at a premium to the VWAP of the Shares for all the historical periods within this time span.

(ii) Over a longer historical period, the Revised TCPL Offer Price represents a significant premium of 91.5 per cent., 64.2 per cent. and 46.1 per cent. over the corresponding VWAP of the Shares over the 3-year period, 2-year period and 1-year period prior to the TCPL Offer Announcement Date, respectively, while the KTIPL Offer Price represents a significant premium of 69.7 per cent., 45.5 per cent. and 29.4 per cent. over the corresponding VWAP of the Shares over the 3-year period, 2-year period and 1-year period prior to the TCPL Offer Announcement Date, respectively.

(iii) Over a more recent historical period, the Revised TCPL Offer Price represents a premium of 37.8 per cent., 30.9 per cent. and 26.5 per cent. over the corresponding VWAP over the 6-month period, 3-month period and 1-month period prior to the TCPL Offer Announcement Date, respectively, while the KTIPL Offer Price represents a premium of 22.1 per cent., 16.0 per cent. and 12.1 per cent. over the corresponding VWAP over the 6-month period, 3-month period and 1-month period prior to the TCPL Offer Announcement Date, respectively.

(iv) During the 3-month period prior to the TCPL Offer Announcement Date, based on publicly available information, the Tecity Group had acquired 4,106,000 Shares in aggregate at an average price of between S$4.59140 and S$5.09733 each and these accounted for approximately 30.10% of the total trading volume of the Shares over that period. KTIPL and its concert parties did not acquire any Shares over the same period.

(v) From the TCPL Offer Announcement Date to the Latest Practicable Date, the market price of the Shares has traded at between a low of S$5.62 to a high of S$6.82, with an average daily trading volume of 575,000 Shares.

(vi) From the TCPL Offer Announcement Date to the Latest Practicable Date, based on publicly available information, TCPL and/or its concert parties had acquired 3,701,734 Shares in aggregate at a price of between S$5.65 to S$5.70 each and these accounted for approximately 37.9% of the total trading volume of the Shares over that period. Over the same period, based on publicly available information, KTIPL and/or its concert parties had acquired 3,372,000 Shares in aggregate at a price of between S$5.66 to S$5.75 each and these accounted for approximately 34.5% of the total trading volume of the Shares over that period.

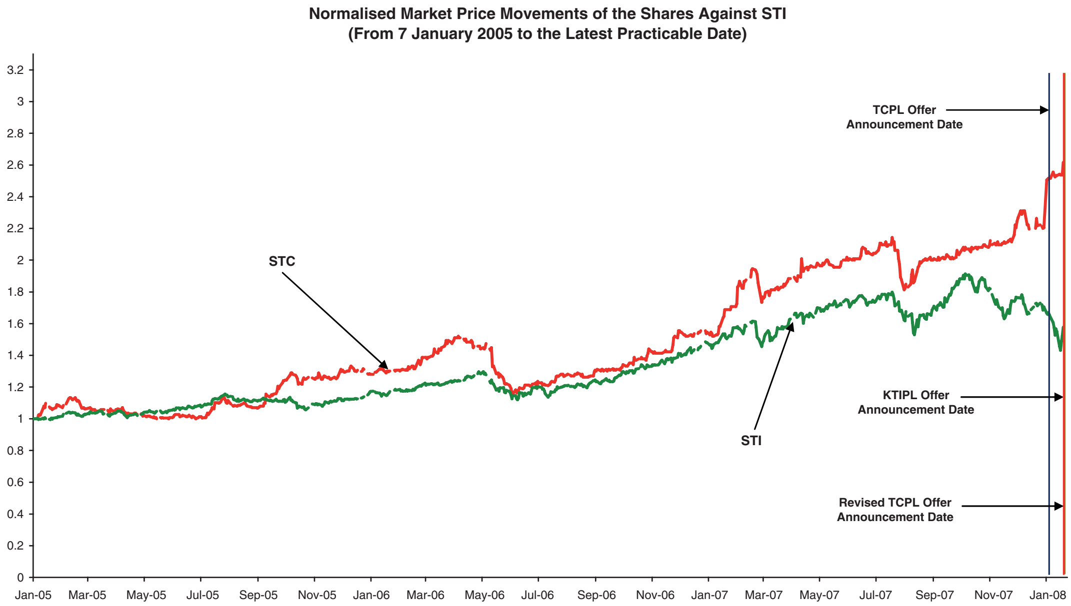
(vii) As at the Latest Practicable Date, the last traded market price of the Shares is above the Revised TCPL Offer Price and the KTIPL Offer Price. The Revised TCPL Offer Price is at a discount of approximately 3.7 per cent. and the KTIPL Offer Price is at a discount of approximately 14.7 per cent. to the last transacted price of the Shares of S$6.75 on the Latest Practicable Date.

(viii) During the 1-year period prior to the TCPL Offer Announcement Date, the Shares were traded on 123 Market Days or 98.4% of the total Market Days with an average daily trading volume of approximately 299,000 Shares representing approximately 0.2% of the free float.

The past trading performance of the Shares should not, in any way, be relied upon as a promise or indication of its future trading performance.

6.3.2 Relative Share Price Performance vis-à-vis Performance of Market Indices

To gauge the market price performance of the Shares relative to the general performance of the Singapore equity market, we have compared the normalised market price movement of the Shares against that of the Straits Times Index ("**STI**") for the period between 7 January 2005 (being three years prior to the TCPL Offer Announcement Date) and the Latest Practicable Date, as illustrated below.



Source: Bloomberg

Based on the above chart, on a normalised basis, it appears that the market price of the Shares generally moves in line with the STI and has consistently outperformed the STI during the period commencing three years prior to the TCPL Offer Announcement Date and ending on the Latest Practicable Date. In the recent period running up to the TCPL Offer Announcement Date from mid-October 2007, it appears that the market price movement of the Shares and the STI has diverged.

The movements in the closing prices of the Shares and the STI between the Market Day immediately prior to the TCPL Offer Announcement and immediately prior to the KTIPL Offer Announcement, and the Latest Practicable Date are as follows:

	Market Day immediately prior to the TCPL Offer Announcement	Market Day immediately prior to the KTIPL Offer Announcement	Latest Practicable Date	Percentage change between TCPL Offer Announcement Date and Latest Practicable Date (%)	Percentage change between KTIPL Offer Announcement Date and Latest Practicable Date (%)
STC (S$)	4.96	5.71	6.75	36.1	18.2
STI	3,416.48	3,050.09	3,049.9	(10.7)	<0.1

Source: Bloomberg

The market price of the Shares experienced an immediate upward spike upon the release of the TCPL Offer Announcement, and another upward spike upon the release of the KTIPL Offer Announcement and upon the release of the Revised TCPL Offer Announcement.

The market price of the Shares has increased by approximately 36.1 per cent. from the Market Day prior to the TCPL Offer Announcement to the Latest Practicable Date. Over the same period, the STI has declined by approximately 10.7 per cent.. The market price of the Shares has increased by approximately 18.2 per cent. from the Market Day prior to the KTIPL Offer Announcement to the Latest Practicable Date. Over the same period, the STI has remained at around 3,050 points.

We note that the average daily trading volume of the Shares since the TCPL Offer Announcement is substantially higher compared to the average daily trading volume in the 12-month period prior to the TCPL Offer Announcement Date.

During the 3-month period prior to the TCPL Offer Announcement Date, the Tecity Group had acquired 4,106,000 Shares in aggregate at an average price of between S$4.59140 and S$5.09733 each and these accounted for approximately 30.10% of the total trading volume of the Shares over that period.

From the TCPL Offer Announcement Date to the Latest Practicable Date, TCPL and/or its concert parties had acquired 3,701,734 Shares in aggregate at a price of between S$5.65 to S$5.70 each and these accounted for approximately 37.9% of the total trading volume of the Shares over that period. Over the same period, based on publicly available information, KTIPL and/or its concert parties had acquired 3,372,000 Shares in aggregate at a price of between S$5.66 to S$5.75 each and these accounted for approximately 34.5% of the total trading volume of the Shares over that period.

Based on the above observations, it appears highly likely that the Offers and purchases by TCPL and KTIPL and their respective concert parties have been supporting the market price of the Shares since the TCPL Offer Announcement. As such, there is no assurance that the market prices and the trading volumes of the Shares will be maintained at the level prevailing as at the Latest Practicable Date after the closing dates of the Offers.

6.4 Premium Paid in Other Take-Overs of Companies Listed on the SGX-ST

Each of TCPL and KTIPL has stated that it is their present intention to maintain the listing status of the Company on the SGX-ST. However, in the event that trading in the Shares is suspended or in the event that they are entitled to exercise the right of compulsory acquisition pursuant to Section 215(1) of the Act, TCPL and KTIPL will reassess their position in respect of their shareholdings in the Company.

In assessing whether the Revised TCPL Offer Price and the KTIPL Offer Price are reasonable given the abovementioned intentions, we have compared the financial terms of the Offers with those of successful completed take-overs of companies listed on the SGX-ST announced in the last 12 months prior to the TCPL Offer Announcement Date where the offeror succeeded in securing statutory control and/or privatising or de-listing of the target listed company ("**Take-over Transactions**").

We wish to highlight that the list of target companies involved in the Take-over Transactions set out in the analysis below are not directly comparable with the Company in terms of size of operations, market capitalisation, business activities, asset base, geographical spread, track record, accounting policy, financial performance, operating and financial leverage, future prospects and other relevant criteria. The analysis below is based on data compiled from publicly available sources and serves as a guide as to the premium paid in connection with take-overs of companies listed on the SGX-ST. Each transaction must be judged on its own commercial and financial merits. The premium that an offeror pays in any particular take-over depends on various factors such as the potential synergy that the offeror can gain by acquiring the target, the presence of competing bids for the target, prevailing market conditions and sentiments, attractiveness and profile of the target's business and assets, size of consideration and existing and desired level of control in the target. Hence, the comparison of the Offers with the Take-over Transactions set out below is for illustration purpose only. Conclusions drawn from the comparisons made may not reflect any perceived market valuation of the Company.

A summary of the relevant financial terms of the Take-over Transactions is set out below.

		Premium of Offer Price to			
	Date of announcement	Last transacted price prior to announcement (%)	1-month VWAP prior to announcement (%)	3-month VWAP prior to announcement (%)	P/NTA (times)
Privatisations					
Landwind Medical Holdings Limited [(1)]	12-Jan-07	58.9	62.4	45.8	3.8
Media Asia Entertainment Group Limited [(1)]	27-Feb-07	39.5	37.7	38.1	1.1
Amtek Engineering Ltd	22-May-07	3.8	14.6	27.9	1.8
Pan-United Marine Limited	28-May-07	3.0	14.4	21.7	4.6
Sembawang Kimtrans Ltd	13-Jun-07	12.0	13.9	15.1	3.2
ECS Holdings Limited [(2)]	8-Aug-07	6.0	9.5	15.9	1.3
Labroy Marine Limited	29-Oct-07	3.4	9.2	19.9	11.2
Median		6.0	14.4	21.7	3.2
Mean		18.1	23.1	26.3	3.9
Non-privatisations					
STATS ChipPAC Ltd. [(3)]	1-Mar-07	18.2	30.9	38.2	3.3
RSH Limited	4-Mar-07	-12.5	4.9	41.4	5.0
Guthrie GTS Limited [(4)]	5-Mar-07	10.1	7.1	9.7	0.8
Jurong Cement Limited	30-Apr-07	10.5	9.7	9.4	1.2
Jade Technologies Singapore Ltd [(5)]	7-May-07	-81.3	-80.5	-79.4	1.2
Radiance Electronics Limited [(5)]	5-Oct-07	-30.0	-22.2	-17.6	0.8
Gates Electronics Limited	24-Oct-07	3.5	0.4	0.8	2.3
Median		10.1	7.1	9.7	1.2
Mean		6.0	10.6	19.9	2.1
High		**58.9**	**62.4**	**45.8**	**11.2**
Low		**-12.5**	**0.4**	**0.8**	**0.8**
Median		**8.1**	**11.8**	**20.8**	**2.1**
Mean		**13.0**	**17.9**	**23.7**	**3.0**
STC (implied in the Revised TCPL Offer Price)	**6-Jan-08 [(6)]**	**31.0**	**26.5**	**30.9**	**1.3**
STC (implied in the KTIPL Offer Price)	**24-Jan-08 [(7)]**	**16.1**	**12.1**	**16.0**	**1.1**

Source: SGX-ST announcements and circulars to shareholders in relation to the respective Take-over Transactions

Notes:

(1) The implied P/NTA ratios in respect of the take-overs of Landwind Medical Holdings Limited and Media Asia Entertainment Group Limited in the table above represent P/NAV ratios instead.

(2) The offeror's intention was to maintain the listing status of ECS Holdings Limited on the SGX-ST. As a result of the offer, the free float of ECS Holdings Limited had fallen below 10% and trading in its shares was accordingly suspended. The offeror had stated that it would take steps to procure the lifting of trading suspension. As at the Latest Practicable Date, ECS Holdings Limited has not been de-listed.

(3) The offer price for each share is S$1.75 in cash. If the level of acceptances of 90% is reached, the offer price would be increased to S$1.88 in cash. The valuation parameters in the table above were based on the price of S$1.75 as the acceptance level of 90% was not reached.

(4) On 28 February 2007, the offeror made the offer at a price of S$0.395 in cash, with a stake of 30.07%. On 5 March 2007, the offeror revised the offer price to S$0.435 in cash, with a stake of 32.93%. The valuation parameters in the table above were based on the revised offer price.

(5) In computing the high, low, median and mean ratios in respect of market price premia, Jade Technologies Singapore Ltd and Radiance Electronics Limited have been excluded as outliers.

(6) The TCPL Offer was first announced on 6 January 2008 and was subsequently revised on 28 January 2008. In computing the market premia in respect of the Revised TCPL Offer, we have used the last transacted price, 1-month VWAP and 3-month VWAP prior to the TCPL Offer Announcement Date (instead of the Revised TCPL Offer Announcement Date).

(7) In computing the market premia in respect of the KTIPL Offer, we have used the last transacted price, 1-month VWAP and 3-month VWAP prior to the TCPL Offer Announcement Date (instead of the KTIPL Offer Announcement Date).

We note that:

(i) The market price premia to the last transacted price, the 1-month VWAP and the 3-month VWAP prior to the TCPL Offer Announcement Date implied in the Revised TCPL Offer Price are above the corresponding median and mean premia in both the successful privatisation and non-privatisation Take-over Transactions.

(ii) The P/NTA ratio of the Group implied in the Revised TCPL Offer Price is below the median and mean P/NTA ratios of the successful privatisation Take-over Transactions.

(iii) The P/NTA ratio of the Group implied in the Revised TCPL Offer Price is below the mean but above the median P/NTA ratios of the successful non-privatisation Take-over Transactions.

(iv) The market price premia and the P/NTA ratio of the Group implied in the Revised TCPL Offer Price and the KTIPL Offer Price are within the corresponding range of market premia and P/NTA ratios implied in both the successful privatisation and non-privatisation Take-over Transactions.

6.5 Financial Terms of the Selective Capital Reduction

In April 2006, the Company undertook a selective capital reduction ("**Selective Capital Reduction**") pursuant to which the Company cancelled 30,503,000 Shares held by OCBC Bank and The Overseas Assurance Corporation Limited (representing approximately 8.6 per cent. of the then issued share capital of the Company) and made a cash distribution at a price of S$2.966 for each such Share cancelled.

A summary of the relevant financial terms of the Selective Capital Reduction is set out below:

		Premium of price over			
	Date of announcement	last transacted price prior to announcement date (%)	1-month VWAP prior to announcement date (%)	P/book NTA (times)	P/Revalued NTA (times)
Selective Capital Reduction (1)	30 December 2005	0.2	1.1	0.9	0.8
Revised TCPL Offer (2)	6 January 2008	31.0	26.5	1.3	1.0
KTIPL Offer (3)	24 January 2008	16.1	12.1	1.1	0.9

Notes:

(1) In respect of the Selective Capital Reduction, the last transacted price on 29 December 2005 (being the last Market Day prior to the announcement of the Selective Capital Reduction) is S$2.96 and the VWAP for the 1-month period prior to 30 December 2005 is approximately S$2.933. In respect of the Selective Capital Reduction, the P/book NTA and P/Revalued NTA are computed based on the then latest available book NTA and Revalued NTA.

(2) The TCPL Offer was first announced on 6 January 2008 and was subsequently revised on 28 January 2008. In computing the market premia implied in the Revised TCPL Offer, we have used the Revised TCPL Offer Price and the last transacted price and 1-month VWAP prior to the TCPL Offer Announcement Date (instead of the Revised TCPL Offer Announcement Date).

(3) In computing the market premia in respect of the KTIPL Offer, we have used the last transacted price and the 1-month VWAP prior to the TCPL Offer Announcement Date (instead of the KTIPL Offer Announcement Date).

The market price premia and the valuation ratios of the Company implied by the Offers compare favorably to those under the Selective Capital Reduction. Shareholders should however note that the Selective Capital Reduction should not be taken as a direct comparison to the Offers as the Selective Capital Reduction was undertaken to enable OCBC Bank to divest part of its investment in STC to comply with regulatory requirement. In comparison, the Offers are being made by TCPL and KTIPL under competing circumstances to Shareholders with an objective to further consolidate their respective interest and/or to acquire statutory control in STC. Accordingly, the intention and rationale underlying the Selective Capital Reduction and the Offers are entirely different.

6.6 Dividend Track Record of the Company

For the purpose of assessing the Revised TCPL Offer Price and the KTIPL Offer Price, we have considered the dividend yield of the Shares implied in these prices and compared them with the returns which a Shareholder may potentially obtain by re-investing the proceeds from the Offers in other comparable investments.

6.6.1 *Historical dividends paid by the Company*

The Company had declared the following ordinary dividends in respect of the last five financial years ended 31 December 2006:

Period	Gross dividend per Share (S$)	Gross dividend payout [(1)] (%)	Implied gross dividend yield [(2)]		Net dividend per Share (S$)	Net dividend payout [(1)] (%)	Implied net dividend yield [(2)]	
			Based on Revised TCPL Offer Price (%)	Based on KTIPL Offer Price (%)			Based on Revised TCPL Offer Price (%)	Based on KTIPL Offer Price (%)
FY2002	0.05	54.3	0.8	0.9	0.0372	40.4	0.6	0.6
FY2003	0.06	51.7	0.9	1.0	0.0464	40.0	0.7	0.8
FY2004	0.06	38.7	0.9	1.0	0.0590	38.1	0.9	1.0
FY2005 [(3)]	0.06	30.6	0.9	1.0	0.0600	30.6	0.9	1.0
FY2006 [(4)]	0.06	10.4	0.9	1.0	0.0492	8.5	0.8	0.9

Notes:

(1) Based on the gross or net dividend per Share, as the case may be, divided by the consolidated basic earnings per Share as reported in the Company's annual reports for the respective financial years. The earnings per Share used for the purpose of the computation above have not been adjusted for any changes in the Group's accounting policies over the years.

(2) Based on the gross or net dividend per Share, as the case may be, divided by the Revised TCPL Offer Price or the KTIPL Offer Price.

(3) The Company had also declared special net dividends of S$0.20 (in addition to the interim and final net dividend of S$0.0600) per Share in respect of FY2005.

(4) The Company had also declared special net dividends of S$0.04 (in addition to the interim and final net dividend of S$0.0492) per Share in respect of FY2006.

We note that the Company has had a consistent record of paying annual ordinary dividends with generally increasing implied net dividend yield. The Company had also declared a first interim dividend of 2.5 cents per Share (less Malaysian income tax at 27%) in respect of FY2007.

The Directors have confirmed to us that, even though the Company has been consistently declaring dividends in each financial year, the Company does not have a fixed rate of dividend payments. As such, the quantum of dividends paid by the Company in any period would depend on various factors including but not limited to the financial performance of the Group, its working capital and capital expenditure needs as well as other considerations.

As at 30 September 2007, the Group had revenue reserves of approximately S$1,161.0 million.

6.6.2 *Investment in selected alternative investments*

Shareholders who accept the Offers may re-invest the proceeds from the Offers in selected alternative equity investments including the shares of MSC, the Tin Companies, the Hotel Companies ("**Alternative Companies**") and/or a broad market index instrument such as the STI Exchange Traded Fund ("**STI ETF**").

For illustration purpose, the dividend yields of these selected alternative investments based on their ordinary dividends declared in their respective last financial year are as follows:

	Financial year ended	**Net dividend yield** [(1)] **(%)**
MSC	31-Dec-06	2.1
Tin Companies		
Minsur	31-Dec-06	1.8
PT Timah	31-Dec-06	1.6
Hotel Companies		
Hotel Grand Central Limited [(2)]	31-Dec-06	1.4
Hotel Plaza Limited [(3)]	31-Dec-06	1.5
Hotel Properties Limited [(4)]	31-Dec-06	0.3
L.C. Development Ltd	30-Jun-07	1.1
Stamford Land Corporation Limited [(5)]	31-Mar-07	2.4
Average		**1.5**
STI ETF	30 June 2007	3.0
STC (implied in the Revised TCPL Offer Price)	**31 December 2006**	**0.8**
STC (implied in the KTIPL Offer Price)	**31 December 2006**	**0.9**

Notes:

(1) Net dividend yield of each selected alternative investment is computed as the net dividend per share divided by the closing market price on the last cum-dividend date (or where there was no trading on such date, the last available closing market price prior thereto). The aforementioned net dividend yield computed may differ from the actual dividend yield which will vary depending on the actual cost of investment paid by the individual investor. Where both interim and final dividends were declared, the net dividend yield is determined using the average of the annualised net dividend yields.

(2) Hotel Grand Central Limited also declared net special dividend of S$0.041 (in addition to the net ordinary dividend of S$0.0156) per share in respect of FY2006.

(3) Hotel Plaza Limited also declared net special dividend of S$0.275 (in addition to the net ordinary dividend per share of S$0.393) in respect of FY2006.

(4) Hotel Properties Ltd also declared net special dividend of S$0.0193 (in addition to the net ordinary dividend of S$0.0193) per share in respect of FY2006 and another net special dividend of S$0.207 per share in respect of FY2007.

(5) Stamford Land Corporation Limited also declared net special dividend of S$0.008 (in addition to the net ordinary dividend of S$0.016) per share in respect of FY2007.

The above analysis indicates that the net dividend yield of the Company implied in the Revised TCPL Offer Price and the KTIPL Offer Price is lower than the net dividend yields of the Alternative Companies (other than Hotel Properties Limited) and that of the STI ETF. This suggests that a Shareholder who accepts the Offers may potentially experience an increase in investment income if he re-invests the proceeds in the shares of the Alternative Companies (other than Hotel Properties Limited) and the STI ETF. This is without regard to special dividends declared and is on the assumption that the Company, the Alternative Companies and the STI ETF maintain their respective net dividend per share at the same level as that in their last financial year.

We wish to highlight that the above dividend analysis serves only as an illustrative guide and is not an indication of the Company's future dividend policy nor that of any of the Alternative Companies or the STI ETF. Furthermore, an investment in the equity of the Alternative Companies or the STI ETF also presents different risk-return profiles compared to an investment in the Shares. Moreover, there is no assurance that the Company or any of the above selected alternative investments will continue to pay dividends in the future and/or maintain the level of dividends paid in past periods.

7. OTHER CONSIDERATIONS

7.1 Outlook of the Group

We would like to draw the attention of Shareholders to paragraph 10 of the Company's results announcement for 3Q2007 wherein the Company has made a commentary of the significant trends and competitive conditions of the industries in which the Group operates as well as factors or events that may affect the Group.

We wish to highlight that the Company has also, in paragraph 9 entitled "Recent Developments" of Appendix 1 to the Circular, made certain commentaries in respect of the Group's full-year financial results for FY2007. In particular, Shareholders should note the following excerpt:

"(2) full year 2007 profit attributable to equity holders will likely improve further as:

(a) the Group is expected to report positive operating profit in Q4 2007; and

(b) further positive fair value adjustments are expected from the Group's investment properties."

As stated in the Circular, the Company is taking steps to expedite the release of its preliminary results for FY2007 and in any event proposes to do so by 26 February 2008. In part, the date its results are released is dependent on when MSC, which is listed on Bursa Malaysia, releases its results for FY2007. We wish to highlight that the Revised TCPL Offer may have closed prior to the release of the announcement relating to the Group's full-year financial results for FY2007. Shareholders should note that in our assessment of the Offers, we have not taken into account such announcement relating to the Group's full-year financial results for FY2007 to be released.

In addition, Shareholders should also note that the Company has announced that it is currently in advanced negotiations with OCBC Bank with regard to arrangements under which a special purpose wholly-owned subsidiary of STC ("**SPV**") will be appointed by OCBC Bank to undertake the development, construction and completion of a hotel cum retail complex at OCBC Bank's existing Specialists' Centre and Hotel Phoenix sites. 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.

Shareholders should take note of the outlook of the Group as disclosed in paragraph 9.2 of Appendix 1 and any further announcement relevant to their consideration of the Offers which may be released after the Latest Practicable Date.

7.2 Economic Value of Trademarks

The Revised TCPL Offer Price represents a premium of approximately 28.2% over the NAV per Share of S$5.07 and a marginal premium of approximately 0.2% over the revalued NAV per Share of S$6.49 as at 30 September 2007. The KTIPL Offer Price represents a premium of approximately 13.6% over the NAV per Share of S$5.07 but is at a discount of approximately 11.2% to the revalued NAV per Share of S$6.49 as at 30 September 2007.

The Group, through its wholly-owned subsidiary, Rendezvous Hotels International Private Limited ("**RHI**"), its hotel management arm, operates the "*Rendezvous"* chain of hotels and resorts. RHI recently celebrated its 10th anniversary in July 2007. The Group owns the "*Rendezvous & dragon device*" trademarks in Singapore, Malaysia, Australia and New Zealand which are used in the Group's hospitality business for hotels and resorts with a ranking of 4-star and above. The Group's Rendezvous Hotel in Singapore was recently awarded the Singapore Prestige Brand Award 2007 under the Established Brand Category, which recognises and honours Singapore brands that have developed and managed their brands effectively through various brand-related initiatives. In addition, the Group also operates through RHI, a collection of contemporary boutique hotels with limited food and beverage facilities under "*The Marque*" brand name. "*The Marque*" branding was launched in 2006 to target a new generation of business and leisure travelers. Hotels within "*The Marque*" group typically feature smaller hotels in city locations. The Group currently manages 19 hotels (operating and under construction) under the "*Rendezvous"* and "*The Marque*" brandings.

While the Company has not commissioned any professional valuation of such intangible assets, Shareholders should note that the above trademarks may also be ascribed an economic value.

The Directors have confirmed to us that save for the intangible assets as recorded on the consolidated balance sheet of the Group as at 30 September 2007 and the trademarks as described above, they are not aware of any other material intangible assets owned by the Group as at the Latest Practicable Date.

7.3 Contingent Liabilities

In the Company's annual report in respect of FY2006 and its results announcement for 3Q2007, the following outstanding material litigations against MSC were disclosed:

(i) A claim from a party against MSC and three others, seeking a declaration that the award for the sale of 100% issued shares of Rahman Hydraulic Tin Sdn. Bhd. ("**RHT**") to MSC pursuant to an open tender process, be declared null and void. The party also filed an injunction to restrain the administrator of RHT from proceeding with the sale. Both the claim and the injunction were dismissed by the High Court with costs. The party had filed an appeal on 8 March 2005 and no date has been fixed for hearing.

(ii) A statement of claim for MYR45 million plus interest at 8% per annum and legal costs was filed against MSC for an alleged breach of a share subscription agreement made between a plaintiff and MSC. The breach was in fact committed by the plaintiff, entitling MSC to terminate the agreement. MSC had filed its statement of defence on 18 November 2005 disputing liability. As at the Latest Practicable Date, the plaintiff had not proceeded further on the case.

(iii) On 7 February 2006, MSC received a statement of claim from a system provider for MYR1.28 million plus interest at 8% per annum and legal costs for alleged cost overruns in the implementation of an enterprise resource planning system. The claim came after more than a year following the completion of the implementation. On 7 March 2006, MSC had filed its statement of defence disputing liability.

The Company is of the view that it is unlikely that any significant liability will arise from the aforementioned. Accordingly, no provision has been made in the financial statements of the Group in respect of the above.

The Directors have confirmed to us that save as disclosed above and guarantees which may be granted in the ordinary course of business, the Directors are not aware of any other material contingent liabilities or legal or arbitration proceedings to which the Company or any of its subsidiaries is a party, including those which are pending or known to be contemplated, which in the opinion of the Directors, may have a material effect of the financial position or profitability of the Group taken as a whole.

7.4 Unutilised Capital Allowances and Tax Losses

As at 31 December 2006, the Company and its subsidiaries in Singapore had in aggregate unabsorbed capital allowances and unutilised tax losses of approximately S$0.1 million and S$49.8 million respectively while its overseas subsidiaries had in aggregate unutilised tax losses amounting to approximately S$0.1 million. Such unutilised capital allowances and tax losses are available for carry forward to set-off against future taxable income subject to the agreement of Inland Revenue Authority of Singapore or such other relevant tax authorities.

In connection with the Offers, there may be, as interpreted in accordance with Sections 23(4) and 37(12) of the Singapore Income Tax Act, a substantial change in the beneficial shareholders of the Company. A substantial change in shareholders will arise where there is a greater than 50% change in the ultimate beneficial shareholders of the Company. If there is such a substantial change, the Company will not be able to carry forward any unabsorbed capital allowances and unutilised tax losses for set-off against future taxable income. However, pursuant to Sections 23(5) and 37(15) of the Singapore Income Tax Act, the Company may be able to obtain a ministerial waiver from the need to comply with the provisions of Sections 23(4) and 37(12), if it can be substantiated to the satisfaction of the Minister of Finance, or such person as he may appoint, that the substantial change in shareholders did not occur for the purpose of deriving any tax benefit or obtaining any tax advantage.

7.5 Condition of the Offers

Both the Revised TCPL Offer and the KTIPL Offer are 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 period of 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 per cent. of the voting rights of the Company.

The TCPL Offer Document states that as at 23 January 2008 (being the latest practicable date prior to printing of the TCPL Offer Document), no person has given any irrevocable undertaking to TCPL or any party acting in concert with them, to accept or reject the TCPL Offer.

On 28 January 2008, SCB issued, for and on behalf of TCPL, a letter of offer to each of OCBC Bank and GEH to purchase, at the Revised TCPL Offer Price, all the 20,248,704 Shares held by the OCBC Group representing approximately 6.21 per cent. of all the issued Shares, and all the 64,903,864 Shares held by the GEH Group representing approximately 19.92 per cent. of all the issued Shares. The offers to OCBC Bank and GEH are unconditional and will expire at 5.30 p.m. on 22 February 2008 if they are not accepted by OCBC Bank and/or GEH. Should OCBC Bank and GEH accept the offers, TCPL and parties acting in concert with it shall then own, control or have agreed to acquire not less than 162,058,845 Shares, representing 49.73 per cent. of all the issued Shares. TCPL shall then convert the Revised TCPL Offer into a mandatory conditional cash offer for the Shares in accordance with the provisions of the Code.

As at the Latest Practicable Date, both the Revised TCPL Offer and the KTIPL Offer have not become unconditional.

In the event that the Offers do not turn unconditional by their respective closing dates, all acceptances of the Offers will lapse and be returned to accepting Shareholders.

In the event that either of the Offers turns unconditional, Shareholders who accept such unconditional offer will be assured of receiving the offer price in respect of all their acceptances free of transaction costs.

7.6 Control of the Company

As at the Latest Practicable Date, TCPL and its concert parties own, control or have agreed to acquire an aggregate of 76,906,277 Shares, representing approximately 23.6 per cent. of the voting rights of the Company.

As at the Latest Practicable Date, KTIPL and its concert parties own, control or have agreed to acquire an aggregate of 108,858,532 Shares, representing approximately 33.4 per cent. of the voting rights of the Company.

As such, as at the Latest Practicable Date, neither TCPL nor KTIPL and their respective concert parties possess statutory control of the Company.

In the event that either of the Offers becomes unconditional, the successful offeror will be in a position to significantly influence, *inter alia*, the management, operating and financial policies of the Company and such offeror would gain statutory control of the Company which entitles it to pass all ordinary resolutions on matters in which such offeror and its concert parties do not have an interest, at general meetings of Shareholders.

7.7 Future Plans for STC

The companies in the Tecity Group have been shareholders of STC since the 1950s. TCPL has stated that it does not intend to make changes to the management team of the Company. However, TCPL has further stated that in the event that it obtains control of the Company, TCPL would wish to participate with the board of directors and management of the Company in undertaking a strategic and operational review of the Group's businesses. A director of TCPL has also stated that the Revised TCPL Offer Price is a reflection of TCPL's regard for the Company and management of STC.

In evaluating their investment in the Shares and the prospects of the Group, Shareholders may wish to consider the contribution of the Group's existing management team to the Group's performance, business and outlook.

As at the Latest Practicable Date, KTIPL has not stated its rationale for the KTIPL Offer and its future plan for STC in the event that it obtains control of the Company.

7.8 Impact of Change in Shareholdings on Contractual Arrangements

The Directors have confirmed to us that to the best of their knowledge and belief and based on reasonable enquiries, any resultant change in the shareholding structure of the Company pursuant to the Offers is not expected to have a material impact on the Group's business operations and contractual arrangements (including, *inter alia,* any long-term contracts, joint venture agreements, loan agreements, lease agreements and other land use rights, land titles, business licenses, grants, business incentives and employment contracts).

7.9 Limitation on Subsequent Offer

We wish to highlight that in the event that either of the Offers becomes unconditional and the offeror together with its concert parties hold Shares carrying more than 50% of the voting rights of the Company, Shareholders should note that under Rule 33.2 of the Code, neither the offeror nor any person acting in concert with it may (except with the consent of the SIC), within 6 months of the closing date of the successful offer, make a second offer to, or acquire any Shares from, any Shareholder on terms better than those made available under the successful offer.

Shareholders should also note that if either of the Offers becomes unconditional, the successful offeror and its concert parties will be free to increase their shareholding in STC after the close of the offer without incurring a take-over obligation under Rule 14 of the Code if their aggregate voting rights remain at above 49% in the six months prior to any such subsequent acquisition of Shares.

However, should either of the Offers fails to become unconditional by the closing date, pursuant to Rule 33.1 of the Code, neither the unsuccessful offeror, its concert parties nor any person who is subsequently acting in concert with any of them may (except with the consent of the SIC) within 12 months from the date on which such unsuccessful offer is withdrawn or lapses, announce an offer or possible offer for the Company or acquire any voting rights of the Company if the offeror or its concert parties would thereby become obliged under Rule 14 of the Code to make an offer for the Company. Nevertheless, in accordance with Note 1 on Rule 33.1 of the Code, the SIC will normally grant consent for an offer to be made when (i) the new offer is recommended by the board of the Company and the offeror is not, or is not acting in concert with, a director or substantial shareholder of the Company; or (ii) the new offer follows the announcement of an offer by a third party for the Company.

