



THE STRAITS TRADING COMPANY LIMITED
(Incorporated in Singapore)

NOTICE IS HEREBY GIVEN THAT

- (a) The Directors have declared a first interim dividend of 2 cents per share (1999: 2 cents), less Singapore income tax at 25.5%, in respect of the year ending 31st December 2000, payable on 3rd November 2000 to shareholders on the share register on 25th October 2000.

- (b) The share register of the Company will be closed from 24th October to 25th October 2000, both dates inclusive, for the preparation of warrants. Registrable transfers received by the Company's Registrars, PricewaterhouseCoopers, at 8 Cross Street, #11-00 PWC Building, Singapore 048424, up to 5.00 p.m. on 23rd October 2000 will be registered before entitlements to the dividend are determined.

The unaudited results of the Company and Group for the half year ended 30th June 2000 are as follows:-

	COMPANY			GROUP		
	2000 \$'000	1999 \$'000	+ or (-) %	2000 \$'000	1999 \$'000	+ or (-) %
TURNOVER	188	360	(47.8)	75,415	47,779	57.8
OPERATING PROFIT	960	87		26,215	16,970	54.5
INVESTMENT INCOME	3,303	2,364	39.7	9,097	5,775	57.5
Profit before charging the following:-	2,864	5,323	(46.2)	37,410	24,804	50.8
Interest on Borrowings	(577)	(1,352)	(57.3)	(577)	(1,449)	(60.2)
Depreciation and Amortisation	(22)	(20)	10.0	(4,242)	(4,522)	(6.2)
	2,265	3,951	(42.7)	32,591	18,833	73.1
Share of Profits of Associated Companies	-	-	-	3,916	1,915	104.5
Profit before Taxation	2,265	3,951	(42.7)	36,507	20,748	76.0
Taxation	(1,061)	(692)	53.3	(8,598)	(3,611)	138.1
Profit after Taxation	1,204	3,259	(63.1)	27,909	17,137	62.9
Minority Interests	-	-	-	(42)	(79)	(46.8)
Profit before Extraordinary Items	1,204	3,259	(63.1)	27,867	17,058	63.4
Extraordinary Items	1,670	-		1,119	4,326	(74.1)
Profit attributable to Members of the Company	2,874	3,259	(11.8)	28,986	21,384	35.5

Based on the issued share capital of 297 million shares of \$1 each as at 30th June 2000,

	<u>2000</u> Group	<u>1999</u> Group
Basic and Diluted :-		
Earnings per share before extraordinary items	9.4¢	5.7¢
Earnings per share after extraordinary items	9.8¢	7.2¢
Net Tangible Asset Backing per share	\$3.40	\$3.25

Pursuant to the authority conferred by the members at an Extraordinary General Meeting of the Company held on 30th June 2000 to approve a bonus issue of 59.4 million new ordinary shares of \$1 each on the basis of 1 bonus share for every 5 existing ordinary shares of \$1 each held in the capital of the Company by the members as at 5.00 p.m. on 10th July 2000, the Company allotted and issued 59.4 million ordinary shares of \$1 each, credited as fully paid-up on 13th July 2000; thereby increasing the issued and paid-up share capital of the Company from \$297 million to \$356.4 million.

Adjusted to the current issued share capital of 356.4 million shares of \$1 each,

	<u>2000</u> Group	<u>1999</u> Group
Basic and Diluted :-		
Earnings per share before extraordinary items	7.8¢	4.8¢
Earnings per share after extraordinary items	8.1¢	6.0¢
Net Tangible Asset Backing per share	\$2.83	\$2.71

BALANCE SHEETS (UNAUDITED) AS AT 30TH JUNE 2000

	<u>COMPANY</u>		<u>GROUP</u>	
	<u>30th June 2000</u>	<u>30th June 1999</u>	<u>30th June 2000</u>	<u>30th June 1999</u>
	\$'000	\$'000	\$'000	\$'000
Assets Employed:-				
FIXED ASSETS	6,935	2,648	244,443	252,687
INVESTMENT PROPERTIES	42,930	42,930	272,211	272,211
SUBSIDIARY COMPANIES	844,707	1,030,740	-	-
ASSOCIATED COMPANIES	49,884	47,179	61,331	47,337
INVESTMENTS	105,522	105,304	151,611	156,279
PROPERTIES UNDER DEVELOPMENT	-	-	861,767	787,941
DEFERRED EXPENDITURE	-	-	1,870	2,317
NET CURRENT ASSETS/ (LIABILITIES)	2,046	(492,704)	135,272	(502,297)
	<u>1,052,024</u>	<u>736,097</u>	<u>1,728,505</u>	<u>1,016,475</u>
Financed By:-				
ISSUED CAPITAL	297,000	297,000	297,000	297,000
RESERVES	417,312	415,577	711,315	669,593
	<u>714,312</u>	<u>712,577</u>	<u>1,008,315</u>	<u>966,593</u>
MINORITY INTERESTS	-	-	407	334
LONG-TERM LOANS	337,712	23,520	487,712	23,520
LOAN FROM MINORITY SHAREHOLDER OF A SUBSIDIARY COMPANY	-	-	204,445	-
DEFERRED ACCOUNTS	-	-	27,626	26,028
	<u>1,052,024</u>	<u>736,097</u>	<u>1,728,505</u>	<u>1,016,475</u>

