



**THE STRAITS TRADING COMPANY LIMITED**  
*(A member of The Tecity Group)*

**CORPORATE PROPOSALS BY MALAYSIA SMELTING CORPORATION BERHAD ('MSC'), THE GROUP'S SUBSIDIARY**

The Board of Directors of The Straits Trading Company Limited ('STC') wishes to inform that the following proposals were announced on behalf of MSC on 8 August 2008:

1. Proposed bonus issue of 75 million new ordinary shares of RM1.00 each in MSC ('Bonus Shares') to be credited as fully paid-up on the basis of one (1) Bonus Share for every one (1) existing ordinary share of RM1.00 each in MSC ('MSC Share') held by the entitled shareholders of MSC on an entitlement date to be determined and announced later ('Proposed Bonus Issue');
2. Proposed renounceable rights of 225 million new ordinary shares of RM1.00 each in MSC ('Rights Shares') on the basis of three (3) Rights Shares for every two (2) MSC Shares held after the Proposed Bonus Issue ('Proposed Rights Issue'); and
3. Proposed increase in MSC's authorised share capital of RM100 million comprising 100 million MSC Shares to RM500 million comprising 500 million MSC Shares ('Proposed Increase in Authorised Share Capital')

(collectively referred to as the 'Proposals').

The Proposed Bonus Issue will increase the share capital base of MSC to a level which is more reflective of its operations and assets employed, and is also expected to improve the liquidity and marketability of MSC Shares on Bursa Malaysia Securities Berhad ('Bursa Securities'). The Proposed Rights Issue is undertaken by MSC to (among other reasons) fund its business expansion, reduce gearing and to provide the shareholders of MSC with an opportunity to further increase their equity participation in MSC. The Proposed Increase in Authorised Share Capital is to facilitate the Proposed Bonus Issue and Proposed Rights Issue as well as to allow for any new share issuance pursuant to any future corporate exercise.

The Proposals are conditional upon approvals being obtained from:

1. The Securities Commission in Malaysia for the Proposed Rights Issue;
2. Bursa Securities, for the listing and quotation of the Bonus Shares and Rights Shares on the Main Board of Bursa Securities;
3. The shareholders' approval of MSC for the Proposals; and
4. Any other relevant authorities and/or parties, if required.

Subject to the above, the Proposals are expected to be completed by the end of 2008.

The Proposals will not have any material effect on the net assets, gearing or earnings of the STC Group for the financial year ending 31 December 2008. MSC expects the use of the proceeds from the Proposed Rights Issue to contribute positively to its future earnings.

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Please refer to the attached announcement for further details on the Proposals.

Mr. Norman Ip Ka Cheung and Mr. Razman Ariffin, Directors of STC, are chairman and director of MSC respectively.

Submitted by  
Emily Teo (Ms)  
Secretary

The Straits Trading Company Limited  
(Registration No. 188700008D) on 11/8/2008 to the SGX

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