

## ANNOUNCEMENT

---

### RESPONSE TO SGX-ST'S QUERY ON THE ANNUAL REPORT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

---

The Board of Directors (the “**Board**”) of The Straits Trading Company Limited (the “**Company**”) refers to the query raised by The Singapore Exchange Securities Trading Limited (“**SGX-ST**”) in its email of 18 April 2019 in relation to the Company’s Annual Report for the financial year ended 31 December 2018 (“**2018 Annual Report**”), and wishes to provide further information as follows:

#### SGX-ST’s Query:

- (a) With reference to the audited consolidated cash flow statement on pages 66 and 67 of the Company’s Annual Report 2018, please provide an explanation for the material differences in the amounts of the following items, as compared to the unaudited financial results announcement of the Company for the financial year ended 31 December 2018:-
- (i) The net cash flows from operating activities of approximately \$7,401,000 as compared to the amount of \$(3,885,000); and
  - (ii) The net cash flows from financing activities of approximately \$82,543,000 as compared to the amount of \$93,829,000.
- (b) Paragraph 9.3 of the Code of Corporate Governance 2012 (the “Code”) states that the company should name and disclose the remuneration of at least the top five key management personnel (who are not directors or the CEO) in bands of S\$250,000. Companies need only show the applicable bands. There should be a breakdown (in percentage or dollar terms) of each key management personnel’s remuneration earned through base/fixed salary, variable or performance-related income/bonuses, benefits in kind, stock options granted, share-based incentives and awards, and other long-term incentives.

In addition, the company should disclose in aggregate the total remuneration paid to the top five key management personnel (who are not directors or the CEO).

As best practice, companies are also encouraged to fully disclose the remuneration of the said top five key management personnel.

As required under Listing Rule 1207(12) of the Listing Manual, please make disclosure as recommended in the Code or otherwise disclose and explain any deviation from the recommendation.

#### The Company’s Response:

- (a) Certain line items in the consolidated cash flow statement were rectified to reflect the nature of the transactions.

Certain interest received and a repayment of a bank loan by a subsidiary were previously reported as currency realignment in the operating activities during the preparation of the announcement. These items were rectified by management during the preparation of the 2018 Annual Report.

In the 2018 Annual Report, the interest received was reclassified from currency realignment to interest received in the operating activities and the repayment of bank loan was reclassified from operating activities to financing activities respectively.

- (b) The Board refers to page 45 of the 2018 Annual Report. The names of the key management personnel (who are not directors or the CEO) and their remuneration in bands of S\$250,000 have been disclosed. The breakdown (in percentage terms) of each key management personnel's remuneration earned through base/fixed salary, variable or performance-related income/bonuses, and benefits in kind was also disclosed.

Given the sensitive nature of employee remuneration, as well as possible pressures from both within and outside the Group upon disclosing such information, the Board has decided that the detailed disclosure of each Directors' and key management personnel's (who are not Directors or the CEO) remuneration is not in the interests of the Company. The Company has therefore disclosed the aggregate of the total remuneration of the key management personnel (including the Executive Chairman) instead.

By Order of the Board

Aldric Tan Jee Wei  
Company Secretary  
**The Straits Trading Company Limited**

22 April 2019  
Singapore

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

#### **About The Straits Trading Company Limited**

Incorporated in 1887, The Straits Trading Company Limited has stakes in real estate, hospitality, resources and investments that span the Asia Pacific region. It owns a 89.5% stake in Straits Real Estate, a co-investment vehicle that seeks out real estate related investments & opportunities globally. It also owns a 20.95% stake in ARA Asset Management Limited, one of the largest real estate fund managers in the region, and has a 30% interest in Far East Hospitality Holdings, an established international hospitality owner and operator. Straits Trading also engages in tin mining and smelting through its 54.8%-owned subsidiary, Malaysia Smelting Corporation Berhad that is dual listed on Bursa Malaysia and the SGX-ST.