



THE STRAITS TRADING COMPANY LIMITED

(Incorporated in Singapore)

NOTICE IS HEREBY GIVEN THAT

- (a) The Annual General Meeting of The Straits Trading Company Limited will be held at 9 Battery Road #21-00, Straits Trading Building, Singapore 049910, on Friday, 28th May 1999 at 11.30 a.m.
- (b) The Directors have declared a second interim dividend of 3 cents per \$1 stock unit, less Singapore income tax at 26% in respect of the year ended 31st December 1998, payable on 3rd June 1999 to stockholders on the stock register on 21st May 1999. No further dividend is recommended in respect of the year ended 31st December 1998.
- (c) The stock register of the Company will be closed from 20th May to 21st May 1999, both dates inclusive.

The unaudited results of the Company and Group for the year ended 31st December 1998 are as follows:-

| | COMPANY | | | GROUP | | |
|--|----------------|----------------|---------------|-----------------|----------------|---------------|
| | 1998 \$'000 | 1997 \$'000 | + or (-) % | 1998 \$'000 | 1997 \$'000 | + or (-) % |
| TURNOVER | 852 | 1,558 | (45.3) | 65,052 | 89,366 | (27.2) |
| OPERATING PROFIT | 1,810 | 2,270 | (20.3) | 16,974 | 28,017 | (39.4) |
| INVESTMENT INCOME | 18,065 | 41,439 | (56.4) | 14,768 | 18,039 | (18.1) |
| Profit before charging the following:- | 19,551 | 49,342 | (60.4) | 38,732 | 55,151 | (29.8) |
| Interest on Borrowings | (2,844) | (2,812) | 1.1 | (4,925) | (4,512) | 9.2 |
| Depreciation | (41) | (116) | (64.7) | (5,791) | (5,167) | 12.1 |
| | 16,666 | 46,414 | (64.1) | 28,016 | 45,472 | (38.4) |
| Share of Profits of Associated Companies | - | - | - | 3,880 | 5,308 | (26.9) |
| Profit before Taxation | 16,666 | 46,414 | (64.1) | 31,896 | 50,780 | (37.2) |
| Taxation | (5,056) | (11,539) | (56.2) | (6,679) | (9,422) | (29.1) |
| Profit after Taxation | 11,610 | 34,875 | (66.7) | 25,217 | 41,358 | (39.0) |
| Abnormal Item | - | - | - | - | (156,629) | |
| Profit/(Loss) after Taxation and Abnormal Item | 11,610 | 34,875 | (66.7) | 25,217 | (115,271) | |
| Minority Interests | - | - | - | (139) | (47) | |
| Profit/(Loss) before Extraordinary Items | 11,610 | 34,875 | (66.7) | 25,078 | (115,318) | |
| Extraordinary Items | (918) | 29,005 | | 3,771 | 39,239 | (90.4) |
| Profit/(Loss) attributable to Members of the Company | 10,692 | 63,880 | (83.3) | 28,849 | (76,079) | |
| Turnover reported for:- | | | | | | |
| First half year | 425 | 1,275 | (66.7) | 29,210 | 36,483 | (19.9) |
| Second half year | 427 | 283 | 50.9 | 35,842 | 52,883 | (32.2) |
| Profit/(Loss) after Taxation and Abnormal Item for:- | | | | | | |
| First half year | 945 | 974 | (3.0) | (12,521) | 5,942 | |
| Second half year | 10,665 | 33,901 | (68.5) | 37,738 | (121,213) | |

| | <u>1998</u> Group | <u>1997</u> Group |
|--|----------------------|----------------------|
| Profit/(Loss) after Taxation and Abnormal Item as a percentage of Turnover | 38.76% | (128.99%) |
| Profit/(Loss) before Extraordinary Items as a percentage of the Issued Capital and Reserves at end of year | 2.66% | (11.09%) |
| Earnings/(Loss) per stock unit for the year | 8.44¢ | (38.83¢) |
| Net Tangible Asset Backing per stock unit | \$3.17 | \$3.50 |

GROUP SEGMENTAL INFORMATION

| | <u>Turnover</u> | | <u>Profit before taxation</u> | |
|---|-----------------------|-----------------------|-------------------------------|-----------------------|
| | <u>1998</u> \$'000 | <u>1997</u> \$'000 | <u>1998</u> \$'000 | <u>1997</u> \$'000 |
| By Business Activities | | | | |
| Property | 23,678 | 34,513 | 13,871 | 16,416 |
| Hotel | 36,682 | 34,067 | 5,651 | 3,155 |
| Investment trading | 4,692 | 20,786 | 4,250 | 19,783 |
| Investment holding | - | - | 11,519 | 12,206 |
| Corporate expenses | - | - | (1,261) | (1,678) |
| Net interest expenses | - | - | (2,288) | (3,826) |
| Exchange differences | - | - | 154 | 4,724 |
| | ----- | ----- | ----- | ----- |
| | 65,052 | 89,366 | 31,896 | 50,780 |
| Abnormal item - write down of marketable securities | - | - | - | (156,629) |
| | ----- | ----- | ----- | ----- |
| | 65,052 | 89,366 | 31,896 | (105,849) |
| | ===== | ===== | ===== | ===== |

