

Circular dated 2 April 2007

**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

If you are in any doubt as to the action you should take, you should consult your stockbroker(s) or other professional adviser(s) immediately.

If you have sold all your shares in the capital of Chip Eng Seng Corporation Ltd, you should immediately hand this Circular and the enclosed Proxy Form to the stockbroker(s) or agent(s) through whom you effected the sale for transmission to the purchaser(s).

The Singapore Exchange Securities Trading Limited assumes no responsibility for the correctness of any of the statements made, reports contained or opinions expressed in this Appendix.



**CHIP ENG SENG CORPORATION LTD**

(Incorporated in the Republic of Singapore)  
(Company Registration No.: 199805196H)

**CIRCULAR TO SHAREHOLDERS**

**in relation to:-**

- (A) THE PROPOSED ADOPTION OF NEW ARTICLES OF ASSOCIATION OF THE COMPANY;**
- (B) THE PROPOSED SHARE PURCHASE MANDATE OF THE COMPANY; AND**
- (C) THE PROPOSED ADOPTION OF THE CHIP ENG SENG PERFORMANCE SHARE PLAN**

**IMPORTANT DATES AND TIMES:-**

- Last date and time for lodgement of Proxy Form : 25 April 2007 at 10.00 am
- Date and time of Extraordinary General Meeting : 27 April 2007 at 11.00 am (or immediately following the conclusion or adjournment of the Annual General Meeting to be held at 10.00 am (on the same day and at the same place)
- Place of Extraordinary General Meeting : Emerald Suite, Golf Clubhouse-Level II  
Orchid Country Club,  
No. 1 Orchid Club Road,  
Singapore 769162

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## DEFINITIONS

In this Circular, the following definitions apply throughout unless otherwise stated:

<i>“Adoption Date”</i>	The date on which the Plan is adopted by the Company in general meeting
<i>“AGM”</i>	The Annual General Meeting of the Company
<i>“Articles”</i>	The articles of association of the Company
<i>“Associated Company”</i>	A company in which at least 20% but not more than 50% of its shares are held by the Company and/or its subsidiaries, or a subsidiary of such company, and over whose management the Company has control
<i>“Associated Company Employee”</i>	Any employee of an Associated Company (including any Associated Company Executive Director) selected by the Committee to participate in the Plan in accordance with the rules of the Plan
<i>“Associated Company Executive Director”</i>	A director of an Associated Company who performs an executive function
<i>“Award”</i>	A contingent award of Shares granted under the rules of the Plan
<i>“Award Date”</i>	In relation to an Award, the date on which the Award is granted pursuant to the rules of the Plan
<i>“Auditors”</i>	The auditors of the Company for the time being
<i>“Board”</i>	The board of directors of the Company
<i>“CDP”</i>	The Central Depository (Pte) Limited
<i>“Code”</i>	The Code of Corporate Governance 2005
<i>“Committee”</i>	A committee comprising directors of the Company and such other persons (if any) as may be duly authorised and appointed by the Board to administer the Plan
<i>“Company”</i>	Chip Eng Seng Corporation Ltd
<i>“Companies Act” or “Act”</i>	The Companies Act, Chapter 50 of Singapore
<i>“Companies (Amendment) Act”</i>	The Companies (Amendment) Act 2005 of Singapore
<i>“control”</i>	The capacity to dominate decision-making, directly or indirectly, in relation to the financial and operating policies of a company
<i>“Controlling Shareholder”</i>	A person who holds directly or indirectly 15% or more of the total votes attached to all voting shares of a company or a person who in fact exercises control over such company
<i>“Director”</i>	A director of the Company for the time being

<i>“EGM”</i>	The Extraordinary General Meeting of the Company, notice of which is set out on pages 73 to 75 of this Circular
<i>“Existing Articles”</i>	The Articles of the Company for the time being
<i>“Group”</i>	The Company and its subsidiaries
<i>“Group Employee”</i>	Any employee of the Group (including any Group Executive Director) selected by the Committee to participate in the Plan in accordance with the rules of the Plan
<i>“Group Executive Director”</i>	A director of the Company and/or any of its subsidiaries, as the case may be, who performs an executive function
<i>“Listing Manual”</i>	The listing manual of the SGX-ST, as amended, modified, or supplemented from time to time
<i>“Latest Practicable Date”</i>	15 March 2007, being the latest practicable date prior to the printing of this Circular
<i>“Market Value”</i>	In relation to a Share, on any day: <ul style="list-style-type: none"> <li>(a) the average closing prices of the Share on the SGX-ST on each of the five (5) consecutive Trading Days on which transactions in Shares were recorded immediately preceding the date on which an Award is released in accordance with the rules of the Plan; or</li> <li>(b) if the Committee is of the opinion that the Market Value as determined in accordance with (a) above is not representative of the value of a Share, such price as the Committee may determine, such determination to be confirmed in writing by any independent financial advisors appointed by the Company (acting only as experts and not as arbitrators) to be in their opinion, fair and reasonable</li> </ul>
<i>“New Articles”</i>	The new Articles of Association of the Company which is proposed to be adopted, the full text of which is set out in Appendix 1 of this Circular
<i>“Notice of EGM”</i>	The notice of EGM as set out on pages 73 to 75 of this Circular
<i>“Option”</i>	Option granted pursuant to Scheme 2001, conferring a right to subscribe for Shares
<i>“Participant”</i>	A Group Employee or Associated Company Employee who has been granted an Award
<i>“Performance-related Award”</i>	An Award in relation to which a Performance Condition is specified
<i>“Performance Condition”</i>	In relation to a Performance-related Award, the condition specified on the Award Date in relation to that Award

