



Notice of Annual General Meeting

CHIP ENG SENG CORPORATION LTD (Incorporated in Singapore)
(Registration No. 199805196H) (the "Company")

NOTICE IS HEREBY GIVEN that the Annual General Meeting of the Company will be held at Sapphire 1 & 2, Orchid Lodge-Level II, Orchid Country Club, No. 1 Orchid Club Road, Singapore 769162 on Monday, 26 April 2010 at 3.30 p.m. for the following purposes:

AS ROUTINE BUSINESS:

- To receive and adopt the Directors' Report and Audited Accounts of the Company for the year ended 31 December 2009 and the Auditors' Report thereon. **(Resolution 1)**
- To declare a Tax Exempt One-Tier First and Final Dividend of 3.0 cents per ordinary share for the financial year ended 31 December 2009 (2008: Tax Exempt One-Tier First and Final Dividend of 0.75 cent per ordinary share). **(Resolution 2)**
- To re-elect Mr Lim Tiang Chuan, being a Director who retires by rotation pursuant to Article 115 of the Articles of Association of the Company. [See Explanatory Note (i)] **(Resolution 3)**
- To re-elect Mr Ang Mong Seng, being a Director who retires by rotation pursuant to Article 115 of the Articles of Association of the Company. [See Explanatory Note (ii)] **(Resolution 4)**
- To re-elect Ms Dawn Lim Sock Kiang, being a Director who retires pursuant to Article 119 of the Articles of Association of the Company. [See Explanatory Note (iii)] **(Resolution 5)**
- To re-appoint Mr Lim Tiam Seng as a Director of the Company pursuant to Section 153(6) of the Companies Act, Cap. 50, to hold office from the conclusion of this Annual General Meeting until the next Annual General Meeting. [See Explanatory Note (iv)] **(Resolution 6)**
- To approve the payment of Directors' fees of S\$185,000 for the financial year ended 31 December 2009 (2008: S\$185,000). **(Resolution 7)**
- To approve the payment of Directors' fees of S\$185,000 for the financial year ending 31 December 2010, to be paid quarterly in arrears. **(Resolution 8)**
- To re-appoint Messrs Ernst & Young LLP as Auditors and to authorise the Directors to fix their remuneration. **(Resolution 9)**
- To transact any other routine business which may properly be transacted at an Annual General Meeting.

AS SPECIAL BUSINESS:

To consider and, if thought fit, to pass the following resolutions as Ordinary Resolutions, with or without modifications:

11. "SHARE ISSUE MANDATE"

"That pursuant to Section 161 of the Companies Act, Cap. 50 and the listing rules of the Singapore Exchange Securities Trading Limited ("SGX-ST") and notwithstanding the provisions of the Articles of Association of the Company, authority be and is hereby given to the Directors of the Company to:

- (i) issue shares in the capital of the Company (whether by way of rights, bonus or otherwise); and/or
- (ii) make or grant offers, agreements or options (collectively, "Instruments") that may or would require shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures or other instruments convertible into shares,

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; and

- (notwithstanding that the authority conferred by this Resolution may have ceased to be in force) issue shares in pursuance of any Instrument made or granted by the Directors while this Resolution was in force,

provided that:

- (i) the aggregate number of shares to be issued pursuant to this Resolution (including shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed fifty per cent (50%) of the total number of issued shares excluding treasury shares of the Company (as calculated in accordance with sub-paragraph (ii) below), of which the aggregate number of shares to be granted other than on a pro-rata basis to shareholders of the Company with registered addresses in Singapore (including shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed twenty per cent (20%) of the total number of issued shares excluding treasury shares of the Company (as calculated in accordance with sub-paragraph (ii) below);

- (ii) for the purpose of determining the aggregate number of shares that may be issued under sub-paragraph (i) above, the percentage of the total number of issued shares excluding treasury shares of the Company shall be calculated based on the total number of issued shares excluding treasury shares of the Company at the time of the passing of this Resolution, after adjusting for:

