**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 $1 stock unit (1998: 2 cents), less Singapore income tax at 26%, in respect of the year ending 31st December 1999, payable on 5th November 1999 to stockholders on the stock register on 28th October 1999.

(b) The stock register of the Company will be closed from 26th October to 28th October 1999, both dates inclusive, for the preparation of warrants. Registrable transfers received by the Company's Registrars, PricewaterhouseCoopers, at 9 Penang Road, #12-00 Park Mall, Singapore 238459, up to 5.00 p.m. on 25th October 1999 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 1999 are as follows:-

| | COMPANY | | | GROUP | | |
|---|---|---|---|---|---|---|
| | **1999 $'000** | 1998 $'000 | + or (-) % | **1999 $'000** | 1998 $'000 | + or (-) % |
| TURNOVER | **360** | 425 | (15.3) | **47,779** | 29,210 | 63.6 |
| OPERATING PROFIT | **87** | 802 | (89.2) | **16,970** | 7,171 | 136.6 |
| INVESTMENT INCOME | **2,364** | 2,041 | 15.8 | **5,775** | 5,751 | 0.4 |
| Profit before charging the following:- | **5,323** | 3,184 | 67.2 | **24,804** | 17,065 | 45.4 |
| Interest on Borrowings | **(1,352)** | (1,487) | (9.1) | **(1,449)** | (2,844) | (49.1) |
| Depreciation and Amortisation | **(20)** | (20) | - | **(4,522)** | (2,477) | 82.6 |
| | **3,951** | 1,677 | 135.6 | **18,833** | 11,744 | 60.4 |
| Share of Profits of Associated Companies | **-** | - | - | **1,915** | 1,938 | (1.2) |
| Profit before Taxation | **3,951** | 1,677 | 135.6 | **20,748** | 13,682 | 51.6 |
| Taxation | **(692)** | (732) | (5.5) | **(3,611)** | (3,203) | 12.7 |
| Profit after Taxation | **3,259** | 945 | 244.9 | **17,137** | 10,479 | 63.5 |
| Abnormal Item | **-** | - | - | **-** | (23,000) | |
| Profit/(Loss) after Taxation and Abnormal Item | **3,259** | 945 | 244.9 | **17,137** | (12,521) | |
| Minority Interests | **-** | - | - | **(79)** | (61) | 29.5 |
| Profit/(Loss) before Extraordinary Items | **3,259** | 945 | 244.9 | **17,058** | (12,582) | |
| Extraordinary Items | **-** | 2,169 | | **4,326** | 6,054 | (28.5) |
| Profit/(Loss) attributable to Members of the Company | **3,259** | 3,114 | 4.7 | **21,384** | (6,528) | |

| | **1999 Group** | 1998 Group |
|---|---|---|
| Earnings/(Loss) per stock unit | **5.7¢** | (4.2¢) |
| | **30/6/99** | 31/12/98 |
| Net Tangible Asset Backing per stock unit | **$3.25** | $3.17 |

**BORROWINGS**

Group's borrowings are as follows:

| | **30/6/99 $'000** | 31/12/98 $'000 |
|---|---|---|
| Repayable within one year (unsecured) | **501,025** ====== | 519,236 ====== |
| Repayable after one year (unsecured) | **23,520** ===== | 23,139 ===== |

**REVIEW OF RESULTS**

The Group's turnover for the six months ended 30th June 1999 increased by 64% as compared to the 1998 corresponding period. The increase was mainly due to improved results from securities trading activities and additional revenue from Hotel Rendezvous in Singapore which commenced business in the last quarter of 1998.

Net operating profit after tax improved substantially to $17.137 million, an increase of nearly 64% over the 1998 corresponding period. This improvement is mainly attributed to higher profits from the trading of the securities and lower interest charges. The Group also benefited from a lower income tax charge as a result of the tin smelting profits being exempted from tax in Malaysia for the financial year ending 31st December 1999.

Additional rental income from the Group's completed residential properties was largely offset by lower rentals in the office sector, resulting in only a slight net increase. Contributions from the hospitality segment of the Group's business continued to achieve satisfactory results. While the Australian hotel operation continued to perform satisfactorily, Hotel Rendezvous, Singapore is enjoying increasing occupancy and is expected to make a positive contribution sooner than originally anticipated.

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 comprise net surplus of $4.326 million arising from the disposal of long-term investments.

Save for the disclosures above, 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 for the period from the end of the first half financial year to the date of this announcement. Subsequent to 30th June 1999, the Group has refinanced part of its short-term borrowings by, inter alia, a mortgage over Land Parcel F at China Square. Further details on the said refinancing would be announced when the Group completes the refinancing of its short-term borrowings.

**CURRENT YEAR PROSPECTS**

The Group's financial investments are expected to continue to contribute positively in the second half year, barring a substantial downturn of the equity markets. In the property sector, the Singapore office market is showing signs of consolidation and rental rates for commercial properties appear to have stabilised. The growing hospitality segment of the Group, particularly its Australian operation, will also continue to make a positive contribution.

Overall, the Directors expect the Group to perform better than the previous year.

**YEAR 2000 ("Y2K")**

A comprehensive inventory of hardware and software systems in use by all major business units within the Group was compiled and reviewed by the Group and its consultants. All critical systems have been identified, assessed and tested. Wherever necessary, the systems have been replaced and/or modified to meet the standards of Y2K compliance. The Group also monitors the Y2K readiness of its major third-party systems and services. Letters have been sent to all appropriate vendors that supply goods and services to the Group inquiring about their Y2K plans to ensure Y2K readiness. In addition, the Group has put in place business contingency plans to minimise the potential impact to the operations.

The Group believes that it has taken the necessary steps to mitigate the Y2K risks, particularly its own systems and systems within control. However, due to the inherent unpredictability and complex scope of the Y2K problem, there can be no absolute assurance that no disruptions or failures will occur. Based on current knowledge, the impact arising from such disruptions or failures, if any, is not expected to have any material effect on the Group's businesses and financial performances.

Estimated costs incurred up to 30th June 1999 in relation to the Group's Y2K effort is $0.25 million with an additional $0.35 million to be incurred. Hardware and related costs have been capitalised and depreciated in accordance with the Group's established accounting policies.

**BY ORDER OF THE BOARD**
**Emily Teo (Ms)**
**Secretary**

23rd September 1999
Singapore