<i>“Performance Period”</i>	In relation to a Performance-related Award, a period, the duration of which is to be determined by the Committee on the Award Date, during which the Performance Condition is to be satisfied
<i>“Plan”</i>	The Chip Eng Seng Performance Share Plan, as the same may be modified or altered from time to time
<i>“Proxy Form”</i>	The proxy form in respect of the EGM as set out in this Circular
<i>“Record Date”</i>	The date fixed by the Company for the purposes of determining entitlements to dividends or other distributions to or rights of holders of Shares
<i>“Release”</i>	In relation to an Award, the release, at the end of each Vesting Period, of the Shares to be released on such date and “Released” shall be construed accordingly
<i>“Release Schedule”</i>	In relation to an Award, a schedule, if any, in such form as the Committee shall approve, in accordance with which Shares which are the subject of that Award shall be Released at the end of each Vesting Period
<i>“Released Award”</i>	An Award which has been released in accordance with the rules of the Plan
<i>“Scheme 2001”</i>	The Chip Eng Seng Employees’ Share Option Scheme 2001 approved by Shareholders at an extraordinary general meeting on 18 July 2001, as modified or altered from time to time
<i>“SGX-ST”</i>	Singapore Exchange Securities Trading Limited
<i>“Shareholders”</i>	Registered holders of Shares except that where the registered holder is CDP, the term “Shareholders” shall, in relation to such Shares, mean the persons to whose securities accounts maintained with CDP are credited with the Shares
<i>“Shares”</i>	Ordinary shares in the capital of the Company
<i>“Share Purchase Mandate”</i>	The proposed mandate to enable the Company to purchase or otherwise acquire its Shares, the terms of which are set out in Section 3 of this Circular
<i>“Take-over Code”</i>	The Singapore Code on Take-overs and Mergers, as amended or modified from time to time
<i>“Trading Day”</i>	A day on which the Shares are traded on the SGX-ST
<i>“Vesting”</i>	In relation to Shares which are the subject of a Released Award, the absolute entitlement to all or some of the Shares which are the subject of a Released Award and “Vest” and “Vested” shall be construed accordingly

“Vesting Date”	In relation to Shares which are the subject of a Released Award, the date (as determined by the Committee and notified to the relevant Participant) on which those Shares have Vested pursuant to the rules of the Plan
“Vesting Period”	In relation to an Award, a period or periods, the duration of which is to be determined by the Committee on the Award Date
“\$” and “cents”	Singapore dollars and cents respectively
“US\$” and “US cents”	United States dollars and cents respectively
“%”	Percentage or per centum

The terms “Depositor”, “Depository Agent” and “Depository Register” shall have the meanings ascribed to them respectively in Section 130A of the Act.

The term ‘associate’ shall have the meaning ascribed to it by the SGX-ST Listing Manual or any other publication prescribing rules or regulations for corporations admitted to the Official List of the SGX-ST (as modified, supplemented or amended from time to time).

Words importing the singular shall, where applicable, include the plural and *vice versa*, and words importing the masculine gender shall, where applicable, include the feminine and neuter genders. Words importing persons include corporations.

Any reference in this Circular to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any word defined under the Companies Act and used in this Circular shall have the meaning assigned to it under the Companies Act.

Any reference in this Circular to a time of day shall be a reference to Singapore time, unless otherwise stated.