In the event that the Revised TCPL Offer fails, TCPL and its concert parties will however be free to acquire further Shares after the close of the Revised TCPL Offer without triggering a take-over obligation under Rule 14 of the Code so long as their aggregate voting rights remain at below 30%.

In the event that the KTIPL Offer fails, KTIPL and its concert parties will however be free to acquire further Shares carrying up to 1% of the voting rights in the Company in any period of six months after the close of the KTIPL Offer without triggering a take-over obligation under Rule 14 of the Code.

7.10 Compulsory Acquisition and Trading Suspension

Each of TCPL and KTIPL has stated that it is their present intention to maintain the listing status of the Company on the SGX-ST. However, in the event that free float falls below 10 per cent. and trading in the Shares is suspended or in the event that they are entitled to exercise the right of compulsory acquisition pursuant to Section 215(1) of the Act, TCPL and KTIPL will reassess their position in respect of their shareholdings in the Company.

As at the Latest Practicable Date, the free float in respect of the Shares is approximately 42.9 per cent.. Free float refers to those Shares in which TCPL, KTIPL and their respective concert parties, the Directors and the substantial shareholders of the Company have no interests.

Shareholders should note the following provisions in the Listing Manual:

(i) Rule 724 of the Listing Manual states that where the free float in the Shares falls below 10%, the SGX-ST may suspend the trading of such Shares. Rule 725 of the Listing Manual states that in such an event, the SGX-ST may allow a period of three months or such longer period as the SGX-ST may agree, for the free float in the Shares to be raised to at least 10%, failing which the Company may be de-listed.

(ii) Rule 1105 of the Listing Manual states that where a takeover offer is made for the Shares, upon the announcement by the offeror that acceptances have been received that bring the holdings owned by it and parties acting in concert with it to above 90% of the total number of issued Shares, the SGX-ST may suspend the listing of such Shares until it is satisfied that at least 10% of the total number of issued Shares are held by at least 500 Shareholders who are members of the public.

(iii) Rule 1303 of the Listing Manual further states that the SGX-ST may at any time suspend trading of the Shares if the percentage of the Company's total number of issued Shares held in public hands falls below 10% as provided in Rule 723. However, in a take-over situation, where the offeror succeeds in garnering acceptances exceeding 90% of the Company's total number of issued Shares, thus causing the percentage of Shares held in public hands to fall below 10%, the SGX-ST will suspend trading only at the close of the take-over offer.

We would like to alert Shareholders to certain implications and consequences which may arise in the event of a trading suspension and/or de-listing of the Shares, as follows:

(i) There will be no ready public market for their Shares and it would be more difficult for Shareholders to sell their Shares;

(ii) As the Shares become less marketable due to the absence of a ready market, the sale of their Shares may be transacted at discounts to the valuation of comparable listed companies; and

(iii) In the event that the Shares are de-listed, the Company will no longer be obliged to provide, and Shareholders will no longer enjoy the same level of protection, transparency and accountability afforded and imposed on the Company by the Listing Manual (including the requirement to have independent directors). Nonetheless, as a company incorporated in Singapore, STC will still have to comply with the requirements of the Act.

7.11 Competing Offers

The Revised TCPL Offer Price of S$6.50 is S$0.74 higher than the KTIPL Offer Price of S$5.76 for each Share.

As at the Latest Practicable Date, apart from the offers made by TCPL and KTIPL, there is no publicly available evidence of any other competing offer and there is also no indication as to whether there may be a further enhancement or revision of the KTIPL Offer following the Revised TCPL Offer Announcement.

8. SUMMARY OF ANALYSIS

In arriving at our advice on the Revised TCPL Offer, we have relied on the following key considerations (which should be read in conjunction with, and in the context of, the full text of this letter):

(a) The Revised TCPL Offer Price falls within the range of the estimated sum-of-parts valuation of each Share.

(b) The Revised TCPL Offer Price represents a premium of approximately 27.5% over the book NTA per Share as at 30 September 2007 but is at a discount of approximately 0.3% to the Revalued NTA per Share as at 30 September 2007. The KTIPL Offer Price represents a premium of approximately 12.9% over the book NTA per Share as at 30 September 2007 but is at a discount of approximately 11.7% to the Revalued NTA per Share as at 30 September 2007.

(c) The ex-cash Revised TCPL Offer Price represents a premium of approximately 34.7% over the ex-cash book NTA per Share as at 30 September 2007 but is at a discount of approximately 0.4% over the ex-cash Revalued NTA per Share as at 30 September 2007. The ex-cash KTIPL Offer Price represents a premium of approximately 16.3% over the ex-cash book NTA per Share as at 30 September 2007 but is at a discount of approximately 13.9% to the ex-cash Revalued NTA per Share as at 30 September 2007.

(d) The Revised TCPL Offer Price and the KTIPL Offer Price are at a premium over the VWAP of the Shares for all historical periods during the three years prior to the Announcement Date. **As at the Latest Practicable Date, the Shares are trading above the Revised TCPL Offer Price and the KTIPL Offer Price**.

(e) It is highly likely that the market price of the Shares has been supported by the Offers and purchases by TCPL, KTIPL and their concert parties since the TCPL Offer Announcement Date.

(f) The market price premia to the last transacted price, the 1-month VWAP and the 3-month VWAP prior to the TCPL Offer Announcement Date implied in the Revised TCPL Offer Price are above the corresponding median and mean premia in both the successful privatisation and non-privatisation Take-over Transactions while the P/NTA ratio of the Group implied in the Revised TCPL Offer Price is below the mean but above the median P/NTA ratios of the successful non-privatisation Take-over Transactions.

(g) The net dividend yield of the Company implied in the Revised TCPL Offer Price and the KTIPL Offer Price is lower than the net dividend yields (in respect of their last financial year) of almost all of the Alternative Companies and that of the STI ETF.

(h) As at the Latest Practicable Date, neither TCPL nor KTIPL and their respective parties possess statutory control of the Company. Both the Revised TCPL Offer and the KTIPL Offer have not become unconditional as at the Latest Practicable Date.

(i) It is the present intention of each of TCPL and KTIPL to maintain the listing status of the Company on the SGX-ST. There is however no assurance that TCPL or KTIPL will preserve the listing status of the Company on the SGX-ST if free float is less than 10 per cent. or that they will not exercise the right of compulsory acquisition under Section 215(1) of the Act.

(j) The Revised TCPL Offer Price of S$6.50 is S$0.74 higher than the KTIPL Offer Price of S$5.76 for each Share.

In summary, based on our analysis set out above and after having considered carefully the information available to us, the existence of competing bids for statutory control of the Company and based on the monetary, industry, market, economic and other relevant conditions prevailing as at the Latest Practicable Date, we are of the view that the Revised TCPL Offer Price is, on balance, reasonable but not compelling.

9. CIMB-GK'S ADVICE ON THE REVISED TCPL OFFER

After carefully considering all available information and based on our assessment of the financial terms of the Revised TCPL Offer and the KTIPL Offer, we advise the Independent Directors to make the following recommendations to Shareholders in relation to the Revised TCPL Offer:

Shareholders who hold a ***long-term view*** *of their investments in the Shares and/or who are confident and optimistic about their equity investments in the Company and the prospects of the Group may wish to* ***REJECT*** *the Revised TCPL Offer.*

Shareholders who hold a ***short-term view*** *of their investments in the Shares and who wish to realise their holdings in the Shares in the near term and/or who are not prepared to accept the uncertainties facing the future prospects of the Group may wish to* ***SELL*** *their Shares on the open market if they can obtain a price equal to or higher than the Revised TCPL Offer Price (after deducting all related expenses) by doing so. Shareholders should note that as at the Latest Practicable Date, the Shares are trading above the Revised TCPL Offer Price. In the event that Shareholders (in particular, those with significant holdings) are unable to sell their Shares on the open market at a price equal to or higher than the Revised TCPL Offer Price, they may wish to* ***ACCEPT*** *the Revised TCPL Offer but should be aware that there is currently no certainty that the Revised TCPL Offer will become unconditional. Further, such Shareholders may wish to consider accepting the Revised TCPL Offer at a later time so as to be able to take into account any announcement and/or documents relevant to their consideration of the Offers which may be released or published by or on behalf of the Company, TCPL and/or KTIPL after the Latest Practicable Date. The Revised TCPL Offer will* ***close at 5.30 p.m. on 22 February 2008*** *or such later date(s) as may be announced from time to time by or on behalf of TCPL.*

Shareholders should note that (i) there is currently no indication as to whether there may be a further enhancement or revision of the KTIPL Offer following the Revised TCPL Offer Announcement; (ii) KTIPL has not stated its rationale for the KTIPL Offer and its future plans for STC; and (iii) there is no assurance that the trading volumes and market prices of the Shares will be maintained at current levels prevailing as at the Latest Practicable Date.

In rendering the above advice, we have not had regard to the specific investment objectives, financial situation, tax position or particular needs and constraints of any individual Shareholder. As each Shareholder would have different investment objectives and profiles, we would advise that any individual Shareholder who may require specific advice in relation to his investment objectives or portfolio should consult his stockbroker, bank manager, solicitor, accountant, tax adviser or other professional adviser immediately.

The Independent Directors should advise Shareholders that the opinion and advice of CIMB-GK should not be relied upon by any Shareholder as the sole basis for deciding whether or not to accept the Revised TCPL Offer.

Yours faithfully
For and on behalf of
CIMB-GK SECURITIES PTE. LTD.

MAH KAH LOON
DIRECTOR
HEAD, CORPORATE FINANCE

ERIC WONG
DIRECTOR
CORPORATE FINANCE

1. DIRECTORS

The names, addresses and designations of the Directors as at the Latest Practicable Date are set out below:

Name	Address	Designation
Mr Bobby Chin Yoke Choong	7 Maple Lane Singapore 277551	Chairman
Mr Tang I-Fang	20 Jalan Merbok Singapore 598448	Director
Mr Michael Wong Pakshong	12 Swiss Club Road Singapore 288105	Director
Professor Lim Chong Yah	6 Caldecott Close Singapore 299114	Director
Mr Michael Hwang	21 Chee Hoon Avenue Singapore 299752	Director
Tan Sri Dato' Dr Lin See-Yan	21 Jalan Setiamurni 2 Bukit Damansara 50490 Kuala Lumpur, Malaysia	Director
Mr Norman Ip Ka Cheung	38 Merryn Road Singapore 298487	President and Chief Executive Officer
Mr Razman Ariffin	145 Persiaran Zaaba Taman Tun Dr. Ismail 60000 Kuala Lumpur, Malaysia	Director
Mr Gerard Ee Hock Kim	60 Dunbar Walk Singapore 459364	Director

2. INFORMATION ON THE GROUP

The Company was incorporated in Singapore on 8 November 1887 and is listed on the SGX-ST.

The principal activities of the Company are those of an investment holding company. The Group is primarily engaged in tin mining and 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, MSC.

Incorporated on 8 November 1978, MSC is currently one of the largest custom tin smelters and is also one of the top producers of high purity 4 nines (i.e. 99.99 per cent. pure) tin. In addition, MSC is the first tin smelter to achieve an ISO 9002 accreditation.

With the successful acquisitions of upstream and downstream business units in the last few years, MSC has become one of the world's leading integrated producers of tin metal and tin-based products. It operates one of the most cost-efficient smelting plants in the world, converting primary, secondary and often complex tin bearing materials into high purity tin metal for industrial applications.

3. SHARE CAPITAL

3.1 Issued Capital

As at the Latest Practicable Date, the Company has a share capital of S$265,928,000 comprising 325,897,000 Shares. The Shares are ordinary shares carrying equal ranking rights to dividend, voting at general meetings and return of capital. The Company does not have any other class of share capital as at the Latest Practicable Date.

There is no restriction in the Memorandum or Articles of Association of the Company on the right to transfer any Shares, which has the effect of requiring the holders of Shares, before transferring them, to offer them for purchase to members of the Company or to any other person.

3.2 Rights in Respect of Voting, Dividends and Capital

The rights of Shareholders in respect of voting, dividends and capital as set out in the Articles of Association of the Company are as follows:

3.2.1 Votes of Members

72. Subject and without prejudice to any special privileges or restrictions as to voting for the time being attached to any special class of shares for the time being forming part of the capital of the Company each Member entitled to vote may vote in person or by proxy or by attorney or in the case of a corporation by a representative. On a show of hands every Member who is present in person or by proxy or by attorney or in the case of a corporation by a representative shall have one vote and on a poll, every Member who is present in person or by proxy or by attorney or in the case of a corporation by a representative shall have one vote for every share which he holds or represents. For the purpose of determining the number of votes which a Member, being a Depositor, or his proxy may cast at any General Meeting on a poll, the reference to shares held or represented shall, in relation to shares of that Depositor, be the number of shares entered against his name in the Depository Register as at forty-eight hours before the time of the relevant General Meeting as certified by the Depository to the Company.

Voting rights of Members.

73. Where there are joint holders of any share any one of such persons may vote and be reckoned in a quorum at any Meeting either personally or by proxy or by attorney or in the case of a corporation by a representative as if he were solely entitled thereto and if more than one of such joint holders be so present at any Meeting that one of such persons so present whose name stands first in the Register of Members or (as the case may be) the Depository Register in respect of such share shall alone be entitled to vote in respect thereto. Several executors or administrators of a deceased Member in whose name any share stands shall for the purpose of this Article be deemed joint holders thereof.

Voting rights of joint holders.

74. A Member of unsound mind or whose person or estate is liable to be dealt with in any way under the law relating to mental disorders may vote whether on a show of hands or on a poll by his committee, curator bonis or such other person as properly has the management of his estate and any such committee, curator bonis or other person may vote by proxy or by attorney, provided that such evidence as the Directors may require of the authority of the person claiming to vote shall have been deposited at the Office not less than forty-eight hours before the time appointed for holding the Meeting.

Voting rights of Members of unsound mind.

75. Subject to the provisions of these Articles every Member shall be entitled to be present and to vote at any General Meeting either personally or by proxy or by attorney or in the case of a corporation by a representative and to be reckoned in a quorum in respect of shares fully paid and in respect of partly paid shares where calls are not due and unpaid. Right to vote.

76. No Member shall, unless the Directors otherwise determine, be entitled in respect of shares held by him to vote at a General Meeting either personally or by proxy or by attorney or in the case of a corporation by a representative or to exercise any other right conferred by membership in relation to Meetings of the Company if any call or other sum presently payable by him to the Company in respect of such shares remains unpaid. No voting rights where calls are unpaid.

77. No objection shall be raised to the qualification of any voter except at the Meeting or adjourned Meeting at which the vote objected to is given or tendered and every vote not disallowed at such Meeting shall be valid for all purposes. Any such objection made in due time shall be referred to the chairman of the Meeting whose decision shall be final and conclusive. Objections.

78. On a poll votes may be given either personally or by proxy or by attorney or in the case of a corporation by its representative and a person entitled to more than one vote need not use all his votes or cast all the votes he uses in the same way. Votes on a poll.

79. An instrument appointing a proxy shall be in writing and: Appointment of proxies.

(a) in the case of an individual shall be signed by the appointor or by his attorney; and

(b) in the case of a corporation shall be either under the common seal or signed by its attorney.

The signature on such instrument need not be witnessed. Where an instrument of proxy is signed on behalf of the appointor by an attorney, the letter or power of attorney evidencing the authority of any such attorney or a duly certified copy thereof must (if not previously registered with the Company) be lodged with the instrument of proxy pursuant to Article 81, failing which the instrument may be treated as invalid.

80. (1) A Member may appoint not more than two proxies to attend and vote at the same General Meeting, provided that if the Member is a Depositor, the Company shall be entitled and bound: Proxies.

(a) to reject any instrument of proxy lodged if the Depositor is not shown to have any shares entered against his name in the Depository Register as at forty-eight hours before the time of the relevant General Meeting as certified by the Depository to the Company; and

(b) to accept as the maximum number of votes which in aggregate the proxy or proxies appointed by the Depositor is or are able to cast on a poll a number which is the number of shares entered against the name of that Depositor in the Depository Register as at forty-eight hours before the time of the relevant General Meeting as certified by the Depository to the Company, whether that number is greater or smaller than the number specified in any instrument of proxy executed by or on behalf of that Depositor.

(2) The Company shall be entitled and bound, in determining rights to vote and other matters in respect of a completed instrument of proxy submitted to it, to have regard to the instructions (if any) given by and the notes (if any) set out in the instrument of proxy. Notes and instructions.

(3) In any case where an instrument of proxy appoints more than one proxy, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the instrument of proxy. Proportion of shareholdings to be represented by proxies.

(4) A proxy need not be a Member. Proxy need not be a Member.

81. An instrument appointing a proxy or the power of attorney or other authority, if any, must be left at the Office or such other place (if any) as is specified for the purpose in the notice convening the Meeting not less than forty-eight hours before the time appointed for the holding of the Meeting or adjourned Meeting (or in the case of a poll before the time appointed for the taking of the poll) to which it is to be used and in default shall not be treated as valid. The instrument shall, unless the contrary is stated thereon, be valid as well for any adjournment of the Meeting as for the Meeting to which it relates. Provided that an instrument of proxy relating to more than one Meeting (including any adjournment thereof) having once been so delivered for the purposes of any Meeting shall not be required again to be delivered for the purposes of any subsequent Meeting to which it relates. Deposit of Proxies.

82. An instrument appointing a proxy shall be in writing in any usual or common form or in any other form which the Directors may approve and shall be deemed to include the right to demand or join in demanding a poll, to move any resolution or amendment thereto, and to speak at the Meeting. Form of proxies.

83. A vote given in accordance with the terms of an instrument of proxy (which for the purposes of these Articles shall also include a power of attorney) shall be valid notwithstanding the previous death or insanity of the principal or revocation of the proxy, or of the authority under which the proxy was executed or the transfer of the share in respect of which the proxy is given, provided that no intimation in writing of such death, insanity, revocation or transfer shall have been received by the Company at the Office (or such other place as may be specified for the deposit of instruments appointing proxies) before the commencement of the Meeting or adjourned Meeting (or in the case of a poll before the time appointed for the taking of the poll) at which the proxy is used. Intervening death or insanity of principal not to revoke proxy.

84. Any corporation which is a Member of the Company may by resolution of its directors or other governing body authorise such person as it thinks fit to act as its representative at any Meeting of the Company or of any class of Members of the Company and the persons so authorised shall be entitled to exercise the same powers on behalf of the corporation as the corporation would exercise if it were an individual Member of the Company. Corporations acting by representatives.

3.2.2 Rights in respect of Dividends and Reserves

125. The Company may by Ordinary Resolution declare dividends but (without prejudice to the powers of the Company to pay interest on share capital as hereinbefore provided) no dividend shall be payable except out of the profits of the Company, or in excess of the amount recommended by the Directors. Payment of dividends.

126. Subject to the rights of holders of shares with special rights as to dividend (if any), all dividends shall be declared and paid according to the amounts paid on the shares in respect whereof the dividend is paid, but (for the purposes of this Article only) no amount paid on a share in advance of calls shall be treated as paid on the share. All dividends shall be apportioned and paid pro rata according to the amount paid on the shares during any portion or portions of the period in respect of which the dividend is paid, but if any share is issued on terms providing that it shall rank for dividend as from a particular date such share shall rank for dividend accordingly. Apportionment of dividends.

127. If and so far as in the opinion of the Directors the profits of the Company justify such payments, the Directors may pay the fixed preferential dividends on any express class of shares carrying a fixed preferential dividend expressed to be payable on a fixed date on the half-yearly or other dates (if any) prescribed for the payment thereof by the terms of issue of the shares, and subject thereto may also from time to time pay to the holders of any other class of shares interim dividends thereon of such amounts and on such dates as they may think fit. Payment of preference and interim dividends.

128. If the Company shall issue shares at a premium, whether for cash or otherwise, the Directors shall transfer a sum equal to the aggregate amount or value of the premiums to an account to be called “Share Premium Account” and any amount for the time being standing to the credit of such account shall not be applied in the payment of dividend. Share premium account.

129. No dividend or other moneys payable on or in respect of a share shall bear interest against the Company. Dividends not to bear interest.

130. The Directors may deduct from any dividend or other moneys payable to any Member on or in respect of a share all sums of money (if any) presently payable by him to the Company on account of calls or otherwise. Deduction of debts due to Company.

131. The Directors may retain any dividend or other moneys payable on or in respect of a share on which the Company has a lien and may apply the same in or towards satisfaction of the debts, liabilities or engagements in respect of which the lien exists. Retention of dividends on shares subject to lien.

132. The Directors may retain the dividends payable on shares in respect of which any person is under the provisions as to the transmission of shares hereinbefore contained entitled to become a Member or which any person under those provisions is entitled to transfer until such person shall become a Member in respect of such shares or shall duly transfer the same. Retention of dividends on shares pending transmission.

133. The payment by the Directors of any unclaimed dividends or other moneys payable on or in respect of a share into a separate account shall not constitute the Company a trustee in respect thereof. All dividends unclaimed after being declared may be invested or otherwise made use of by the Directors for the benefit of the Company and any dividend unclaimed after a period of six years from the date of declaration of such dividend may be forfeited and if so shall revert to the Company but the Directors may at any time thereafter at their absolute discretion annul any such forfeiture and pay the dividend so forfeited to the person entitled thereto prior to the forfeiture. Unclaimed dividends.

134. The Company may, upon the recommendation of the Directors, by Ordinary Resolution direct payment of a dividend in whole or in part by the distribution of specific assets and in particular of paid up shares or debentures of any other company or in any one or more of such ways, and the Directors shall give effect to such Resolution and where any difficulty arises in regard to such distribution, the Directors may settle the same as they think expedient and in particular may issue fractional certificates and fix the value for distribution of such specific assets or any part thereof and may determine that cash payments shall be made to any Members upon the footing of the value so fixed in order to adjust the rights of all parties and may vest any such specific assets in trustees as may seem expedient to the Directors. Payment of dividend in specie.

135. Any dividend or other moneys payable in cash on or in respect of a share may be paid by cheque or warrant sent through the post to the registered address appearing in the Register of Members or (as the case may be) the Depository Register of the Member or person entitled thereto, (or, if several persons are registered in the Register of Members or (as the case may be) entered in the Depository Register as joint holders of the share or are entitled thereto in consequence of the death or bankruptcy of the holder, to any one of such persons) or to such person and such address as such Member or person or persons may by writing direct. Every such cheque or warrant shall be made payable to the order of the person to whom it is sent or to such person as the holder or joint holders or person or persons entitled to the share in consequence of the death or bankruptcy of the holder may direct and payment of the cheque if purporting to be endorsed or the receipt of any such person shall be a good discharge to the Company. Every such cheque or warrant shall be sent at the risk of the person entitled to the money represented thereby. Notwithstanding the foregoing provisions of this Article, the payment by the Company to the Depository of any dividend payable to a Depositor shall, to the extent of the payment made to the Depository, discharge the Company from any liability to the Depositor in respect of that payment. Dividends payable by cheque.

136. A transfer of shares shall not pass the right to any dividend declared on such shares before the registration of the transfer. Effect of transfer.

137. The Directors may from time to time set aside out of the profits of the Company and carry to reserve such sums as they think proper which, at the discretion of the Directors, shall be applicable for meeting contingencies or for the gradual liquidation of any debt or liability of the Company or for repairing or maintaining the works, plant and machinery of the Company or for special dividends or bonuses or for equalising dividends or for any other purpose to which the profits of the Company may properly be applied and pending such application may either be employed in the business of the Company or be invested. The Directors may divide the reserve into such special funds as they think fit and may consolidate into one fund any special funds or any parts of any special funds into which the reserve may have been divided. The Directors may also without placing the same to reserve carry forward any profits which they may think it not prudent to divide. Power to carry profit to reserve.

3.2.3 Rights in respect of Capital

5. The authorised capital of the Company at the date of the adoption of these Articles is $600,000,000 divided into 600,000,000 ordinary shares of $1 each. Authorised Share Capital.

6. Save to the extent permitted by the Act none of the funds of the Company or of any subsidiary thereof shall be directly or indirectly employed in the purchase or subscription of or in loans upon the security of the Company's shares. Prohibition of dealing in its own shares.

7. Subject to the Act, no shares may be issued by the Directors without the prior approval of the Company in General Meeting but subject thereto and to Article 48, and to any special rights attached to any shares for the time being issued the Directors may allot and issue shares or grant options over or otherwise dispose of the same to such persons on such terms and conditions and for such consideration and at such time and subject or not to the payment of any part of the amount thereof in cash as the Directors may think fit and with full power to give to any person the call of any shares either at par or at a premium as the Directors may determine and any shares may be issued with such preferential, deferred, qualified or special rights, privileges or conditions as the Directors may think fit, and preference shares may be issued which are or at the option of the Company are liable to be redeemed, the terms and manner of redemption being determined by the Directors provided always that: Issue of shares.

(a) no shares shall be issued at a discount, except in accordance with the Act;

(b) (subject to any direction to the contrary that may be given by the Company in General Meeting) any issue of shares for cash to Members holding shares of any class shall be offered to such Members in proportion as nearly as may be to the number of shares of such class then held by them and the provisions of Article 48(2) with such adaptations as are necessary shall apply; and

(c) any other issue of shares, the aggregate of which would exceed the limits referred to in Article 48(3), shall be subject to the approval of the Company in General Meeting.

8. (1) The rights attached to shares issued upon special conditions shall be clearly defined in the Memorandum of Association or these Articles. In the event of preference shares being issued the total nominal value of issued preference shares shall not at any time exceed the total nominal value of the issued ordinary shares and preference shareholders will be deemed to have the same rights as ordinary shareholders as regards the receiving of notices, reports and balance sheets and the attending of General Meetings of the Company and preference shareholders shall also have the right to vote at any meeting convened for the purpose of reducing the capital or winding up or sanctioning a sale of the undertaking or where the proposal to be submitted to the meeting directly affects their rights and privileges or when the dividend on the preference shares is more than six months in arrears. Rights attached to certain shares.

(2) The Company has power to issue further preference capital ranking equally with, or in priority to, preference shares already issued. Power to issue further preference capital.

9. If at any time the share capital is divided into different classes, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class) may, subject to the provisions of the Act, whether or not the Company is being wound up, be varied or abrogated either with the consent in writing of the holders of three-quarters in nominal value of the issued shares of the class or with the sanction of a Special Resolution passed at a separate General Meeting of the holders of shares of the class and to every such Special Resolution the provisions of Section 184 of the Act shall, with such adaptations as are necessary, apply. To every such separate General Meeting the provisions of these Articles relating to General Meetings shall mutatis mutandis apply; but so that the necessary quorum shall be two persons at least holding or representing by proxy or by attorney one-third of the issued shares of the class and that any holder of shares of the class present in person or by proxy or by attorney may demand a poll. Provided always that where the necessary majority for such a Special Resolution is not obtained at the Meeting, consent in writing if obtained from the holders of three-fourths of the issued shares of the class concerned within two months of the Meeting shall be as valid and effectual as a Special Resolution, carried at the Meeting. The foregoing provisions of this Article shall apply to the variation or abrogation of the special rights attached to some only of the shares of any class as if each group of shares of the class differently treated formed a separate class the special rights whereof are to be varied. Variation of rights.

10. The rights conferred upon the holders of the shares of any class issued with preferred or other rights shall, unless otherwise expressly provided by the terms of issue of the shares of that class or by these Articles as are in force at the time of such issue, be deemed to be varied by the creation or issue of further shares ranking equally therewith. Creation or issue of further shares with special rights.

11. The Company may exercise the powers of paying commission conferred by the Act, provided that the rate per cent. or the amount of the commission paid or agreed to be paid shall be disclosed in the manner required by the Act and the commission shall not exceed the rate of ten per cent. of the price at which the shares in respect whereof the same is paid are issued or an amount equal to ten per cent. of that price (as the case may be). Such commission may be satisfied by the payment of cash or the allotment of fully or partly paid shares, or partly in one way and partly in the other. The Company may also on any issue of shares pay such brokerage as may be lawful.

Power to pay commission and brokerage.

12. If any shares of the Company are issued for the purpose of raising money to defray the expenses of the construction of any works or buildings or the provision of any plant which cannot be made profitable for a long period, the Company may, subject to the conditions and restrictions mentioned in the Act, pay interest on so much of the share capital as is for the time being paid up and may charge the same to capital as part of the cost of the construction or provision.

Power to charge interest on capital.

13. Except as required by law, no person shall be recognised by the Company as holding any share upon any trust and the Company shall not be bound by or compelled in any way to recognise (even when having notice thereof) any equitable, contingent, future or partial interest in any share or any interest in any fractional part of a share or (except only as by these Articles or by law otherwise provided) any other rights in respect of any share, except an absolute right to the entirety thereof in the person (other than the Depository) entered in the Register of Members as the registered holder thereof or (as the case may be) person whose name is entered in the Depository Register in respect of that share.

Exclusion of equities.

14. (1) The Company shall not be bound to register more than three persons as the registered joint holders of any share except in the case of executors or administrators of the estate of a deceased Member.

Joint holders.

(2) If two or more persons are entered in the Register of Members or (as the case may be) the Depository Register as joint holders of any share any one of such persons may give effectual receipts for any dividend payable in respect of such share and such joint holders shall, subject to the provisions of the Act, be severally as well as jointly liable for the payment of all instalments and calls and interest due in respect of such share. Joint holders whose names are entered in the Register of Members or (as the case may be) the Depository Register shall be deemed to be one Member. The delivery of a certificate for a share to one of several registered joint holders shall be sufficient delivery to all such holders.

Rights and liabilities of joint holders.

15. No person shall be recognised by the Company as having title to a fractional part of a share otherwise than as the sole or a joint holder of the entirety of such share.

Fractional part of a share.

16. If by the conditions of allotment of any shares the whole or any part of the amount of the issue price thereof shall be payable by instalments every such instalment shall, when due, be paid to the Company by the person who for the time being shall be the holder of the share or his personal representatives, but this provision shall not affect the liability of any allottee who may have agreed to pay the same. Payment of instalments.

17. The certificate of title to shares in the capital of the Company shall be issued under the Seal in such form as the Directors shall from time to time prescribe and may bear the autographic or facsimile signatures of at least two Directors, or one Director and the Secretary or some other person appointed by the Directors in place of the Secretary for the purpose, and shall specify the number and class of shares to which it relates and the amounts paid thereon. The facsimile signatures may be reproduced by mechanical or other means provided the method or system of reproducing signatures has first been approved by the Auditors of the Company. Certificates.

18. (1) Subject to the terms and conditions of any application for shares, the Directors shall allot shares applied for within ten market days of the closing date (or such other period as may be approved by any Stock Exchange upon which the shares in the Company may be listed) of any such application. The Directors may, at any time after the allotment of any share but before any person has been entered in the Register of Members as the holder or (as the case may be) before that share is entered against the name of a Depositor in the Depository Register, recognise a renunciation thereof by the allottee in favour of some other person and may accord to any allottee of a share a right to effect such renunciation upon and subject to such terms and conditions as the Directors may think fit to impose. Allotment of shares.

(2) Subject to the payment of all or any part of the stamp duty payable (if any) on each share certificate prior to the delivery thereof which the Directors in their absolute discretion may require, every person whose name is entered as a Member in the Register of Members shall be entitled to receive within ten market days (or such other period as may be approved by any Stock Exchange upon which the shares in the Company may be listed) of the closing date of any application for shares, or, as the case may be, the date of lodgment of a registrable transfer (or such other period as may be approved by any Stock Exchange upon which the shares in the Company may be listed) one certificate for all his shares of any one class or to several certificates in reasonable denominations each for a part of the shares so allotted or transferred. Where such a Member transfers part only of the shares comprised in a certificate or where such a Member requires the Company to cancel any certificate or certificates and issue new certificates for the purpose of subdividing his holding in a different manner the old certificate or certificates shall be cancelled and a new certificate or certificates for the balance of such shares issued in lieu thereof and such Entitlement to certificate.

Member shall pay to the Company the amount of proper duty, if any, with which each such new certificate is chargeable under any law for the time being in force relating to stamps prior to the delivery thereof together with a further fee not exceeding $2 for each such new certificate or such other fee as the Directors may determine having regard to any limitation thereof as may be prescribed by any Stock Exchange upon which the shares in the Company may be listed.

(3) For the purpose of this Article 18, "market day" means a day on which the Singapore Exchange Securities Trading Limited is open for trading in securities. Market day.

19. Subject to the provisions of the Act, if any share certificate shall be defaced, worn out, destroyed, lost or stolen, it may be renewed on such evidence being produced and a letter of indemnity (if required) being given by the shareholder, transferee, person entitled, purchaser, member firm or member company of any Stock Exchange upon which the Company is listed or on behalf of its or their client or clients as the Directors of the Company shall require, and (in case of defacement or wearing out) on delivery up of the old certificate and in any case on payment of such sum not exceeding $2 for each share certificate as the Directors may from time to time require together with the amount of the proper duty with which such share certificate is chargeable under any law for the time being in force relating to stamps. In the case of destruction, loss or theft, a shareholder or person entitled to whom such renewed certificate is given shall also bear the loss and pay to the Company all expenses incidental to the investigations by the Company of the evidence of such destruction or loss. New certificates may be issued.

4. CONVERTIBLE SECURITIES

As at the Latest Practicable Date, to the best of the knowledge of the Directors, there are no instruments convertible into, rights to subscribe for, and options in respect of, securities being offered for or which carry voting rights affecting the Shares in the Company.

5. DISCLOSURE OF INTERESTS

5.1 Interests of Company in Shares of TCPL

Neither the Company nor its subsidiaries has any direct or indirect interests in the shares of TCPL as at the Latest Practicable Date.

5.2 Dealings in Shares of TCPL by Company

Neither the Company nor its subsidiaries have dealt in the shares of TCPL during the period commencing three months prior to 6 January 2008, being the TCPL Offer Announcement Date and ending on the Latest Practicable Date.

5.3 Interests of Directors in Shares of TCPL

None of the Directors has any direct or indirect interests in the shares of TCPL as at the Latest Practicable Date.

5.4 Dealings in Shares of TCPL by Directors

None of the Directors has dealt in the shares of TCPL during the period commencing three months prior to 6 January 2008 being the TCPL Offer Announcement Date, and ending on the Latest Practicable Date.

5.5 Interests of Directors in Shares

Save as disclosed below, as at the Latest Practicable Date, none of the Directors has an interest, direct or indirect, in the Shares.

	Direct		Deemed	
Director	**No. of Shares**	**%[1]**	**No. of Shares**	**%[1]**
Mr Michael Wong Pakshong	26,400	0.01	–	–
Professor Lim Chong Yah	12,000	n.m.[2]	–	–
Mr Michael Hwang	55,200	0.02	86,400	0.03
Mr Norman Ip Ka Cheung	23,640	0.01	25,644	0.01
Mr Razman Ariffin	1,200	n.m.[2]	–	–

Notes:

(1) Percentage interest is based on 325,897,000 issued Shares as at Latest Practicable Date.

(2) n.m. means not meaningful.

5.6 Dealings in Shares and Options by Directors

None of the Directors has dealt in the Shares during the period commencing three months prior to 6 January 2008 being the TCPL Offer Announcement Date, and ending on the Latest Practicable Date.

