



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

LEASE OF PROPERTY TO INTERESTED PERSON

1. LEASE AGREEMENT

- 1.1 The Board of Directors (the "**Board**") of The Straits Trading Company Limited (the "**Company**") wishes to announce that Straits Developments Private Limited ("**SDPL**"), a wholly-owned subsidiary of the Company has today entered into a lease agreement (the "**Lease Agreement**") with Consultants Services (Private) Limited ("**CSPL**"), under which SDPL as landlord will lease to CSPL as tenant the property known as Unit #09-01 Straits Trading Building, No. 9 Battery Road, Singapore 049910 (the "**Property**", and the building in which the Property is located hereinafter called the "**Building**").
- 1.2 Under the Lease Agreement, CSPL will lease the Property from SDPL for the purpose of a business office for the business of CSPL. The lease of the Property (the "**Lease**") will be for a term of five years for a floor area of 5,481 square feet, at an aggregate gross monthly rent (inclusive of service charge but exclusive of GST) of S\$43,848.00. The term of the Lease will commence on 1 January 2010 (upon the expiry of a rent-free fitting out period commencing on 23 November 2009 and expiring on 31 December 2009) and expire on 31 December 2014. Apart from the rent-free fitting out period, there are no other rent-free periods. Under the Lease Agreement, CSPL has an option to renew the Lease for another three years at the then-prevailing market rent and on such other terms and conditions as may be imposed by SDPL.

2. DETAILS OF INTERESTED PERSON

- 2.1 CSPL is *inter alia* an associate of the Company's indirect controlling shareholder, Dr Tan Kheng Lian, as well as an associate of the Company's Non-Executive Chairman Ms Chew Gek Khim, and the Company's Non-Executive Director, Ms Chew Gek Hiang. Dr Tan Kheng Lian is an immediate family member of Ms Chew Gek Khim and Ms Chew Gek Hiang.
- 2.2 Accordingly, CSPL is an "interested person" of the Company for the purposes of Chapter 9 of the Listing Manual of the Singapore Exchange Securities Trading Limited ("**SGX-ST**"), and the Lease Agreement constitutes an interested person transaction of the Company under Chapter 9 of the SGX-ST Listing Manual.

3. RATIONALE FOR THE LEASE AGREEMENT

The gross rent of the Property was arrived at after taking into consideration, *inter alia*, the size and location of the Property within the Building, and is considered fair and reasonable, having regard to the prevailing market conditions and achievable rents for leases of other buildings in the vicinity of the Building. The monthly rental rate offered by CSPL under the Lease Agreement is comparable with prevailing market rates and leases of other units located within the Building.

4. AUDIT COMMITTEE'S STATEMENT

Save for Ms Chew Gek Hiang (being a director of CSPL) who has abstained from voting and from making any recommendation on the Lease Agreement, the Audit Committee of the Company has reviewed and approved the terms of the Lease Agreement, and is of the view that the Lease and the entering into of the Lease Agreement is on normal commercial terms, and is not prejudicial to the interests of the Company and its minority shareholders.

5. TOTAL INTERESTED PERSON TRANSACTIONS WITH SAME INTERESTED PERSON FOR FY09

Based on the audited financial statements of the Company for the financial year ended 31 December 2008, the audited net tangible asset value ("**NTA**") of the Group as at 31 December 2008 was S\$1,198,655,000.

The transaction value of the Lease Agreement is S\$2,630,880.00. The value of the transaction under the Lease Agreement therefore represents approximately 0.219% of the Group's latest audited NTA as at 31 December 2008.

The current total value of all transactions entered into with the Tecity group of companies, comprising Tecity Pte. Ltd. ("**Tecity**") and its related companies (together with Tecity, the "**Tecity Group**"), of which CSPL is a member (including the Lease Agreement) in the current financial year ending 31 December 2009 ("**FY09**") is S\$57,365,370* which represents approximately 4.786% of the Group's latest audited NTA as at 31 December 2008. As the aggregate value of all the transactions entered into with the Tecity Group (including the Lease Agreement) in FY09 has exceeded the relevant threshold of 3.0% of the latest audited NTA of the Group, under Rule 905(2) of the SGX-ST Listing Manual, the Company is required to make an immediate announcement of the Lease Agreement under Chapter 9 of the SGX-ST Listing Manual.

6. TOTAL INTERESTED PERSON TRANSACTIONS OF THE COMPANY AND ITS ENTITIES AT RISK FOR FY09

The current total value for all interested person transactions entered into by the Company and its entities at risk (as defined in Chapter 9 of the SGX-ST Listing Manual) for FY09 is S\$57,365,370*.

** The aggregate value indicated in the above paragraph excludes transactions less than S\$100,000 but includes the value of a transaction of S\$3,388,800, being a sale of a unit of the Group's residential properties at Gallop Gables, Singapore to Dr Tan Kheng Lian, as well as the value of a transaction of S\$51,345,690, being the share transfer agreement entered into between the Company and the Tecity Group under which the Company transferred to the Tecity Group companies certain shares in consideration of which the Company received cash and other shares from the Tecity Group companies.*

7. DIRECTORS' AND CONTROLLING SHAREHOLDERS' INTERESTS

Ms Chew Gek Khim is the Non-Executive Chairman and a Non-Independent Director of the Company. Ms Chew Gek Khim is also a Director of CSPL. Ms Chew Gek Hiang is a Non-Independent and Non-Executive Director of the Company. Ms Chew Gek Hiang is also a Director of CSPL. Mr David Goh Kay Yong is a Non-Independent and Non-Executive Director of the Company. Mr Goh is also the Chief Investment Officer and Strategist of the Tecity Group.

As such, the abovementioned Directors of the Company had abstained from voting on the Lease Agreement.

The Cairns Private Limited is a direct controlling shareholder of the Company. Raffles Investments Limited, Aequitas Private Limited, Siong Lim Private Limited and Tecity (all of which are companies within the Tecity Group), as well as Dr Tan Kheng Lian, are also controlling shareholders of the Company by virtue of their deemed interest in the Company through The Cairns Private Limited.

Save as disclosed in this Announcement, none of the Directors and controlling shareholders of the Company has any interest, direct or indirect (other than through their shareholdings in the Company), in the Lease Agreement.

BY ORDER OF THE BOARD

Submitted by
Emily Teo (Ms)
Secretary

The Straits Trading Company Limited
(Registration No. 188700008D) on 16/10/2009 to the SGX

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

About The Straits Trading Company Limited

The Company is more than 120 years old with its business interests spanning the Asia Pacific region. The Group engages in tin mining and smelting, investments in other metals and mineral resources, hotel investment and management and property operations. Its mining and smelting operations are carried out through its 73% listed subsidiary in Malaysia, Malaysia Smelting Corporation Berhad, whilst the hotels are managed under the RENDEZVOUS or MARQUE brandings through its 100% subsidiary, Rendezvous Hotels International Private Limited group of companies.