



THE STRAITS TRADING COMPANY LIMITED

(Incorporated in Singapore)

(Company Registration No.: 188700008D)

ANNOUNCEMENT

PROPOSED SPECIAL DIVIDEND

1. INTRODUCTION

The Board of Directors (the "**Board**") of The Straits Trading Company Limited (the "**Company**") wish to announce that, pursuant to a request by The Cairns Pte. Ltd. ("**TCPL**") to enhance shareholders' value by distributing additional dividends, the Board is proposing that the Company declare a special cash dividend (the "**Special Dividend**") of S\$0.60 per ordinary share in the capital of the Company ("**Share**"), to be paid to shareholders of the Company as at a books closure date to be determined.

2. RATIONALE FOR THE SPECIAL DIVIDEND

Having considered the request of TCPL as stated in paragraph 1 above and following a review of the Group's present financial position and funding requirements for the Group's operations and future expansion plans, the Board has determined that the Company is able to distribute an amount of approximately S\$195.5 million or S\$0.60 per Share.

The proposed Special Dividend is consistent with the statement made in the Company's circular to shareholders dated 3 February 2008 that 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*', and will further enhance the Group's capital structure.

The Board will continue to review the Group's capital management initiatives to further optimize the Group's capital structure.

3. SHAREHOLDERS' APPROVAL

3.1 An extraordinary general meeting of the Company (the "**EGM**") will be convened as soon as reasonably practicable to seek shareholders' approval for the Special Dividend.

3.2 The Directors have been advised and consequently recognise that there is a risk that any cash distribution made by the Company by way of the Special Dividend may be considered to be the indirect rendering of financial assistance within Section 76 of the Companies Act, Chapter 50 of Singapore (the "**Companies Act**"). In particular, the Special Dividend may be used by TCPL or other shareholders to repay acquisition

financing or to reduce the acquisition cost in relation to a shareholder's acquisition of Shares, which may in turn amount to financial assistance under Section 76 of the Companies Act. Accordingly, in order to facilitate the payment of the Special Dividend, approval from the shareholders will also be sought at the EGM for any financial assistance ("**Financial Assistance**") which may be given by the Company in connection with the acquisition of Shares.

3.3 A circular setting out, *inter alia*, further details of the Special Dividend and the Financial Assistance, and containing the notice convening the EGM will be despatched to shareholders in due course.

3.4 Ms Chew Gek Khim, a Director of the Company, is also a director of TCPL.

4. RESPONSIBILITY STATEMENT

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

BY ORDER OF THE BOARD

Emily Teo
Company Secretary

Singapore, 28 March 2008

This Announcement will be available at the Company's website at <http://www.stc.com.sg/>