5.7 Interests of the IFA in Shares

None of CIMB-GK, its related corporations or funds whose investments are managed by CIMB-GK or its related corporations on a discretionary basis, own or control any Shares as at the Latest Practicable Date.

5.8 Dealings in Shares by the IFA

Save for the proprietary dealings by CIMB-GK, which were not carried out in connection with the Revised TCPL Offer or the KTIPL Offer, as disclosed below, none of CIMB-GK, its related corporations or funds whose investments are managed by CIMB-GK or its related corporations on a discretionary basis has dealt for value in the Shares during the period commencing three months prior to 6 January 2008 (being the TCPL Offer Announcement Date) and ending on the Latest Practicable Date.

Date	No. of Shares purchased / (sold)	Average price per Share (S$)
8 October 2007	1,837	4.5275
8 October 2007	(1,872)	4.5800
9 October 2007	1,884	4.5690
9 October 2007	(2,000)	4.6000
10 October 2007	520	4.5977
10 October 2007	(1,000)	4.6400
11 October 2007	2,164	4.6051
11 October 2007	(2,000)	4.6600
12 October 2007	1,562	4.6422
12 October 2007	(2,000)	4.6600
15 October 2007	1,160	4.6200
15 October 2007	(1,000)	4.6600
16 October 2007	842	4.6206
16 October 2007	(1,000)	4.6600
19 October 2007	1,216	4.6198
19 October 2007	(1,000)	4.6600
22 October 2007	11	4.6400
25 October 2007	4,014	4.6346
25 October 2007	(4,000)	4.6700
26 October 2007	440	4.6327
26 October 2007	(177)	4.6800
29 October 2007	476	4.5600
30 October 2007	2,324	4.6423
30 October 2007	(3,000)	4.6867
31 October 2007	1,748	4.6400
31 October 2007	(2,000)	4.7000
1 November 2007	400	4.6039
2 November 2007	400	4.6800
5 November 2007	400	4.6000
5 November 2007	(1,000)	4.7000
6 November 2007	1,060	4.6679
7 November 2007	1,288	4.7011
7 November 2007	(2,000)	4.7400
9 November 2007	252	4.7083
12 November 2007	151	4.7000
12 November 2007	(1,000)	4.7400
13 November 2007	368	4.6625
15 November 2007	1,000	4.7005
15 November 2007	(1,000)	4.7400
16 November 2007	2,026	4.6605
16 November 2007	(2,000)	4.7300
19 November 2007	(197)	4.7200
20 November 2007	800	4.6800
20 November 2007	(1,000)	4.7400
21 November 2007	766	4.7007

Date	No. of Shares purchased / (sold)	Average price per Share (S$)
22 November 2007	(286)	4.7400
23 November 2007	1,330	4.7014
26 November 2007	385	4.7104
26 November 2007	(2,000)	4.7400
27 November 2007	697	4.7208
28 November 2007	1,880	4.7030
28 November 2007	(2,000)	4.7600
29 November 2007	764	4.7000
29 November 2007	(1,000)	4.7600
30 November 2007	852	4.7049
30 November 2007	(1,000)	4.7800
3 December 2007	1,210	4.7878
3 December 2007	(1,026)	4.8400
4 December 2007	1,044	4.8409
4 December 2007	(1,000)	4.9000
5 December 2007	2,440	4.9000
5 December 2007	(3,000)	4.9733
6 December 2007	626	4.9425
6 December 2007	(526)	5.0000
7 December 2007	2,612	4.9954
7 December 2007	(2,161)	5.0963
10 December 2007	1,329	5.0631
10 December 2007	(1,065)	5.1000
11 December 2007	1,188	5.0685
11 December 2007	(1,000)	5.1500
12 December 2007	(1,000)	5.1500
14 December 2007	320	5.0000
17 December 2007	640	4.9800
17 December 2007	(1,000)	5.0500
27 December 2007	120	5.0065
28 December 2007	884	4.9607
28 December 2007	(1,000)	5.0700
8 January 2008	8,346	5.6278
8 January 2008	(8,000)	5.6500
9 January 2008	775	5.6045
9 January 2008	(1,150)	5.6600

5.9 Accepting or Rejecting the Revised TCPL Offer

Mr Michael Wong Pakshong, Mr Norman Ip Ka Cheung and Mr Razman Ariffin do not intend to accept the Revised TCPL Offer in respect of the Shares they have an interest in (direct or deemed). Professor Lim Chong Yah and Mr Michael Hwang have not made any decision as to whether to accept or reject the Revised TCPL Offer in respect of the Shares they have an interest in (direct or deemed).

6. OTHER DISCLOSURES

6.1 Directors' Service Contracts

There are no service contracts between any Director or proposed Director with the Company or any of its subsidiaries with more than 12 months to run and which cannot be terminated by the employing company within the next 12 months without paying any compensation. In addition, there are no service contracts entered into or amended between any Director or proposed Director with, the Company during the period between the start of six months preceding 6 January 2008 being the TCPL Offer Announcement Date, and the Latest Practicable Date.

6.2 No Payment or Benefit to Directors

It is not proposed, in connection with the Revised TCPL Offer, that any payment or other benefit be made or given to any Director or to any director of any other corporation which is, by virtue of Section 6 of the Act, deemed to be related to the Company as compensation for loss of office or otherwise in connection with the Revised TCPL Offer.

6.3 No Agreement Conditional upon Outcome of Revised TCPL Offer

There are no agreements or arrangements made between any Director and any other person in connection with or conditional upon the outcome of the Revised TCPL Offer.

6.4 Material Contracts entered into by TCPL

There are no material contracts entered into by TCPL in which any Director has a material personal interest, whether direct or indirect.

7. FINANCIAL INFORMATION ON THE GROUP

Set out below is certain financial information extracted from the unaudited consolidated interim financial statements of the Group for the nine-month period ended 30 September 2007 ("**3Q 2007**") and from the audited consolidated financial statements of the Group for FY 2004, FY 2005 and FY 2006 respectively. The audited consolidated financial statements of the Group for FY2006 and the unaudited consolidated interim financial statements of the Group for the nine-month period ended 30 September 2007 are set out in Appendices 3 and 4 to this Circular, respectively.

(S$'000)	3Q 2007 (Unaudited)	FY 2006 (Audited)	FY 2005 (Audited)	FY 2004 (Audited) (Restated)
Revenue	727,040	921,620	744,364	237,688
Exceptional Items	270,239	145,822	8,918	(8,551)
Profit before tax	344,090	224,535	91,179	60,347
Profit after tax	304,299	197,873	72,596	50,112
Minority Interest	3,748	3,855	2,593	(5,207)
Profit after tax and minority interest (attributable to equity holders of the Company)	300,551	194,018	70,003	55,319
Basic earnings per Share (cents)[1]	92.2	57.9	19.6	15.5

Note:

(1) Basic earnings per Share is computed based on the weighted average number of Shares in issue during the financial period. The weighted average number of ordinary shares represents the number of ordinary shares at the beginning of the financial period, adjusted for new ordinary shares issued during the period, multiplied by a time-weighted factor.

Set out below is a summary of the dividend per Share declared in respect of each of FY 2006, FY 2005 and FY 2004 by STC.

S$ (cents)	Gross	Net
In respect of FY 2006[(1)]	10.0	7.84
In respect of FY 2005[(1)]	26.0	26.0
In respect of FY 2004	6.0	5.9

Note:

(1) Dividend per Share declared in respect of FY 2006 and FY 2005 include special dividends of 4 cents and 20 cents per Share respectively.

8. MATERIAL CHANGES IN FINANCIAL POSITION

Save as disclosed in this Circular, the unaudited consolidated financial results of the Group for the three-month period ended 31 March 2007, the six-month period ended 30 June 2007 and the nine-month period ended 30 September 2007 as announced on 10 May 2007, 14 August 2007 and 9 November 2007 respectively and any other information on the Group which is publicly available (including without limitation, the announcements released by the Group on the SGX-ST), there have been no material changes to the financial position of the Company since 31 December 2006, being the date of the last audited accounts of the Company laid before the shareholders of the Company in general meeting.

The Company is taking steps to expedite the release of its preliminary results for FY 2007 and in any event proposes to do so by 26 February 2008. In part, the date its results are released is dependent on when MSC, which is a listed company on the Main Board of the Bursa Malaysia Securities Berhad, releases its results for FY 2007.

9. RECENT DEVELOPMENTS

9.1 FY 2007 Prospects

On 22 February 2007, the Company stated in its announcement of the financial results for FY 2006 that "*the overall earnings of the Group in 2007 are expected to be lower than in 2006 due to substantial exceptional gains recorded in 2006*" (the "**Prospects Statement**"). The Prospects Statement is no longer applicable for the following reasons:

(1) for the nine-month period ended 30 September 2007, the Company has already reported an unaudited consolidated net profit attributable to equity holders of S$300.6 million or a 214.9 per cent. increase over the corresponding period in 2006. In fact, this nine-month profit has already exceeded the full year 2006 profit of S$194.0 million. The significant improvement was due primarily to exceptional gains amounting to S$270.2 million for the nine-month period ended 30 September 2007, of which S$262.1 million was from changes in the fair value of investment properties. These changes in the fair value were not anticipated at the time the Prospects Statement was made; and

(2) full year 2007 profit attributable to equity holders will likely improve further as:

    (a) the Group is expected to report positive operating profit in Q4 2007; and

    (b) further positive fair value adjustments are expected from the Group's investment properties.

9.2 Outlook

Going forward, the Group expects all its core operations to contribute positively to earnings as:

Metals and mineral resources

Barring any unforeseen circumstances and in the light of the current high tin prices, the Group's tin mining and smelting operations should continue to contribute positively. In addition, in the longer term, potential contribution can be expected from:

(1) new strategic alliances and joint ventures (albeit in their early stages) announced by MSC in the second half of 2007. These will expand MSC's operations as an increasingly diversified regional mineral resource company; and

(2) MSC's acquisition of a stake in Asian Mineral Resources Limited whose production of nickel is scheduled to commence in early 2009.

Hotel investment and management

The addition to the Group's hotel management portfolio in Christchurch (New Zealand), Kuala Lumpur (Malaysia), Guilin (PRC), Fujairah (United Arab Emirates) and Shanghai (PRC), are scheduled to commence operations in 2008/2009.

Property investment and development

Given the current strong rental and high demand for office space in the central business district in Singapore, completion of the redevelopment of the Straits Trading Building in 2009 will significantly increase the Group's rental income. Other major property development activities that the Group may undertake:

(1) the redevelopment of Rendezvous Observation City in Perth, Australia into a mixed development consisting of a boutique hotel, high-end residential apartments and retail/commercial areas; and

(2) the development, construction and completion of a hotel-cum-retail complex on OCBC Bank's existing Specialists' Centre and Hotel Phoenix site. As announced on 10 January 2008, the Company is currently in advanced discussions with OCBC Bank on this redevelopment project.

With a clear focus on shareholders' value, the Group will continue to review its business strategy and prioritise the allocation of funds to enhance shareholders' value and to generate higher return to shareholders in the long term.

In connection with the Revised TCPL Offer and the KTIPL Offer, the Company has appointed the Valuers to value the Properties. A copy of the Valuation Reports is set out in Appendix 8 to this Circular.

10. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies of the Group which are disclosed in Note 2 of the audited consolidated financial statements of the Group for FY 2006 are reproduced in Appendix 3 of this Circular.

11. CHANGES IN ACCOUNTING POLICIES

The changes in the significant accounting policies of the Group which are disclosed in Note 2 of the audited consolidated financial statements of the Group for FY 2006 are reproduced in Appendix 3 of this Circular.

12. MATERIAL CONTRACTS

Save as disclosed below, neither the Company nor any of its subsidiaries have entered into any material contracts with interested persons (other than those entered into in the ordinary course of business) during the period commencing three years before 6 January 2008, being the TCPL Offer Announcement Date, and ending on the Latest Practicable Date.

(i) In connection with the Group's take-over of MSC, STASB was granted a two-year term loan of MYR59,294,232 by OCBC Bank Malaysia, which was to be repaid in April 2007. The loan was granted upon normal commercial terms and was guaranteed by the Company. The interest rate ranged from 4.1 per cent. to 4.8 per cent. per annum and the interest was payable on the last day of each interest period of three months.

(ii) In August 2005, the Company disposed of its entire 15.1 per cent. stake in Straits Lion Asset Management Limited, at a consideration of S$43,068,000, to Orient Holdings Private Limited and GEH, both of which are subsidiaries of OCBC Bank.

(iii) In April 2006, pursuant to Section 78G of the Act, the Company completed a selective capital reduction exercise. This capital reduction exercise involved the cancellation of 30,503,000 shares in the issued share capital of the Company held by OCBC Bank and The Overseas Assurance Corporation Limited ("**OAC**"), an indirect subsidiary of OCBC Bank. The Company paid OCBC Bank and OAC a cash distribution of S$2.966 for each share, totalling S$90,471,898.

(iv) In connection with the Group's take-over of MSC, STASB was granted a one-year term loan of MYR59,294,232 by OCBC Bank Malaysia, which is to be repaid in April 2008. The loan was granted upon normal commercial terms and is guaranteed by the Company. The interest rate ranges from 4.2 per cent. to 4.6 per cent. per annum and the interest is payable on the last day of each interest period of one month.

13. MATERIAL LITIGATION

Save as disclosed by the Group in its annual reports or announcements, neither the Company nor any of its subsidiaries are engaged in any material litigation as plaintiff or defendant which might materially and adversely affect the financial position of the Group as a whole. Save as disclosed by the Group in its annual reports or announcements, the Directors are not aware of any proceedings pending or threatened against the Company or any of its subsidiaries or of any facts likely to give rise to any proceedings which might materially or adversely affect the financial position of the Group taken as a whole.

14. GENERAL

14.1 Costs and Expenses

All expenses and costs incurred by the Company in relation to the TCPL Offer and the Revised TCPL Offer will be borne by the Company.

14.2 Consent of the IFA

CIMB-GK has given and has not withdrawn its written consent to the issue of this Circular with the inclusion herein of its name, its letter dated 3 February 2008 relating to its advice to the Independent Directors in respect of the Revised TCPL Offer, its letter dated 3 February 2008 set out in Appendix 7 to this Circular in relation to the Updated Statement of Prospects and all references thereto, in the form and context in which they appear in this Circular.

14.3 Consent of the Auditors

Ernst & Young has given and has not withdrawn its written consent to the issue of this Circular with the inclusion herein of its name, the independent auditor's report relating to the audited consolidated financial statements for the Group for FY 2006, its letter dated 3 February 2008 set out in Appendix 6 to this Circular in relation to the Updated Statement of Prospects and all references thereto, in the form and context in which they appear in this Circular.

14.4 Consent of the Valuers

The Valuers have given and have not withdrawn their written consent to the issue of this Circular with the inclusion herein of their names, the Valuation Reports and references thereto, in the form and context in which they appear in this Circular.

15. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the registered office of the Company at 18 Cross Street #15-01, Singapore 048423, during normal business hours for the period which the Revised TCPL Offer remains open for acceptance:

(a) the Memorandum and Articles of Association of the Company;

(b) the Annual Report of the Company for FY 2004, FY 2005 and FY 2006;

(c) the unaudited consolidated financial results for the nine-month period ended 30 September 2007;

(d) the IFA Letter;

(e) the Valuation Reports; and

(f) the letters of consent referred to in paragraph 14 above.

1. TCPL

The following information on TCPL has been extracted from Appendix 1 to the TCPL Offer Document. Unless otherwise defined, all terms and expressions used in the extract below shall have the same meanings as those defined in the TCPL Offer Document:

"***1. Directors***

The names, addresses and descriptions of all the Directors as at the Latest Practicable Date are as follows:

Name	***Address***	***Description***
Chew Gek Khim	*42 Cairnhill Road, #19-01, Tan Chin Tuan Mansion, Singapore 229661*	*Director*
Chew Gek Hiang	*42 Cairnhill Road, #18-01, Tan Chin Tuan Mansion, Singapore 229661*	*Director*
Chew Kwee San	*42 Cairnhill Road, #17-01, Tan Chin Tuan Mansion, Singapore 229661*	*Director*

2. Principal Activities and Share Capital

The principal activity of the Offeror is that of an investment holding entity for the Tecity Group's shares in STC. As at the Latest Practicable Date, the Offeror has an issued and paid-up capital of S$416,791,676.

3. Registered Office

The registered office of the Offeror is 42 Cairnhill Road, #02-01, Tan Chin Tuan Mansion, Singapore 229661.

4. Summary of Financial Information

As the Offeror was incorporated on 4 March 2005 and had been a dormant company between the date of its incorporation and 31 December 2007, no audited financial statements of the Offeror have been prepared since the date of its incorporation.

5. Material Changes in Financial Position

Save as a result of the making and financing of the Offer, there have been no known material changes in the financial position of the Offeror since 31 December 2007."

2. HOLDINGS AND DEALINGS IN THE SHARES

The following information on the holdings of, and dealings in, the Shares by TCPL and certain parties acting in concert with TCPL is extracted from Appendix III to the TCPL Offer Document:

"***1. DISCLOSURE OF INTERESTS***

(a) As at the Latest Practicable Date, save as disclosed below, neither the Offeror, its Directors nor any of the parties acting in concert with them, owns, controls or has agreed to acquire any Shares or securities which carry voting rights in STC or are convertible into Shares or securities which carry voting rights in STC, or rights to subscribe for or options in respect of Shares or such securities.

Name	***Number of Shares Direct interest***	***% of the issued Shares as at the Latest Practicable Date***
Offeror	*76,749,109*	*23.55%*
Chew Gek Khim	*41,200*	*0.01%*
Chew Gek Hiang	*23,000*	*0.01%*
Dr Tan Kheng Lian	*4,860*	*0.00%*
Dr Chew Beng Keng	*66,768*	*0.02%*

(b) Save as disclosed in Appendix VI, neither the Offeror, its Directors nor any of the parties acting in concert with them, has dealt for value in the Shares during the period commencing three (3) months prior to 6 January 2008 (being the Offer Announcement Date) and ending on the Latest Practicable Date.

(c) As at the Latest Practicable Date, no person has given any irrevocable undertaking to the Offeror or any party acting in concert with them, to accept or reject the Offer.

(d) As at the Latest Practicable Date, neither the Offeror nor any party acting in concert with them has entered into any arrangement of the kind referred to in Note 7 on Rule 12 of the Code, including indemnity or option arrangements and any agreement or understanding, formal or informal, of whatever nature, relating to the Shares which may be an inducement to deal or refrain from dealing in the Shares.

(e) As at the Latest Practicable Date, there is no agreement, arrangement or understanding between (i) the Offeror, or any party acting in concert with them and (ii) any of the present or recent directors of STC, or the present or recent Shareholders or any other person that is conditional upon, or has any connection with or dependence upon, the Offer.

(f) As at the Latest Practicable Date, save for the possible creation of security interests over the Offer Shares acquired pursuant to the Offer in favour of the financier of the Offeror, there is no agreement, arrangement or understanding whereby any of the Offer Shares acquired by the Offeror pursuant to the Offer will or may be transferred to any other persons.

(g) *As at the Latest Practicable Date, there is no agreement, arrangement or understanding for payment or other benefit being made or given to any director of STC or to any director of any corporation which is by virtue of Section 6 of the Act deemed to be related to STC, as compensation for loss of office or as consideration for, or in connection with, his retirement from office or otherwise in connection with the Offer.*

(h) *Save as disclosed in this Offer Document and save for information relating to the Offeror and the Offer that is publicly available, there has been no material change in any information previously published by or on behalf of the Offeror during the period commencing from the Offer Announcement Date and ending on the Latest Practicable Date.*"

The audited consolidated financial statements for the Group for FY2006 set out below have been reproduced from the Company's Annual Report for FY2006.

FINANCIAL REPORT

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DIRECTORS' REPORT

The Directors have pleasure in submitting their report together with the audited financial statements of The Straits Trading Company Limited (the Company) and consolidated financial statements of the Group for the year ended 31 December 2006.

DIRECTORATE

The Directors in office at the date of this report are :

Mr Howe Yoon Chong (Chairman)
Mr Tang I-Fang (Deputy Chairman)
Y.A.Bhg. Jen (B) Tun Ibrahim Bin Ismail
Mr Michael Wong Pakshong
Professor Lim Chong Yah
Mr Michael Hwang
Tan Sri Dato' Dr Lin See-Yan
Mr Norman Ip Ka Cheung
Mr Bobby Chin Yoke Choong
Mr Razman Ariffin (Appointed on 1 December 2006)

The Directors retiring by rotation pursuant to Article 99 of the Articles of Association are Mr Norman Ip Ka Cheung and Mr Michael Hwang who, being eligible, offer themselves for re-election.

Mr Razman Ariffin, who was appointed as Director with effect from 1 December 2006, retires pursuant to Article 103 of the Articles of Association and being eligible, offers himself for re-election.

Mr Howe Yoon Chong, Mr Tang I-Fang, Mr Michael Wong Pakshong and Professor Lim Chong Yah retire pursuant to Section 153(2) of the Companies Act, Cap.50. Resolutions will be proposed for their re-appointment as Directors under Section 153(6) of the said Act to hold office until the next Annual General Meeting of the Company.

Y.A.Bhg. Jen (B) Tun Ibrahim Bin Ismail retires pursuant to Section 153(2) of the said Act, but will not seek re-appointment under Section 153(6) of the said Act.

ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES AND DEBENTURES

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose objects are, or one of whose object is, to enable the Directors of the Company to acquire benefits by means of the acquisition of shares or debentures of the Company or any other body corporate.

DIRECTORS' INTEREST IN SHARES AND DEBENTURES

According to the register kept under Section 164 of the Companies Act, Cap.50, the Directors who held office at the end of the financial year had an interest in the shares of the Company and its related corporation as stated below :

Company

(Issued ordinary shares)	Shareholdings in the names of Directors		Shareholdings in which Directors are deemed to have an interest	
	1.1.06 / Date of Appointment	31.12.06	1.1.06 / Date of Appointment	31.12.06
Y.A.Bhg. Jen (B) Tun Ibrahim Bin Ismail	6,000	6,000	-	-
Mr Michael Wong Pakshong	26,400	26,400	-	-
Professor Lim Chong Yah	12,000	12,000	-	-
Mr Michael Hwang	6,000	55,200	86,400	86,400
Mr Norman Ip Ka Cheung	23,640	23,640	25,644	25,644
Mr Razman Ariffin	1,200	1,200	-	-

DIRECTORS' REPORT

DIRECTORS' INTEREST IN SHARES AND DEBENTURES (CONT'D)

Subsidiaries

Malaysia Smelting Corporation Berhad
(ordinary shares of RM1 each)

	Shareholdings in the names of Directors		Shareholdings in which Directors are deemed to have an interest	
	1.1.06 / Date of Appointment	31.12.06	1.1.06 / Date of Appointment	31.12.06
Y.A.Bhg. Jen (B) Tun Ibrahim Bin Ismail	10,000	10,000	-	-
Mr Michael Wong Pakshong	-	100,000	-	-
Mr Norman Ip Ka Cheung	100,000	250,000	-	-
Mr Razman Ariffin	67,000	67,000	-	-

There was no change in any of the above-mentioned interests between the end of the financial year and 21 January 2007.

Except as disclosed above, no Director who held office at the end of the financial year had an interest in any shares or debentures of the Company, or of related corporations, either at the beginning of the financial year, or date of appointment if later, or at the end of the financial year.

DIRECTORS' CONTRACTUAL BENEFITS

Except as disclosed in the financial statements, since the end of the previous financial year, no Director has received or become entitled to receive benefits by reason of a contract made by the Company or a related corporation with the Director, or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest.

OPTIONS

Australia Oriental Minerals NL (AOM), a subsidiary, granted a total of 19,000,000 options to its directors and company secretary in 2005, after the approval of its shareholders were obtained at an extraordinary general meeting convened on 12 April 2005. The 19,000,000 options comprised 15,000,000 Director Options and 4,000,000 Secretary Options.

The issue price of each Director Option and each Secretary Option is nil and the Option entitles the holder to subscribe for 1 new share in AOM and is exercisable at anytime during the period commencing from the time AOM issued the Options and ending on 30 June 2008. The exercise price for each Option (which is payable immediately on exercise) is A$0.05. The basis upon which these Options may be exercised is by giving notice in writing to the board of directors of AOM.

During the year under review :
1. AOM did not grant any options;
2. AOM did not issue any shares arising from the exercise of the options granted before the financial year under review; and
3. 2,305,700 options with an exercise price of A$1.20 each expired without being exercised.

The number and class of options over shares of AOM outstanding as at 31 December 2006 is :

Number of Options	Exercise Price	Expiry Date	Class of Shares
19,000,000	A$0.05	30/06/2008	Ordinary

The holders of the above mentioned options do not have any rights, by virtue of the said options, to participate in any share issue of any other company.

DIRECTORS' REPORT

AUDIT COMMITTEE

The Audit Committee performs the functions specified in the Companies Act, Cap. 50. The Audit Committee reviews the overall scope of both internal and external audits and the assistance given by the Company's officers to the auditors. It meets with the Company's internal and external auditors to discuss the results of their respective examinations and their evaluation of the Company's system of internal accounting and financial controls. The Audit Committee reviews interested person transactions to ensure that they are carried out on normal commercial terms and are not prejudicial to the interests of the Company and its minority shareholders. The Audit Committee also reviews the consolidated financial statements and the auditors' report, as well as announcements to shareholders and the SGX before submission to the Board. The Audit Committee meets with the external and internal auditors, without the presence of Management, at least once a year. The Audit Committee annually reviews the independence of the external auditors and recommends to the Board, the external auditors to be appointed. Further details on the Audit Committee are disclosed in the Report of Corporate Governance.

AUDITORS

Ernst & Young have expressed their willingness to accept re-appointment as auditors.

On behalf of the Board

Tang I-Fang Director	Norman Ip Ka Cheung Director

Singapore

23 March 2007

STATEMENT BY THE DIRECTORS PURSUANT TO SECTION 201(15)

We, Tang I-Fang and Norman Ip Ka Cheung, being two of the Directors of The Straits Trading Company Limited, do hereby state that, in the opinion of the Directors :

(i) the accompanying balance sheets, consolidated profit and loss account, consolidated statement of changes in equity and consolidated cash flow statement together with notes thereto are drawn up so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2006 and the results of the business, changes in equity and cash flows of the Group, for the year then ended;

(ii) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

On behalf of the Board

Tang I-Fang
Director

Norman Ip Ka Cheung
Director

Singapore
23 March 2007

ADDITIONAL INFORMATION REQUIRED UNDER THE SGX LISTING MANUAL

MATERIAL CONTRACTS

Pursuant to Rule 1207(8) of the SGX Listing Manual, particulars of material contracts of the Company and its subsidiaries involving the interests of the Chief Executive Officer, each Director or controlling shareholder, either still subsisting at the end of the financial year or if not then subsisting, entered into since the end of the previous financial year, are set out below :

a 2-year term loan of RM59.29 million due April 2007 extended by OCBC Bank (Malaysia) Berhad, an associate of Oversea-Chinese Banking Corporation Limited, a controlling shareholder of the Company, to the Group's subsidiary, Straits Trading Amalgamated Resources Sendirian Berhad. Interest rate ranged from 4.1% to 4.8% per annum and was payable on the last day of each interest period of 3 months. The term loan is guaranteed by the Company.

INTERESTED PERSON TRANSACTIONS

The aggregate value of interested person transactions entered into during the financial year was as follows :

Name of interested person	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than $100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920 of the SGX's Listing Manual)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 of the SGX's Listing Manual (excluding transactions less than $100,000)
Oversea-Chinese Banking Corporation Limited and its associates	$7,014,815	Not applicable
Mr Michael Wong Pakshong	$213,362	Not applicable
Mr Norman Ip Ka Cheung	$320,043	Not applicable

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF THE STRAITS TRADING COMPANY LIMITED

We have audited the accompanying financial statements of The Straits Trading Company Limited (the Company) and its subsidiaries (the Group) set out on pages 47 to 123, which comprise the balance sheets of the Group and the Company as at 31 December 2006, the statements of changes in equity, the profit and loss account and cash flow statement of the Group for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Directors' responsibility for the financial statements

The Company's Directors are responsible for the preparation and fair presentation of these financial statements in accordance with the provisions of the Singapore Companies Act, Cap.50 (the Act) and Singapore Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion,

(i) the consolidated financial statements of the Group, and the balance sheet of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2006 and the results, changes in equity and cash flows of the Group for the year ended on that date; and

(ii) the accounting and other records required by the Act to be kept by the Company and by those subsidiaries incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

ERNST & YOUNG
Certified Public Accountants

Singapore
23 March 2007

BALANCE SHEETS AS AT 31 DECEMBER 2006

(IN SINGAPORE DOLLARS)

	Note	Group 2006 $'000	Group 2005 $'000	Company 2006 $'000	Company 2005 $'000
Non-Current Assets					
Property, plant and equipment	3	**211,564**	219,355	**105**	646
Investment properties	4	**416,353**	435,901	**76,575**	39,042
Base inventory	5	**1,303**	1,320	**-**	-
Investments in subsidiaries	6	**-**	-	**120,191**	119,877
Amounts due from subsidiaries	6	**-**	-	**171,853**	483,737
Joint ventures	7	**460**	457	**-**	-
Associates	8	**18,908**	14,210	**3,585**	1,123
Investments	9	**304,128**	334,068	**212,106**	250,234
Mining rights	10	**3,076**	5,048	**-**	-
Management rights	11	**940**	1,135	**-**	-
Deferred tax assets	12	**8,626**	1,166	**-**	-
Goodwill on consolidation	13	**23,249**	21,410	**-**	-
Other financial assets	20	**-**	45	**-**	-
Other non-current assets	14	**6,358**	12,630	**-**	-
		994,965	1,046,745	**584,415**	894,659
Current Assets					
Properties held for sale	15	**23,681**	32,859	**-**	-
Inventories	16	**132,267**	168,671	**-**	-
Marketable securities	17	**69,236**	56,415	**-**	-
Trade and other receivables	18	**85,896**	58,981	**1,171**	1,097
Tax recoverables	19	**8,928**	14,838	**5**	9
Other financial assets	20	**835**	207	**-**	-
Cash at bank and on deposit	21	**335,199**	159,719	**261,428**	111,685
		656,042	491,690	**262,604**	112,791
Assets classified as held for sale	22	**7,020**	367,479	**-**	36
		663,062	859,169	**262,604**	112,827
Current Liabilities					
Borrowings	23	**(148,831)**	(257,855)	**-**	-
Trade and other payables	24	**(67,946)**	(50,918)	**(3,458)**	(3,805)
Other financial liabilities	20	**(4,044)**	(3,534)	**(70)**	-
Provision for taxation		**(16,911)**	(13,437)	**(2,044)**	(1,165)
Provisions	25	**(36)**	(37)	**-**	-
		(237,768)	(325,781)	**(5,572)**	(4,970)
Liabilities directly associated with assets classified as held for sale	22	**-**	(220,000)	**-**	-
		(237,768)	(545,781)	**(5,572)**	(4,970)
Net Current Assets		**425,294**	313,388	**257,032**	107,857
Non-Current Liabilities					
Borrowings	23	**(32)**	(27,161)	**-**	-
Provisions	25	**(6,056)**	(5,999)	**-**	-
Other non-current liabilities	26	**(44,514)**	(26,462)	**-**	-
Deferred tax liabilities	12	**(28,687)**	(13,037)	**(2,242)**	(254)
Other financial liabilities	20	**-**	(1,611)	**-**	-
		(79,289)	(74,270)	**(2,242)**	(254)
NET ASSETS		**1,340,970**	1,285,863	**839,205**	1,002,262
Equity attributable to equity holders of the Company					
Share capital	27	**265,928**	356,400	**265,928**	356,400
Reserves	28	**1,023,394**	873,043	**573,277**	645,862
		1,289,322	1,229,443	**839,205**	1,002,262
Minority Interests	29	**51,648**	56,420	**-**	-
TOTAL EQUITY		**1,340,970**	1,285,863	**839,205**	1,002,262

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2006

(IN SINGAPORE DOLLARS)

	Note	Group 2006 $'000	Group 2005 $'000
Revenues			
Tin mining and smelting revenue		**705,753**	552,952
Hotel revenue		**108,068**	72,145
Property revenue		**55,592**	65,679
Proceeds from sale of trading securities		**1,786**	4,585
Investment income, gross	30	**27,948**	36,834
Other revenues	31	**22,473**	12,169
Total Revenues		**921,620**	744,364
Costs and Expenses			
Employee benefits expenses	32	**(68,460)**	(43,614)
Depreciation and amortisation	3, 10, 11, 14	**(20,928)**	(18,565)
Exchange losses		**(3,979)**	(253)
Cost of tin mining and smelting		**(611,785)**	(501,970)
Costs of trading securities sold		**(1,768)**	(4,442)
Impairment of financial assets		**-**	(2,835)
Other operating expenses	33	**(125,514)**	(85,172)
Total Costs and Expenses		**(832,434)**	(656,851)
Profit from Operations		**89,186**	87,513
Finance costs	36	**(12,909)**	(14,350)
Share of results of joint ventures		**43**	166
Share of results of associates		**2,393**	8,932
Profit from Operations Before Exceptional Items	34	**78,713**	82,261
Exceptional items	37	**145,822**	8,918
Profit from Operations Before Taxation		**224,535**	91,179
Taxation	38	**(26,662)**	(18,583)
Profit for the year		**197,873**	72,596
Attributable to :			
Equity holders of the Company		**194,018**	70,003
Minority interests		**3,855**	2,593
		197,873	72,596
Earnings per share (Basic and Diluted)	40	**57.9 cts**	19.6 cts

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2006

(IN SINGAPORE DOLLARS)

GROUP

	Attributable to equity holders of the Company								
	Share capital $'000	Revaluation reserve $'000	Exchange translation reserve $'000	Fair value reserve $'000	Share-based payment reserve $'000	Revenue reserve $'000	**Total reserves** $'000	Minority interests $'000	**Total equity** $'000
At 31 December 2005 as previously reported	356,400	77,590	(17,982)	148,156	33	665,246	873,043	56,420	1,285,863
Effect of adopting :									
FRS 40									
Transfer of revaluation reserve arising from investment properties to revenue reserve	-	(76,443)	-	-	-	76,443	-	-	-
Net revaluation surplus arising from properties reclassified to investment properties	-	-	-	-	-	34,687	34,687	-	34,687
At 1 January 2006 as restated	356,400	1,147	(17,982)	148,156	33	776,376	907,730	56,420	1,320,550
Exchange adjustment	-	-	(3,690)	-	-	-	(3,690)	(2,569)	(6,259)
Exchange loss transferred to profit and loss account	-	-	11,021	-	-	-	11,021	-	11,021
Impairment of plant and equipment	-	(220)	-	-	-	-	(220)	-	(220)
Net fair value changes on available-for-sale investments	-	-	-	45,061	-	-	45,061	(37)	45,024
Net fair value changes transferred to profit and loss account	-	-	-	(45,801)	-	-	(45,801)	-	(45,801)
Net fair value changes on cash flow hedges	-	-	-	226	-	-	226	1,044	1,270
Net income recognised directly in equity	-	(220)	7,331	(514)	-	-	6,597	(1,562)	5,035
Profit for the year	-	-	-	-	-	194,018	194,018	3,855	197,873
Total recognised income and expenses for the year	-	(220)	7,331	(514)	-	194,018	200,615	2,293	202,908

