



THE STRAITS TRADING COMPANY LIMITED

Announcement on Acquisition of a 30% Interest in Taiko-Straits Developments Sdn Bhd

The Board of The Straits Trading Company Limited ('Company') refers to the earlier announcement released on 14 January 2005 relating to the joint venture with Taiko Development Holdings Sdn Bhd (formerly known as Taiko Bulking Sdn Bhd) to jointly develop the 999-year leasehold land in the District of Kinta, Ipoh, State of Perak into a luxurious residential development project through a joint venture company known as Taiko-Straits Developments Sdn Bhd ('Taiko-Straits'). The terms of the joint venture are set out in the joint venture agreement dated 7 January 2005 ('JVA') entered into between the Company, Taiko Development Holdings Sdn Bhd and Taiko-Straits.

Consequent upon the conditions precedent in the JVA being satisfied, the Company wishes to announce the acquisition of a 30% interest in Taiko-Straits as an associated company of the Company on 22 August 2006. Further details are set out below:

Principal activity of Taiko-Straits : property development

Percentage of issued and paid-up
capital held by the Company : 30% (comprising 5,779,103 fully paid ordinary shares of RM1 each)

Aggregate value of cash
consideration for the
30% interest acquired : S\$2.473 million

Book value/net tangible asset
value of the 30% interest
acquired * : S\$2.460 million

* Based on the management accounts of Taiko-Straits as at 30 June 2006.

This transaction is not expected to have a material impact on the net tangible assets or earnings per share of the Group for the financial year ending 31 December 2006.

Mr. Norman Ip Ka Cheung, a Director of the Company, is a director of Taiko-Straits. Save as aforesaid and as far as the Company is aware, no Director or substantial shareholder of the Company, has an interest, direct or indirect, in this transaction, other than by virtue of being such a Director or substantial shareholder of the Company.

Submitted by
Emily Teo (Ms)
Secretary

The Straits Trading Company Limited
(Registration No. 188700008D) on 23/8/2006 to the SGX