By Geographical Location

| | | | | |
|---|---------------|--------|---------------|-----------|
| Singapore | 22,328 | 46,312 | 16,724 | 33,172 |
| Malaysia | 1,386 | 2,113 | 6,136 | 8,082 |
| Australia | 41,338 | 40,941 | 11,139 | 7,330 |
| Other countries | - | - | 31 | 1,298 |
| Net interest expenses | - | - | (2,288) | (3,826) |
| Exchange differences | - | - | 154 | 4,724 |
| | ----- | ----- | ----- | ----- |
| | 65,052 | 89,366 | 31,896 | 50,780 |
| Abnormal item - write down of marketable securities | - | - | - | (156,629) |
| | ----- | ----- | ----- | ----- |
| | 65,052 | 89,366 | 31,896 | (105,849) |
| | ===== | ===== | ===== | ===== |

BALANCE SHEETS (UNAUDITED) AS AT 31ST DECEMBER 1998

| | <u>COMPANY</u> <u>1998</u> <u>\$'000</u> | <u>GROUP</u> <u>1997</u> <u>\$'000</u> |
|------------------------------|---|---|
| FIXED ASSETS | 2,501 | 245,976 |
| INVESTMENT PROPERTIES | 42,930 | 272,211 |
| SUBSIDIARY COMPANIES | 1,035,070 | - |
| ASSOCIATED COMPANIES | 47,178 | 46,153 |
| INVESTMENTS | 105,275 | 166,456 |
| PROPERTIES UNDER DEVELOPMENT | - | 766,753 |
| DEFERRED EXPENDITURE | - | 1,961 |
| NET CURRENT LIABILITIES | (496,101) | (509,602) |
| | 736,853 | 989,908 |
| | ===== | ===== |
| ISSUED CAPITAL | 297,000 | 297,000 |
| RESERVES | 416,714 | 645,021 |
| | 713,714 | 942,021 |
| | ----- | ----- |
| MINORITY INTERESTS | - | 255 |
| LONG-TERM LOANS | 23,139 | 23,139 |
| DEFERRED ACCOUNTS | - | 24,493 |
| | 736,853 | 989,908 |
| | ===== | ===== |

BORROWINGS

| Group's borrowings are as follows:- | <u>As at 31st December 1998</u> <u>\$'000</u> | <u>As at 31st December 1997</u> <u>\$'000</u> |
|---------------------------------------|--|--|
| Repayable within one year (unsecured) | 519,236 | 479,139 |
| | ===== | ===== |
| Repayable after one year (unsecured) | 23,139 | 42,572 |
| | ===== | ===== |

(Certain comparative figures have been reclassified to conform with current year's presentation.)

REVIEW OF RESULTS

The Group returned to profitability with an after-tax profit of \$25.078 million as compared to a loss of \$115.318 million in 1997. The loss incurred in 1997 was primarily due to the write down in value of the marketable securities.

The contribution to profitability came mainly from a strong performance of the Group's overseas hotel operations and its tin-smelting associate. However, income from properties were lower due to weak property market.

A write down of \$113.215 million was made against the revaluation reserves for the Group's investment properties held for long-term investment. Although the current value of the properties under development is lower than the carrying cost, the Directors believe that the longer-term sustainable value of these properties on completion will be well above the current value. Accordingly, they do not deem it necessary to make any provision.

The Group's extraordinary items include net loss of \$0.302 million (1997 : net gain \$17.278 million) on the disposal of investments and \$0.014 million (1997 : \$25.946 million) arising from the compensation award on land acquired.

There was no pre-acquisition profit during the year.

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

Save as disclosed above, in the opinion of the Directors, 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 financial year to the date of this announcement.

CURRENT YEAR PROSPECTS

The Group's hotel operations are expected to continue doing well in 1999. However, with the weak property market, rental income will remain low. The performance of the securities portfolio remains cloudy with uncertainty.

In property development, the Group has begun construction of its project at China Square and expects to complete the development towards the end of 2001. The Group's existing short-term borrowings are mainly used to finance this project. Negotiations with financial institutions are expected to be completed soon so that the short-term borrowings will be replaced with longer-term financing.

Overall, the Directors expect the Group's results for 1999 to be about the same level as that of 1998.

YEAR 2000 ("Y2K")

In regard to the Y2K issue, the Group has taken steps to ensure compliance by the third quarter of 1999. The Group considers Y2K compliance to mean that all computers and electronic systems including equipment embedded with time-sensitive microchips in the Group will continue to function normally during the transition from 1999 to 2000. The project is co-ordinated and supervised by an in-house committee. The plan of actions includes upgrading or replacement, verification with vendors and suppliers and testing of the systems, the bulk of which is in progress. Confirmation will be sought from business partners and service providers so that measures could be taken to mitigate any risks. The Group considers the potential impact of the Y2K issue on its business will not be significant and will ensure that contingency plans are in place to cope with any unexpected technical problems that may arise. The estimated cost of the Y2K project is \$0.65 million.

DIVIDEND

- (a) The first interim dividend of 2 cents per \$1 stock unit was paid on 6th November 1998.

| | <u>1998</u> | <u>1997</u> |
|--|---------------|-------------|
| (b) Annual dividend per stock unit (cents) | 5.0 | 10.0 |
| (c) Total annual dividend, net (\$'000) | 10,989 | 21,978 |
| (d) Registrable transfers received by the Company's Registrars, Coopers & Lybrand, at 9 Penang Road, #12-00 Park Mall, Singapore 238459, up to 5.00 p.m. on 19th May 1999 will be registered before entitlements to the dividend are determined. | | |

BY ORDER OF THE BOARD

Emily Teo (Ms)

Secretary

30th March 1999

Singapore