



THE STRAITS TRADING COMPANY LIMITED

Disposal of Straits Lion Asset Management Limited

1. Introduction

The Board of Directors of The Straits Trading Company Limited ("**STC**") wishes to announce that it has today entered into and completed a share purchase agreement ("**SPA**") for the sale of its entire 15.1% stake in Straits Lion Asset Management Limited ("**SLAM**") ("**Disposal**").

2. Terms of Disposal

2.1 SPA. STC entered into the SPA with Orient Holdings Private Limited ("**Orient**"), a 100%-owned subsidiary of Oversea-Chinese Banking Corporation Limited ("**OCBC**"), and Great Eastern Holdings Limited ("**GEH**") ("**Purchasers**"). Pursuant to the SPA, STC agreed to sell:

- (1) 218,867 SLAM shares to Orient; and
- (2) 381,133 SLAM shares to GEH,

or 600,000 SLAM shares ("**Sale Shares**") in aggregate, representing 15.1% of the issued share capital of SLAM as at the date hereof, at a purchase price of S\$71.78 in cash per Sale Share ("**Purchase Price**"), making an aggregate Purchase Price of S\$43,068,000.

2.2 Price Comparisons. The Purchase Price was arrived on, after arm's length negotiations, a willing-buyer, willing-seller basis. The audited consolidated net tangible asset value as at 31 December 2004 per SLAM share was S\$17.52.

2.3 Sale Terms. The Sale Shares will be acquired with all rights attached thereto on or after the date of the SPA and free from encumbrances.

2.5 Completion. The sale and purchase of the Sale Shares was completed on 10 August 2005.

3. Background and Rationale of Disposal

Following the recent rationalization and merger of the asset management operations of OCBC Asset Management Limited and SLAM, SLAM has ceased to be an associated company of STC and the STC Group can no longer equity account the earnings contribution of SLAM. Based on the historical dividend received from SLAM, the aggregate Purchase Price represents a multiple of 12 times the average annual dividend receivable from SLAM. Therefore, the Board believes that the Disposal is timely in realizing the value of the STC Group's investment in SLAM.

4. Financial Effects

4.1 Relative Size. The aggregate Purchase Price payable for the Sale Shares represents:

- (1) 3.9% of the audited net tangible assets of STC and its subsidiaries and associated companies ("**STC Group**") as at 31 December 2004; and

- (2) when aggregated with the value of all transactions entered into by the STC Group with the OCBC group and GEH group for the financial year ending 31 December 2005, 4.6% of the audited net tangible assets of the STC Group as at 31 December 2004.

4.2 Current Total of Transactions. The current total for the financial year ending 31 December 2005 of all transactions entered into by the STC group of companies with Orient is approximately S\$18.9 million and with GEH is approximately S\$27.4 million. The current total of all transactions entered into by the STC group of companies with the OCBC and GEH group of companies for the financial year ending 31 December 2005 is approximately S\$49.9 million.

5. Interested Person Transaction

5.1 Interested Persons. The Purchasers, Orient and GEH, are both interested persons of STC. The Disposal is an interested person transaction for STC.

5.2 Audit Committee's View. The Audit Committee of STC comprises Mr Tang I-Fang (the Chairman), Y.A. Bhg Jen (B) Tun Ibrahim Bin Ismail and Mr Michael Hwang ("**AC**"). The AC has appointed CIMB-GK Securities Pte Ltd (formerly known as G.K. Goh Stockbrokers Pte. Ltd.) ("**CIMB-GK**") as an independent financial adviser in connection with the Disposal. Having considered the advice of CIMB-GK, the AC is of the view that the Disposal is on normal commercial terms and is not prejudicial to the interests of STC and its minority shareholders.

6. Disclosures

The Great Eastern Life Assurance Company Limited ("**GE Life**"), a subsidiary of GEH, is a controlling shareholder of STC for the purposes of Chapter 9 of the SGX-ST Listing Manual. Mr Michael Wong Pakshong, a director of STC, is also a director of OCBC, GEH and GE Life. Tan Sri Dato' Dr Lin See-Yan, a director of STC, is also a director of GEH and GE Life. Mr Norman Ip Ka Cheung, a director of STC, is also a director of SLAM. Mr Michael Wong Pakshong, Tan Sri Dato' Dr Lin See-Yan and Mr Norman Ip Ka Cheung have abstained from participating in the decision relating to the disposal of the Sale Shares.

Save as disclosed, no director or controlling shareholder of STC has any interest, direct or indirect, in the Disposal, other than by being such a director or controlling shareholder.

Submitted by
Emily Teo (Ms)
Secretary

The Straits Trading Company Limited
(Registration No. 188700008D) on 10/8/2005 to the SGX