



NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an Extraordinary General Meeting (the "EGM") of The Straits Trading Company Limited (the "Company") will be held at Straits Ballroom, Level 2, Rendezvous Hotel, Singapore, 9 Bras Basah Road, Singapore 189559 on 19 December 2008 at 10.00 a.m. for the purpose of considering and, if thought fit, approving, with or without modification, the following Resolutions, of which Resolution 1 will be proposed as a Special Resolution and Resolution 2 will be proposed as an Ordinary Resolution.

Resolution 1: Special Resolution

The giving of Financial Assistance by the Company

THAT:

- (1) approval be and is hereby given for any financial assistance which may be deemed to have been given by the Company, directly or indirectly, within the meaning of Section 76 of the Companies Act, Chapter 50 of Singapore (the "Act"), for the purpose of or in connection with, the acquisition by any person, including an Entitled Shareholder (as defined in Resolution 2 below), of ordinary shares in the Company ("Shares"), in connection with the payment of the proposed Special Dividend (as defined in Resolution 2 below) (the "Financial Assistance"); and
- (2) the Directors and each of them be and are hereby authorised to complete and do all acts and things (including executing all such documents as may be required in connection with the giving of Financial Assistance by the Company) as they or he may consider desirable, necessary or expedient to give full effect to this Special Resolution.

Resolution 2: Ordinary Resolution

The payment of the proposed Special Dividend

THAT, subject to and contingent upon the passing of Resolution 1 above and compliance with the provisions of Section 76(10) of the Act in respect of the Financial Assistance:

- (1) approval be and is hereby given for the payment by the Company of the proposed special cash dividend of S\$1.00 per Share (the "Special Dividend") to holders of Shares ("Shareholders") as at a books closure date to be determined by the Directors ("Entitled Shareholders");
- (2) the Special Dividend be paid to Entitled Shareholders in two (2) instalments as follows:
 - (a) the first instalment of the Special Dividend, being an amount of up to S\$0.80 per Share (the "First Instalment"); and
 - (b) the second instalment of the Special Dividend, being the balance amount of the Special Dividend not paid in the First Instalment; and
- (3) the Directors and each of them be and are hereby authorised to complete and do all acts and things (including executing all such documents as may be required in connection with the payment of the proposed Special Dividend) as they or he may consider desirable, necessary or expedient to give full effect to this Ordinary Resolution.

By Order of the Board

Emily Teo (Ms)

Secretary

Singapore

25 November 2008

Notes:

1. A member of the Company entitled to attend and vote at the EGM is entitled to appoint not more than two proxies to attend and vote in his stead. A proxy need not be a member of the Company.
2. A member of the Company which is a corporation is entitled to appoint its authorised representative or proxy to vote on its behalf.
3. The instrument appointing a proxy must be deposited at the registered office of the Company at 18 Cross Street, #15-01, Singapore 048423 not less than 48 hours before the time appointed for the EGM. The sending of a Proxy Form by a member does not preclude him from attending and voting in person at the EGM if he finds that he is able to do so. In such event, the relevant Proxy Forms will be deemed to be revoked and the Company reserves the right to refuse to admit any person or persons appointed under the instrument of proxy to the EGM.

4. Information required by Section 76(10)(c) of the Act

4.1 Particulars of the Financial Assistance referred to in Resolution 1

The Directors have been advised and consequently recognise the risk that any cash distribution made by the Company by way of the Special Dividend may be considered to be Financial Assistance, as such cash distribution may, *inter alia*, be used by any persons who have acquired Shares, including Entitled Shareholders, to repay acquisition financing or to reduce the acquisition cost, if any. Accordingly, approval from Shareholders will be sought for the Financial Assistance in connection with the payment of the proposed Special Dividend.

4.2 Reasons for the giving of Financial Assistance by the Company

The Company is requesting Shareholders to approve the Financial Assistance in order to facilitate the payment of the proposed Special Dividend.

Shareholders should note that the payment of the proposed Special Dividend is conditional upon the approval of Shareholders for the Financial Assistance and compliance with the provisions of Section 76(10) of the Act in respect of the Financial Assistance.

In the circular to Shareholders dated 3 February 2008, the Group stated its intention "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 further optimise its capital structure.

In a letter from The Cairns Pte. Ltd. ("TCPL") dated 7 October 2008, TCPL requested that the Board considers taking a further step in enhancing shareholders' value by distributing additional dividends. As the request is in line with the Company's intentions as stated above, the Directors have agreed to propose the declaration of the Special Dividend for approval of Shareholders.

Following the payment of the Special Dividend, the Company intends to focus on certain key businesses and apply more capital and human resources and assets to such businesses.

Having reviewed the financial position of the Group, its funding requirements for current operations and future expansion plans as well as its financial results for the period ended 30 September 2008, the Directors believe that it will be prudent for the Company and intend to pay the Special Dividend to Entitled Shareholders in two instalments.

Such instalment payments will result in the Company taking on a limited amount of gearing to improve its return on equity until such time as the remaining 'non-core' assets of the Group, such as completed residential properties and certain securities, are disposed of, details of which are set out in paragraph 5 of Appendix 1 to the circular to Shareholders dated 25 November 2008 issued for purposes of the EGM (the "Circular").

4.3 Effect of the Financial Assistance on the financial position of the Company and the Group

Having regard to the present financial position of the Company and the Group, the Financial Assistance is not expected to have any material adverse effect on the Company or the Group.

4.4 Statement pursuant to Section 76(10)(c) of the Act

Under Section 76(10)(c) of the Act, the notice specifying the intention to propose the giving by a company of financial assistance for the purpose of or in connection with, an acquisition of shares in the company as a special resolution has to be accompanied by a copy of a statement made in accordance with a resolution of the directors, setting out the names of any directors who voted against the resolution and the reasons why they so voted, and signed by not less than two directors, stating whether, in the opinion of the directors who voted in favour of the resolution, after taking into account the financial position of the company (including future liabilities and contingent liabilities of the company), the giving of the financial assistance would be likely to prejudice materially the interests of the creditors or members of the company or any class of those creditors or members.

A copy of a statement pursuant to Section 76(10)(c) of the Act dated 11 November 2008 signed by two Directors in accordance with resolutions in writing passed by the Directors (save for Ms Chew Gek Khim and Ms Chew Gek Hiang who abstained) on 11 November 2008 is set out in Appendix 2 to the Circular.