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2006

(IN SINGAPORE DOLLARS)

(CONT'D)

GROUP

	Attributable to equity holders of the Company								
	Share capital $'000	Revaluation reserve $'000	Exchange translation reserve $'000	Fair value reserve $'000	Share-based payment reserve $'000	Revenue reserve $'000	**Total reserves** $'000	Minority interests $'000	**Total equity** $'000
Reduction of share capital pursuant to selective capital reduction and related expenses	(90,472)	-	-	-	-	(218)	(218)	-	(90,690)
Dividends on ordinary shares (note 39)	-	-	-	-	-	(84,733)	(84,733)	-	(84,733)
Dividends to minority shareholders of a subsidiary	-	-	-	-	-	-	-	(2,589)	(2,589)
Acquisition of minority interests (note 41(a))	-	-	-	-	-	-	-	(11,730)	(11,730)
Minority interests on disposal of a subsidiary (note 41(a))	-	-	-	-	-	-	-	7,254	7,254
At 31 December 2006	**265,928**	**927**	**(10,651)**	**147,642**	**33**	**885,443**	**1,023,394**	**51,648**	**1,340,970**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2006

(IN SINGAPORE DOLLARS)

(CONT'D)

GROUP

	Attributable to equity holders of the Company								
	Share capital $'000	Revaluation reserve $'000	Exchange translation reserve $'000	Fair value reserve $'000	Share-based payment reserve $'000	Revenue reserve $'000	**Total reserves** $'000	Minority interests $'000	**Total equity** $'000
At 1 January 2005	356,400	76,443	(17,862)	63,850	-	614,979	737,410	(17,543)	1,076,267
Exchange adjustment	-	-	(1,766)	-	-	-	(1,766)	685	(1,081)
Exchange loss transferred to the profit and loss account	-	-	1,646	-	-	-	1,646	-	1,646
Share of reserves movement of associates	-	-	-	-	-	245	245	-	245
Net fair value changes on available-for-sale investments	-	-	-	106,911	-	-	106,911	(100)	106,811
Net fair value changes transferred to the profit and loss account	-	-	-	(20,493)	-	-	(20,493)	-	(20,493)
Net fair value changes on cash flow hedges	-	-	-	(2,112)	-	-	(2,112)	(1,853)	(3,965)
Net revaluation surplus on a subsidiary acquired	-	1,147	-	-	-	1,403	2,550	-	2,550
Net income recognised directly in equity	-	1,147	(120)	84,306	-	1,648	86,981	(1,268)	85,713
Profit for the year	-	-	-	-	-	70,003	70,003	2,593	72,596
Total recognised income and expenses for the year	-	1,147	(120)	84,306	-	71,651	156,984	1,325	158,309
Dividends on ordinary shares (note 39)	-	-	-	-	-	(21,384)	(21,384)	-	(21,384)
Dividends to minority shareholders of subsidiaries	-	-	-	-	-	-	-	(5,663)	(5,663)
Fair value of options issued by a subsidiary	-	-	-	-	33	-	33	42	75
Capital injection by minority interest of a subsidiary	-	-	-	-	-	-	-	11,760	11,760
Minority interests arising from acquisition of subsidiaries (note 41(b))	-	-	-	-	-	-	-	66,499	66,499
At 31 December 2005	356,400	77,590	(17,982)	148,156	33	665,246	873,043	56,420	1,285,863

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2006

(IN SINGAPORE DOLLARS)

	2006 $'000	2005 $'000
Cash flow from operating activities :		
Profit from operations	89,186	87,513
Adjustments for :		
Interest income	(9,478)	(4,048)
Investment income	(27,948)	(36,834)
Depreciation of property, plant and equipment	15,960	17,247
Gain on disposal of property, plant and equipment	(59)	(246)
Property, plant and equipment written off	817	137
Amortisation of mining rights	1,631	1,055
Amortisation of management rights	185	190
Amortisation of exploration and development cost	3,145	73
Amortisation of deferred income	(2,719)	-
Amortisation of club membership	7	-
Changes in fair value on financial assets	(10,445)	(3,950)
Provision for mine reclamation cost	953	55
Provision/(Write back) of employee benefits	2,150	(368)
Provision/(Write back) of doubtful debts	4,338	(1,496)
Exploration costs written off	4,471	191
Share-based payments	-	75
Operating profit before working capital changes	72,194	59,594
Decrease in properties held for sale	9,178	12,672
Decrease/(Increase) in inventories	36,404	(50,782)
Increase in marketable securities	(1,940)	(1,874)
(Increase)/Decrease in trade and other receivables	(29,948)	10,087
Increase in trade and other payables	13,410	5,105
Cash generated from operations	99,298	34,802
Interest expense	(11,725)	(14,062)
Income tax paid	(12,308)	(20,126)
Investment income	27,948	36,834
Dividends from associates	15	4,755
Interest income	9,022	3,767
Net cash flow from operating activities	112,250	45,970
Cash flow from investing activities :		
Proceeds from sale of property, plant and equipment	56,188	54,163
Net cash flow from disposal of a subsidiary (see note 41(a))	17,270	-
Cost incurred on property, plant and equipment	(17,058)	(26,051)
Sale proceeds from investments	69,726	43,249
Purchase of investments	(455)	(10,637)
Purchase of management rights	-	(61)
Net cash flow from acquisition of subsidiaries (see note 41(b))	-	2,169
Acquisition of minority interests (see note 41(a))	(46,063)	-
Proceeds from disposal of minority interests (see note 41(a))	32,480	-
Proceed from sale of property	390,000	-
Payment of deferred mine development and exploration expenditure	(1,833)	(7,805)
Cost incurred on investment properties	(1,398)	-
Purchase of club membership	(139)	-
Compensation award on land acquired	94	-
Proceeds from redemption of preference shares in an associate	-	6,207
Subscription of shares in an associate	(2,473)	-
Net cash flow from investing activities	496,339	61,234
Cash flow from financing activities :		
(Loan repayment)/Increase in borrowings	(248,153)	19,417
Increase in amount due to minority shareholder of a subsidiary	-	4,850
Decrease in amount due from a joint venture	40	178
Payment of dividends to minority shareholders of subsidiaries	(2,589)	(5,663)
Payment of dividends to shareholders	(84,733)	(21,384)
Payment pursuant to selective capital reduction and related expenses	(90,690)	-
Net cash flow used in financing activities	(426,125)	(2,602)
Net increase in cash and cash equivalents	182,464	104,602
Cash and cash equivalents at 1 January	159,719	55,980
Effects of exchange rate changes on balances held in foreign currencies	(6,984)	(863)
Cash and cash equivalents at 31 December	335,199	159,719
Cash and cash equivalents at 31 December consist of :		
Cash at bank and on deposit (note 21)	335,199	159,719

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2006

(IN SINGAPORE DOLLARS)

1 CORPORATE INFORMATION

The financial statements of The Straits Trading Company Limited (the Company) for the year ended 31 December 2006 were authorised for issue in accordance with a resolution of the Directors on 23 March 2007.

The Straits Trading Company Limited is a limited liability company incorporated and domiciled in Singapore. The registered office of the Company is located at 18 Cross Street, #15-01, Singapore 048423. The Company is listed on the Singapore Exchange Securities Trading Limited.

The principal activity of the Company is that of an investment holding company. The subsidiaries, associates and joint ventures of the Group are primarily engaged in tin mining and smelting, investments in other metals and mineral resources, hotel investment and management, property operations as well as financial investments. There have been no significant changes in the nature of these activities during the financial year.

The consolidated financial statements relate to the Company and its subsidiaries (referred to as the Group) and the Group's interests in associates and joint ventures.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION

The financial statements have been prepared in accordance with Singapore Financial Reporting Standards (FRS) as required by the Companies Act, Cap.50.

The financial statements have been prepared on a historical cost basis except for the following :

- Certain properties are stated at valuation; and
- Investment properties, certain financial assets and liabilities are stated at fair value.

The financial statements are presented in Singapore dollars (SGD or S$) and all values are rounded to the nearest thousand ($'000) except when otherwise indicated.

The accounting policies have been consistently applied by the Group and the Company and, except for the change in accounting policies discussed below, are consistent with those used in the previous year.

2.2 CHANGES IN ACCOUNTING POLICIES

In 2006, the Group has adopted the following new or revised FRS and Interpretations to FRS (INT FRS) which are relevant to the Group :

FRS 19 (Amendment)	*Employee Benefits*
FRS 21 (Amendment)	*The Effects of Changes in Foreign Exchange Rates*
FRS 32 (Amendment)	*Financial Instruments : Disclosures and Presentations*
FRS 39 (Amendment)	*Financial Instruments : Recognition and Measurement*
FRS 40	*Investment Property*
INT FRS 104	*Determining whether an Arrangement Contains a Lease*

The adoption of the above FRS or INT FRS did not result in any substantial changes to the Group's accounting policies except for the adoption of FRS 39 (Amendment) and FRS 40 of which the effects are disclosed below :

<u>FRS 39 (Amendment)</u>

Previously, financial guarantees issued by the Company to banks in relation to borrowings by subsidiaries are accounted for as contingent liabilities of the Company and are not recognised in the financial statements until the Company has incurred an obligation to make payment under the guarantee in accordance with FRS 37.

FRS 39 (Amendment), effective from 1 January 2006, requires financial guarantees to be accounted for in a manner as set out in Note 2.38.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2006
(IN SINGAPORE DOLLARS)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 CHANGES IN ACCOUNTING POLICIES (CONT'D)

Adjustments arising from the amendment to FRS 39 applied retrospectively are not material to the balance sheet of the Company at 31 December 2005 and 1 January 2006 and the effects are reflected as current year's adjustment. The effects of the adoption on the Company's financial statements at 31 December 2006 are as follows :

	Increase **2006** **$'000**
Investment in subsidiaries	**320**
Other financial liabilities	**70**
Profit and loss account	**250**

Early adoption - FRS 40
The Group has early adopted FRS 40, Investment Property, in the financial year 2006, although this FRS is only effective for financial year beginning on or after 1 January 2007.

As a result of adopting FRS 40, the following transitional adjustments after accounting for the related deferred taxes were made :

i) Where the fair value of investment properties has been previously disclosed in the financial statements, their related revaluation reserve of $76.4 million at Group level, as at 1 January 2006, has been adjusted to opening revenue reserve; and

ii) Where the fair value of investment properties, which were not previously disclosed in the financial statements, and were carried at cost and classified under property, plant and equipment, an increase in equity of $34.7 million at Group level, as at 1 January 2006, has been recognised in the opening revenue reserve.

Accordingly, the financial statements of the Group and the Company for the corresponding periods were not restated.

2.3 FRS AND INT FRS YET TO BE ADOPTED
The Group has not applied the following FRS and INT FRS that have been issued as of the balance sheet date but are not yet effective.

FRS 1	Amendment to FRS 1 (Revised), *Presentation of Financial Statements (Capital Disclosures)*
FRS 107	*Financial Instruments : Disclosures*
INT FRS 107	*Applying the Restatement Approach under FRS 29, Financial Reporting in Hyperinflationary Economies*
INT FRS 108	*Scope of FRS 102, Share-based Payment*
INT FRS 109	*Reassessment of Embedded Derivatives*
INT FRS 110	*Interim Financial Reporting and Impairment*

The Directors expect that the adoption of the above pronouncements will have no material impact to the financial statements in the period of initial application except for FRS 107 and the amendment to FRS 1 and INT FRS 110 as indicated below :

FRS 107 introduces new disclosures to improve the information about financial instruments. It requires the disclosure of qualitative and quantitative information about exposure to risks arising from financial instruments, including specified minimum disclosures about credit risk, liquidity risk and market risk, including sensitivity analysis to market risk. The amendment to FRS 1 requires the Group to make new disclosures to enable users of the financial statements to evaluate the Group's objectives, policies and processes for managing capital. The Group will apply FRS 107 and the amendment to FRS 1 from annual period beginning 1 January 2007.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2006
(IN SINGAPORE DOLLARS)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.3 FRS AND INT FRS YET TO BE ADOPTED (CONT'D)

INT FRS 110 prohibits the reversal of an impairment loss recognised in an interim period during the financial year in respect of goodwill, an investment in an equity instrument or a financial asset carried at cost. INT FRS 110 will become mandatory for the Group's 2007 financial statements, and will apply to goodwill, investments in equity instruments, and financial assets carried at cost prospectively from the date the Group first applied the measurement criteria of FRS 36 and FRS 39 respectively (i.e. 1 January 2005). The adoption of INT FRS 110 is not expected to have any significant financial impact to the Group.

2.4 SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of financial statements in conformity with FRS requires Management to make judgements, estimates and assumptions that affect the application of the Group's accounting policies and reported amounts of assets, liabilities, income and expenses, and disclosures made. The estimates and associated assumptions are assessed on an on-going basis and are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis for making the judgements about carrying amounts of assets and liabilities that are not readily apparent from other sources.

Judgements made by Management in the application of FRS that have a significant effect on the financial statements and in arriving at estimates with a significant risk of material adjustment in the following year are discussed in note 48.

2.5 BASIS OF CONSOLIDATION

Subsidiaries
Subsidiaries are entities controlled by the Company. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The Group generally has such power when it, directly or indirectly, holds more than 50% of the issued share capital, or controls more than half of the voting power, or controls the composition of the board of directors.

In the Company's balance sheet, investments in subsidiaries are stated at costs less accumulated impairment losses. At each balance sheet date, the Company assesses whether there is any indication of impairment. If any such indication exists, the recoverable amount is estimated and provision for impairment is made.

The financial statements of the Group consolidate the financial statements of the Company and its subsidiaries as at 31 December. The financial statements of the subsidiaries are prepared for the same reporting year as the parent company. Consistent accounting policies are applied for like transactions and events in similar circumstances.

All intra-group balances, transactions, income and expenses and profits and losses resulting from intra-group transactions that are recognised in assets, are eliminated in full.

Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Business Combinations
The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued or liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair value on the date of acquisition, irrespective of the extent of any minority interest.

The excess of the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition represents goodwill is credited to the profit and loss account in the period of the acquisition.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2006

(IN SINGAPORE DOLLARS)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.5 BASIS OF CONSOLIDATION (CONT'D)

Assets, liabilities and results of overseas subsidiaries are translated into Singapore dollars on the basis outlined in note 2.8 to the financial statements.

Minority interests represent the portion of profit or loss and net assets in subsidiaries not held by the Group. They are presented in the consolidated balance sheet within equity, separately from the parent shareholders' equity, and are separately disclosed in the consolidated profit and loss account.

The Group applies a policy of treating transactions with minority interests as transactions with parties external to the Group. Disposals to minority interests, which result in gains and losses for the Group, are recorded in the profit and loss account. The difference between any consideration paid to minority interests for purchases of additional equity interest in a subsidiary and the incremental share of the carrying value of the net assets of the subsidiary is recognised as goodwill.

2.6 JOINT VENTURES

Joint ventures are entities not being subsidiaries in which the Group holds not more than 50% of the equity and has joint control in the companies' board management.

The Group's investments in joint ventures are accounted for using the equity method. Under the equity method, the investments in joint ventures are carried in the balance sheet at cost plus post-acquisition changes in the Group's share of net assets of the joint venture. The Group's share of the profit or loss of the joint ventures is recognised in the consolidated profit and loss account. Where there has been a change recognised directly in the equity of the joint ventures, the Group recognises its share of such changes. After application of the equity method, the Group determines whether it is necessary to recognise any impairment loss with respect to the Group's net investment in the joint ventures. The joint ventures are equity accounted for from the date the Group obtains significant influence until the date the Group ceases to have joint control over the joint ventures.

2.7 ASSOCIATES

Associates are entities, not being a subsidiary or a joint venture, in which the Group has significant influence. This generally coincides with the Group having 20% or more of the voting power, or has representation on the board of directors.

The Group's investments in associates are accounted for using the equity method. Under the equity method, the investment in associates is carried in the balance sheet at cost plus post-acquisition changes in the Group's share of net assets of the associates. The Group's share of the profit or loss of the associates is recognised in the consolidated profit and loss account. Where there has been a change recognised directly in the equity of the associates, the Group recognises its share of such changes. After application of the equity method, the Group determines whether it is necessary to recognise any impairment loss with respect to the Group's net investment in the associates. The associates are equity accounted for from the date the Group obtains significant influence until the date the Group ceases to have significant influence over the associates. Unrealised gains on transactions between the Group and the associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the assets transferred.

Goodwill relating to an associate is included in the carrying amount of the investment.

Any excess of the Group's share of the net fair value of the associate's identifiable assets, liabilities and contingent liabilities over the cost of the investment is excluded from the carrying amount of the investment and is instead included as income in the determination of the Group's share of the associate's profit or loss in the period in which the investment is acquired.

When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2006

(IN SINGAPORE DOLLARS)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.7 ASSOCIATES (CONT'D)

The most recent available audited financial statements of the associates are used by the Group in applying the equity method. Where the dates of the audited financial statements used are not co-terminous with those of the Group, the share of results is arrived at from the last audited financial statements available and un-audited management financial statements to the end of the accounting period. Consistent accounting policies are applied for like transactions and events in similar circumstances.

In the Company's separate financial statements, investments in associates are accounted for at cost less accumulated impairment losses.

2.8 FUNCTIONAL AND FOREIGN CURRENCIES

Functional Currency
Management has determined the currency of the primary economic environment in which the Company operates, i.e., functional currency, to be SGD.

Foreign Currency Transactions
Transactions in foreign currencies are measured in the respective functional currencies of the Company and its subsidiaries and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the balance sheet date are recognised in the profit and loss account except for exchange differences arising on monetary items that form part of the Group's net investment in foreign subsidiaries, which are recognised initially in a separate component of equity as foreign currency translation reserve in the consolidated balance sheet and recognised in the consolidated profit and loss account on disposal of the subsidiary.

Foreign Currency Translation
The results and financial position of foreign operations are translated into SGD using the following procedures :

- Assets and liabilities for each balance sheet presented are translated at the rate ruling at that balance sheet date; and

- Income and expenses for each profit and loss account are translated at average exchange rates for the year, which approximates the exchange rates at the dates of the transactions.

All resulting exchange differences are recognised in a separate component of equity as foreign currency translation reserve.

Goodwill and fair value adjustments arising on the acquisition of foreign operations on or after 1 January 2005 are treated as assets and liabilities of the foreign operations and translated at the closing rates at the date of the balance sheet.

On disposal of a foreign operation, the cumulative amount of exchange differences deferred in equity relating to that foreign operation is recognised in the profit and loss account as a component of the gain or loss on disposal.

2.9 PROPERTY, PLANT AND EQUIPMENT
Property, plant and equipment are initially recorded at cost. Subsequent to recognition, property, plant and equipment are stated at cost or valuation less accumulated depreciation and impairment loss. When assets are sold, retired or when no future economic benefits are expected from its use, their cost and accumulated depreciation are removed from the financial statements and any gain or loss resulting from their disposal is included in the profit and loss account. Any unutilised portion of the revaluation surplus on the item disposed is taken directly to revenue reserve.

(IN SINGAPORE DOLLARS)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.9 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

In note 3 to the financial statements, land described as freehold land includes land held under 999 years leasehold which is regarded as equivalent to freehold.

2.10 DEPRECIATION AND RESIDUAL VALUES

In the tin mining subsidiary, plant and equipment used in mining are depreciated using the units-of-production method based on recoverable tin over the estimated useful lives of the assets. Changes in estimated reserves and the useful lives of plant and equipment are accounted for on a prospective basis from the beginning of the year in which the change arises. Earthmoving vehicles are depreciated based on an hour worked basis over the estimated useful life of each asset.

Depreciation for the remaining assets of the Group is provided on the straight-line method to write off the cost or valuation of relevant assets to its residual value, if any, over their estimated useful lives or life of the mine where appropriate, whichever is shorter. No depreciation is provided on freehold or equivalent land. The estimated useful lives for these remaining assets are as follows :

Leasehold land	-	remaining lease term of between 1 to 86 years
Buildings	-	8 to 40 years or the unexpired lease period or life of the mine, whichever is shorter
Plant, equipment and vehicles	-	3 to 40 years
Furniture and fittings	-	3 to 10 years

The residual values, useful life and depreciation method are reviewed at each financial year end to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment.

Properties under development and capital work-in-progress included in Property, Plant and Equipment are not depreciated as these assets are not available for use.

The carrying values of Property, Plant and Equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

During the year, the Group revised the depreciation of room and kitchen equipment to reflect the revised estimated useful lives. The Group's profit was reduced by $600,000 (2005 : Nil) due to this change in accounting estimate.

2.11 INVESTMENT PROPERTIES

Investment properties are properties held either to earn rental income or for capital appreciation or both. Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day servicing of an investment property. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the balance sheet date. Gains or losses arising from changes in the fair values of investment properties are included in the profit and loss account in the year in which they arise.

Investment properties are derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognised in the profit and loss account in the year of retirement or disposal.

For existing properties that are being redeveloped for continued future use, they are stated at fair values and the associated redevelopment expenditures are stated at cost.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.12 BASE INVENTORY

Base inventory is the fixed recirculating inventory in the smelting process. The value of this inventory, which comprises a metallic tin content of 381 tonnes, is reviewed at each balance sheet date and stated in the balance sheet at lower of estimated recoverable amounts and cost.

2.13 INVESTMENTS IN DEBT AND EQUITY SECURITIES

When investments are recognised initially, they are measured at fair value, plus, in the case of investments not at fair value through profit and loss, directly attributable transaction costs.

After initial recognition, investments classified as held-for-trading are measured at fair value with the gain or loss arising from the changes in fair value recognised in the profit and loss account. Investments are classified as held-for-trading if they are acquired principally for the purpose of selling in the near term.

Where the Group has the positive intent and ability to hold debt securities to maturity, they are subsequently measured at amortised cost. Amortised cost is computed as the amount initially recognised minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between the initially recognised amount and the maturity amount and minus any reduction for impairment or uncollectibility. For investment carried at amortised cost, gains or losses are recognised in the profit and loss account when the investments are derecognised or impaired as well as through the amortisation process.

Other investments held by the Group are classified as available-for-sale (AFS) and are subsequently measured at fair value with the gain or loss arising from the changes in fair value recognised directly in equity, except for impairment losses and foreign exchange gains and losses on AFS that are monetary items which are recognised in the profit and loss account. When these AFS are derecognised, the cumulative gain or loss previously recognised in equity is recognised in the profit and loss account.

All regular way purchases and sales of investments are recognised on trade date.

The fair value of investments that are actively traded in organised financial markets is determined by reference to quoted market bid prices at the close of business on the balance sheet date. For investments where there is no active market, fair value is estimated using a valuation technique based on certain assumptions that are not supported by observable market prices or rates. Management believes the estimated fair values resulting from the valuation technique which are recorded in the balance sheet are reasonable and the most appropriate at the balance sheet date. These investments shall, however, be measured at cost less impairment losses if their fair values cannot be reliably estimated.

2.14 PROPERTIES UNDER DEVELOPMENT

Properties under development include land cost, development expenditures and, where applicable, finance costs and other related expenditures.

Properties that are being constructed or developed for future use as investment properties are included in Property, Plant and Equipment and carried at cost, less accumulated impairment losses until construction or development is completed, at which time they are accounted for as investment properties.

Properties under development which are intended for sale in the ordinary course of business are stated at the lower of cost and net realisable value.

Development is considered complete upon the issue of Temporary Occupation Permit. Upon completion, property held for investment is classified as investment property and property developed for sale is shown under current asset as property held for sale.

2.15 BORROWING COSTS

Borrowing costs are generally expensed as incurred. Borrowing costs are capitalised if they are directly attributable to the acquisition, construction or production of a qualifying asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are being incurred. Borrowing costs are capitalised until the assets are ready for their intended use. If the resulting carrying amount of the asset exceeds its recoverable amount, an impairment loss is recorded.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.16 MINING RIGHTS

Mining rights acquired in a business combination are stated at their fair values as at the date of acquisition. Following initial recognition, mining rights are carried at cost less accumulated amortisation and impairment losses, if any. Mining rights are amortised based on the unit-of-production method so as to write off the mining rights in proportion to the depletion of the estimated economically recoverable ore reserves. The amortisation period and the amortisation method are reviewed at least at each financial year end.

2.17 MANAGEMENT RIGHTS

Payments made to acquire management rights of hotels and properties of similar nature are capitalised and amortised over their estimated useful lives of up to 12 years on a straight-line method. The amortisation period and amortisation method are reviewed at least at each financial year end.

2.18 GOODWILL

Goodwill represents the excess of the cost of the acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the acquiree.

Goodwill arising on the acquisition of subsidiaries is presented in intangible assets. Goodwill arising on the acquisition of associates and joint ventures is presented together with investments in associates and joint ventures.

Goodwill is measured at cost less accumulated impairment losses. Goodwill is tested for impairment as described in note 2.32. Negative goodwill is recognised immediately in the profit and loss account.

Gains and losses on the disposal of the subsidiaries, associates and joint ventures include the carrying amount of goodwill relating to the entity sold.

2.19 MINE EXPLORATION AND EVALUATION EXPENDITURE

Exploration and evaluation expenditure is stated at cost less accumulated amortisation and impairment losses, if any.

Exploration and evaluation expenditure incurred in an area of interest for which the Group has current rights to explore is accumulated in respect of each identifiable area of interest. These costs are only carried forward to the extent that they are expected to be recouped through the successful development of the area or where activities in the area have not yet reached a stage that permit reasonable assessment of the existence of economically recoverable ore reserves.

Accumulated costs in relation to an abandoned area are written off in full to the profit and loss account in the year in which the decision to abandon the area is made.

When production commences, the accumulated cost for the relevant area of interest is amortised based on the unit-of-production method so as to write off the expenditure in proportion to the depletion of the estimated economically recoverable ore reserves.

A review is carried out annually on the carrying amount of deferred exploration and evaluation expenditure to determine whether there is any indication of impairment. Any impairment loss is recognised as an expense in the profit and loss account.

2.20 MINE DEVELOPMENT EXPENDITURE

Mine development expenditure is stated at cost less accumulated amortisation and impairment losses, if any.

Mine development expenditure incurred in connection with development activities in respect of each area of interest, which includes all activities conducted in the preparation of economically recoverable reserves until production, is accumulated in respect of each identifiable area of interest. These costs are only deferred to the extent that they are expected to be recouped through the successful development of the area. Mine development expenditure which is considered to provide minimal benefit to future periods is charged to the profit and loss account.

When production in an area of interest commences, the accumulated cost for the relevant area of interest is amortised based on the unit-of-production method so as to write off the expenditure in proportion to the depletion of the estimated economically recoverable ore reserves.

A review is carried out annually on the carrying amount of deferred development expenditure to determine whether there is any indication of impairment. Any impairment loss is recognised as an expense in the profit and loss account.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2006

(IN SINGAPORE DOLLARS)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.21 MINE ENVIRONMENTAL EXPENDITURE

Restoration, rehabilitation and environmental expenditure incurred during the production phase of operations is recognised in the profit and loss account as part of the cost of production of the mine property concerned.

Significant restoration, rehabilitation and environmental expenditure to be incurred subsequent to the cessation of production of each mine property is provided based on the present value of the estimated expenditure to be incurred.

2.22 OTHER INTANGIBLE ASSETS

Other intangible assets with finite life are amortised over the estimated economic useful life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at each financial year end.

2.23 PROPERTIES HELD FOR SALE

Properties held for sale are those completed properties which are intended for sale in the ordinary course of business. They are stated at the lower of cost and net realisable value.

2.24 INVENTORIES

Inventories are stated at the lower of cost and net realisable value. Cost is generally determined on a weighted average basis. Net realisable value represents the estimated selling price in the ordinary course of business less anticipated cost of disposal and after making allowance for damaged, obsolete and slow-moving items.

Cost of trading inventory of refined tin metal is determined on a first-in first-out basis. Inventories of tin-in-concentrates and tin-in-process which have matching sales contracts for refined tin metal from tin smelting operations, are stated at the value of such contracts less allowance for conversion. This value is consistent with cost, as it is the practice of the tin smelting subsidiary to buy tin-in-concentrates and sell refined tin metal on a back to back price basis for its tin smelting operation.

Absorption costing is used in the mining operation to assign costs to tin inventories using the weighted average cost method which includes both variable and fixed overhead cost components. The cost of purchased tin-in-concentrates prior to processing comprises cost of purchase.

Cost of other inventories comprising stores, spares, fuels and saleable by-products is determined on the weighted average cost basis. Production cost is not allocated to by-products as it is not material.

2.25 TRADE AND OTHER RECEIVABLES

Trade and other receivables, including amounts due from subsidiaries, associates, related companies and loans to related companies are classified and accounted for as loans and receivables under FRS 39.

Trade and other receivables are recognised and carried at original invoice amount less an allowance for any uncollectible amounts. Provision is made when there is objective evidence that the Group will not be able to collect the debts. Bad debts are written off when identified.

Receivables from related parties are carried at cost, less an allowance for any uncollectible amount.

2.26 CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash on hand and on deposit which are readily convertible to cash and which are not subject to a significant risk of changes in value, net of bank overdrafts which are repayable on demand.

Cash and short-term deposits carried in the balance sheets are classified and accounted for as loans and receivables under FRS 39.

2.27 ASSETS CLASSIFIED AS HELD FOR SALE

Non-current assets that are expected to be recovered primarily through sale rather than through continuing use are classified as held for sale.

Immediately before classification as held for sale, the measurement of the relevant assets is brought up-to-date in accordance with applicable FRS. Upon initial classification as held for sale, non-current assets are measured at the lower of carrying amount and fair value less costs to sell. Any differences are taken to the profit and loss account.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2006

(IN SINGAPORE DOLLARS)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.27 ASSETS CLASSIFIED AS HELD FOR SALE (CONT'D)

Impairment losses on initial classification as held for sale and subsequent gains or losses on remeasurement are included in the profit and loss account. Gains are not recognised in excess of any cumulative impairment losses.

2.28 INTEREST-BEARING LOANS AND BORROWINGS

All loans and borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs.

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method.

Gains and losses are recognised in the profit and loss account when the liabilities are derecognised as well as through the amortisation process.

2.29 TRADE AND OTHER PAYABLES

Trade and other payables are carried at cost which is the fair value of the consideration to be paid in the future for goods and services received, whether or not these are billed.

Payables to related parties are carried at cost.

Gains and losses are recognised in the profit and loss account when the liabilities are derecognised as well as through the amortisation process.

2.30 INCOME TAXES

Current Tax

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance sheet date.

Deferred Tax

Deferred income tax is provided using the liability method on temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all temporary differences, except :

- Where the deferred tax arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- In respect of temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled by the Group and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences (other than those mentioned above), carry-forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry-forward of unused tax credits and unused tax losses can be utilised.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised. Unrecognised deferred income tax assets are reassessed at each balance sheet date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.30 INCOME TAXES (CONT'D)

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

Income tax relating to items recognised directly in equity is recognised directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Goods and Services Tax
Revenues, expenses and assets are recognised net of the amount of goods and services tax except :

- Where the goods and services tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the goods and services tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and

- Receivables and payables that are stated with the amount of goods and services tax included.

The net amount of goods and services tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

2.31 PROVISIONS

Provisions are recognised when the Group has a present obligation (legal or constructive) where, as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligations and a reliable estimate can be made of the amount of obligation.

Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources embodying economic benefits will be required to settle the obligation, the provision is reversed.

Where the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as finance costs.

Provision for restructuring costs is recognised when a detailed and formal restructuring plan has been approved, and the restructuring has either commenced or has been announced publicly. Costs relating to ongoing activities are not provided for.

2.32 IMPAIRMENT OF ASSETS

(a) <u>Non-financial assets</u>

An assessment is made at each balance sheet date to determine whether there is an indication of impairment. If any such indication exists, or when annual impairment testing for an asset is required, the estimated recoverable amount of that asset is determined.

Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Impairment losses of continuing operations are recognised in the profit and loss account as 'impairment losses' or treated as a revaluation decrease for assets carried at revalued amount to the extent that the impairment loss does not exceed the amount held in the asset revaluation reserve for that same asset.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses recognised for an asset other than goodwill may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2006

(IN SINGAPORE DOLLARS)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.32 IMPAIRMENT OF ASSETS (CONT'D)

(a) Non-financial assets (cont'd)

Calculation of recoverable amount
An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined on an individual asset basis. If the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs to. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Reversal of impairment
An impairment loss for an asset other than goodwill is reversed if, and only if, there has been a change in the estimates used to determine the recoverable amount since the last impairment loss was recognised.

The carrying amount of the asset other than goodwill is increased to its revised recoverable amount since the last impairment loss was recognised. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation or amortisation, had no impairment loss been recognised for the asset in prior years.

Reversal of an impairment loss for an asset other than goodwill is recognised in the profit and loss account unless the asset is carried at revalued amount, in which case the reversal in excess of impairment loss previously recognised through the profit and loss account is treated as a revaluation increase. After such a reversal, the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

Goodwill
Goodwill is tested for impairment annually and as and when indicators of impairment are identified.

For the purpose of impairment testing of goodwill, goodwill is allocated to each of the Group's cash-generating units expected to benefit from synergies of the business combination.

An impairment loss is recognised in the profit and loss account when the carrying amount of cash-generating unit, including the goodwill exceeds the recoverable amount of the cash-generating unit. Recoverable amount of the cash-generating unit is the higher of the cash-generating unit's fair value less cost to sell and value in use.

Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to cash-generating units (group of units) and then to reduce the carrying amount of the other assets in the unit (group of units) on a pro-rata basis. The Group does not reverse in a subsequent period, any impairment loss recognised for goodwill.

(b) Financial assets
The Group assesses at each balance sheet date whether there is any objective evidence that a financial asset or group of financial assets is impaired.

i) *Assets carried at amortised cost*
If there is objective evidence that an impairment loss on loans and receivables or held-to-maturity investments carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e., the effective interest rate computed at initial recognition). The carrying amount of the asset is reduced through the use of an allowance account. The amount of the loss is recognised in the profit and loss account.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.32 IMPAIRMENT OF ASSETS (CONT'D)

(b) Financial assets (cont'd)

Reversal of impairment
If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed. Any subsequent reversal of an impairment loss is recognised in the profit and loss account, to the extent that the carrying value of the asset does not exceed its amortised cost at the reversal date.

ii) Assets carried at cost
If there is objective evidence that an impairment loss on an unquoted equity instrument that is not carried at fair value because its fair value cannot be reliably measured, or on a derivative asset that is linked to and must be settled by delivery of such an unquoted equity instrument has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset.

Reversal of impairment
Such impairment losses are not reversed in subsequent periods.

iii) Available-for-sale financial assets
If an available-for-sale financial asset is impaired, an amount comprising the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in the profit and loss account, is transferred from equity to the profit and loss account.