BORROWINGS

Group's borrowings are as follows:-	<u>As at 30th June 2000</u>	<u>As at 31st December 1999</u>
	\$'000	\$'000
Repayable within one year unsecured	<u>6,170</u>	<u>190,080</u>
Repayable after one year secured	<u>684,445</u>	<u>280,000</u>
unsecured	<u>7,712</u>	<u>20,768</u>
	<u>692,157</u>	<u>300,768</u>

REVIEW OF RESULTS

As compared to the first half year of 1999, the Group's turnover improved by 57.8% to \$75.4 million. This was mainly due to the increase in hotel revenue and trading volume of short-term investments.

Profit before extraordinary items grew substantially by 63.4% to \$27.9 million. Net earnings (profit attributable to members) increased by 35.5% to \$29.0 million. The Group realised a substantial profit from the sale of short-term investments but in view of the continued uncertainty, appropriate provisions have been made. Except for the investment properties sector, all other sectors increased their profit contributions.

Investment income comprising dividends from investments and share of profits from associated companies was higher by 57.5% at \$9.1 million. This is mainly due to higher dividends received by the Group's portfolio investments as well as increased contributions from its associated companies.

Share of associated companies' profits increased from \$1.9 million to \$3.9 million principally as a result of improved contributions from Killinghall (Malaysia) Berhad ("KMB"). The Group recorded a profit of \$1.1 million from KMB as against a loss of \$0.1 million for the corresponding period last year. The Group's tin smelting associate, Malaysia Smelting Corporation Berhad ("MSC") maintained its profitability through higher sales of tin by-products, despite higher fuel costs.

Hotel operations performed better due to higher contributions from Hotel Rendezvous in Singapore.

The Group's rental income recorded a slight decline on account of lower rental from renewal of office leases which fell due in the current period.

For the period under review, the Group had further refinanced part of its short-term borrowings with medium term financing. The borrowings relate principally to the development of the two land parcels, F and G, at China Square. As at 30th June 2000, the total net borrowings of the Group were \$685.3 million.

There was no pre-acquisition profit during the period.

There was no material adjustment for income tax in respect of prior years.

The Group's extraordinary items comprised mainly the additional compensation award for a portion of the land at Butterworth which was acquired by the Malaysian Government in 1997 and a net loss on disposal of long-term investments.

No item, transaction or event of a material and unusual nature has arisen which would affect substantially the results of the Company or the Group between the date to which this announcement refers and the date on which this announcement is issued.

CURRENT YEAR PROSPECTS

Having regard to the current volatile global equity markets, the Group expects profits from short-term securities trading to be lower for the second half of the year. However, with the acquisition of an additional 10% interest in Straits Lion Asset Management Private Limited ("SLAM") in June 2000, bringing the Group's holding to 20%, the Group has started to equity account for the results of SLAM which will have a positive impact on the Group's investment income.

The outlook for the hotel operations remains very positive. The Group expects improved profit contributions from increased economies of scale, new management contracts and e-commerce initiatives.

Earnings from investment properties are expected to increase in the second half year with improvement in occupancy rates in both office buildings and residential properties.

Contributions from the Group's tin smelting associate, MSC, is likely to be lower for the second half year due to high oil prices.

Overall, barring any unforeseen circumstances, the Group expects the results for the current year to be better than 1999.

BY ORDER OF THE BOARD

Emily Teo (Ms)

Secretary

27th September 2000

Singapore

REFINANCING OF LOANS

Short-term borrowings relating to the development of the two Land Parcels, namely, F and G at China Square have been refinanced with medium term financing.

The refinancing relating to Land Parcel F was completed during the second half in 1999 and that relating to Land Parcel G was completed during the current six-month period.

With respect to the financing relating to the Land Parcel G, the Group has taken an aggregate loan of \$534 million from The Great Eastern Life Assurance Company Limited comprising a 3-year \$200 million term loan to the Company (the "Land Loan") and a 3-year \$204 million term loan (the "Facility I") and a 3-year \$130 million construction loan (the "Facility II"), both amounting to \$334 million to a partly-owned subsidiary, Straits Eastern Square Private Limited ("SESPL").

The Land Loan was drawn down and interest is payable semi-annually at an aggregate rate of 1.25% p.a. and the SWAP rate for half of the Land Loan, and at 4.75% p.a. for the balance of the Land Loan. The Land Loan is secured by, inter alia, a second legal mortgage over the land and buildings to be erected on the Property and a second debenture over all the assets of SESPL.

Facility I was drawn down and interest is payable semi-annually at an aggregate rate of 1.25% p.a. and the SWAP rate for half of Facility I, and 4.75% p.a. for the balance of Facility I. Upon receipt of the building plan approvals, Facility II shall be drawn down in stages. Facility I and Facility II are secured by, inter alia, a first legal mortgage over the land and buildings to be erected on the Property and a first debenture over the assets of SESPL.