- (1) new shares arising from the conversion or exercise of any convertible securities;
- (2) new shares arising from exercise of share options or vesting of share awards outstanding or subsisting at the time of the passing of this Resolution, provided the options or awards were granted in compliance with Part VIII of Chapter 8 of the Listing Manual of the SGX-ST; and
- (3) any subsequent bonus issue, consolidation or subdivision of shares;

- (iii) the fifty per cent (50%) limit under sub-paragraph (i) above, may be increased to one hundred per cent (100%) where the Company undertakes a pro-rata renounceable rights issue;

- (iv) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Listing Manual of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the Articles of Association for the time being of the Company; and

- (v) unless revoked or varied by the Company in general meeting, the authority conferred by this 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." [See Explanatory Note (v)] **(Resolution 10)**

12. "ISSUE OF SHARES AT A DISCOUNT"

That subject to and pursuant to the share issue mandate in Resolution 10 above being obtained, authority be and is hereby given to the Directors of the Company to issue new shares other than on a pro-rata basis to shareholders of the Company at an issue price per new share which shall be determined by the Directors in their absolute discretion provided that such price shall not represent a discount of more than twenty per cent (20%) to the weighted average price per share determined in accordance with the requirements of the SGX-ST." [See Explanatory Note (vi)] **(Resolution 11)**

13. "CHIP ENG SENG EMPLOYEES' SHARE OPTION SCHEME 2001"

That the Directors of the Company be and are hereby authorised to offer and grant options in accordance with the provisions of the Chip Eng Seng Employees' Share Option Scheme 2001 (the "2001 Scheme") and pursuant to Section 161 of the Companies Act, Cap. 50, to allot and issue from time to time such number of shares in the capital of the Company as may be required to be issued pursuant to the exercise of the options under the 2001 Scheme provided always that the aggregate number of shares to be issued pursuant to the 2001 Scheme shall not exceed fifteen per cent (15%) of the total number of issued shares excluding treasury shares of the Company from time to time." [See Explanatory Note (vii)] **(Resolution 12)**

14. "CHIP ENG SENG PERFORMANCE SHARE PLAN"

That the Directors of the Company be and are hereby authorized to offer and grant awards in accordance with the provisions of the Chip Eng Seng Performance Share Plan (the "Performance Share Plan") and pursuant to Section 161 of the Companies Act, Cap. 50, to allot and issue from time to time such number of shares in the capital of the Company as may be required to be issued pursuant to the vesting of awards under the Performance Share Plan, provided that the aggregate number of shares to be issued pursuant to the 2001 Scheme, the Performance Share Plan and any other share based incentive schemes of the Company shall not exceed fifteen per cent (15%) of the total number of shares excluding treasury shares of the Company from time to time." [See Explanatory Note (viii)] **(Resolution 13)**

15. "SHARE PURCHASE MANDATE"

That the Directors of the Company be and are hereby authorised to make purchases of shares from time to time (whether by way of market purchases or off-market purchases on an equal access scheme) of up to ten per cent (10%) of the issued ordinary share capital of the Company as at the date of this Resolution, excluding any shares held as Treasury Shares, at the price of up to but not exceeding the Maximum Price as set out in Page 12 of the Circular dated 2 April 2007 to the shareholders of the Company and this mandate shall unless revoked or varied by the Company in general meeting, the authority conferred by this 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 earlier. (Refer to attached Appendix A)." [See Explanatory Note (ix)] **(Resolution 14)**

By Order of the Board

Abdul Jabbar Bin Karam Din
Joint Company Secretary

Singapore, 9 April 2010

Notes:

- Save as provided in the Articles of Association, a member entitled to attend and vote at the Annual General Meeting is entitled to appoint up to two proxies to attend and vote in his stead. A proxy need not be a member of the Company.
- The instrument appointing a proxy must be deposited at the Registered Office of the Company at 69 Ubi Crescent, #06-01 CES Building, Singapore 408561, not less than 48 hours before the time appointed for holding the Annual General Meeting.