Reversal of impairment
Reversals in respect of equity instruments classified as available-for-sale are not recognised in the profit and loss account. Reversals of impairment losses on debt instruments are reversed through the profit and loss account, if the increase in fair value of the instrument can be objectively related to an event occurring after the impairment loss was recognised in the profit and loss account.

2.33 INCOME RECOGNITION
Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured.

Interest income is recognised as interest accrues (using the effective interest method) unless collectibility is in doubt.

Revenue from sale and delivery of refined tin metal and by-products is recognised upon transfer of significant risks and rewards of ownership to the buyer. Revenue is not recognised to the extent where there is significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

Revenue from tin warrant and other charges are recognised upon performance of services.

Rental and room income as well as management fee are recognised on an accrual basis.

Food and beverage income is recognised upon sale.

Profits from sale of completed properties and marketable securities are recognised upon conclusion of the contract for sale. Profits from sale of investment properties under development are recognised on completion, upon the issue of Temporary Occupation Permit or Certificate of Statutory Completion, whichever is relevant.

Dividend income from investments is recognised when the Group's right to receive payment is established.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.34 LEASES

Where the Group is the lessee

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased item are classified as operating leases. Operating lease payments (net of any incentives received from the lessor) are recognised as an expense in the profit and loss account on a straight-line basis over the lease term. Contingent rents are recognised as an expense in the profit and loss account in the financial year in which they are incurred.

Profit or loss on sale and leaseback transactions which constitute operating leases are recognised immediately in the profit and loss account when such sale and leaseback transactions are established at fair value. If the sale price is below fair value, any profit or loss shall be recognised immediately except that, if the loss is compensated for by future lease payments at below market price, it shall be deferred and amortised in proportion to the lease payments over the period for which the asset is expected to be used. If the sale price is above fair value, the excess over fair value shall be deferred and amortised over the period for which the asset is expected to be used.

Where the Group is the lessor

Assets leased out under operating leases are included in property, plant and equipment, investment properties and properties held for sale.

Rental income from operating leases (net of any incentives given to lessees) is recognised in the profit and loss account on a straight-line basis over the lease term.

Initial direct costs incurred by the Group in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised as an expense in the profit and loss account over the lease term on the same basis as the lease income.

Contingent rents are recognised as income in the profit and loss account in the financial year in which they are earned.

2.35 EMPLOYEE BENEFITS

Defined contribution plan

The Group participates in the national pension schemes as defined by the laws of the countries in which it has operations. In particular, the Singapore companies in the Group make contributions to the Central Provident Fund Scheme in Singapore, a defined contribution pension scheme. Contributions to national pension schemes are recognised as expenses in the same period as the employment that give rise to the contribution.

Employee leave entitlement

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for leave as a result of services rendered by employees up to balance sheet date.

Severance benefits

The subsidiaries in Indonesia operate an unfunded, defined Severance Benefits Scheme (the Scheme) for their eligible employees. The subsidiaries' obligations under the Scheme, calculated using the Projected Unit Credit Method, are determined based on actuarial computations by independent actuaries, through which the amount of benefits that employees have earned in return for their services in the current and prior years is estimated. That benefit is discounted in order to determine its present value.

Actuarial gains and losses are recognised as income or expense over the expected average remaining working lives of eligible employees when the cumulative unrecognised actuarial gains or losses for the Scheme exceed 10% of the present value of the defined benefit obligation. Past service costs are recognised immediately to the extent that the benefits are already vested, and otherwise are amortised on a straight-line basis over the average period until the amended benefits become vested. The amount recognised in the balance sheet represents the present value of the defined benefit obligations adjusted for unrecognised actuarial gains and losses and unrecognised past service cost. Any asset resulting from this calculation is limited to the net total of any unrecognised actuarial losses and past service cost.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.35 EMPLOYEE BENEFITS (CONT'D)

Termination benefits
Termination benefits payable in cases of termination of employment within the framework of a restructuring are recognised as a liability and are expensed or charged against provision when there is a detailed formal plan for the termination and is without possibility of withdrawal.

2.36 SHARE-BASED PAYMENT TRANSACTIONS
A subsidiary in Australia has provided share-based compensation benefits to its directors and company secretary.

When the subsidiary issues share options for the provision of services received, an expense is recognised in the profit and loss account for the cost of the options, with a corresponding increase recognised in equity in the share-based payment reserve, over the vesting period of the options. Where the options issued vest immediately upon grant (and hence there is no vesting period), the expense and corresponding increase in equity are recognised immediately.

Cost is measured with reference to the fair value of the options issued at the date of grant. In valuing options, no account is taken of any performance conditions, other than conditions linked to the price of the share of the subsidiary ("market conditions"), if applicable. At each balance sheet date, the subsidiary revises its estimate of the number of options that are expected to become exercisable. The expense recognised each period takes into account the most recent estimate.

Upon the exercise of options, the balance of the share-based payments reserve relating to those options is transferred to share capital.

The market value of shares issued to certain directors as a component of remuneration for no cash consideration is recognised as an expense, with a corresponding increase in equity when these directors become entitled to the shares.

2.37 DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGING
The Group uses derivative financial instruments such as forward currency contracts, interest rate swaps and interest rate cap agreements to hedge its risks associated with foreign currency and interest rate fluctuations. It is not the Group's policy to trade in derivative financial instruments. Details of the Group's financial risk management objectives and policies are set out separately in note 46 to the financial statements.

These derivative financial instruments are initially recognised at fair value on the date on which the derivative contract is entered into and are subsequently remeasured at fair value. Such derivative financial instruments are carried as assets when the fair value is positive and as liabilities when the fair value is negative. Any gain or loss arising from the changes in fair value on derivative financial instruments that do not qualify for hedge accounting are taken directly to the profit and loss account.

The fair value of forward currency contracts is calculated by reference to current forward exchange rates for contracts with similar maturity profiles. The fair value of interest rate swap contracts and interest rate cap agreements is determined by reference to market values for similar instruments.

Hedges which qualify for hedge accounting are accounted for as follows :

Fair value hedges
Fair value hedges are hedges of the Group's exposure to changes in fair value of a recognised asset or liability or an unrecognised firm commitment, or an identified portion of such an asset, liability or firm commitment, that is attributable to a particular risk and could affect profit or loss. For fair value hedges, the carrying amount of the hedged item is adjusted for gains and losses attributable to the risk being hedged, the derivative is remeasured at fair value and gains and losses from both are taken to the profit and loss account.

The Group discontinues fair value hedge accounting if the hedging instrument expires or is sold, terminated or exercised, the hedge no longer qualifies for hedge accounting or the Group revokes the designation.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.37 DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGING (CONT'D)

Cash flow hedges
Cash flow hedges are hedges of the Group's exposure to variability in cash flows that is attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction and could affect profit or loss. The portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is recognised directly in equity, while the ineffective portion is recognised in the profit and loss account.

Amounts taken to equity are transferred to the profit and loss account when the hedged transaction affects profit or loss such as when hedged financial income or financial expense is recognised or when a forecast sale or purchase occurs. When the hedged item is the cost of a non-financial asset or liability, the amounts taken to equity are transferred to the initial carrying amount of the non-financial asset or liability.

If the forecast transaction is no longer expected to occur, amounts previously recognised in equity are transferred to the profit and loss account. If the hedging instrument expires or is sold, terminated or exercised, or if its designation as a hedge is revoked, amounts previously recognised in equity shall remain in equity until the forecast transaction occurs or is no longer expected to occur.

Hedges of a net investment
Hedges of a net investment in a foreign operation, including a hedge of a monetary item that is accounted for as part of the net investment, are accounted for in a way similar to cash flow hedges. On disposal of the foreign operation, the cumulative gain or loss previously recognised in equity is recognised in profit and loss account.

2.38 FINANCIAL GUARANTEES

The Company has issued corporate guarantees to banks for bank borrowings of its subsidiaries. These guarantees are financial guarantee contracts as they require the Company to reimburse the banks if the subsidiaries fail to make principal or interest payments when due in accordance with the terms of their borrowings.

Financial guarantees are initially recognised at fair value. Subsequent to initial measurement, the financial guarantees are stated at the higher of the initial fair value less cumulative amortisation and the amount that would be recognised if they were accounted for as contingent liabilities. The amortisation of the financial guarantee contracts to the Company's profit and loss account is based on the tenure of the subsidiaries' borrowings.

2.39 DERECOGNITION OF FINANCIAL ASSETS AND LIABILITIES

a) Financial assets
A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised where:

- The contractual rights to receive cash flows from the asset have expired;
- The Group retains the contractual rights to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass-through' arrangement; or
- The Group has transferred its rights to receive cash flows from the asset and either (i) has transferred substantially all the risks and rewards of the asset, or (ii) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Where the Group has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Group's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay. Where continuing involvement takes the form of a written and/or purchased option on the transferred asset, the extent of the Group's continuing involvement is the amount of the transferred asset that the Group may repurchase, except that in the case of a written put option on an asset measured at fair value, the extent of the Group's continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2006

(IN SINGAPORE DOLLARS)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.39 DERECOGNITION OF FINANCIAL ASSETS AND LIABILITIES (CONT'D)

a) Financial assets (cont'd)

On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of (a) the consideration received (including any new asset obtained less any new liability assumed) and (b) any cumulative gain or loss that has been recognised directly in equity is recognised in the profit and loss account.

b) Financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expired.

Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the profit and loss account.

2.40 SEGMENT REPORTING

The Group's operating businesses are organised and managed in separate strategic business units according to the nature of products and services provided.

Revenues attributable to geographic areas are based on the location for which the revenue is earned or the business is transacted. Geographical segment assets are based on the location or operation of the Group's assets.

Segment accounting policies are the same as the policies described above. Inter-segment sales and transfers are determined on an arm's length basis.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2006

(IN SINGAPORE DOLLARS)

3 PROPERTY, PLANT AND EQUIPMENT

	Freehold Land	Buildings on Freehold Land	Leasehold Land	Buildings on Leasehold Land	Plant Equipment Vehicles Furniture	Freehold Properties Under Development	Capital Work-In-Progress	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
GROUP	At cost or valuation [(d)]				At cost			
At cost or valuation								
At 1 January 2006	14,039	47,126	54,648	68,709	233,518	10,011	2,331	430,382
Additions	277	1,875	-	2	6,983	7,713	180	17,030
Disposals	-	-	-	-	(16,883)	(522)	-	(17,405)
Disposal of a subsidiary (note 41(a))	-	-	-	-	(12)	-	-	(12)
Transfer	-	-	-	113	270	-	(383)	-
Reclassified to investment properties (note 4)								
- On initial adoption of FRS 40	(819)	(1,369)	-	-	-	-	-	(2,188)
- During the year	-	(1,594)	-	-	-	(2,723)	-	(4,317)
Assets classified as held for sale (note 22)	(2,003)	-	-	-	-	(2,850)	-	(4,853)
Exchange adjustment	(161)	(377)	(34)	(107)	(9,977)	-	(16)	(10,672)
At 31 December 2006	11,333	45,661	54,614	68,717	213,899	11,629	2,112	407,965
Accumulated depreciation and impairment								
At 1 January 2006	37	11,128	8,942	20,303	170,617	-	-	211,027
Charge for year	-	1,210	590	1,637	12,523	-	-	15,960
Applicable to disposals	-	-	-	-	(15,967)	-	-	(15,967)
Disposal of a subsidiary (note 41(a))	-	-	-	-	(5)	-	-	(5)
Reclassified to investment properties (note 4)								
- On initial adoption of FRS 40	(37)	(279)	-	-	-	-	-	(316)
- During the year	-	-	-	-	-	-	-	-
Impairment (reversal)/charge	-	-	(7,259)	-	745	-	-	(6,514)
Exchange adjustment	-	(71)	(3)	(79)	(7,631)	-	-	(7,784)
At 31 December 2006	-	11,988	2,270	21,861	160,282	-	-	196,401
Net Carrying Amount								
At 1 January 2006	14,002	35,998	45,706	48,406	62,901	10,011	2,331	219,355
At 31 December 2006	**11,333**	**33,673**	**52,344**	**46,856**	**53,617**	**11,629**	**2,112**	**211,564**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2006

(IN SINGAPORE DOLLARS)

3 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	Freehold Land $'000	Buildings on Freehold Land $'000	Leasehold Land $'000	Buildings on Leasehold Land $'000	Plant Equipment Vehicles Furniture $'000	Freehold Properties Under Development $'000	Capital Work-In-Progress $'000	Total $'000
GROUP	At cost or valuation (d)		At cost					
At cost or valuation								
At 1 January 2005	6,681	40,229	53,809	57,702	90,211	7,295	-	255,927
Additions	-	2,369	-	20	17,090	6,628	249	26,356
Disposals	-	-	-	-	(3,286)	(3,912)	-	(7,198)
Acquisition of subsidiaries (note 41(b))	17,130	6,585	833	10,905	129,845	-	2,548	167,846
Assets classified as held for sale (note 22)	(9,217)	(45)	-	-	-	-	-	(9,262)
Transfer	-	-	-	-	487	-	(487)	-
Exchange adjustment	(555)	(2,012)	6	82	(829)	-	21	(3,287)
At 31 December 2005	14,039	47,126	54,648	68,709	233,518	10,011	2,331	430,382
Accumulated depreciation and impairment								
At 1 January 2005	85	10,604	13,127	9,031	59,961	-	-	92,808
Charge for year	-	1,109	527	1,572	14,039	-	-	17,247
(Reversal of) /Impairment charge	-	-	(4,743)	-	70	-	-	(4,673)
Applicable to disposals	-	-	-	-	(2,524)	-	-	(2,524)
Acquisition of subsidiaries (note 41(b))	-	270	31	9,627	99,724	-	-	109,652
Applicable to assets classified as held for sale (note 22)	-	(33)	-	-	-	-	-	(33)
Exchange adjustment	(48)	(822)	-	73	(653)	-	-	(1,450)
At 31 December 2005	37	11,128	8,942	20,303	170,617	-	-	211,027
Net Carrying Amount								
At 1 January 2005	6,596	29,625	40,682	48,671	30,250	7,295	-	163,119
At 31 December 2005	14,002	35,998	45,706	48,406	62,901	10,011	2,331	219,355

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2006
(IN SINGAPORE DOLLARS)

3 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	Freehold Land $'000	Buildings on Freehold Land $'000	Plant Equipment Vehicles Furniture $'000	Total $'000
COMPANY	At cost or valuation [(d)]		At cost	
At cost or valuation				
At 1 January 2006	396	416	315	1,127
Additions	-	-	15	15
Reclassified to investment properties (note 4)				
- On initial adoption of FRS 40	(396)	(405)	-	(801)
Exchange adjustment	-	-	(4)	(4)
At 31 December 2006	-	11	326	337
Accumulated depreciation				
At 1 January 2006	-	287	194	481
Charge for year	-	-	32	32
Reclassified to investment properties (note 4)				
- On initial adoption of FRS 40	-	(278)	-	(278)
Exchange adjustment	-	-	(3)	(3)
At 31 December 2006	-	9	223	232
Net Carrying Amount				
At 1 January 2006	396	129	121	646
At 31 December 2006	**-**	**2**	**103**	**105**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2006

(IN SINGAPORE DOLLARS)

3 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	Freehold Land $'000	Buildings on Freehold Land $'000	Plant Equipment Vehicles Furniture $'000	Total $'000
COMPANY	At cost or valuation [(d)]		At cost	
At cost or valuation				
At 1 January 2005	952	1,049	331	2,332
Additions	-	-	3	3
Assets classified as held for sale (note 22)	(24)	(45)	-	(69)
Exchange adjustment	(532)	(588)	(19)	(1,139)
At 31 December 2005	396	416	315	1,127
Accumulated depreciation				
At 1 January 2005	-	701	166	867
Charge for year	-	26	38	64
Applicable to assets classified as held for sale (note 22)	-	(33)	-	(33)
Exchange adjustment	-	(407)	(10)	(417)
At 31 December 2005	-	287	194	481
Net Carrying Amount				
At 1 January 2005	952	348	165	1,465
At 31 December 2005	396	129	121	646

(a) Asset under finance lease

The net carrying amount of a motor vehicle under the finance lease at 31 December 2006 was $51,000 (2005 : $59,000).

This asset is pledged as security for the related finance lease liability (note 23).

(b) The reversal of impairment charge of $7,259,000 (2005: $4,743,000) relates to the write-back of a hotel property to its recoverable amount based on its fair value which is determined by reference to open market value on an existing use basis.

(c) The net impairment charge of $745,000 (2005: $70,000) comprise the write down of plant and equipment in resources operation and the reversal of impairment charge made by a food and beverage outlet in 2005.

(d) The net carrying amount of certain freehold land and buildings of the Group and Company based on their historical cost cannot be reasonably determined. The gross carrying amounts at Group and Company based on Directors' valuation on or before 1974 at balance sheet date are $36,000 (2005 : $746,000) and Nil (2005 : $710,000) respectively.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2006

(IN SINGAPORE DOLLARS)

3 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

(e) Details of properties included in Property, plant and equipment as at 31 December 2006 are as follows :

Description of Properties	Tenure	Existing Use
Singapore		
Rendezvous Hotel with 299 rooms at No. 9 Bras Basah Road	99 years from 1994	Hotel
Australia		
Rendezvous Observation City Hotel, Perth with 333 rooms at No. 148 The Esplanade, Scarborough, WA 6019	Freehold	Hotel
No. 255 Ann Street, Anzac Square, Brisbane, QLD 4000 :		
(i) Restaurant at Lot 1	Freehold	Retail
(ii) Manager unit at Lot 7	Freehold	Residential
Restaurant at Lot 177, Lullfitz Drive, Cable Beach, Broome	Freehold	Retail
Central facilities at Lot 145 and 146 Port Douglas Road, QLD 4877	Freehold	Retail and office
Land at Lot 1, Marlborough Road, Mount Gardiner, Queensland, 4705	Freehold	Storage yard
Malaysia		
Wavertree Bungalow at Jalan Lady Maxwell, 49000 Bukit Fraser, Pahang	Freehold	Holiday Bungalow
No. 27 Jalan Pantai, 12000 Butterworth :		
(i) Offices and factory buildings at Lot 142 – 187 and 362	Freehold	Office and factory
(ii) Car park shed at Lot 268	Leasehold expiring 2028	Carpark shed
(iii) Seabed leases with main wharf at Lot 263	Leasehold expiring 2006	Main wharf
Offices at unit No. B-15-11, Megan Avenue II, 12 Jalan Yap Kwan Seng, 50450 Kuala Lumpur	Freehold	Office
80 units of flats at Taman Desa Palma, Alma, 14000 Bukit Mertajam	Freehold	Residential
Land at Lot 1203, Mukim 12, Daerah Seberang Perai Tengah	Freehold	Agricultural

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2006
(IN SINGAPORE DOLLARS)

3 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Description of Properties	Tenure	Existing Use
Mukim Belukar Semang and Mukim Pengkalan Hulu, Daerah Hulu Perak :		
(i) Land and buildings at Lot 344 and 348	Freehold	Dam and residential
(ii) Land at Lot 1886	Freehold	Agricultural
(iii) Land and buildings at Lot 1868, 2071, 2163, 879, 880, PT3375	Leasehold expiring 2007 to 2011	Dam, residential and power station
Indonesia		
Offices, factory buildings and houses at Bangka Island	Mining lease expiring 2013	Office, factory and residential
Land and buildings at Bangka Island	Leasehold (land rights) expiring 2034	Office

Freehold properties under development as at 31 December 2006 are as follows :

Description of Properties	Stage of Completion	Expected Date of Completion	Site Area / Gross Floor Area sq.m.	Group's Effective Interest in Property
Residential development at Cable/Nathan Road, Singapore	Phase development in progress	End 2010	15,113 / 6,955 (estimated)	100%

4 INVESTMENT PROPERTIES

	Group		Company	
	2006	2005	**2006**	2005
	$'000	$'000	**$'000**	$'000
At fair value :				
Balance as at 1 January	**435,901**	877,545	**39,042**	41,748
Reclassified from Property, plant and equipment (note 3)				
- On initial adoption of FRS 40	**1,872**	-	**523**	-
- During the year	**4,317**	-	**-**	-
Gains from fair value adjustments/(revaluation deficit) recognised in the :				
- Revenue reserve, on initial adoption of FRS 40	**36,820**	-	**31,640**	-
- Profit and loss account	**71,056**	(15,200)	**6,006**	-
- Revaluation reserve	**-**	-	**-**	(3,066)
Redevelopment expenditure	**1,778**	-	**-**	-
Disposal during the year	**(9,680)**	(36,978)	**-**	-
Disposal of a subsidiary (note 41(a))	**(120,000)**	-	**-**	-
Assets classified as held for sale (note 22)	**(4,941)**	(390,000)	**-**	-
Exchange adjustment	**(770)**	534	**(636)**	360
	416,353	435,901	**76,575**	39,042

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2006

(IN SINGAPORE DOLLARS)

4 INVESTMENT PROPERTIES (CONT'D)

(a) Investment properties are stated at fair value, which has been determined based on valuations as at 31 December 2006. Valuations for significant investment properties are performed by registered independent professionally qualified valuers; based on the open market value for existing use.

(b) The property rental income earned by the Group for the year ended 31 December 2006 from investment properties, all of which are leased out under operating leases, amounted to $11,905,000 (2005 : $20,324,000). Direct operating expenses (including repair and maintenance) arising on the rental-earning and non-rental-earning investment properties amounted to $3,893,000 (2005 : $9,892,000) and $401,000 (2005 : Nil) respectively.

(c) Details of investment properties as at 31 December 2006 are as follows:

Description of Properties	Tenure	Site Area sq.m.	Net Floor Area sq.m.	Existing Use
Singapore				
Gourmet Gallery, a 3-storey commercial building at No. 9 Bras Basah Road	99 years from 1994	610	1,826	Retail
38 residential units and 1 shop unit at Gallop Gables condominium	Freehold	-	10,178	Residential
53 residential units at Gallop Green condominium	Freehold	13,309	17,658	Residential
Malaysia				
Straits Trading Building, a 7-storey commercial building at No. 2 Lebuh Pasar Besar, Kuala Lumpur	999 years Leasehold /Freehold	2,224	10,096	Office
3 contiguous parcels of commercial terraced plots Lot Nos. 2, 3 and 4, Section 7 Town of Ampang, Selangor	Freehold	583	-	Retail
5 contiguous units of double-storey pre-war terraced shophouses, No. 127, 129 and 131 Jalan Gopeng, Kampar, Perak	Freehold	1,115	1,473	Retail
A parcel of development land accommodating a single-storey detached house, Lot No. 40401, Mukim of Kampar, District of Kinta, Perak	Freehold	14,249	384	Retail
6 contiguous units of double-storey pre-war terraced shophouses and a parcel of commercial land, No. 1-3 Jalan Sultan Yusuf, Ipoh, Perak	Freehold	1,612	1,424	Retail
7 contiguous parcels of terraced commercial plots and a parcel of commercial land, Lot Nos. 1669S to 1675S and 14491, Town of Ipoh, District of Kinta, Perak	Freehold	2,359	-	Storage yard
A parcel of residential land Lot No. 11260, Mukim of Hulu Kinta, District of Kinta, Perak	999 years Leasehold	11,255	-	Residential

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2006

(IN SINGAPORE DOLLARS)

4 INVESTMENT PROPERTIES (CONT'D)

Description of Properties	Tenure	Site Area sq.m.	Net Floor Area sq.m.	Existing Use
A single-storey pre-war terraced shophouse No. 11 & 12, Jalan Lahat, Pusing, Perak	Freehold	446	221	Retail
2 contiguous parcels of terraced commercial plots Lot Nos. 407 & 408, Town of Menglembu, District of Kinta, Perak	Freehold	446	-	Storage yard
2 contiguous units of double-storey pre-war terraced shophouses No. 24, Jalan High, Gopeng, Perak	Freehold	465	465	Retail
A parcel of residential land, Lot No. 34612 Jalan Gopeng, Ipoh, Perak	999 years Leasehold	12,892	-	Residential
A double-storey pre-war terraced shophouse No. 105 Jalan Besar, Chemor, Perak	Freehold	223	85	Retail
Commercial land with a few shophouses, Lot Nos. 1105 to 1110, 2122 and 2123 Town of Seremban, District of Seremban, Negeri Sembilan	Freehold	3,826	478	Retail
Lot Nos. 197 and 199, Section 4 Town of Butterworth, Pulau Pinang	Freehold	7,949	-	Retail
Lot Nos. 2626 and 2569, Section 4 Town of Butterworth, Pulau Pinang	Freehold	6,535	-	Carpark
Lot Nos. 2499, 189, 190 and 270, Section 4 Town of Butterworth, Pulau Pinang; accommodating 6 residential units, a single-storey bungalow with 2 annex buildings, a single-storey club house and 1½ storey squash court and vacant plots	Freehold with two minor plots expiring 2026 and 2030	41,343	3,185	Residential/ Retail/ Carpark
Lot Nos. 195, 2502 and 2570, Section 4 Town of Butterworth, Pulau Pinang; accommodating a 3-storey club house with a guard house, three single-storey bungalows with/without annex building and vacant plots	Freehold	55,928	3,513	Office/ Residential/ Club house/ Storage yard/ Car showroom
8 units of 3-storey shophouses, No. 4819 to 4826 Jalan Pantai, Teman Selat, Butterworth, Pulau Pinang	Freehold	1,322	3,787	Commercial
A 3- storey bungalow at No. 38 Persiaran Persekutuan, Kuala Lumpur	Freehold	801	544	Residential

4 INVESTMENT PROPERTIES (CONT'D)

Investment properties undergoing redevelopment as at 31 December 2006 are as follows:

Description of Properties	Tenure	Stage of Completion	Expected Date of Completion	Site Area / Gross Floor Area sq.m.	Group's Effective Interest in Property
Straits Trading Building, a 28-storey commercial building at No. 9 Battery Road, Singapore	999 years Leasehold	Early redevelopment stage	1st Quarter 2009	1,340 / 14,900 (estimated)	100%

5 BASE INVENTORY

As stated in note 2.12, base inventory, which comprises a metallic tin content of 381 tonnes (2005 : 381 tonnes), is stated in the balance sheet at lower of estimated recoverable amounts and cost of $1,303,000 or RM3,000,000 (2005 : $1,320,000 or RM3,000,000).

6 SUBSIDIARIES

	Company 2006 $'000	Company 2005 $'000
Investments In Subsidiaries		
Quoted shares, at cost	**25,402**	25,402
Unquoted shares, at cost	**110,559**	110,245
	135,961	135,647
Less : Allowance for impairment loss	**(15,770)**	(15,770)
	120,191	119,877
Amounts Due from Subsidiaries		
Amounts receivable on current account	**381,049**	715,346
Amounts payable on current account	**(285,116)**	(308,099)
Loans receivable	**75,920**	76,490
	171,853	483,737

(a) Details of subsidiaries are included in note 52.

(b) The amounts receivable or payable on current account are non-trade related, unsecured, have no fixed terms of repayment and are not expected to be repaid within 1 year. Accordingly, the fair value of these balances cannot be reasonably determined as the timing of the future cash flows arising from these balances cannot be estimated reliably. No interest is charged except for an amount receivable of $9,678,000 (2005 : $18,748,000) which bears interest ranging from 3.3% to 4.0% per annum (2005 : 2.0% to 4.2%) (same for the effective interest rates).

(c) Loans receivable are non-trade related, unsecured, bear interest based on prevailing market rate ranging from 5.6% to 6.4% per annum (2005 : 5.6% to 5.7%), (same for the effective interest rates), have no fixed terms of repayment and are not expected to be repaid within 1 year. Accordingly, the carrying amount of the loans receivable approximates fair value. The loans are expected to mature in less than 10 years.

Loans receivable are denominated in Australian Dollar.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2006
(IN SINGAPORE DOLLARS)

7 JOINT VENTURES

	Group	
	2006	2005
	$'000	$'000
Unquoted share, at cost	**-***	-*
Share of reserves	**204**	167
Exchange adjustment	**-**	(6)
	204	161
Amount receivable on current account	**256**	296
Total interests in joint venture	**460**	457

* Related to cost of investment of A$1.

(a) Details of joint ventures are included in note 52.

(b) The amount receivable on current account is non-trade related, unsecured, interest-free, has no fixed term of repayment and is not expected to be repaid within 1 year. Accordingly, the fair value of the amount receivable cannot be reasonably determined as the timing of the future cash flows arising from the amount receivable cannot be estimated reliably.

The amount receivable on current account is denominated in Australian Dollar.

(c) The aggregate amounts of each of the current assets, non-current assets, current liabilities, non-current liabilities, income and expenses related to the joint venture are as follows :

	Group	
	2006	2005
	$'000	$'000
Assets and liabilities		
Non-current assets	**840**	836
Current assets	**106**	294
Total assets	**946**	1,130
Current liabilities	**(226)**	(250)
Non-current liabilities	**(312)**	(558)
Total liabilities	**(538)**	(808)
Net assets	**408**	322
Results		
Revenues	**1,835**	1,790
Expenses	**(1,669)**	(1,458)
Income tax	**(80)**	-
Net profit for the year	**86**	332

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2006

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8 ASSOCIATES

	Group		Company	
	2006	2005	**2006**	2005
	$'000	$'000	**$'000**	$'000
Unquoted shares, at cost	**6,919***	4,457	**3,585***	1,123
Share of post-acquisition reserves	**12,338**	9,960	**-**	-
Exchange adjustment	**(349)**	(207)	**-**	-
	18,908	14,210	**3,585**	1,123

* Net of impairment loss of $11,000 (2005: Not applicable) against initial investment cost not represented by the net assets of the associate.

(a) Details of associates are included in note 52.

(b) The summarised financial information of the associates are as follows :

	Group	
	2006	2005
	$'000	$'000
Assets and liabilities		
Total assets	**58,531**	47,560
Total liabilities	**(12,366)**	(14,712)
Net assets	**46,165**	32,848
Results		
Revenues	**33,116**	270,343
Net profit for the year	**5,346**	26,811

9 INVESTMENTS

	Group		Company	
	2006	2005	**2006**	2005
	$'000	$'000	**$'000**	$'000
Available-for-sale				
Shares – quoted, at fair value	**304,096**	334,036	**212,074**	250,202
– unquoted, at cost	**32**	32	**32**	32
	304,128	334,068*	**212,106**	250,234*

* Net of impairment losses of $2,560,000 and $2,225,000 for the Group and the Company respectively for 2005.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2006
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10 MINING RIGHTS

	Group	
	2006	2005
	$'000	$'000
At cost		
At 1 January	**6,109**	-
Arising on acquisition of a subsidiary (note 41(b))	**-**	6,070
Exchange adjustment	**(476)**	39
At 31 December	**5,633**	6,109
Amortisation		
At 1 January	**1,061**	-
Charge for the year/since acquisition	**1,631**	1,055
Exchange adjustment	**(135)**	6
At 31 December	**2,557**	1,061
Net Carrying Amount	**3,076**	5,048

11 MANAGEMENT RIGHTS

	Group	
	2006	2005
	$'000	$'000
At cost		
At 1 January	**1,896**	1,910
Additions	**-**	61
Exchange adjustment	**(14)**	(75)
At 31 December	**1,882**	1,896
Amortisation		
At 1 January	**761**	601
Charge for year	**185**	190
Exchange adjustment	**(4)**	(30)
At 31 December	**942**	761
Net Carrying Amount	**940**	1,135

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2006

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12 DEFERRED TAX ASSETS AND LIABILITIES

	Group		Company	
	2006	2005	**2006**	2005
	$'000	$'000	**$'000**	$'000
Deferred tax assets :				
Unutilised tax losses	**192**	353	**-**	-
Provisions	**8,966**	933	**-**	-
Difference in depreciation	**(1,351)**	(92)	**-**	-
Revaluation of foreign currency forward contracts/forward sales contracts to fair value	**1,180**	1	**-**	-
Exchange adjustment	**(361)**	(29)	**-**	-
	8,626	1,166	**-**	-
Deferred tax liabilities :				
Difference in depreciation	**(4,921)**	(6,142)	**(366)**	(254)
Unremitted foreign income and profits	**(11,735)**	(3,755)	**-**	-
Fair value changes on held-for-trading and available-for-sale investments	**(9,113)**	(5,066)	**-**	-
Revaluation of foreign currency forward contracts to fair value	**(367)**	1,512	**-**	-
Revaluation of an interest rate swap to fair value	**-**	(55)	**-**	-
Fair value adjustments arising from a subsidiary acquired	**(144)**	(314)	**-**	-
Fair value changes on investment properties	**(2,106)**	-	**(1,876)**	-
Others	**(301)**	783	**-**	-
	(28,687)	(13,037)	**(2,242)**	(254)

Deferred tax assets are recognised for tax losses of certain subsidiaries on the basis that taxable profits will be generated to utilise these tax losses.

As at 31 December 2006, certain subsidiaries have unutilised tax losses amounting to $49,927,000 (2005 : $49,621,000) and capital allowances amounting to $79,000 (2005 : $18,000) available for setting off against future taxable income, subject to the provisions of the Income Tax Act and agreement by the relevant authorities, for which deferred tax assets have not been recognised.

13 GOODWILL ON CONSOLIDATION

	Group	
	2006	2005
	$'000	$'000
At cost		
At 1 January	**21,410**	-
Goodwill arising on acquisition of minority interests of a subsidiary, net (note 41(a))	**2,760**	-
Goodwill arising on acquisition of subsidiaries (note 41(b))	**-**	21,400
Exchange adjustment	**(257)**	10
At 31 December	**23,913**	21,410
Accumulated impairment charge		
At 1 January	**-**	-
Impairment charge	**664**	-
At 31 December	**664**	-
Net Carrying Amount	**23,249**	21,410

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2006

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13 GOODWILL ON CONSOLIDATION (CONT'D)

Goodwill acquired through business combinations has been allocated to the Group's 'resources' segment, being one of the Group's cash-generating units for impairment testing.

The recoverable amounts are determined based on fair value less cost to sell.

The subsidiaries are listed on the Stock Exchange in the respective countries where it was incorporated, as such, fair values are based on market bid prices traded in these active markets. For goodwill impairment review, management also reviews other economic factors and market conditions to assess whether the recoverable amounts as determined using this method are sustainable.

As a result of the goodwill impairment review to determine whether there was an impairment in the carrying amount of goodwill, an impairment loss of $664,000 (2005 : Nil) together with the associated exchange translation $44,000 (2005 : Nil) relating to the Australian tin exploration subsidiary in the 'resources' segment was recognised as a charge to the profit and loss account in 2006.

