

STAMFORD TYRES CORPORATION LIMITED

(Incorporated in the Republic of Singapore)
(Company Registration No. 198904416M)

PLACEMENT OF 4,300,000 NEW ORDINARY SHARES IN THE CAPITAL OF STAMFORD TYRES CORPORATION LIMITED

1. INTRODUCTION

The directors (the "**Directors**") of Stamford Tyres Corporation Limited (the "**Company**") wish to announce that the Company has today entered into a subscription agreement (the "**Subscription Agreement**") with Sumitomo Rubber Industries, Ltd. (the "**Subscriber**") to allot and issue 4,300,000 new ordinary shares in the capital of the Company (the "**New Shares**"). Subject to and upon the terms of the Subscription Agreement, the Subscriber has agreed to subscribe (the "**Placement**") and pay for the New Shares at the price of S\$0.35 for each New Share (the "**Placement Price**").

The New Shares shall be issued free from all claims, mortgages, charges, liens and other encumbrances whatsoever and will rank *pari passu* in all respects with the existing ordinary shares of the Company provided that, subject to completion of the Placement, the New Shares shall rank for, including, without limitation, any entitlements, distributions, dividends or rights, the record date in respect of which falls on or after the Completion Date (as defined in the Subscription Agreement).

The Company will be making an application to the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") for the listing and quotation of the New Shares on the Main Board of the SGX-ST. The Placement is conditional upon, *inter-alia*, the approval of the listing and quotation of the New Shares on the Main Board of the SGX-ST.

At the 21st annual general meeting of the Company held on 18 August 2010, the shareholders of the Company ("**Shareholders**") had, pursuant to Section 161 of the Companies Act (Chapter 50 of Singapore) and Rule 806 of the listing manual of the SGX-ST (the "**Listing Manual**") passed a resolution (the "**Resolution**") authorising the Directors to issue shares in the capital of the Company ("**Shares**") (whether by way of bonus issue, rights issue or otherwise) at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may, in their absolute discretion, deem fit provided that:

- (a) the aggregate number of Shares to be issued pursuant to the Resolution does not exceed 50% of the total number of issued Shares, excluding treasury shares, if any, of which the aggregate number of Shares to be issued other than on a *pro-rata* basis to existing Shareholders does not exceed 20% of the total number of issued Shares, excluding treasury shares, if any;
- (b) for the purpose of determining the aggregate number of Shares that may be issued under (a) above, the total number of issued Shares, excluding treasury shares is based on the total number of issued Shares, excluding treasury shares, at the time the Resolution is passed, after adjusting for:

- (i) new Shares arising from the conversion or exercise of any convertible securities or employee share options that are outstanding when the Resolution is passed, and
- (ii) any subsequent bonus issue, consolidation or subdivision of Shares; and
- (c) unless revoked or varied by the Company in general meeting, such authority conferred by the Resolution shall continue in force until the conclusion of the next annual general meeting of the Company or the date by which the next annual general meeting of the Company is required by law to be held, whichever is the earlier.

2. RATIONALE FOR THE PLACEMENT AND INFORMATION ON THE SUBSCRIBERS

The Subscriber is a tyre and rubber company incorporated in Japan and listed on the Tokyo Stock Exchange and Osaka Securities Exchange. The Subscriber has a market capitalisation of approximately JPY 223.59 billion as of 17 September 2010 and net assets of approximately JPY 184.43 billion as at 30 June 2010. The Subscriber is the second largest tyre maker in Japan with approximately JPY 524.5 billion in revenues for the year ended 31 December 2009 and is part of the Sumitomo group.

The Subscriber supplies "Falken" brand tyres to the Company. The Company was first appointed by the Subscriber in 1975 as the distributor of its "Falken" tyre products. Currently, the Subscriber has appointed the Company as the distributor of its "Falken" tyre products in Singapore, Malaysia, Thailand, Indonesia, Brunei, China, India, South Africa, Mauritius, Vietnam, Myanmar and New Caledonia. The Company also has a 20% shareholding in a joint venture company with the Subscriber, SRITP Limited, which is incorporated in the British Virgin Islands. SRITP Limited's principal activities involve the distribution of "Dunlop" tyres in the People's Republic of China.

The proposed Placement further strengthens the long-term business relationship between the Company and the Subscriber.

As at the date of this Announcement, the Subscriber does not hold any shares in the Company.

3. ISSUE OF NEW SHARES

The New Shares to be issued pursuant to the Subscription Agreement represent approximately 1.87 per cent (1.87%) of the issued share capital of the Company at the time the Resolution was passed.

The Placement Price of S\$0.35 for each New Share represents a premium of approximately 27.3 per cent. (27.3%) from the volume weighted average price of S\$0.275 per Share for trades done on the SGX-ST on 21 September 2010 (being the full market day on which the Subscription Agreement was executed).

The net proceeds from the Placement after deducting estimated expenses of S\$0.1 million, is approximately S\$1.4 million. The net proceeds will be used for the Company's working capital purposes to fund its existing business operations in South Africa.

When completed, the Placement will increase the existing issued share capital of the Company from S\$33,677,834 comprising 230,561,244 Shares to S\$35,182,834 comprising 234,861,244 Shares. The net tangible assets per share of the Company, its subsidiaries, associated companies and joint venture companies (collectively, the "**Group**") as at 31 July 2010 was 42.78 cents. After adjusting for the issue of the New Shares, the Group's net tangible assets per share, as at 31 July 2010, would be 43.44 cents.

None of the New Shares will be placed with any of the persons disallowed under Rule 812 of the Listing Manual.

4. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

None of the Directors or substantial shareholders of the Company has any interest, direct or indirect, in the Placement (other than through their shareholdings in the Company).

BY ORDER OF THE BOARD



Wee Kok Wah
Director
21 September 2010