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A MEMBER OF THE TECITY GROUP

THE STRAITS TRADING COMPANY LIMITED
(Incorporated in the Republic of Singapore)
(Company Registration Number: 188700008D)

**PRIVATE PLACEMENT TO RAISE GROSS PROCEEDS
OF S\$80.86 MILLION**

1. INTRODUCTION

The board of directors (the "**Directors**", and the board of Directors, the "**Board**") of The Straits Trading Company Limited (the "**Company**"), wishes to announce the proposed private placement of 26,000,000 new ordinary shares in the capital of the Company (the "**Private Placement**", and the new ordinary shares, the "**Placement Shares**") at an issue price of S\$3.11 per Placement Share (the "**Placement Price**") to raise gross proceeds of S\$80.86 million.

2. DETAILS OF THE PRIVATE PLACEMENT

The Company has today entered into a placement agreement (the "**Placement Agreement**") with CLSA Singapore Pte Ltd, DBS Bank Ltd., Maybank Securities Pte. Ltd., Phillip Securities Pte Ltd, RHB Bank Berhad and United Overseas Bank Limited (the "**Joint Placement Agents**") in relation to the Private Placement. Pursuant to the Placement Agreement, the Joint Placement Agents have severally (and not jointly or jointly and severally) agreed to use best endeavours to procure subscribers for the Placement Shares and to the extent that any subscriber defaults in paying the Placement Price in respect of any of the Placement Shares allotted to it, to subscribe, for such Placement Shares at the Placement Price in their respective proportions, on the terms and subject to the conditions of the Placement Agreement. The Private Placement shall be subject to certain conditions precedent set out in the Placement Agreement, including the approval in-principle of Singapore Exchange Securities Trading Limited (the "**SGX-ST**") for the listing of, dealing in, and quotation for, the Placement Shares on the Main Board of the SGX-ST.

The Placement Price of S\$3.11 per Placement Share represents a discount of approximately 8.9% to the volume weighted average price of S\$3.4126 per ordinary share in the capital of the Company ("**Share**") of all trades in the Shares on the SGX-ST on 13 January 2022, being the

preceding full Market Day¹ during which the Shares were traded prior to the trading halt of the Shares with effect from 7.34 a.m. on 14 January 2022 up to the time the Placement Agreement was signed on 18 January 2022.

3. RATIONALE AND USE OF PROCEEDS

The Directors are of the view that the Private Placement is beneficial to the Company as it will address the low trading liquidity of the Company's shares, increase resources and working capital available to the Company so as to pursue acquisition and/or business opportunities and improve its cash flow, as part of its strategy to achieve long-term growth and delivering shareholders value.

Subject to relevant laws and regulations, the Company intends to use the gross proceeds of approximately S\$80.86 million from the Private Placement in the following manner:

- (i) approximately S\$78.03 million (which is equivalent to approximately 96.5 % of the gross proceeds of the Private Placement) for potential acquisitions and/or business opportunities available from time to time; and
- (ii) approximately S\$2.83 million (which is equivalent to approximately 3.5 % of the gross proceeds of the Private Placement) to pay the professional and other fees and expenses incurred or to be incurred by the Company in connection with the Private Placement.

Pending the deployment of the net proceeds of the Private Placement, the net proceeds may, subject to relevant laws and regulations, be deposited with banks and/or financial institutions, or be used to repay outstanding borrowings or for any other purpose on a short-term basis as the Company may, in its absolute discretion, deem fit.

The Company will make periodic announcements on the utilisation of the net proceeds of the Private Placement via SGXNET as and when such funds are materially disbursed and whether such a use is in accordance with the stated use and in accordance with the percentage allocated. Where proceeds are to be used for working capital purposes, the Company will disclose a breakdown with specific details on the use of proceeds for working capital in the Company's announcements on the use of proceeds and in the Company's annual report and where there is any material deviation from the stated use of proceeds, the Company will announce the reasons for such deviation.