14 OTHER NON-CURRENT ASSETS

		Group	
		2006	2005
		$'000	$'000
(a)	Deferred exploration and evaluation expenditure		
	At 1 January	**6,223**	-
	On acquisition of subsidiaries (note 41(b))	**-**	5,197
	Additions	**735**	1,329
	Written off to profit and loss account (note 33)	**(4,471)**	(191)
	Amortisation	**(20)**	(25)
	Disposal	**-**	(25)
	Exchange adjustment	**(277)**	(62)
	At 31 December	**2,190**	6,223
(b)	Deferred mine development expenditure		
	At 1 January	**6,389**	-
	Additions	**1,098**	6,501
	Amortisation	**(3,125)**	(48)
	Exchange adjustment	**(344)**	(64)
	At 31 December	**4,018**	6,389
(c)	Security deposit	**18**	18
(d)	Corporate club membership		
	At 1 January	**-**	-
	Additions	**139**	-
	Amortisation	**(7)**	-
	At 31 December	**132**	-
Total Carrying Amount		**6,358**	12,630

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2006

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14 OTHER NON-CURRENT ASSETS (CONT'D)

Notes 14(a) and (b) represent exploration and evaluation as well as mine development expenditure for several areas of interest. The costs are carried forward to the extent that they are expected to be recouped through the successful development of the areas or activities of the areas which have not reached a stage that permit reasonable assessment of the existence of economically recoverable reserves.

15 PROPERTIES HELD FOR SALE

	Group	
	2006	2005
	$'000	$'000
At lower of cost or net realisable value	**23,681**	32,859

Details of the properties as at 31 December 2006 are as follows:

Description of Properties	Net Floor Area sq.m.	Group's Effective Interest in Property	Existing Use
38 (2005 : 56) residential units at Gallop Gables Condominium, Singapore	5,766	100%	Residential
4 units of 3-storey shophouses and 5 units of 4-storey shophouses at Jalan Selat, Teman Selat, Butterworth#	3,667	100%	Commercial

There was no sale during the year.

16 INVENTORIES

	Group	
	2006	2005
	$'000	$'000
At lower of cost or net realisable value :		
Inventories of tin-in-concentrates, tin-in-process and refined tin metal	**110,957**	147,801
Tin goods in transit	**10,054**	5,491
Other tin inventories (stores, spares, fuels and by-products)	**9,737**	14,158
Food and beverage inventories	**1,519**	1,221
	132,267	168,671

The amount of write-down of inventories recognised as an expense was nil (2005 : $119,000). This expense was included in the cost of tin mining and smelting in the profit and loss account. Cost of inventories sold amounted to $622,373,000 (2005 : $510,761,000).

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2006
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17 MARKETABLE SECURITIES

	Group	
	2006	2005
	$'000	$'000
Held-for-trading securities, at fair value		
Quoted shares in corporations	**68,244**	55,421
Other quoted investments	**992**	994
	69,236	56,415

Other quoted investments for both 2006 and 2005 are the same secured bonds with a fixed interest rate of 8% per annum and maturity date of 20 November 2012.

18 TRADE AND OTHER RECEIVABLES

	Group		Company	
	2006	2005	**2006**	2005
	$'000	$'000	**$'000**	$'000
(a) Trade receivables	**52,946**	31,588	**1,073**	772
Allowance for impairment losses	**(5,841)**	(1,940)	**-**	(16)
	47,105	29,648	**1,073**	756
(b) Other receivables :				
Balance receivable from sale of property	**1,066**	3,680	**-**	-
Deposits and prepayments	**2,575**	8,285	**89**	88
Non-trade receivables*	**35,610**	17,527	**9**	253
	39,251	29,492	**98**	341
Allowance for impairment losses	**(460)**	(159)	**-**	-
	38,791	29,333	**98**	341
Total trade and other receivables	**85,896**	58,981	**1,171**	1,097

* Included in non-trade receivables are :

(i) An amount of $4.085 million (2005 : $7.109 million) relating to insurance recoverable.

(ii) An amount of $14.415 million (2005 : Nil) being advances paid before delivery of tin.

The Group's normal trade credit terms range from cash to 90 days.

Included in trade and other receivables are the following balances denominated in foreign currencies :

	Group		Company	
	2006	2005	**2006**	2005
	$'000	$'000	**$'000**	$'000
Malaysia Ringgit	**14,790**	20,413	**357**	823
Indonesian Rupiah	**10,897**	12,999	**-**	-
United States Dollar	**33,781**	9,933	**-**	-
Australian Dollar	**8,877**	5,906	**-**	-
New Zealand Dollar	**2,382**	-	**-**	-
Chinese Renminbi	**599**	760	**-**	-

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2006
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19 TAX RECOVERABLES

	Group		Company	
	2006	2005	**2006**	2005
	$'000	$'000	**$'000**	$'000
Tax recoverables	**8,928**	14,838	**5**	9

Included in tax recoverables are :

(a) Overpayment of income tax of $6,443,000 (2005 : $4,809,000) by a foreign subsidiary.

(b) The amount of $8,567,000 in 2005 was related to payments made to the Inland Revenue Authority of Singapore (IRAS) with regard to prior years of assessments of certain subsidiaries. The amount has been recovered during the year.

20 OTHER FINANCIAL ASSETS/OTHER FINANCIAL LIABILITIES

Derivative financial instruments included in the balance sheet as at 31 December are as follows :

	Group				Company			
	2006	**2006**	2005	2005	**2006**	**2006**	2005	2005
	Assets	**Liabilities**	Assets	Liabilities	**Assets**	**Liabilities**	Assets	Liabilities
	$'000	**$'000**	$'000	$'000	**$'000**	**$'000**	$'000	$'000
Interest rate cap	**-**	**-**	45	-	**-**	**-**	-	-
Cross currency swap contracts	**140**	**-**	-	(104)	**-**	**-**	-	-
Forward sales contracts	**-**	**(4,042)**	207	-	**-**	**-**	-	-
Foreign currency forward contracts	**695**	**(2)**	-	(5,041)	**-**	**-**	-	-
Financial guarantee contract	**-**	**-**	-	-	**-**	**(70)**	-	-
	835	**(4,044)**	252	(5,145)	**-**	**(70)**	-	-
Current	**835**	**(4,044)**	207	(3,534)	**-**	**(70)**	-	-
Non-current	**-**	**-**	45	(1,611)	**-**	**-**	-	-
	835	**(4,044)**	252	(5,145)	**-**	**(70)**	-	-

These represent the fair values of :

(a) interest rate cap, where its fair value changes were taken to the profit and loss account.

(b) cross currency swap contracts, where the fair value changes are taken to the profit and loss account.

(c) forward sales contracts entered into for the purpose of hedging against market fluctuations in tin prices. The fair value changes of such contracts are recognised in the fair value reserve to the extent that the hedges are effective.

(d) foreign currency forward contracts entered into for the purpose of hedging against foreign exchange risk. The fair value changes are recognised in the fair value reserve to the extent that the hedges are effective.

(e) financial guarantee contract issued by the Company to the provider of a term loan facility to a subsidiary, less cumulative amortisation.

Further details of the above derivative financial instruments (a) to (d) are disclosed in note 47 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2006

(IN SINGAPORE DOLLARS)

21 CASH AT BANK AND ON DEPOSIT

	Group		Company	
	2006	2005	**2006**	2005
	$'000	$'000	**$'000**	$'000
Cash at bank and in hand	**29,909**	24,459	**848**	982
Short term deposits	**305,290**	135,260	**260,580**	110,703
	335,199	159,719	**261,428**	111,685

Cash at bank earns interest at floating rates based on daily bank deposit rates ranging from 0.1% to 5.1% (2005 : 0.1% to 4.5%) per annum. Short-term deposits are placed for varying periods of between one day to one year depending on the immediate cash requirements of the Group, and earn interests at the respective short-term deposit rates. The weighted average effective interest rate of short-term deposits is approximately 3.3% (2005 : 2.3%) per annum.

Included in cash at bank and on deposit of the Group are :

(a) A project account totalling $16,041,000 (2005 : $5,536,000) maintained with a financial institution for a housing development project undertaken by a subsidiary. The operation of the project account is governed by the Housing Developers (Project Account) Rules (1997 Ed).

This project account was closed on 28 February 2007 following completion of the housing development project.

(b) Short term deposit of $2 million relates to Advertising and Promotion (A&P) Reserve Sum maintained with a financial institution by a subsidiary for A&P expenses on No. 18, 20, 22 Cross Street, Singapore, in accordance with the master lease agreement executed by this subsidiary, more details are given in note 22(a).

Included in cash at bank and on deposit are the following balances denominated in foreign currencies :

	Group		Company	
	2006	2005	**2006**	2005
	$'000	$'000	**$'000**	$'000
Malaysia Ringgit	**14,624**	11,440	**7,333**	6,246
Indonesian Rupiah	**1,992**	7,364	**-**	-
United States Dollar	**35,494**	17,094	**4**	5
Australian Dollar	**6,593**	7,425	**3**	18
New Zealand Dollar	**1,372**	-	**-**	-
Chinese Renminbi	**1,016**	1,119	**-**	-

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2006
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22 ASSETS/LIABILITIES DIRECTLY ASSOCIATED WITH ASSETS CLASSIFIED AS HELD FOR SALE

		Group		Company	
		2006	2005	**2006**	2005
		$'000	$'000	**$'000**	$'000
	Assets classified as held for sale				
(a)	Reclassified from investment properties (note 4)	**4,941**	390,000	-	-
	Less : Provision for impairment	**-**	(31,750)	-	-
	Exchange adjustment	**55**	-	-	-
		4,996	358,250	-	-
(b)	Reclassified from property, plant and equipment (note 3)	**4,853**	9,229	-	36
	Disposal during the year	**(2,850)**	-	-	-
	Exchange adjustment	**21**	-	-	-
		7,020	367,479	-	36
	Liabilities directly associated with assets held for sale				
	Term loan	**-**	220,000	-	-

On 30 October 2006, the Group entered into Sale and Purchase Agreements (SPA) for the sale of three parcels of freehold land, Lot Nos. 1199 to 1201, Mukim 12, Daerah Seberang Perai Tengah, Pulau Pinang for a total consideration of S$8.70 million (RM20.03 million). The carrying amount of these three parcels of land is S$7.02 million (RM16.16 million). Completion of the sale is subject to completion of the terms and conditions stated in the SPA.

Assets reclassified as held for sale in 2005 were related to :

(a) The sale of No. 18, 20 and 22 Cross Street, Singapore (the Property) by a subsidiary and the arrangement to lease back the Property were completed on 30 March 2006. This subsidiary has executed on the same day a master lease agreement with the purchaser of the Property, at rent of $17.55 million per annum payable for a lease term of six years with an option to renew for a further term of six years on terms to be mutually agreed upon by the parties. The Company has executed a deed of undertaking in favour of the purchaser of the Property, to procure the performance and observance by this subsidiary of its obligations as tenant under the said master lease agreement, including the security deposit of $6 million bank guarantee this subsidiary must maintain at all times during the lease term.

The $220 million 3-year syndicated term loan secured over the Property was repaid upon the sale completion and the various security documents executed over the Property were discharged including the corporate guarantee given by the Company. Interest ranged from 3.3% to 4.0% per annum (2005 : 2.8% to 3.3%).

(b) Sale of 999 - year leasehold land in Ipoh, State of Perak, Malaysia to Taiko-Straits Developments Sdn. Bhd. (Taiko-Straits) under a conditional sale and purchase agreement between the Company and Taiko-Straits. The sale was completed in the third quarter of 2006 and Taiko-Straits has since become an associate of the Company.

(c) Conditional sale of two parcels of freehold land by Malaysia Smelting Corporation Berhad. Sale of the properties was completed in the second quarter of 2006.

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(IN SINGAPORE DOLLARS)

23 BORROWINGS

	Group	
	2006	2005
	$'000	$'000
Current		
Unsecured :		
Short-term trade finance	**97,379**	36,672
Banker's acceptance	**4,459**	85,839
Revolving credit facilities	**19,949**	21,609
Term loan 1	**-**	4,156
Term loan 2	**1,273**	1,567
Term loan 3	**25,758**	-
	148,818	149,843
Secured :		
Term loan 4	**-**	108,000
Obligations under finance lease (note 43(b))	**13**	12
	148,831	257,855
Non-current		
Unsecured :		
Term loan 2	**-**	1,025
Term loan 3	**-**	26,091
	-	27,116
Secured :		
Obligations under finance lease (note 43(b))	**32**	45
	32	27,161
Total borrowings	**148,863**	285,016

Foreign currency trade finance and revolving credit facilities are denominated in US dollar. Banker's acceptance are denominated in Malaysia Ringgit. All these facilities are utilised for working capital requirements involving purchases and sales of tin concentrates and tin metal.

The unsecured term loan 1 is denominated in US dollar and is repayable by 8 semi-annual principal repayments of US$1.25 million each commencing 5 April 2003. The loan has been fully repaid in 2006.

The unsecured term loan 2 is denominated in Australian dollar and is repayable by 8 semi-annual principal repayments of A$525,000 each commencing 17 April 2004.

The unsecured term loan 3 is a 2-year term loan facility due April 2007, and is denominated in Malaysia Ringgit. The term loan is guaranteed by the Company.

Term Loan 4 of $108 million 3-year term loan facility due September 2006 was relinquished following divestment of the entire stake in the borrowing subsidiary on 1 January 2006 (note 41(a)).

The interest rates of the term loans are repriced at intervals of 3 months (2005: 1 month, 3 months or 6 months).

The finance lease is secured by a motor vehicle (note 3(a)).

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23 BORROWINGS (CONT'D)

The range of interest rate incurred during the year, (same for the effective interest rates), for the borrowings are as follows :

	Group	
	2006	2005
	% per annum	% per annum
Bank overdrafts	**6.0 to 6.8**	6.0 to 6.8
Banker's acceptance	**3.3 to 4.2**	3.0 to 3.4
US dollar trade finance	**4.1 to 5.7**	3.0 to 4.7
Revolving credit facilities	**3.3 to 5.8**	2.7 to 4.6
Term loan 1	**4.6 to 6.5**	3.6 to 5.1
Term loan 2	**5.6 to 7.3**	6.7 to 7.0
Term loan 3	**4.1 to 4.8**	4.1
Term loan 4	**-**	2.4 to 3.9
Obligations under finance lease	**8.4**	8.4

Included in borrowings are the following balances denominated in foreign currencies :

	Group	
	2006	2005
	$'000	$'000
Malaysia Ringgit	**30,217**	111,930
United States Dollar	**117,328**	62,437
Australian Dollar	**1,318**	2,649

24 TRADE AND OTHER PAYABLES

		Group		Company	
		2006	2005	**2006**	2005
		$'000	$'000	**$'000**	$'000
(a)	Trade payables	**28,301**	14,467	**240**	510
(b)	Other payables :				
	Accrual for development cost	**1,148**	813	**-**	-
	Accrual for other charges	**15,583**	18,722	**622**	501
	Net deposits received on sale of properties	**924**	529	**11**	529
	Other deposits	**5,679**	6,821	**367**	376
	Severance benefit obligations	**1,080**	687	**-**	-
	Amount owing to an associate	**217**	440	**-**	-
	Others*	**15,014**	8,439	**2,218**	1,889
		39,645	36,451	**3,218**	3,295
Total trade and other payables		**67,946**	50,918	**3,458**	3,805

* Others relate mainly to payables on royalties and withholding taxes.

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24 TRADE AND OTHER PAYABLES (CONT'D)

The Group's normal trade credit range from cash term to 90 days.

The amount due to an associate represents security deposit amounting to $217,000 (2005 : $440,000) received for its purchase of refined tin metal. The amount is placed in fixed deposit with licensed banks and earns intererst at an average rate of 4.0% per annum (2005 : 3.7%). The fixed deposit interest earned on the security deposit is payable to the associate.

Included in trade and other payables are the following balances denominated in foreign currencies :

	Group		Company	
	2006	2005	**2006**	2005
	$'000	$'000	**$'000**	$'000
Malaysia Ringgit	**13,403**	10,773	**489**	1,047
Indonesian Rupiah	**8,049**	5,955	**-**	-
United States Dollar	**10,984**	7,445	**-**	-
Australian Dollar	**12,521**	6,474	**-**	-
New Zealand Dollar	**3,044**	-	**-**	-

Severance benefit obligations

The subsidiaries in Indonesia operate an unfunded, defined Severance Benefits Scheme (the Scheme) for their eligible employees. Under the Scheme, eligible permanent employees confirmed in service are entitled to severance benefits due to reduction or termination of operations, termination due to ill-health or death and on attainment of the normal retirement age of 55 or early retirement age of 50 due to ill-health. The obligations under the Scheme are determined based on actuarial valuation.

The following table summarised the components of the Scheme in the financial statements :-

(a) The amounts recognised in the balance sheet are determined as follows :

		Group	
		2006	2005
		$'000	$'000
Present value of unfunded defined benefit obligations		**12,807**	8,288
Unrecognised actuarial losses		**(2,151)**	-
Unrecognised past service costs		**(1,946)**	-
Net liability		**8,710**	8,288
Analysed as :			
Current		**1,080**	687
Non-current			
After 1 year but not more than 2 years		**617**	1,109
After 2 years but not more than 5 years		**999**	3,567
More than 5 years		**6,014**	2,925
	(note 26)	**7,630**	7,601
		8,710	8,288

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24 TRADE AND OTHER PAYABLES (CONT'D)

(b) The amounts recognised in the profit and loss account are as follows :

	Group	
	2006	2005
	$'000	$'000
Current service cost	**556**	186
Interest cost	**1,261**	436
Net actuarial losses	**35**	-
Past services costs	**298**	-
Total, included in employee benefits expenses (note 32)	**2,150**	622

(c) Movements in the net liability in the current year are as follows :

	Group	
	2006	2005
	$'000	$'000
At 1 January	**8,288**	-
Acquisition of a subsidiary	**-**	8,181
Amounts recognised in the profit and loss account (note 32)	**2,150**	622
Paid during the year	**(1,740)**	(567)
Exchange adjustment on foreign plans	**12**	52
At 31 December	**8,710**	8,288

(d) Principal actuarial assumptions used :

	2006	2005
	% per annum	% per annum
Discount rate	**10.5-11.0**	12.0
Expected rate of salary increases	**10.0**	10.0

25 PROVISIONS

	Group	
	2006	2005
	$'000	$'000
Mining rehabilitation provision		
At 1 January	**6,036**	-
Acquisition of subsidiaries	**-**	5,988
Provision made during the year	**953**	46
Paid/Utilised during the year	**(408)**	(36)
Exchange adjustment	**(489)**	38
At 31 December	**6,092**	6,036
Current	**36**	37
Non-current	**6,056**	5,999
	6,092	6,036

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25 PROVISIONS (CONT'D)

The provision of $5.886 million (2005 : $5.829 million) made by the subsidiary in Indonesia is in respect of mine rehabilitation expenditure to be incurred subsequent to the cessation of production of each mine property. It is provided based on the present value of the estimated expenditure to be incurred.

The provision of $0.206 million (2005 : $0.207 million) made by the subsidiary in Australia is based on agreements with the relevant authorities to provide financial assistance to the ongoing upgrading, maintenance and monitoring of basic rehabilitation of mine sites.

Included in provisions are the following balances denominated in foreign currencies :

	Group	
	2006	2005
	$'000	$'000
United States Dollar	**5,886**	5,829
Australian Dollar	**206**	207

26 OTHER NON-CURRENT LIABILITIES

	Group	
	2006	2005
	$'000	$'000
Deferred income on sale of No. 18, 20 and 22 Cross Street#	**19,031**	-
Unrealised profit on sale of properties to associates	**8,069**	5,851
Severance benefit obligations (note 24)	**7,630**	7,601
Amount due to minority shareholder of a subsidiary	**-**	12,776
Other liabilities*	**9,784**	234
	44,514	26,462

The amount due to minority shareholder of a subsidiary was related to advances made to a partly-owned subsidiary. The amount payable was non-trade related, unsecured, borne interest ranging from 2.0% to 4.2% per annum (same for the effective interest rates) and had no fixed term of repayment. This amount due was relinquished following divestment of the entire stake in this subsidiary on 1 January 2006.

During the financial year, the Group amortised $2.719 million (2005 : Nil) from deferred income to the profit and loss account.

* Included in other liabilities are provisions totalling $9.550 million (2005 : Nil) being Upgrading Contribution and Advertising & Promotional expenses in accordance with the master lease agreement executed by a subisidiary, more details are given in note 22(a).

Included in severance benefit obligations and other liabilities are the following balances denominated in foreign currencies :

	Group	
	2006	2005
	$'000	$'000
Indonesian Rupiah	**7,630**	7,601
Australian Dollar	**234**	234

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27 SHARE CAPITAL

	Group and Company			
	2006		2005	
	Number of shares	**Share capital**	Number of shares	Share capital
	'000	**$'000**	'000	$'000
Ordinary shares issued and fully paid :				
At 1 January	**356,400**	**356,400**	356,400	356,400
Reduction of share capital pursuant to selective capital reduction	**(30,503)**	**(90,472)**	-	-
At 31 December	**325,897**	**265,928**	356,400	356,400

During the financial year, the Company cancelled 30,503,000 ordinary shares at the price of S$2.966 per share pursuant to a selective capital reduction under Section 78G of the Companies Act (Cap.50).

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restriction.

On 30 January 2006, in accordance with the Companies (Amendment) Act 2005, the concepts of par value and authorised share capital were abolished and on that date, the shares of the Company ceased to have a par value.

28 RESERVES

	Group		Company	
	2006	2005	**2006**	2005
	$'000	$'000	**$'000**	$'000
Revaluation reserve [(a)]	**927**	77,590	**-**	26,010
Exchange translation reserve [(b)]	**(10,651)**	(17,982)	**(1,232)**	(468)
Fair value reserve [(c)]	**147,642**	148,156	**107,839**	131,681
Share-based payment reserve [(d)]	**33**	33	**-**	-
Revenue reserve	**885,443**	665,246	**466,670***	488,639
	1,023,394	873,043	**573,277**	645,862

* This is net of $119,658,000, being cancellation of subsidiaries' indebtedness after the divestments of China Square Central properties.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2006

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28 RESERVES (CONT'D)

(a) Revaluation Reserve

The revaluation reserve is used to record increases in the fair value of freehold, leasehold land and buildings and plant and equipment and decreases to the extent that such decrease relates to an increase on the same asset previously recognised in equity. The previous year amount included those related to investment properties.

	Group		Company	
	2006	2005	**2006**	2005
	$'000	$'000	**$'000**	$'000
At 1 January as previously reported	**77,590**	76,443	**26,010**	29,076
Effect of adopting FRS 40	**(76,443)**	-	**(26,010)**	-
At 1 January as restated	**1,147**	76,443	**-**	29,076
Net change in the reserve	**(220)**	1,147	**-**	(3,066)
At 31 December	**927**	77,590	**-**	26,010
Net change in the reserve from :				
- Impairment on plant and equipment	**(220)**	-	**-**	-
- Buildings on leasehold land and plant and equipment	**-**	1,147	**-**	-
- Investment properties	**-**	-	**-**	(3,066)
	(220)	1,147	**-**	(3,066)

(b) Exchange Translation Reserve

The exchange translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency. It is also used to record the effect of hedging net investments in foreign operations.

	Group		Company	
	2006	2005	**2006**	2005
	$'000	$'000	**$'000**	$'000
At 1 January	**(17,982)**	(17,862)	**(468)**	-
Net effect of exchange adjustments	**7,331**	(120)	**(764)**	(468)
At 31 December	**(10,651)**	(17,982)	**(1,232)**	(468)
Net effect of exchange differences arises from :				
- Translation of financial statements of foreign operations	**(4,232)**	(6,037)	**(764)**	(468)
- Hedging net investments in foreign operations	**542**	4,271	**-**	-
- Transfer to the profit and loss account on redemption of preference shares in an associate (note 37)	**-**	1,646	**-**	-
- Transfer to profit and loss account on disposal of investment securities	**10,977**	-	**-**	-
- Transfer to profit and loss account on goodwill impairment	**44**	-	**-**	-
	7,331	(120)	**(764)**	(468)

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28 RESERVES (CONT'D)

(c) Fair Value Reserve

	Group		Company	
	2006	2005	**2006**	2005
	$'000	$'000	**$'000**	$'000
(i) Fair value adjustment reserve	**148,869**	149,609	**107,839**	131,681
(ii) Hedging reserve	**(1,227)**	(1,453)	**-**	-
	147,642	148,156	**107,839**	131,681

(i) Fair value adjustment reserve

Fair value adjustment reserve records the cumulative fair value changes of available-for-sale financial assets until they are derecognised or impaired.

	Group		Company	
	2006	2005	**2006**	2005
	$'000	$'000	**$'000**	$'000
At 1 January	**149,609**	63,191	**131,681**	63,970
Net change in the reserve	**(740)**	86,418	**(23,842)**	67,711
At 31 December	**148,869**	149,609	**107,839**	131,681

	Group		Company	
	2006	2005	**2006**	2005
	$'000	$'000	**$'000**	$'000
Net change in the reserve arises from :				
- Net gain on fair value changes during the year	**45,061**	106,911	**37,567**	96,075
- Recognised in the profit and loss account :				
- on disposal of investment securities	**(45,801)**	(22,968)	**(61,409)**	(30,428)
- on impairment of investment securities	**-**	2,475	**-**	2,064
	(740)	86,418	**(23,842)**	67,711

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28 RESERVES (CONT'D)

(ii) Hedging reserve

Hedging reserve records the portion of the fair value changes on derivative financial instruments designated as hedging instruments in cash flow hedges that is determined to be an effective hedge.

	Group	
	2006	2005
	$'000	$'000
At 1 January	**(1,453)**	659
Net change in the reserve	**226**	(2,112)
At 31 December	**(1,227)**	(1,453)
Net change in the reserve arises from :		
- Recognised in the profit and loss account on occurence of hedged transactions	**(277)**	(1,173)
- Net gain/(loss) on fair value changes during the year	**503**	(939)
	226	(2,112)

(d) Share-Based Payment Reserve

Share-based payment reserve of a subsidiary represents the equity-settled share options granted to its directors as a component of remuneration and to its company secretary, an external third party, for professional services performed. The reserve is made up of the cumulative value of equity-settled share options granted for services received.

	Group	
	2006	2005
	$'000	$'000
At 1 January	**33**	-
Equity-settled share options granted for:		
- Employee benefits expenses (note 32)	**-**	61
- Professional fee	**-**	17
Exchange adjustment	**-**	(3)
	33	75
Less: Minority interest's share	**-**	(42)
Amount attributable to equity holder of the Company	**33**	33

29 MINORITY INTERESTS

Included in minority interests in prior year was the share by a minority shareholder of the negative net worth of a subsidiary arising mainly due to the revaluation deficit of an investment property. The minority shareholder's share of such deficit amounted to $32.235 million.

Pursuant to the terms of the joint venture agreement between the shareholders of this subsidiary, the minority shareholder was obligated to provide additional shareholders' equity as and when required.

The Group has divested the entire stake in this subsidiary on 1 January 2006 (note 41(a)).

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2006

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30 INVESTMENT INCOME, GROSS

	Group	
	2006	2005
	$'000	$'000
Dividends from :		
Quoted shares in corporations	**27,865**	33,624
Unquoted shares in corporations	**3**	3,130
	27,868	36,754
Interest income from :		
Other quoted investments	**80**	80
Total Investment Income	**27,948**	36,834

31 OTHER REVENUES

	Group	
	2006	2005
	$'000	$'000
Other operating revenue *	**2,550**	4,171
Interest income	**9,478**	4,048
Fair value changes of financial assets	**10,445**	3,950
	22,473	12,169

* Including share of profits of $1.184 million (2005 : $2.978 million) from sale of tin by a subsidiary in Malaysia.

32 EMPLOYEE BENEFITS EXPENSES

	Group	
	2006	2005
	$'000	$'000
Wages, salaries and other allowances	**63,921**	40,956
Severance benefit (note 24)	**2,150**	622
Defined contribution plans	**2,389**	1,975
Share-based payments (note 28(d))	**-**	61
Total	**68,460**	43,614

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2006
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33 OTHER OPERATING EXPENSES

	Group	
	2006	2005
	$'000	$'000
Costs of properties sold	**9,954**	12,707
Upkeep and maintenance expenses of properties	**12,563**	11,464
Accommodation, food and beverage expenses	**22,671**	20,035
Operating lease expenses	**29,786**	7,439
Properties' related taxes	**4,213**	3,916
Marketing and distribution expenses	**16,600**	14,337
Deferred exploration and evaluation expenditure written off (note 14(a))	**4,471**	191
Provision/(Write back) of doubtful debts	**4,338**	(1,496)
Other expenses	**20,918**	16,579
	125,514	85,172

34 PROFIT FROM OPERATIONS BEFORE EXCEPTIONAL ITEMS

Profit from operations before exceptional items is stated after charging/(crediting) the following :

	Group	
	2006	2005
	$'000	$'000
Non-audit fees paid to		
- Auditors of the Company	**183**	148
- Other auditors	**128**	117
Gain on disposal of property, plant and equipment	**(59)**	(246)
Property, plant and equipment written off	**817**	137
Provision/(Write back) of doubtful debts	**4,338**	(1,496)

35 KEY MANAGEMENT PERSONNEL COMPENSATION

The key management personnel compensation are as follows :

	Group	
	2006	2005
	$'000	$'000
Directors' fees	**504**	469
Short-term employee benefits	**3,653**	2,847
Defined contribution plans	**208**	101
	4,365	3,417
Comprise amounts paid to :		
- Directors of the Company	**1,805**	1,820
- Other key management personnel	**2,560**	1,597
	4,365	3,417

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2006
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36 FINANCE COSTS

	Group	
	2006	2005
	$'000	$'000
Interest on bank loans	**13,184**	15,524
Interest received from interest rate swap	**(277)**	(1,174)
Loss on realisation of interest rate cap	**2**	-
	12,909	14,350

There was no interest cost capitalised during the year (2005 : Nil).

37 EXCEPTIONAL ITEMS

	Group	
	2006	2005
	$'000	$'000
Net surplus on disposal of investments	**27,267**	22,758*
Net surplus on dilution of interest in an associate	**-**	7,399*
Exchange loss on redemption of preference shares in an associate (note 28(b))	**-**	(1,646)
Net surplus on disposal of a subsidiary (note 41(a))	**11,856**	-
Net surplus on disposal of minority interests of a subsidiary	**908**	-
Net deficit on revaluation of properties	**-**	(15,214)
Net fair value changes of investment properties	**71,056**	-
Net gain on disposal of properties	**28,590**	22,698
Compensation award on land acquired	**94**	-
Reversal of impairment on hotel property (note 3(b))	**7,259**	4,743
Provision for impairment on property	**-**	(31,750)
Provision for impairment on plant and equipment	**(500)**	(70)
Impairment on goodwill	**(708)**	-
	145,822	8,918

* Included net surplus on the divestment of the entire stake in Straits Lion Asset Management Limited in August 2005 which was formerly an associate of the Group until interest dilution occurred in June 2005.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2006
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38 TAXATION

(a) Major components of income tax expense

The major components of income tax expense for the years ended 31 December 2006 and 2005 are :

	Group	
	2006	2005
	$'000	$'000
(i) Profit and loss account :		
Current income tax		
Current income taxation	**26,797**	20,484
(Over)/Underprovision in respect of prior years	**(4,022)**	2,144
Benefits from previously unrecognised tax losses	**(181)**	-
	22,594	22,628
Deferred income tax		
Movement in temporary differences	**6,771**	(4,699)
Reversal of deferred tax asset	**-**	531
(Write back)/Underprovision in respect of prior years	**(2,703)**	123
	4,068	(4,045)
Income tax expense recognised in the profit and loss account	**26,662**	18,583

	Group	
	2006	2005
	$'000	$'000
(ii) Statement of changes in equity :		
Deferred income tax related to items charged or credited directly to equity		
Net change in fair value on investment properties on initial adoption of FRS 40	**2,133**	-
Net change in fair value on held-for-trading investments on initial adoption of FRS 39	**-**	2,134
Net change in fair value adjustment reserve for available-for-sale investments	**1,869**	2,168
Net change in hedging reserve for derivative financial instruments designated as hedging instruments in cash flow hedges	**618**	(1,499)
Net surplus on fair value adjustment of property, plant and equipment on acquisition of a subsidiary	**-**	2,531
Impairment on plant and equipment	**(25)**	-
	4,595	5,334

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2006
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38 TAXATION (CONT'D)

(b) Relationship between tax expense and accounting profit

A reconciliation between tax expense and the product of accounting profit multiplied by the applicable corporate tax rate for the years ended 31 December 2006 and 2005 is as follows :

	Group	
	2006	2005
	$'000	$'000
Profit before taxation	**224,535**	91,179
Less: Share of results of joint ventures*	**(43)**	(166)
Share of results of associates*	**(2,393)**	(8,932)
	222,099	82,081
Tax at statutory rate of 20% (2005 : 20%)	**44,420**	16,416
Effect of different tax rates in other countries	**2,531**	2,220
Overprovision in respect of prior years	**(4,022)**	(55)
(Write back)/Underprovision of deferred tax in respect of prior years	**(2,703)**	123
Expenses/Losses not claimable	**7,758**	11,912
Income not subject to tax	**(31,200)**	(17,967)
Deferred tax asset not recognised	**862**	2,071
Reversal of deferred tax asset	**-**	531
Utilisation of previously unrecognised tax losses	**(181)**	-
Tax provision on the unremitted earnings of certain subsidiaries	**7,794**	-
Foreign taxes#	**107**	3,007
Others	**1,296**	325
	26,662	18,583

* These are presented net of tax in the profit and loss account.

This is tax provision by a Singapore subsidiary payable to a foreign tax authority where the income is sourced despite nil tax payable in Singapore. This included nil (2005: $2,199,000) underprovision for prior year.

39 DIVIDENDS

	Group and Company	
	2006	2005
	$'000	$'000
Declared and paid during the year :		
Dividends on ordinary shares :		
• Second interim dividend for 2005 : 4 cents per share tax exempt (one-tier tax) [2005 : 4 cents per share tax exempt (one-tier tax) for 2004]	**13,036**	14,256
• Special dividend for 2005 : 20 cents per share tax exempt (one-tier tax) [2005 : Nil for 2004]	**65,179**	-
• First interim dividend for 2006 : 2 cents per share tax exempt (one-tier tax) [2005 : 2 cents per share tax exempt (one-tier tax) for 2005]	**6,518**	7,128
	84,733	21,384
Declared/Recommended but not recognised as a liability as at 31 December :		
Dividends on ordinary shares :		
• Second interim dividend for 2006 : 4 cents per share less Malaysian income tax at 27% [2005 : 4 cents per share tax exempt (one-tier tax) for 2005]	**9,516**	14,256*
Dividends on ordinary shares to be sanctioned at the forthcoming Annual General Meeting :		
• Special dividend for 2006 : 4 cents per share less Malaysian income tax at 27% [2005 : 20 cents per share tax exempt (one-tier tax) for 2005]	**9,516**	71,280*
	19,032	85,536

There are no taxation consequences arising from the second interim dividend declared and special dividend recommended on the Company.

* Actual amounts paid in 2006 were lower as a result of the cancellation of 30,503,000 ordinary shares under the Selective Capital Reduction, which became effective on 24 April 2006. These shares were not entitled to dividends declared or recommended by the Company after 30 December 2005.

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40 EARNINGS PER SHARE

The calculations of basic and diluted earnings per share are based on the profit attributable to members of the Company of $194,018,000 (2005 : $70,003,000) and on 335,340,395, being the weighted average number of ordinary shares in issue during the financial year (2005 : 356,400,000 shares).