EXPLANATORY NOTES:

- (i) Mr Lim Tiang Chuan, upon re-election as a Director of the Company, will remain as the Executive Deputy Chairman of the Company.
- (ii) Mr Ang Mong Seng, upon re-election as a Director of the Company, will remain as a member of the Nominating Committee, Audit Committee and Remuneration Committee. Mr Ang is an Independent Director.
- (iii) Ms Dawn Lim Sock Kiang, upon re-election as a Director of the Company, will remain as an Executive Director.
- (iv) Mr Lim Tiam Seng, upon re-election as a Director of the Company, will remain as an Executive Chairman.
- (v) **Resolution 10** is to empower the Directors to issue shares in the capital of the Company and/or Instruments (as defined above). The aggregate number of shares to be issued pursuant to Resolution 10 (including shares to be issued in pursuance of Instruments made or granted) shall not exceed fifty per cent (50%) of the total number of issued shares excluding treasury shares of the Company, with a sub-limit of twenty per cent (20%) for shares issued other than on a pro-rata basis (including shares to be issued in pursuance of instruments made or granted pursuant to this Resolution) to shareholders with registered addresses in Singapore. The Company may increase the limit to one hundred per cent (100%) where it undertakes a pro-rata renounceable rights issue. For the purpose of determining the aggregate number of shares that may be issued, the percentage of the total number of issued shares excluding treasury shares of the Company will be calculated based on the total number of issued shares excluding treasury shares of the Company at the time of the passing of Resolution 10, after adjusting for (i) new shares arising from the conversion or exercise of any convertible securities; (ii) new shares arising from exercise of share options or vesting of share awards outstanding or subsisting at the time of the passing of Resolution 10, provided the options or awards were granted in compliance with Part VIII of Chapter 8 of the Listing Manual of the SGX-ST; and (iii) any subsequent bonus issue, consolidation or subdivision of shares.

The allotment and issuance of shares in the Company up to one hundred per cent (100%) of its issued capital by way of a pro-rata renounceable rights issue is a new measure introduced by the Singapore Exchange Limited, in consultation with the Monetary Authority of Singapore, on 20 February 2009 to accelerate and facilitate listed issuers' fund raising efforts and will be in effect until 31 December 2010.

The aforesaid mandate to issue up to one hundred per cent (100%) of the Company's issued capital is conditional upon the Company:

- (i) making periodic announcements on the use of the proceeds as and when the funds are materially disbursed; and
- (ii) providing a status on the use of proceeds in the annual report.

This mandate, if passed, will provide the Directors with an opportunity to raise funds and avoid prolonged market exposure by reducing the time taken for shareholders' approval, in the event the need arises. Concerns over the dilution of minority shareholders' interests are mitigated as all shareholders have equal opportunities to participate and can dispose their entitlements through trading nil-paid rights if they do not wish to subscribe for their rights shares.

- (vi) **Resolution 11** is to authorise the Directors to allot and issue new shares on a non pro-rata basis at a discount of not exceeding twenty per cent (20%). This authority will continue in force until the next Annual General Meeting.
- (vii) **Resolution 12** is to authorise the Directors to offer and grant options in accordance with the provisions of the 2001 Scheme and pursuant to Section 161 of the Companies Act, Cap. 50 to allot and issue shares under the 2001 Scheme. The size of the 2001 Scheme is limited to fifteen per cent (15%) of the total number of issued shares excluding treasury shares of the Company for the time being.
- (viii) **Resolution 13** is to authorise the Directors to offer and grant awards in accordance with the provisions of the Chip Eng Seng Performance Share Plan to allot and issue shares thereunder.
- (ix) **Resolution 14** is to renew the Shares Purchase Mandate, which was originally approved by the shareholders on 27 April 2007. The Company bought 8,000,000 ordinary shares of the Company during the financial year 2007. Detailed information on the Renewal of the Share Purchase Mandate is set out in Appendix A.