4. AUTHORITY TO ISSUE NEW SHARES

The Placement Shares that are expected to be issued in relation to the Private Placement will be issued pursuant to the general mandate obtained at the Company's annual general meeting held on 30 April 2021 (the "**General Mandate**").

As at 30 April 2021, the total number of Shares in issue (excluding 1,276,200 treasury shares) was 406,819,572 Shares. The number of Shares that can be issued under the General Mandate is 203,409,786 Shares, of which no more than 81,363,914 Shares may be issued other than on a *pro rata* basis to existing shareholders of the Company (the "**Shareholders**"). The Company has not issued any Shares since 30 April 2021. Based on the above, the number of Shares that can be issued under the General Mandate on a non *pro rata* basis is 81,363,914.

¹ "**Market Day**" refers to a day on which the SGX-ST is open for securities trading.

Therefore, the Placement Shares expected to be issued pursuant to the Private Placement are within the number of Shares that can be issued pursuant to the General Mandate on a non *pro rata* basis.

Accordingly, prior approval of the Shareholders is not required for the issue of the Placement Shares under the Private Placement.

5. ELIGIBILITY TO PARTICIPATE IN THE PRIVATE PLACEMENT

The offer of Placement Shares under the Private Placement will be made to eligible institutional, accredited and other investors.

The Placement Shares to be offered under the Private Placement have not been and will not be registered under the United States Securities Act of 1933, as amended (the "**Securities Act**") or the securities laws of any state or other jurisdiction of the United States, except pursuant to an exemption from the registration requirements of the Securities Act and in compliance with applicable state laws. The Placement Shares are only being offered and sold outside the United States in offshore transactions in compliance with Regulation S under the Securities Act.

The Company, along with the Joint Placement Agents, reserves the absolute discretion in determining whether to allow such participation as well as the persons who may be allowed to do so.

6. STATUS OF THE PLACEMENT SHARES

The Placement Shares to be issued pursuant to the Private Placement will, upon issue, rank *pari passu* in all respects with the existing Shares, except for any dividend, right, allotment or other distributions, the record date for which falls on or before the completion of the Private Placement.

7. APPLICATION TO THE SGX-ST FOR IN-PRINCIPLE APPROVAL

The Company will make a formal application to the SGX-ST for the listing of, dealing in, and quotation for, the Placement Shares on the Main Board of the SGX-ST. An announcement will be made upon the receipt of such in-principle approval from the SGX-ST.

By Order of the Board

Ngiam May Ling
Company Secretary

18 January 2022
Singapore

IMPORTANT NOTICE

This announcement does not constitute an offering document for any securities in the Company and nothing herein constitutes or forms the basis of: (a) an offer, solicitation, recommendation or invitation for the sale or purchase of securities or of any of the assets, business or undertakings of the Company; or (b) any contract between the Company or any underwriter or placement agent on any of their behalf and any prospective investor.

This announcement is for information only and does not constitute an invitation, offer or solicitation of any offer to acquire, purchase or subscribe for Shares of the Company. This announcement is not for release, publication or distribution, directly or indirectly, in or into the United States, (including its territories and possessions, any state of the United States and the District of Columbia), the United Kingdom or the European Economic Area and should not be distributed, forwarded to or transmitted in or into any jurisdiction where to do so might constitute a violation of applicable securities laws or regulations.

The securities of the Company have not been and will not be registered under the United States Securities Act of 1933, as amended (the "**Securities Act**"), or under the securities laws of any state or jurisdiction of the United States of America (the "**United States**"), and may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and in compliance with any state securities laws. The Company does not intend to conduct a public offering of any securities of the Company in the United States.

This publication has not been reviewed by the Monetary Authority of Singapore.

Notification under Section 309B of the Securities and Futures Act, Chapter 289 of Singapore: The Placement Shares are prescribed capital markets products (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).