There is no potential dilutive shares of the Company.

41 ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND MINORITY INTERESTS

(a) Acquisitions and disposals in 2006

Acquisition and disposal of minority interests in a subsidiary

On 18 September 2006, the Group acquired an additional 30% interest in Malaysia Smelting Corporation Berhad (MSC) for $46,063,000, including costs directly attributable to the acquisition, for cash, increasing its shareholdings in MSC from 63.31% to 93.31%. Part of these shares acquired were subsequently placed out and the Group's shareholdings in MSC has since been reduced to 73.01%. Net proceeds of $32,480,000 was received from the placement of MSC shares.

Following this placement, MSC is in compliance with the public shareholding spread requirement in Malaysia and trading in MSC shares has resumed on 8 November 2006.

The book value of MSC's net assets was $124,277,000. The Group recognised a net decrease in minority interests of $11,730,000 and an increase in goodwill of $2,760,000 (note 13).

Acquisitions of subsidiaries

Net cash effect arising from the acquisitions of the following dormant subsidiaries is nil :

(i) Acquisition of Straits Resource Management Private Limited on 18 January 2006 by the Company.

(ii) Acquisition of Marque Hotels International Pty Limited on 13 October 2006, by Rendezvous Hotels International Private Limited, a subsidiary of the Company.

Disposal of a subsidiary

The Group disposed of Straits Eastern Square Private Limited, a subsidiary, on 1 January 2006. The disposal consideration was fully settled in cash.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2006

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41 ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND MINORITY INTERESTS (CONT'D)

The values of assets and liabilities of the subsidiary recorded in the consolidated financial statements as at 1 January 2006, and the cash flow effect of the disposal were :

	Carrying amount $'000
Property, plant and equipment (note 3)	7
Investment property (note 4)	120,000
Trade and other receivables	414
Cash at bank and on deposit	348
	120,769
Borrowings	(108,000)
Trade and other payables	(1,264)
Amount due to :	
- holding company	(13,312)
- minority shareholder	(12,997)
Minority interests	7,254
	(7,550)
Net surplus on disposal (note 37)	11,856
Net consideration	4,306
Repayment of amount due from subsidiary	13,312
Net cash at bank and on deposit in the subsidiary disposed	(348)
Net cash inflow from disposal of a subsidiary	17,270

(b) Acquisitions in 2005

(i) MSC, previously an associate, became a subsidiary of the Group on 16 March 2005 when the Group's shareholding in MSC reached 50.20% after several open and off market acquisitions and before the mandatory general offer which closed on 13 April 2005. As at 31 December 2005, the Group had 63.31% shareholdings in MSC.

(ii) Australia Oriental Minerals NL (AOM), previously an associate, became a subsidiary of the Group on 6 July 2005 following the Group's further injection of capital into AOM. As at 31 December 2005, the Group's aggregate shareholding in AOM was 58.34% which included 39.97% through MSC. The Group's effective holdings in AOM was increased from 43.68% at 31 December 2005 to 47.45% at 31 December 2006 following the increased shareholding in MSC as mentioned in note 41(a).

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41 ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND MINORITY INTERESTS (CONT'D)

The fair values of the identifiable assets and liabilities of these subsidiaries as at the respective date of acquisition were :

	Recognised on acquisitions $'000	Carrying amount before combinations $'000
Property, plant and equipment (note 3)	58,194	54,641
Base inventory	1,320	1,320
Associates	5,301	5,301
Investments	488	488
Mining rights (note 10)	6,070	-
Other non-current assets (note 14(a))	5,197	5,170
Inventories	124,820	118,137
Other current assets	43,990	43,628
Cash and cash equivalent	51,781	51,781
	297,161	280,466
Other current liabilities	(130,607)	(130,470)
Deferred tax liabilities	(4,851)	(2,320)
Other non-current liabilities	(19,883)	(19,883)
	(155,341)	(152,673)
Net identifiable assets	141,820	127,793
Goodwill arising on acquisitions (note 13)	21,400	
	163,220	
Interest previously accounted as associates	(48,741)	
Minority interests	(66,499)	
Exchange adjustment	1,632	
Total purchase consideration	49,612	
Cash inflow on acquisitions :		
Cash paid	(49,612)	
Net cash at bank in the subsidiaries acquired	51,781	
Net cash inflow on acquisitions	2,169	

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2006

(IN SINGAPORE DOLLARS)

41 ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND MINORITY INTERESTS (CONT'D)

The total purchase consideration, including costs directly attributable to the acquisitions, was in cash.

From acquisition date, contributions from MSC and AOM to the Group's net profit amounted to $6,422,000. If the acquisitions had occurred on 1 January 2005, the Group's revenues would have been $943,904,000 and net profit attributable to equity holders of the Company would have been $71,516,000.

42 FUTURE CAPITAL EXPENDITURE

(a) Capital expenditure committed but not provided for in the financial statements are analysed as follows :

	Group	
	2006	2005
	$'000	$'000
Property, plant and equipment	**28,204**	31,013
Investment property	**48,918***	-
	77,122	31,013

* This arises from contracts totalling $50.694 million entered into by the Group for the redevelopment of an investment property.

(b) Capital expenditure authorised but not committed are analysed as follows :

	Group	
	2006	2005
	$'000	$'000
Property, plant and equipment	**4,140**	-
Investment property	**9,306**	-
Mine development expenditure	**10,199**	-
	23,645	-

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2006

(IN SINGAPORE DOLLARS)

43 LEASE COMMITMENTS

(a) Operating Lease Commitments

(i) For Lessor

The Group has entered into property lease agreements on its property, plant and equipment, investment properties and properties held for sale. These non-cancellable leases have remaining non-cancellable lease terms of up to 4 years. Contingent lease payments are receivable subject to the revenue exceeding a level stated in the respective agreements.

Contingent lease payments recognised in the profit and loss account at Group level amounted to $75,000 (2005 : $123,000).

Future minimum lease payments receivable under non-cancellable operating leases are as follows :

	Group		Company	
	2006	2005	**2006**	2005
	$'000	$'000	**$'000**	$'000
Within 1 year	**11,469**	28,270	**1,549**	1,619
After 1 year but not more than 5 years	**6,719**	24,663	**1,211**	1,234
	18,188	52,933	**2,760**	2,853

(ii) For Lessee

The Group has entered into operating lease agreements for properties and office equipment. These non-cancellable operating leases have remaining non-cancellable lease terms of up to 11 years. Contingent rents are payable subject to the related revenue exceeding a level stated in the respective agreement.

Operating lease payments recognised in the profit and loss account are as follows :

	Group	
	2006	2005
	$'000	$'000
Minimum lease payments	**25,018**	3,110
Contingent lease payments	**4,768**	4,329
	29,786	7,439

Future minimum lease payments payable under non-cancellable operating leases are as follows :

	Group	
	2006	2005
	$'000	$'000
Within 1 year	**39,936**	8,660
After 1 year but not more than 5 years	**153,747**	27,857
More than 5 years	**123,189**	48,281
	316,872	84,798

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2006

(IN SINGAPORE DOLLARS)

43 LEASE COMMITMENTS (CONT'D)

For Sub-Lease Commitments as Lessor

The Group has entered into property lease agreements on the property at No. 18, 20 and 22 Cross Street. These non-cancellable operating leases have remaining non-cancellable lease terms of up to 3 years. Contingent lease payments are receivable subject to the revenue exceeding a level stated in the respective agreements.

Contingent lease payments recognised in the profit and loss account amounted to $72,000 (2005 : Not applicable).

Future minimum lease payments receivable under non-cancellable operating leases are as follows :

	Group	
	2006	2005
	$'000	$'000
Within 1 year	**13,414**	-
After 1 year but not more than 5 years	**10,102**	-
	23,516	-

(b) Finance Lease Commitment

The Group has a finance lease of a motor vehicle (note 3(a)). Under the lease, the subsidiary is required to purchase the vehicle at the end of the lease. The average discount rate implicit in the lease is 8.4% per annum (2005: 7.3%).

Future minimum lease payments under the finance lease together with the present value of net minimum lease payments are as follows:

	Group		Group	
	2006		2005	
	Minimum Payments	**Present Value of Payments**	Minimum Payments	Present Value of Payments
	$'000	**$'000**	$'000	$'000
Within 1 year	**16**	**13**	16	12
After 1 year but not more than 5 years	**33**	**32**	49	45
Total minimum lease payments	**49**	**45**	65	57
Less: Amount representing finance charges	**(4)**	**-**	(8)	-
Present value of minimum lease payments	**45**	**45**	57	57

There are no material escalation clauses and no material restrictions placed upon the Group by entering into the lease.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2006

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44 RELATED PARTY TRANSACTIONS

An entity or individual is considered a related party of the Group for the purposes of the financial statements if : i) it possesses the ability (directly or indirectly) to control or exercise significant influence over the operating and financial decisions of the Group or vice versa; or ii) it is subject to common control or common significant influence.

In addition to related party information disclosed elsewhere in the financial statements, significant transactions with related parties on terms agreed between the parties are as follows :

	Group		Company	
	2006	2005	**2006**	2005
	$'000	$'000	**$'000**	$'000
Subsidiaries				
Rendering of services	**-**	-	**113**	26
Receiving of services	**-**	-	**60**	6
Interest income received	**-**	-	**4,963**	5,105
Settlement of liabilities by the Company on behalf of another parties	**-**	-	**366**	121
Associates				
Sales of goods	**13,238**	7,699	**-**	-
Rendering of services	**-**	33	**-**	29
Receiving of services	**-**	27	**-**	9
Purchase of property	**1,031**	393	**-**	-
Leases	**-**	177	**-**	-
Amount due from associates	**50**	665	**-**	-
Directors				
Receiving of services	**-**	-	**357**	327
Other related parties				
Rendering of services	**6**	78	**-**	-

Please refer to note 6 for information on amount due to/from subsidiaries and note 35 for information on key management personnel compensation.

During the year, Malaysia Smelting Corporation Berhad (MSC) has given an advance of A$200,000 (2005 : Nil) to Australia Oriental Minerals NL (AOM). Both are subsidiaries of the Group. The advance is secured and payable on demand, and bears interest at 8% per annum (2005 : Nil).

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2006

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45 CONTINGENT LIABILITIES AND COMMITMENTS

	Group		Company	
	2006	2005	**2006**	2005
	$'000	$'000	**$'000**	$'000
(a) Financial support given to those subsidiaries having deficiencies in shareholders' funds	**-**	-	**67,112**	217,123
(b) Undertaking for indemnity in respect of bank guarantee facilities utilised by subsidiaries	**26,737**	11,556	**26,042**	10,852

(c) In addition to the above, the Company has also undertaken to provide certain subsidiaries with adequate funding to meet their net current liability positions.

(d) The Company has provided a guarantee to third parties for performance by a subsidiary of its payment obligations when due amounting to $22.23 million (US$14.5 million) in respect of a resources project.

(e) At 31 December 2006, material outstanding litigations against a subsidiary, Malaysia Smelting Corporation (MSC) as follows :

(i) A claim from a party against MSC and three others, seeking a declaration that the award for the sale of 100% issued shares of Rahman Hydraulic Tin Sdn. Bhd. (RHT) to MSC pursuant to an open tender process, be declared null and void. The party also filed an injunction to restrain the Administrator of RHT from proceeding with the sale. Both the claim and the injunction were dismissed by the High Court with costs. The party has filed an appeal and no date has been fixed for hearing.

(ii) A Writ of Claim for $19.55 million (RM45 million) plus interest at 8% per annum and legal costs was filed against MSC for an alleged breach of a Share Subscription Agreement made between the Plaintiff and MSC. The breach was in fact committed by the Plaintiff, entitling MSC to terminate the agreement. MSC has filed its Statement of Defence disputing liability. To-date, the Plaintiff has not proceeded further on the case.

(iii) A Writ of Claim was filed against MSC by a system provider for $0.56 million (RM1.28 million) plus interest at 8% per annum and legal costs for alleged cost overruns in the implementation of an Enterprise Resource Planning System. The Claim came after more than a year following the completion of the implementation. MSC has filed its Statement of Defence disputing liability.

As of the date of this report, the Directors are of the opinion that there will be no material loss to the Group arising from the above claims.

(f) A subsidiary in Australia has reached agreement with the New South Wales (NSW) Department of Mineral Resources to provide financial assistance to the ongoing upgrading, maintenance and monitoring of basic rehabilitation of the Ardlethan mine site. This subsidiary has agreed to make an annual contribution of $36,000 (A$30,000) per year for a maximum of 5 years. This portion of the commitment has been expensed in the financial statements. In addition, should this subsidiary undertake development of a project within NSW, the annual contribution will be increased to $121,000 (A$100,000) per year for 3 years.

46 FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks. Apart from those risks generated from operations such as extending credits and cash flow management, other risks include the effects of changes in debt and equity market prices, foreign currency exchange rates, interest rates and commodity prices.

The Group's management monitors its financial position closely with an objective to minimise potential adverse effects on the financial performance of the Group. The Group uses derivative financial instruments, where appropriate, for its risk management activities but does not hold or issue derivative financial instruments for trading purposes.

The policies for managing these risks are summarised below.

(a) Foreign exchange risk

The Group operates mainly in Asia Pacific and has exposure to foreign exchange risk as a result of transactions denominated in foreign currencies, arising from normal trading and investment activities. The Group also has similar exposure from subsidiaries operating in foreign countries, which generate revenue and incur costs denominated in foreign currencies. These foreign exchange risk exposures are mainly in Malaysia Ringgit, Australian Dollar, New Zealand Dollar, United States Dollar, Indonesian Rupiah and Chinese Renminbi. The Group uses foreign currency forward contracts to manage these exposures which are relatively certain in their timing and extent. In particular for a foreign subsidiary which uses such contracts to hedge approximately 50% of its monthly anticipated purchases in Indonesian Rupiah. The Group also uses term loans in foreign currency to hedge its exposure to foreign exchange risk on investments in foreign operations.

(b) Interest rate risk

The Group's exposure to market risk for changes in interest rates relates primarily to its cash deposits and debt obligations.

The Group's policy is to manage its interest cost using a combination of fixed and floating rate debts and also derivative financial instruments such as interest rate swaps, cross currency swaps and interest rate cap agreements to hedge interest rate risks.

Surplus funds are placed with reputable banks to generate interest income for the Group.

(c) Credit risk

The Group has no significant concentrations of credit risk due to its diverse customer base. The credit risk arising from the Group's normal commercial operations is controlled by individual operating units within strict credit control and guidelines. Policies are in place to ensure on-going credit evaluation and active account monitoring.

(d) Liquidity risk

The Group manages its debt maturity profile, operating cash flows and the availability of fundings so as to ensure that all refinancing, repayment and funding needs are met in a timely and cost-effective manner. Procedures have been established to monitor and control liquidity on a daily basis by adopting a cash flow management approach.

(e) Market risk

Changes in the market value of investment securities can affect the net income and financial position of the Group. The Group diversifies its investments by business sector and by country. It manages the risk of unfavourable changes by cautious review of the investments before investing and continuous monitoring of their performance and risk profiles.

(f) Commodity price risk

Commodity price risk is the risk of financial loss resulting from movements in the price of the Group's commodity inputs and outputs. The Group is exposed to commodity price risk arising from revenue derived from sales of tin as well as to the impact of crude oil prices on the cost of fuel consumed in the mining and processing of tin.

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46 FINANCIAL RISK MANAGEMENT (CONT'D)

The tin price risk is managed through contractual arrangements with customers and derivative instruments such as forward sales contracts.

Fuel is purchased at the spot rate available at time of purchase, which exposes the Group to the impact of changes to world prices for crude oil. However, the Group continues to assess the potential financial risk associated with rising crude oil prices and whether the risk requires the use of derivative instruments.

47 DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGING ACTIVITIES

The Group has the following derivative financial instruments accounted as:

(i) Cash flow hedges

At 31 December 2006 :

(a) Foreign currency forward contracts designated as hedges against expected future purchases in Indonesian Rupiah (IDR) and United States Dollar (USD) :

Buy IDR (In Million)	Range of Maturity Period	Average Exchange Rate IDR/USD
33,337.0	From January 2007 to April 2007	9,872

Buy USD (In Million)	Maturity Period	Average Exchange Rate RM/USD
1.5	January 2007	3.5322

The cash flow hedges of the expected future purchases were assessed to be highly effective and as at 31 December 2006, a net fair value gain of $338,000 with a deferred tax charge of $102,000 relating to the hedging instruments was included in the fair value reserve (note 28(c)(ii)) in respect of the contracts.

(b) Foreign currency forward contracts designated as hedges against expected future sales in United States Dollar (USD) :

Sell USD (In Million)	Range of Maturity Period	Average Exchange Rate RM/USD
11.9	From January 2007 to June 2007	3.5915

The cash flow hedges of the expected future sales were assessed to be highly effective and as at 31 December 2006, a fair value gain of $355,000 with a deferred tax charge of $96,000 relating to the hedging instruments was included in the fair value reserve (note 28(c)(ii)) in respect of the contracts.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2006
(IN SINGAPORE DOLLARS)

47 DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGING ACTIVITIES (CONT'D)

(c) Forward sales contracts of tin designated as hedges against market fluctuations in tin prices :

Contract Amount (US$'000)	Range of Maturity Period	Average Price
12,470	From January 2007 to June 2007	US$9,742

The cash flow hedges of certain future sale contracts of tin were assessed to be ineffective. Accordingly, the fair value loss of $471,000 on these contracts was recognised in the profit and loss account for the year. The fair value loss of $3,572,000 with a deferred tax credit of $1,039,000 on such contracts that relate to effective hedges was included in the fair value reserve (note 28(c)(ii)).

At 31 December 2005 :

(a) Foreign currency forward contracts designated as hedges against expected future purchases in Indonesian Rupiah (IDR) :

Buy IDR (In Million)	Range of Maturity Period	Average Exchange Rate IDR/USD
314,789.5	From January 2006 to December 2006	9,776
36,525.0	From January 2007 to February 2007	9,818
351,314.5		

The cash flow hedges of the expected future purchases were assessed to be highly effective and as at 31 December 2005, a fair value loss of $5.041 million with a deferred tax charge of $1.512 million relating to the hedging instruments was included in the fair value reserve (note 28(c)(ii)) in respect of the contracts.

(b) Forward sales contracts of tin designated as hedges against market fluctuations in tin prices :

Contract Amount (US$'000)	Range of Maturity Period	Average Price
8,214	From January 2006 to March 2006	US$6,706

The cash flow hedges of certain future sale contracts of tin were assessed to be ineffective. Accordingly, the fair value gain of $209,000 on these contracts was recognised in the profit and loss account for the year. The fair value loss of $2,000 on such contracts that relate to effective hedges was included in the fair value reserve (note 28(c)(ii)).

(ii) Hedge of net investments in foreign operations

Included in borrowings (note 23) at 31 December 2006 was a term loan of A$1.05 million which has been designated as a hedge against the net investment in the Australia operations.

Included in borrowings (note 23) at 31 December 2005 were term loans of US$2.5 million and A$2.1 million which have been designated as hedges against the net investments in the Indonesia and Australia operations, respectively.

These are being used to hedge the Group's exposure to foreign currency risk on these investments. Gain or loss on the retranslation of these borrowings are taken to the exchange translation reserve to offset any exchange differences on translation of the net foreign investments.

47 DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGING ACTIVITIES (CONT'D)

(iii) Financial assets / liabilities at fair value through profit or loss

A cross currency swap contract to receive a principal amount of A$1.05 million (2005 : A$2.10 million) and pay US$0.73 million (2005 : US$1.47 million) via 2 semi-annual instalments (2005 : 4 semi-annual instalments) with final instalment repayment due on 17 October 2007.

The interest rate cap agreement in 2005 with a notional amount of $50 million expiring in September 2007 was sold in April 2006.

48 SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENT

(a) Estimation Uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below :

(i) Impairment of goodwill

The Group determines whether goodwill is impaired at least on an annual basis. The recoverable amounts of the cash-generating unit is determined based on fair value less cost to sell. Management also reviews other economic factors and market conditions to assess whether the recovered amount as determined using this method is sustainable. Changes in the market value of the cash-generating unit could affect the recoverable amount. The carrying amount of goodwill at 31 December 2006 was $23,249,000 (2005 : $21,410,000). More details are given in note 13.

(ii) Depreciation of property, plant and equipment

Property, plant and equipment are depreciated using the appropriate basis as outlined in note 2.10 over the estimated useful lives of these assets. The carrying amount of the Group's property, plant and equipment at 31 December 2006 was $211,564,000 (2005 : $219,355,000). Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets, therefore, future depreciation charges could be revised.

(iii) Income taxes

The Group has exposure to income taxes in various jurisdictions. Significant judgement is involved in determining the group-wide provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2006

(IN SINGAPORE DOLLARS)

48 SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENT (CONT'D)

The carrying amounts are as follows :

	Group	
	2006	2005
	$'000	$'000
Tax recoverable	**8,928**	14,838
Tax payable	**16,911**	13,437
Deferred tax assets	**8,626**	1,166
Deferred tax liabilities	**28,687**	13,037

(iv) Impairment and amortisation for mine exploration and evaluation expenditure, mine development expenditure and mining rights

These require estimates and assumptions on the quantity of recoverable ore reserves, expected future costs and expenses to produce the recoverable ore, effective interest rates, expected future prices used in the impairment test for deferred mine development, mine exploration expenditures and mining rights. The estimate on quantity of recoverable ore reserves is also used for the amortisation of deferred development and exploration expenditures and mining rights. Actual outcomes could differ from these estimates and assumptions.

The carrying amounts are as follows :

	Group	
	2006	2005
	$'000	$'000
Deferred exploration and evaluation expenditure	**2,190**	6,223
Deferred mine development expenditure	**4,018**	6,389
Mining rights	**3,076**	5,048

(b) Judgement

In the process of applying the Group's accounting policies, Management has made the following judgement, apart from those involving estimations, which has the most significant effect on the amounts recognised in the financial statements :

Operating Lease Commitments – as Lessor

The Group has entered into commercial property leases on its investment property portfolio. The Group has determined that it retains all the significant risks and rewards of ownership of these properties which are leased out on operating lease.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2006
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49 FAIR VALUE

For financial assets and liabilities of the Group and of the Company which have not been disclosed separately in preceding notes, the fair values approximate their carrying amounts due to short to medium term maturity.

50 SUBSEQUENT EVENT

On 23 January 2007, a special Indonesian National Police task force began an investigation on certain activities of PT Koba Tin (PT Koba), a subsidiary of the Group in Indonesia. The investigation is the result of the alleged involvement by PT Koba in the acquisition of tin ore from small-scale miners operating outside PT Koba's Contract of Work area.

In the course of the investigation, the Police has retained a shipment of 500 tonnes of PT Koba's tin ingots at the Pangkal Balam port and certain of its documentation, including accounting records for verification purposes. Three of PT Koba's executive directors have been detained by the Police to assist in the ongoing investigation. PT Koba has continued mining and smelting tin concentrates produced from its own dredging and gravel pump operations. However, as at the date of completion of these financial statements, delivery/shipment of tin ingots remains suspended. As a result of these matters, PT Koba has declared force majeure in terms of deliveries to its customers.

PT Koba is cooperating with the authorities in the investigation of these allegations. The investigation of these matters has not yet been finalised.

Management has engaged legal counsels to provide advice and assistance in relation to the alleged issue and issues which are identified in the course of the investigation. Management believes that the finalisation of the investigation and the resolution of resulting legal action, if any, against PT Koba's management, or PT Koba will not have a significant financial impact on PT Koba for the year ended 31 December 2006 nor adversely impact the continuation of PT Koba's operations in its Contract of Work area.

No provision for losses in relation to this investigation has been recognised in the financial statements of the Group for the year ended 31 December 2006. However, certain deferred exploration and evaluation expenditures were fully written off in view of the increased uncertainty in obtaining the related contract of works as well as provisions against certain debts were made.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2006

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51 SEGMENT INFORMATION

2006 Business Segments

	Resources $'000	Hotel $'000	Property $'000	Securities Trading $'000	Investment Holding $'000	Corporate/ Others $'000	Elimination $'000	Consolidated $'000
Segment Revenue								
Revenue from external	705,753	108,068	55,592	4,419	25,315	-	-	899,147
Inter-segment revenue	-	-	794	-	-	-	(794)	-
Other revenues	3,733	-	(6)	10,881	-	7,865	-	22,473
Total revenues	709,486	108,068	56,380	15,300	25,315	7,865	(794)	921,620
Segment result	25,774	5,867	13,034	12,771	25,177	8,006	-	90,629
Unallocated expenses								(1,443)
Profit from operations								89,186
Finance costs	(11,127)		(1,782)					(12,909)
Share of results of joint ventures		43						43
Share of results of associates	305		2,088					2,393
Profit from operations before exceptional items								78,713
Exceptional items	28	7,329	98,434		27,267	12,764		145,822
Profit from operations before taxation								224,535
Taxation								(26,662)
Profit for the year								197,873
Attributable to :								
Equity holders of the Company								194,018
Minority interests								3,855
								197,873
Segment Assets	315,927	179,661	489,237	69,474	305,759	261,047	-	1,621,105
Investment in joint ventures	-	460	-	-	-	-	-	460
Investment in associates	5,576	-	13,332	-	-	-	-	18,908
	321,503	180,121	502,569	69,474	305,759	261,047	-	1,640,473
Unallocated assets								17,554
Total assets								1,658,027
Segment Liabilities	198,610	17,069	25,248	55	602	616	-	242,200
Unallocated liabilities								74,857
Total liabilities								317,057
Other segment information :								
Capital expenditures	1,235	6,404	9,530	-	-	-	-	17,169
Depreciation	7,237	7,969	754	-	-	-	-	15,960
Amortisation	4,783	185	-	-	-	-	-	4,968
Reversal of impairment on hotel property	-	(7,259)	-	-	-	-	-	(7,259)
(Reversal)/Provision for impairment on plant and equipment	570	(70)	-	-	-	-	-	500
Impairment on goodwill	708	-	-	-	-	-	-	708
Provision for impairment on plant and equipment directly in revaluation reserve	220	-	-	-	-	-	-	220

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2006
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51 SEGMENT INFORMATION (CONT'D)

2006 Business Segments (cont'd)

	Singapore $'000	Malaysia $'000	Indonesia $'000	Australia $'000	Corporate/ Others $'000	Elimination $'000	Consolidated $'000
Segment Revenue							
Revenue from external	118,178	713,226	1,421	80,110	8,685	-	921,620
Inter-segment revenue	793	566	274,918	-	-	(276,277)	-
Total revenues	118,971	713,792	276,339	80,110	8,685	(276,277)	921,620
Other geographical information :							
Segment assets	1,098,136	327,668	159,207	68,009	5,007	-	1,658,027
Capital expenditures	8,940	1,255	936	5,954	84	-	17,169

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2006

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51 SEGMENT INFORMATION (CONT'D)

2005 Business Segments

	Resources $'000	Hotel $'000	Property $'000	Securities Trading $'000	Investment Holding $'000	Corporate/ Others $'000	Elimination $'000	Consolidated $'000
Segment Revenue								
Revenue from external	552,952	72,145	65,679	6,864	34,555	-	-	732,195
Inter-segment revenue	-	-	639	-	-	-	(639)	-
Other revenues	6,423	-	24	3,822	-	1,900	-	12,169
Total revenues	559,375	72,145	66,342	10,686	34,555	1,900	(639)	744,364
Segment result	18,164	2,475	29,593	4,902	31,829	1,900	-	88,863
Unallocated expenses								(1,350)
Profit from operations								87,513
Finance costs	(4,526)		(9,822)			(2)		(14,350)
Share of results of joint ventures		166						166
Share of results of associates	3,785		2,793			2,354		8,932
Profit from operations before exceptional items								82,261
Exceptional items		4,673	(24,266)		22,758	5,753		8,918
Profit from operations before taxation								91,179
Taxation								(18,583)
Profit for the year								72,596
Attributable to :								
Equity holders of the Company								70,003
Minority interests								2,593
								72,596

	Resources $'000	Hotel $'000	Property $'000	Securities Trading $'000	Investment Holding $'000	Corporate/ Others $'000	Elimination $'000	Consolidated $'000
Segment Assets	343,908	166,982	860,511	57,557	334,843	111,442	-	1,875,243
Investment in joint ventures	-	457	-	-	-	-	-	457
Investment in associates	5,355	-	8,855	-	-	-	-	14,210
	349,263	167,439	869,366	57,557	334,843	111,442	-	1,889,910
Unallocated assets								16,004
Total assets								1,905,914
Segment Liabilities	219,997	8,268	356,250	57	833	498	-	585,903
Unallocated liabilities								34,148
Total liabilities								620,051

	Resources $'000	Hotel $'000	Property $'000	Securities Trading $'000	Investment Holding $'000	Corporate/ Others $'000	Elimination $'000	Consolidated $'000
Other segment information :								
Capital expenditures	11,524	5,806	9,087	-	-	-	-	26,417
Depreciation	7,175	7,361	2,711	-	-	-	-	17,247
Amortisation	1,128	190	-	-	-	-	-	1,318
Reversal of impairment on hotel property	-	(4,743)	-	-	-	-	-	(4,743)
Provision for impairment on property	-	-	31,750	-	-	-	-	31,750
Provision for impairment on plant and equipment	-	70	-	-	-	-	-	70

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2006

(IN SINGAPORE DOLLARS)

51 SEGMENT INFORMATION (CONT'D)

2005 Business Segments (cont'd)

	Singapore $'000	Malaysia $'000	Indonesia $'000	Australia $'000	Corporate/ Others $'000	Elimination $'000	Consolidated $'000
Segment Revenue							
Revenue from external	115,287	563,507	6,067	58,701	802	-	744,364
Inter-segment revenue	807	-	197,673	-	-	(198,480)	-
Total revenues	116,094	563,507	203,740	58,701	802	(198,480)	744,364

	Singapore $'000	Malaysia $'000	Indonesia $'000	Australia $'000	Corporate/ Others $'000	Elimination $'000	Consolidated $'000
Other geographical information:							
Segment assets	1,352,780	297,191	189,736	64,980	1,227	-	1,905,914
Capital expenditures	9,530	962	11,038	4,887	-	-	26,417

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2006

(IN SINGAPORE DOLLARS)

52 SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES

	Country of Incorporation & Place of Business	Business	Effective shareholding % 2006 %	2005 %	Cost of investment 2006 $'000	2005 $'000
Subsidiaries						
Held by the Company :						
Alimento Sendirian Berhad*	Malaysia	Property	**100**	100	**-**	-
Atbara Holdings Private Limited	Singapore	Property	**100**	100	**1,000**	1,000
Baxterley Holdings Private Limited	Singapore	Investment	**100**	100	**20,000**	20,000
Bushey Park Private Limited	Singapore	Investment	**100**	100	**29,992**	29,992
Glade Holdings Sendirian Berhad*	Malaysia	Property	**100**	100	**-**	-
Killin Limited (f)	Hong Kong	Investment	**100**	100	**-**	4
Malayan Securities Private Limited	Singapore	Investment	**100**	100	**5,500**	5,500
Malayan Tin Smelting Company Sendirian Berhad*	Malaysia	Investment	**100**	100	**702**	702
Merevale Holdings Private Limited	Singapore	Investment	**100**	100	**10,000**	10,000
Rendezvous Hotels International Private Limited	Singapore	Hotels & resorts management	**80**	80	**80**	80
STC International Private Limited	Singapore	Restaurant	**100**	100	**-**	-
STC Realty (Butterworth) Sendirian Berhad*	Malaysia	Property	**100**	100	**10,979**	10,979
Straits Developments Private Limited	Singapore	Property	**100**	100	**5,988**	5,988
Straits Equities Private Limited	Singapore	Investment	**100**	100	**1,000**	1,000
Straits Holdings Private Limited	Singapore	Investment	**100**	100	**5,000**	5,000
Straits Media Private Limited	Singapore	Media Advertising	**100**	100	**10,000**	10,000
Straits Trading Amalgamated Resources Private Limited	Singapore	Investment	**100**	100	**318**	-
Straits Resource Management Private Limited	Singapore	Resource management	**100**	-	**-**	-
Sword Investments Private Limited	Singapore	Investment	**100**	100	**5,000**	5,000
Sword Private Limited	Singapore	Investment	**100**	100	**-**	-
Walthamston Private Limited	Singapore	Investment	**100**	100	**5,000**	5,000
Wavertree Holdings Private Limited	Singapore	Investment	**100**	100	**-**	-
Malaysia Smelting Corporation Berhad*	Malaysia	Tin mining & smelting	**37 (a)**	37 (a)	**25,402**	25,402
					135,961	135,647
Held through subsidiaries :						
Allegra Hotel Pty Ltd*	Australia	Hotel management	**80**	80		
Australia Oriental Minerals NL** ^/ ^^	Australia	Tin exploration	**47**	44		
Hotel Rendezvous Private Limited	Singapore	Hotel owning & management	**100**	100		
Marque Hotels International Pty Limited (b)	Australia	Hotel management	**80**	-		
Rendezvous Hotels (Australia) Pty Ltd*	Australia	Hotels & resorts management	**80**	80		
Rendezvous Hotels (NZ) Limited**	New Zealand	Hotel management	**80**	-		
Rendezvous Hotels (Queensland) Pty Ltd (c)	Australia	Hotels & resorts management	**-**	100		
Rendezvous Hotels Management Pty Ltd*	Australia	Hotel management	**100**	100		
Rendezvous Properties Private Limited	Singapore	Property	**100**	100		
Straits Eastern Square Private Limited (d)	Singapore	Property	**-**	51		
Straits Securities Private Limited	Singapore	Investment	**100**	100		
Straits Tinfields Private Limited	Singapore	Tin Mining	**100**	100		
Straits Trading Amalgamated Resources Sendirian Berhad*	Malaysia	Investment	**100**	100		
Straits Unit Trust*	Australia	Property Trust	**100**	100		
Sword Properties Pty Ltd*	Australia	Trustee Company	**100**	100		
Sword Unit Trust*	Australia	Property Trust	**100**	100		
Unicorn Square Limited	Singapore	Property	**100**	100		
Rendezvous Hotels Asia Private Limited	Singapore	Hotels & resorts management	**80**	80		

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2006

(IN SINGAPORE DOLLARS)

52 SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES (CONT'D)

	Country of Incorporation & Place of Business	Business	Effective shareholding % 2006 %	2005 %	Cost of investment 2006 $'000	2005 $'000
Subsidiaries						
Held through subsidiaries :						
Shanghai Rendezvous Hotels Management Co Ltd **	People's Republic of China	Hotels & resorts management	**80**	80		
Malaysia Smelting Corporation (Warehousing) Sdn. Bhd. * ^^	Malaysia	Tin warehousing	**73**	63		
MSC Properties Sdn. Bhd. * ^^	Malaysia	Property holding and rental	**73**	63		
Rahman Hydraulic Tin Sdn. Bhd. ** ^^	Malaysia	Tin mining	**73**	63		
Bemban Corporation Ltd. * ^^	British Virgin Islands	Investment holding	**73**	63		
Kajuara Mining Corporation Pty. Ltd.* ^^	Australia	Investment holding	**73**	63		
PT Bangka Resources** ^^	Indonesia	Dormant	**73**	63		
PT MSC Indonesia* ^^	Indonesia	Tin exploration and mining	**73**	63		
PT Koba Tin* ^^	Indonesia	Tin mining and smelting	**55**	47		
Joint Ventures						
Held through subsidiaries :						
Coastal Coffees Pty Ltd **	Australia	Restaurant	**50**	50		
Associates						
Held by the Company :						
Johan Kekal Sendirian Berhad **	Malaysia	Property Development	**45**	45	**1,123**	1,123
Taiko-Straits Developments Sdn. Bhd.*	Malaysia	Property Development	**30**	-	**2,462 (e)**	-
					3,585	1,123
Held through subsidiaries :						
Redring Solder (M) Sdn. Bhd.* ^^	Malaysia	Manufacture and sale of solder products	**29**	25		

The subsidiaries and associates are audited by Ernst & Young, Singapore unless stated otherwise.

