



THE STRAITS TRADING COMPANY LIMITED

Announcement Pursuant to Rule 704(15)(d) of the Listing Manual of the Singapore Exchange Securities Trading Limited

1. The Board of Directors of The Straits Trading Company Limited ("**STC**") wishes to announce a proposed acquisition by its wholly-owned subsidiaries, Straits Trading Amalgamated Resources Sdn Bhd ("**STAR(M)**") and Sword Investments Private Limited ("**Sword**"), of additional 22,500,000 shares in STC's 63.31% subsidiary, Malaysia Smelting Corporation Bhd ("**MSC**") ("**Acquisition**").
2. STAR(M) and Sword entered into a conditional Share Acquisition Agreement ("**SAA**") today with MMC Corporation Berhad ("**MMC**"), pursuant to which STAR(M) and Sword agreed to purchase from MMC 8,000,000 MSC shares and 14,500,000 MSC shares respectively (together the "**Sale Shares**"), representing a total of 30% issued share capital of MSC as at the date hereof, at a purchase price of RM4.75 in cash per Sale Share ("**Purchase Price**"), making an aggregate Purchase Price of RM106,875,000 (approximately \$45,766,000).
3. The Purchase Price was arrived at after arm's length negotiations on a willing-buyer, willing-seller basis, taking into consideration the following:
 - (1) the consolidated net assets ("**NA**") per MSC share and earnings per MSC share ("**EPS**") of RM4.28 and 74.55 sen respectively based on MSC's consolidated audited accounts for the financial year ended 31 December 2005; and
 - (2) the consolidated NA per MSC share and EPS of RM4.32 and 26.40 sen respectively based on MSC's consolidated unaudited accounts for the 6-month period ended 30 June 2006.
4. The Sale Shares will be acquired with all rights attached thereto as at the completion of the SAA and free from encumbrances. Closing of the sale and purchase of the Sale Shares ("**Closing**") is conditional upon:
 - (1) the approval of Bursa Malaysia Depository Sdn Bhd, if required, for the transfer of the Sale Shares;
 - (2) the consent of the relevant lender(s) of MMC; and
 - (3) all other regulatory approvals as may be required for the transaction contemplated in the SAA,

as well as there being no grounds for the earlier termination of the SAA for breach of the SAA. If the conditions to Closing are not fulfilled within 2 months of the date of the SAA (or such later date as STAR(M), Sword and MMC may agree), the SAA shall be terminated.

5. The principal activities of MSC are investment holding and tin smelting. MSC's subsidiaries and associates are principally engaged in tin mining and smelting as well as the manufacture and sale of solder products. MSC is listed on Bursa Malaysia Securities Berhad ("**Bursa Securities**"). MSC shares are suspended from trading as MSC is currently not in compliance with the public shareholding spread requirement as required by Paragraph 8.15(1) of the Listing Requirements of Bursa Securities. The Acquisition will enable the STC Group to be in a better position to work with MSC to comply with the public shareholding spread requirement.
6. The Acquisition is expected to be completed by the fourth quarter of 2006.
7. Y.A. Bhg. Jen (B) Tun Ibrahim Bin Ismail and Mr Norman Ip Ka Cheung, Directors of STC, are also directors of MSC and currently own 10,000 MSC shares and 100,000 MSC shares respectively. Save as aforesaid and as far as STC is aware, no Director or substantial shareholder of STC has any interest, direct or indirect, in the Acquisition, other than by virtue of being such a Director or substantial shareholder of STC.

Submitted by
Emily Teo (Ms)
Secretary

The Straits Trading Company Limited
(Registration No. 188700008D) on 29/8/2006 to the SGX