* Audited by member firms of Ernst & Young Global in the respective countries.

** These subsidiaries, joint ventures and associates audited by other firms of auditors are not significant to the Group.

^ A company listed on Australian Stock Exchange Ltd.

^^ Subsidiaries/Associates of Malaysia Smelting Corporation Berhad, a company listed on the Main Board of Bursa Malaysia Securities Berhad.

(a) Combined interest held jointly with other subsidiaries and an associate is 73% (2005 : 63%), see note 41(a).
(b) This Australian subsidiary was incorporated in July 2006 and its accounts are not required to be audited.
(c) This subsidiary was voluntarily liquidated during the year.
(d) The entire interest has been disposed of during the year (note 41(a)).
(e) Net of impairment loss (refer to note 8).
(f) This subsidiary is in voluntary liquidation.

The unaudited consolidated interim financial statements for the Group for the nine-month period ended 30 September 2007 set out below have been extracted from the announcement by the Company on 9 November 2007, and was not specifically prepared for inclusion in this Circular. The figures have not been audited.

THE STRAITS TRADING COMPANY LIMITED

Company Registration No.: 188700008D

The Straits Trading Group

Financial Highlights

- Profit before exceptional items increased from $14.3 million in Q3 2006 to $16.0 million in Q3 2007 due to better operational results from all core businesses except for property with the absence of sale of condominium units. Net earnings, however, were lower at $9.8 million in Q3 2007 compared with $31.1 million in Q3 2006 as the latter included an exceptional gain of $27.1 million from the disposal of properties in Singapore and Malaysia.

- Year to date, the Group reported substantially higher net earnings of $300.6 million compared with $95.4 million in the previous corresponding period contributed mainly by the recognition of substantial fair value surpluses recorded in Q2 2007. The higher earnings were also boosted by better operational results from all business units except for investment income which had declined slightly.

- Net Asset Value per share rose from $3.96 in December 2006 to $5.07 in September 2007, aided further by the increase in fair value of the Group's financial investments.

$ million	**Q3 2007**	Q3 2006	+/(-) %	**YTD 2007 (9 mths)**	YTD 2006 (9 mths)	+/(-) %
Total Revenues	**269.9**	219.5	23.0	**727.0**	608.1	19.6
Profit from Operations Before Taxation	**16.0**	41.4	(61.3)	**344.1**	112.5	206.0
Profit from Operations Before Exceptional Items	**16.0**	14.3	11.8	**73.9**	47.1	56.8
Profit Attributable to Equity Holders of the Company	**9.8**	31.1	(68.5)	**300.6**	95.4	214.9

Earnings per Share	**3.0 cents**	9.5 cents		**92.2 cents**	28.2 cents	

	As at 30.9.2007	As at 31.12.2006
Equity Attributable to Equity Holders of the Company	**$1,652,278,000**	$1,289,322,000
Net Asset Value per Share	**$5.07**	$3.96

N.B.: All in Singapore dollars.

APPENDIX 4 – UNAUDITED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE GROUP FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2007

The Straits Trading Company Limited **(Company Registration No. : 188700008D)**

Third Quarter and Nine Months Financial Statement for the Period Ended 30 September 2007

PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR RESULTS

1(a) An income statement (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year.

The unaudited results of the Group for the 3rd quarter and nine months ended 30 September 2007 are as follows :-

	3rd Quarter (Q3)		Nine Months Ended 30 September	
	2007 $'000	2006 $'000	**2007 $'000**	2006 $'000
Revenues				
Tin mining and smelting revenue	214,015	170,352	517,857	466,229
Hotel revenue	39,026	25,183	111,968	71,156
Property revenue	10,349	15,117	56,710	39,386
Proceeds from sale of trading securities	1,166	-	4,189	1,786
Investment income, gross	4,122	2,350	11,894	13,377
Fair value changes of financial assets	(1,997)	2,195	14,904	3,320
Other revenues including interest income	3,245	4,291	9,518	12,877
Total Revenues	269,926	219,488	727,040 27	608,131
Costs and Expenses				
Employee benefits expenses	(20,446)	(16,265)	(63,728)	(46,212)
Depreciation and amortisation	(4,232)	(5,437)	(13,930)	(14,485)
Exchange (losses)/gains	(614)	107	(1,545)	(2,590)
Cost of tin mining and smelting	(178,219)	(152,868)	(432,912)	(411,269)
Costs of trading securities sold	(1,108)	-	(3,803)	(1,768)
Other operating expenses	(47,320)	(28,721)	(132,420)	(78,397)
Total Costs and Expenses	(251,939)	(203,184)	(648,338)	(554,721)
Profit from Operations	17,987	16,304	78,702	53,410
Finance costs	(2,121)	(2,306)	(5,369)	(8,390)
Share of results of joint ventures	21	(59)	83	33
Share of results of associates	114	368	435	2,057
Profit from Operations Before Exceptional Items	16,001	14,307	73,851	47,110
Exceptional items	32	27,087	270,239	65,354
Profit from Operations Before Taxation	16,033	41,394	344,090	112,464
Taxation	(5,095)	(9,243)	(39,791)	(13,805)
Profit for the period	10,938	32,151	304,299	98,659
Attributable to :				
Equity holders of the Company	9,776	31,063	300,551	95,430
Minority interests	1,162	1,088	3,748	3,229
	10,938	32,151	304,299	98,659

- Exceptional Items comprise :-

	3rd Quarter (Q3)		Nine Months Ended 30 September	
	2007	2006	**2007**	2006
	$'000	$'000	**$'000**	$'000
(a) Net surplus on disposal of investments	**-**	20	**6,119**	18,070
(b) Net surplus on disposal of a subsidiary	**-**	-	**-**	11,856
(c) Net gain on disposal of properties	**32**	27,067	**2,037**	28,377
(d) Fair value changes of investment properties	**-**	-	**262,083**	6,957
(e) Compensation award on land acquired	**-**	-	**-**	94
	32	27,087	**270,239**	65,354

1(b)(i) A balance sheet (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.

Balance Sheets as at 30 September 2007

	GROUP		COMPANY	
	30 September 2007	31 December 2006	**30 September 2007**	31 December 2006
	$'000	$'000	**$'000**	$'000
		(Restated)		(Restated)
Non-Current Assets				
Property, plant and equipment	**207,917**	211,564	**172**	105
Investment properties	**695,875**	416,353	**101,430**	76,575
Base inventory	**1,309**	1,303	**-**	-
Investments in subsidiaries	**-**	-	**120,470**	120,191
Amounts due from subsidiaries	**-**	-	**82,135**	75,920
Joint ventures	**307**	204	**-**	-
Associates	**11,435**	18,908	**3,585**	3,585
Investments	**385,735**	304,128	**286,284**	212,106
Mining rights	**1,985**	3,076	**-**	-
Management rights	**865**	940	**-**	-
Deferred tax assets	**8,400**	8,626	**-**	-
Goodwill on consolidation	**23,342**	23,249	**-**	-
Other non-current assets	**11,820**	6,358	**-**	-
	1,348,990	994,709	**594,076**	488,482
Current Assets				
Properties held for sale	**13,677**	23,681	**-**	-
Inventories	**142,099**	132,267	**-**	-
Marketable securities	**90,058**	69,236	**-**	-
Trade and other receivables	**102,873**	86,152	**2,515**	1,171
Amounts due from subsidiaries	**-**	-	**348,833**	381,049
Tax recoverables	**9,703**	8,928	**-**	5
Other financial assets	**901**	835	**-**	-
Cash at bank and on deposit	**346,519**	335,199	**266,433**	261,428
	705,830	656,298	**617,781**	643,653
Assets classified as held for sale	**305**	7,020	**305**	-
	706,135	663,318	**618,086**	643,653
Current Liabilities				
Borrowings	**(159,456)**	(148,831)	**-**	-
Trade and other payables	**(61,962)**	(67,946)	**(3,471)**	(3,458)
Amounts due to subsidiaries	**-**	-	**(254,971)**	(285,116)
Other financial liabilities	**(2,646)**	(4,044)	**(147)**	(70)
Provision for taxation	**(20,108)**	(16,911)	**(1,650)**	(2,044)
Provisions	**(39)**	(36)	**-**	-
	(244,211)	(237,768)	**(260,239)**	(290,688)
Net Current Assets	**461,924**	425,550	**357,847**	352,965
Non-Current Liabilities				
Borrowings	**(4,581)**	(32)	**-**	-
Provisions	**(6,382)**	(6,056)	**-**	-
Other non-current liabilities	**(40,531)**	(44,514)	**-**	-
Deferred tax liabilities	**(52,504)**	(28,687)	**(354)**	(2,242)
	(103,998)	(79,289)	**(354)**	(2,242)
NET ASSETS	**1,706,916**	1,340,970	**951,569**	839,205
Equity attributable to equity holders of the Company				
Share capital	**265,928**	265,928	**265,928**	265,928
Reserves	**1,386,350**	1,023,394	**685,641**	573,277
	1,652,278	1,289,322	**951,569**	839,205
Minority Interests	**54,638**	51,648	**-**	-
TOTAL EQUITY	**1,706,916**	1,340,970	**951,569**	839,205

(Certain comparative figures have been adjusted to conform with current period's presentation.)

1(b)(ii) Aggregate amount of group's borrowings and debt securities.

Amount repayable in one year or less, or on demand

As at 30/9/2007		As at 31/12/2006	
Secured	Unsecured	Secured	Unsecured
-	$159,456,000	$13,000	$148,818,000

Amount repayable after one year

As at 30/9/2007		As at 31/12/2006	
Secured	Unsecured	Secured	Unsecured
-	$4,581,000	$32,000	-

1 (c) A cash flow statement (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

Consolidated Cash Flow Statement for the 3rd quarter and nine months ended 30 September 2007

	3rd Quarter (Q3)		Nine Months Ended 30 September	
	2007	2006	**2007**	2006
	$'000	$'000	**$'000**	$'000
Cash flow from operating activities :				
Profit from operations	**17,987**	16,304	**78,702**	53,410
Adjustments for :				
Interest income	**(2,241)**	(2,365)	**(6,795)**	(6,616)
Investment income	**(4,122)**	(2,350)	**(11,894)**	(13,377)
Depreciation of property, plant and equipment	**3,799**	3,892	**11,110**	11,334
Gain on disposal of property, plant and equipment	**(15)**	-	**(53)**	(92)
Property, plant and equipment written off	**1**	642	**11**	672
Amortisation of mining rights	**331**	408	**1,012**	1,236
Amortisation of management rights	**49**	46	**145**	138
Amortisation of exploration and development cost	**49**	1,086	**1,654**	1,772
Amortisation of deferred income	**(907)**	(1,679)	**(2,719)**	(3,684)
Amortisation of club membership	**2**	5	**7**	5
Changes in fair value on financial assets	**1,997**	(2,195)	**(14,904)**	(3,320)
Provision for mine reclamation cost	**334**	-	**1,009**	481
Provision for employee benefits	**745**	109	**2,252**	782
Write back of doubtful debts	**(55)**	(21)	**(429)**	(325)
Exploration costs written off	**-**	246	**-**	602
Share-based payments	**-**	40	**-**	40
Operating profit before working capital changes	**17,954**	14,168	**59,108**	43,058
Decrease in properties held for sale	**32**	2,730	**10,004**	6,187
(Increase)/Decrease in inventories	**(10,937)**	(9,467)	**(9,832)**	22,598
(Increase)/Decrease in marketable securities	**(5,146)**	(527)	**(4,348)**	93
Increase in trade and other receivables	**(11,565)**	(8,636)	**(17,434)**	(52,343)
(Decrease)/Increase in trade and other payables	**(1,619)**	8,284	**(9,553)**	(1,699)
Cash (used in)/generated from operations	**(11,281)**	6,552	**27,945**	17,894
Interest expense	**(1,508)**	(1,866)	**(5,469)**	(7,193)
Income tax (paid)/refund	**(5,696)**	2,576	**(15,885)**	(6,963)
Investment income	**4,122**	2,350	**11,894**	13,377
Dividends from associates	**8,005**	-	**8,005**	21
Interest income	**2,219**	2,366	**7,320**	6,691
Net cash flow (used in)/from operating activities	**(4,139)**	11,978	**33,810**	23,827
Cash flow from investing activities :				
Proceeds from sale of property, plant and equipment	**983**	13,819	**9,250**	33,161
Proceed from sale of property	**-**	-	**-**	390,000
Net cash flow from disposal of a subsidiary	**-**	-	**-**	17,270
Cost incurred on property, plant and equipment	**(6,019)**	(6,611)	**(14,303)**	(13,868)
Sale proceeds from investments	**-**	112	**8,197**	53,128
Purchase of investments	**-**	(248)	**(908)**	(442)
Net cash outflow on acquisition of a subsidiary (see note)	**-**	-	**(182)**	-
Payment of deferred mine development and exploration expenditure	**(3,732)**	(734)	**(6,941)**	(1,200)
Cost incurred on investment properties	**(4,053)**	(198)	**(6,236)**	(339)
Purchase of club membership	**-**	-	**-**	(139)
Acquisition of minority interests	**-**	(46,011)	**-**	(46,011)
Compensation award on land acquired	**-**	94	**-**	94
Subscription of shares in an associate	**-**	(2,473)	**-**	(2,473)
Net cash flow (used in)/from investing activities	**(12,821)**	(42,250)	**(11,123)**	429,181
Cash flow from financing activities :				
Increase in borrowings/(loan repayment)	**32,314**	(837)	**15,174**	(219,874)
(Increase)/Decrease in amount due from a joint venture	**(3)**	(1)	**141**	61
Payment of dividends to minority shareholders of subsidiaries	**-**	(946)	**(806)**	(2,589)
Payment of dividends to shareholders	**(5,948)**	(6,518)	**(24,980)**	(84,733)
Payment pursuant to selective capital reduction and related expenses	**-**	-	**-**	(90,690)
Net cash flow from/(used in) financing activities	**26,363**	(8,302)	**(10,471)**	(397,825)
Net increase/(decrease) in cash and cash equivalents	**9,403**	(38,574)	**12,216**	55,183
Cash and cash equivalents at beginning of financial period	**340,259**	251,483	**335,199**	159,719
Effects of exchange rate changes on balances held in foreign currencies	**(3,143)**	(280)	**(896)**	(2,273)
Cash and cash equivalents at 30 September	**346,519**	212,629	**346,519**	212,629
Cash and cash equivalents at 30 September consist of :				
Cash at bank and on deposit	**346,519**	212,629	**346,519**	212,629

Note: Acquisition of a Subsidiary

The fair value of the identifiable assets and liabilities of the subsidiary as at the date of acquisition was :

	Recognised on acquisition $'000	Carrying amount before combination $'000
Other receivable	304	304
Net identifiable asset	304	304
Minority interests	(122)	
Total purchase consideration	182	
Cash outflow on acquisition :		
Cash paid	(182)	
Net cash at bank acquired	-	
Net cash outflow on acquisition	(182)	

1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalization issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

Statements of Changes in Equity for the period ended 30 September 2007

GROUP

	Attributable to equity holders of the Company								
	Share capital $'000	Revaluation reserve $'000	Exchange translation reserve $'000	Fair value reserve $'000	Share-based payment reserve $'000	Revenue reserve $'000	**Total reserves** $'000	Minority interests $'000	**Total equity** $'000
At 1 January 2007	265,928	927	(10,651)	147,642	33	885,443	1,023,394	51,648	1,340,970
Exchange adjustment	-	-	1,668	-	-	-	1,668	364	2,032
Profit for 1st quarter	-	-	-	-	-	55,446	55,446	721	56,167
Net fair value changes on available-for-sale investments	-	-	-	54,500	-	-	54,500	(7)	54,493
Net fair value changes transferred to profit and loss account	-	-	-	(495)	-	-	(495)	-	(495)
Net fair value changes on cash flow hedges	-	-	-	(216)	-	-	(216)	(46)	(262)
Dividend on ordinary shares - 2nd interim dividend for 2006, payable	-	-	-	-	-	(9,516)	(9,516)	-	(9,516)
At 31 March 2007	265,928	927	(8,983)	201,431	33	931,373	1,124,781	52,680	1,443,389
Exchange adjustment	-	-	5,721	-	-	-	5,721	360	6,081
Profit for 2nd quarter	-	-	-	-	-	235,329	235,329	1,865	237,194
Net fair value changes on available-for-sale investments	-	-	-	48,846	-	-	48,846	(15)	48,831
Net fair value changes transferred to profit and loss account	-	-	-	(3,380)	-	-	(3,380)	-	(3,380)
Net fair value changes on cash flow hedges	-	-	-	1,155	-	-	1,155	776	1,931
Dividend on ordinary shares - Special dividend for 2006, paid	-	-	-	-	-	(9,516)	(9,516)	-	(9,516)
Dividend to minority shareholders of a subsidiary	-	-	-	-	-	-	-	(806)	(806)
Minority interests arising from acquisition of a subsidiary	-	-	-	-	-	-	-	122	122
Shares issued to a minority shareholder by a subsidiary	-	-	-	-	-	-	-	49	49
At 30 June 2007	265,928	927	(3,262)	248,052	33	1,157,186	1,402,936	55,031	1,723,895

Statements of Changes in Equity for the period ended 30 September 2007 (cont'd)

GROUP

	Attributable to equity holders of the Company								
	Share capital $'000	Revaluation reserve $'000	Exchange translation reserve $'000	Fair value reserve $'000	Share-based payment reserve $'000	Revenue reserve $'000	**Total reserves** $'000	Minority interests $'000	**Total equity** $'000
Exchange adjustment	-	-	(2,558)	-	-	-	(2,558)	(994)	(3,552)
Profit for 3rd quarter	-	-	-	-	-	9,776	9,776	1,162	10,938
Net fair value changes on available-for-sale investments	-	-	-	(18,053)	-	-	(18,053)	24	(18,029)
Net fair value changes on cash flow hedges	-	-	-	197	-	-	197	(64)	133
Dividend on ordinary shares - 1st interim dividend for 2007, paid	-	-	-	-	-	(5,948)	(5,948)	-	(5,948)
Dividend to minority shareholders of a subsidiary, payable	-	-	-	-	-	-	-	(521)	(521)
At 30 September 2007	**265,928**	**927**	**(5,820)**	**230,196**	**33**	**1,161,014**	**1,386,350**	**54,638**	**1,706,916**

Statements of Changes in Equity for the period ended 30 September 2007 (cont'd)

GROUP

	Attributable to equity holders of the Company								
	Share capital $'000	Revaluation reserve $'000	Exchange translation reserve $'000	Fair value reserve $'000	Share-based payment reserve $'000	Revenue reserve $'000	**Total reserves** $'000	Minority interests $'000	**Total equity** $'000
At 31 December 2005 as previously reported	356,400	77,590	(17,982)	148,156	33	665,246	873,043	56,420	1,285,863
Effect of adopting :									
FRS 40									
Transfer of revaluation reserve arising from investment properties to revenue reserve	-	(76,443)	-	-	-	76,443	-	-	-
Net revaluation surplus arising from properties reclassified to investment properties	-	-	-	-	-	34,687	34,687	-	34,687
At 1 January 2006 as restated	356,400	1,147	(17,982)	148,156	33	776,376	907,730	56,420	1,320,550
Exchange adjustment	-	-	(3,354)	-	-	-	(3,354)	(392)	(3,746)
Exchange loss transferred to profit and loss account	-	-	10,977	-	-	-	10,977	-	10,977
Profit for 1st quarter	-	-	-	-	-	42,938	42,938	1,474	44,412
Net fair value changes on available-for-sale investments	-	-	-	76,568	-	-	76,568	(13)	76,555
Net fair value changes transferred to profit and loss account	-	-	-	(25,400)	-	-	(25,400)	-	(25,400)
Net fair value changes on cash flow hedges	-	-	-	1,234	-	-	1,234	1,612	2,846
Minority interest on disposal of a subsidiary	-	-	-	-	-	-	-	7,254	7,254
Dividend to minority shareholders of subsidiary	-	-	-	-	-	-	-	(1,643)	(1,643)
Dividend on ordinary shares - 2nd interim dividend for 2005, payable	-	-	-	-	-	(13,036)	(13,036)	-	(13,036)
At 31 March 2006	356,400	1,147	(10,359)	200,558	33	806,278	997,657	64,712	1,418,769

Statements of Changes in Equity for the period ended 30 September 2007 (cont'd)

GROUP

	Attributable to equity holders of the Company								
	Share capital $'000	Revaluation reserve $'000	Exchange translation reserve $'000	Fair value reserve $'000	Share-based payment reserve $'000	Revenue reserve $'000	**Total reserves** $'000	Minority interests $'000	**Total equity** $'000
Exchange adjustment	-	-	(1,937)	-	-	-	(1,937)	(974)	(2,911)
Profit for 2nd quarter	-	-	-	-	-	21,429	21,429	667	22,096
Net fair value changes on available-for-sale investments	-	-	-	(57,202)	-	-	(57,202)	(8)	(57,210)
Net fair value changes transferred to profit and loss account	-	-	-	(231)	-	-	(231)	-	(231)
Net fair value changes on cash flow hedges	-	-	-	936	-	-	936	832	1,768
Reduction of share capital pursuant to selective capital reduction and related expenses	(90,472)	-	-	-	-	(218)	(218)	-	(90,690)
Dividend on ordinary shares - Special dividend for 2005, paid	-	-	-	-	-	(65,179)	(65,179)	-	(65,179)
At 30 June 2006	265,928	1,147	(12,296)	144,061	33	762,310	895,255	65,229	1,226,412
Exchange adjustment	-	-	(598)	-	-	-	(598)	(468)	(1,066)
Profit for 3rd quarter	-	-	-	-	-	31,063	31,063	1,088	32,151
Net fair value changes on available-for-sale investments	-	-	-	(4,119)	-	-	(4,119)	(10)	(4,129)
Net fair value changes on cash flow hedges	-	-	-	(593)	-	-	(593)	(443)	(1,036)
Fair value of options issued by a subsidiary company	-	-	-	-	17	-	17	23	40
Acquisition of minority interest	-	-	-	-	-	-	-	(37,283)	(37,283)
Dividend to minority shareholders of a subsidiary company	-	-	-	-	-	-	-	(946)	(946)
Dividend on ordinary shares - 1st interim dividend for 2006, paid	-	-	-	-	-	(6,518)	(6,518)	-	(6,518)
At 30 September 2006	**265,928**	**1,147**	**(12,894)**	**139,349**	**50**	**786,855**	**914,507**	**27,190**	**1,207,625**

Statements of Changes in Equity for the period ended 30 September 2007 (cont'd)

COMPANY

	Share capital $'000	Exchange translation reserve $'000	Fair value reserve $'000	Revenue reserve $'000	**Total** $'000
At 1 January 2007	265,928	(1,232)	107,839	466,670	839,205
Exchange adjustment	-	456	-	-	456
Fair value changes on available-for-sale investments	-	-	45,569	-	45,569
Profit for 1st quarter	-	-	-	6,348	6,348
Dividend on ordinary shares - 2nd interim dividend for 2006, payable	-	-	-	(9,516)	(9,516)
At 31 March 2007	265,928	(776)	153,408	463,502	882,062
Exchange adjustment	-	528	-	-	528
Fair value changes on available-for-sale investments	-	-	40,199	-	40,199
Fair value changes transferred to profit and loss account	-	-	(2,639)	-	(2,639)
Profit for 2nd quarter	-	-	-	42,855	42,855
Dividend on ordinary shares - Special dividend for 2006, paid	-	-	-	(9,516)	(9,516)
At 30 June 2007	265,928	(248)	190,968	496,841	953,489
Exchange adjustment	-	(737)	-	-	(737)
Fair value changes on available-for-sale investments	-	-	(8,065)	-	(8,065)
Profit for 3rd quarter	-	-	-	12,830	12,830
Dividend on ordinary shares - 1st interim dividend for 2007, paid	-	-	-	(5,948)	(5,948)
At 30 September 2007	**265,928**	**(985)**	**182,903**	**503,723**	**951,569**

Statements of Changes in Equity for the period ended 30 September 2007 (cont'd)

COMPANY

	Share capital $'000	Revaluation reserve $'000	Exchange translation reserve $'000	Fair value reserve $'000	Revenue reserve $'000	**Total** $'000
At 31 December 2005 as previously reported	356,400	26,010	(468)	131,681	488,639	1,002,262
FRS 40						
Transfer of revaluation reserve arising from investment properties to revenue reserve	-	(26,010)	-	-	26,010	-
Net revaluation surplus arising from properties reclassified to investment properties	-	-	-	-	29,718	29,718
At 1 January 2006 as restated	356,400	-	(468)	131,681	544,367	1,031,980
Exchange adjustment	-	-	(25)	-	-	(25)
Fair value changes on available-for-sale investments	-	-	-	49,756	-	49,756
Net fair value changes transferred to profit and loss account	-	-	-	(41,498)	-	(41,498)
Profit for 1st quarter	-	-	-	-	44,436	44,436
Cancellation of subsidiaries' indebtedness	-	-	-	-	(119,658)	(119,658)
Dividend on ordinary shares - 2nd interim dividend for 2005, payable	-	-	-	-	(13,036)	(13,036)
At 31 March 2006	356,400	-	(493)	139,939	456,109	951,955
Exchange adjustment	-	-	(715)	-	-	(715)
Profit for 2nd quarter	-	-	-	-	9,850	9,850
Fair value changes on available-for-sale investments	-	-	-	(36,216)	-	(36,216)
Reduction of share capital pursuant to selective capital reduction and related expenses	(90,472)	-	-	-	(218)	(90,690)
Dividend on ordinary shares - Special dividend for 2005, paid	-	-	-	-	(65,179)	(65,179)
At 30 June 2006	265,928	-	(1,208)	103,723	400,562	769,005
Exchange adjustment	-	-	(458)	-	-	(458)
Profit for 3rd quarter	-	-	-	-	12,584	12,584
Fair value changes on available-for-sale investments	-	-	-	(3,584)	-	(3,584)
Dividend on ordinary shares - 1st interim dividend for 2006, paid	-	-	-	-	(6,518)	(6,518)
At 30 September 2006	**265,928**	**-**	**(1,666)**	**100,139**	**406,628**	**771,029**

1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

Not applicable.

1(e) Negative assurance confirmation on interim financial results pursuant to Rule 705(4) of the SGX's Listing Manual.

The Board of Directors of the Company hereby confirm that, to the best of their knowledge, nothing has come to the attention of the Board of Directors which may render the third quarter 2007 financial results to be false or misleading in any material aspect.

2. Whether the figures have been audited or reviewed and in accordance with which auditing standard or practice.

The figures have not been audited or reviewed by the Company's auditors.

3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of matter).

Not applicable.

4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.

The Group has applied the same accounting policies and methods of computation in the preparation of the financial statements for the current reporting period compared with the audited financial statements as at 31 December 2006, as well as adoption of various relevant new or revised Financial Reporting Standard (FRS) and Interpretations to FRS (INT FRS) which become effective for the financial year beginning on or after 1 January 2007.

5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.

The adoption of the new or revised FRS or INT FRS does not have any material financial impact on the Group and the Company.

6. Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.

	3rd Quarter (Q3)		Nine Months Ended 30 September	
	2007	2006	**2007**	2006
Basic and Diluted Earnings per share for the period based on Group profit attributable to Equity Holders of the Company :-	**3.0 cents**	9.5 cents	**92.2 cents**	28.2 cents

7. Net asset value (for the issuer and group) per ordinary share based on issued share capital of the issuer at the end of the:-

(a) current financial period reported on; and

(b) immediately preceding financial year.

Net asset value per share based on issued share capital at the end of :-	**30 September 2007**	31 December 2006
The Group	**$5.07**	$3.96
The Company	**$2.92**	$2.58

8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:-

(a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and

(b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

Overall review

The Group's core businesses comprise (a) metals and mineral resources, (b) hotel investment and management, (c) property operations and (d) financial investments.

Profit before exceptional items increased from $14.3 million in Q3 2006 to $16.0 million in Q3 2007 due to better operational results from all core businesses except for property with the absence of sale of condominium units. Net earnings, however, were lower at $9.8 million in Q3 2007 compared with $31.1 million in Q3 2006 as the latter included an exceptional gain of $27.1 million from the disposal of properties in Singapore and Malaysia.

Year to date, the Group reported substantially higher net earnings of $300.6 million compared with $95.4 million in the previous corresponding period contributed mainly by the recognition of substantial fair value surpluses recorded in Q2 2007. The higher earnings were also boosted by better operational results from all business units except for investment income which had declined slightly.

Segmental review

Metals and mineral resources

Malaysia Smelting Corporation Berhad (MSC) reported a slightly higher net profit of RM7.5 million in Q3 2007 compared with RM7.3 million in Q3 2006 due to higher tin prices. The improvement however was offset by lower production and higher tax charge. Although MSC's principal subsidiary, PT Koba Tin had resumed operations in August 2007, its small scale mining activity within its Contract of Work area (COW) was much lower under a new sub-contracting arrangement. The latest revision in the provincial forestry boundary resulting in an enlarged production forest area within the COW's boundary had also restricted small scale mining operations. MSC Group incurred an unrealised loss of $2.1 million arising from the changes in fair value in the hedging of the future sale of tin contracts compared with a $0.5 million loss in Q3 2006.

Hotel investment and management

Hotel revenue increased 55.0% from $25.2 million in Q3 2006 to $39.0 million in Q3 2007 as a number of Rendezvous and Marque hotels were added only in the later part of 2006. Significant increase in room rates have boosted revenue of Perth and Singapore hotels. Average room rates in Singapore increased as strong tourist arrivals led to tight room supply. Perth Hotel had also seen a higher volume of group inbound and aircrew sales and room rates had increased across all market segments.

Hotel earnings for Q3 2007, from Singapore, Perth, Broome and Melbourne were substantially higher than Q3 2006. Total hotel contribution was higher compared with Q3 2006 despite losses incurred by the hotel in Auckland. The Group took over the management of the Auckland hotel in September 2006 under a lease contract. The hotel losses reflected room sales that were below expectation partly due to a weaker corporate and leisure market.

Property operations

Property revenue fell 31.5% from $15.1 million in Q3 2006 to $10.3 million in Q3 2007 as there was no sale of residential units in Singapore. Rental income however improved with higher rates for new/renewal leases.

Financial investments

Similar to Q3 2006, minimal profit was reported from the sale of trading securities in Q3 2007. The Group continued to record a small $0.1 million increase in fair value on its trading securities in Q3 2007 while the increase in Q3 2006 was $2.7 million.

On the other hand, dividend income from Group's investments increased by 75.4% from $2.4 million in Q3 2006 to $4.1 million in Q3 2007, mainly due to higher and special dividend payouts from some of the Group's investments.

9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.

No prospect statement was disclosed in the 2007 2nd quarter financial statements announcement made on 14 August 2007.

10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.

Metals and mineral resources

With the reduction in PT Koba Tin's production to about 1,000 tonnes per month, PT Koba Tin is in the process of undertaking a major cost rationalization programme to improve its operating efficiency. Performance of PT Koba Tin is expected to improve progressively as the benefits of the on-going rationalization programme are being realised.

The Group's investment focus remains in tin, coal and gold. Recently, MSC entered into (a) an agreement to collaborate with Metal Resources Capital Limited and expand the Group's tin operations in Indonesia, and (b) a Joint Venture Agreement with Guangxi Guilin Jinwei Realty Co., Ltd. and Vertex Metals Incorporation to smelt and refine tin, and produce and sell tin and tin-based products in the People's Republic of China.

Hotel investment and management

Measures have been put in place, including the refurbishment of the banquet facilities, to ensure the turnaround of the Auckland hotel and to improve the performance of the Broome and Port Douglas hotels. These included taking sales and marketing initiatives with strong yield and cost controls. Room yield is expected to improve further once refurbishments are completed at Port Douglas and the three new Marque hotels.

Hotel operations are expected to further improve when the new hotels in Guilin and Christchurch commence operations in 2008.

Property operations

The Group's rental income is expected to continue to improve in tandem with the rising rental market for residential and commercial properties in Singapore.

The Group is also exploring some development projects outside Singapore. In certain strategic cities, the Group's property team may partner with the hotel operation to embark on hotel /mixed development work to expand the Group's hotel portfolio.

Financial investments

Activities from the trading securities are expected to remain low and dividend income from investments is likely to be lower for 2007 due to the smaller investment portfolio. The Group is expected to report a substantial exceptional gain in Q4 2007 arising from the mergers of Sime Darby Berhad and Golden Hope Plantations Bhd in which the Group has investments in.

Contingent Liabilities

Since the Company's last announcement on 14 August 2007 of its Q2 interim financial statement, there was no new development on the following outstanding material litigations against the subsidiary, MSC :

(a) A claim from a party against MSC and three others, seeking a declaration that the award for the sale of 100% issued shares of Rahman Hydraulic Tin Sdn. Bhd. (RHT) to MSC pursuant to an open tender process, be declared null and void. The party also filed an injunction to restrain the Administrator of RHT from proceeding with the sale. Both the claim and the injunction were dismissed by the High Court with costs. The party had filed an appeal on 8 March 2005 and no date has been fixed for hearing.

(b) A statement of claim for RM45 million plus interest at 8% per annum and legal costs was filed against MSC for an alleged breach of a Share Subscription Agreement made between the Plaintiff and MSC. The breach was in fact committed by the Plaintiff, entitling MSC to terminate the agreement. MSC had filed its Statement of Defence on 18 November 2005 disputing liability. To-date, the Plaintiff had not proceeded further on the case.

(c) On 7 February 2006, MSC received a statement of claim from a system provider for RM1.28 million plus interest at 8% per annum and legal costs for alleged cost overruns in the implementation of an Enterprise Resource Planning System. The claim came after more than a year following the completion of the implementation. MSC had filed its Statement of Defence disputing liability.

11. Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on?

None.

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year?

None.

(c) Date payable

Not applicable.

(d) Books closure date

Not applicable.

12. If no dividend has been declared/recommended, a statement to that effect.

No dividend has been declared for the third quarter ended 30 September 2007.

BY ORDER OF THE BOARD
Victoria Tse (Mrs)
Secretary

9 November 2007
Singapore