# CHIP ENG SENG CORPORATION LTD

(Incorporated in the Republic of Singapore)  
(Company Registration Number 199805169H)

## Directors:

Lim Tiam Seng (Executive Chairman)  
Lim Tiang Chuan (Managing Director)  
Lim Ling Kwee (Executive Director)  
Chia Lee Meng Raymond (Executive Director)  
Goh Chee Wee (Independent Director)  
Hoon Tai Meng (Independent Director)  
Ang Mong Seng (Independent Director)

## Registered Office:

69 Ubi Crescent, #06-01  
CES Building  
Singapore 408561

2 April 2007

To: The Shareholders of Chip Eng Seng Corporation Ltd

Dear Shareholders,

## 1. INTRODUCTION

1.1 The Directors are convening an EGM to seek Shareholders' approval for the following:

- (a) the proposed adoption of a new set of Articles of the Company;
- (b) the proposed Share Purchase Mandate of the Company; and
- (c) the proposed adoption of the Chip Eng Seng Performance Share Plan.

1.2 The purpose of this Circular is to provide Shareholders with relevant information pertaining to the proposals to be tabled at the EGM and to seek Shareholders' approval for the resolutions relating to the same. The EGM is to be held on 27 April 2007 at 11.00 am (or immediately following the conclusion or adjournment of the Annual General Meeting of the Company to be held at 10.00 am on the same day and at the same place or at any adjournment thereof at Emerald Suite, Golf Clubhouse-Level II Orchid Country Club No.1 Orchid Club Road, Singapore 769162.

## 2. THE PROPOSED ADOPTION OF NEW ARTICLES OF ASSOCIATION OF THE COMPANY

### 2.1 Rationale

The Companies (Amendment) Act, which came into operation on 30 January 2006, introduced key amendments to the Companies Act resulting in significant changes to the company law regime. These amendments include the abolition of the concepts of par value and authorised capital, and allowing repurchased shares to be held as treasury shares.

With the abolition of the concept of par value pursuant to the Companies (Amendment) Act, shares of a company no longer have any par or nominal value. The concepts of share premium and the issue of shares at a discount have also been abolished accordingly. All amounts standing to the credit of a company's share premium account and capital redemption reserves (if any) as at 30 January 2006 would become part of the company's share capital.

The Companies (Amendment) Act also introduced new provisions on share buy backs and treasury shares. Under these new provisions, a company can now repurchase shares out of capital, as well as from distributable profits. Ordinary shares which are the subject of a share repurchase by a company can be held by that company as treasury shares instead of being cancelled. The right to attend and vote at meetings and the right to dividends or other distributions will be suspended for so long as the repurchased shares are held in treasury.

The Code of Corporate Governance 2005 (the “Code”) issued by the Ministry of Finance, which takes effect from annual general meetings held on or after 1 January 2007, has superseded and replaced the Code of Corporate Governance that was issued in March 2001.

Alterations are thus proposed to the Existing Articles to update them generally and to be in line with the changes to the regulatory framework. The Company is also taking the opportunity to streamline and rationalise certain other provisions in the Existing Articles. As substantial amendments are being made to the Existing Articles, it is proposed that a new set of Articles (“New Articles”) be adopted instead of amending the Existing Articles.

## **2.2 Material Differences Between the Existing Articles and New Articles**

The material differences between the Existing Articles and the proposed New Articles are as follows:

### **2.2.1 Interpretation Clause**

Section 179 of the Act has been amended to highlight that a member of a company does not include the company itself where it is such a member by virtue of its holding shares as treasury shares. The definition of “Member”, “holder of any share” or “shareholder” under Article 2 of the proposed New Articles will include this amendment to Section 179 of the Act.

### **2.2.2 General Mandate To Issue Shares**

Article 8(B) of the Existing Articles provides that the Company may by ordinary resolution give the Directors a general authority to issue shares and to make or grant offers, agreements or options that might or would require shares to be issued, including the creation and issue of warrants, debentures or other instruments convertible into shares, and (notwithstanding that such authority may have ceased to be in force) to issue shares in pursuance of an instrument made or granted while the authority was in force.

Article 8(B) of the Existing Articles further provides that the aggregate number of shares that may be issued pursuant to such ordinary resolution cannot exceed 50% of the issued share capital of the Company, of which the aggregate number of shares to be issued other than on a pro rata basis to shareholders does not exceed 20% of the issued share capital of the Company.

The specific limits and manner of calculation currently contained in Article 8(B) of the Existing Articles follow the specific provisions of Rule 806 of the Listing Manual. Article 6 of the proposed New Articles, which corresponds to Article 8(B) of the Existing Articles, removes the references to these specific limits and manner of calculation, and instead provides that the aggregate number of shares which may be issued pursuant to the general share issue mandate is to be subject to such limits and manner of calculation as may be prescribed by the SGX-ST from time to time.

The replacement of the Article 8(B) of the Existing Articles with Article 6 of the proposed New Articles will obviate the necessity for the Company to alter the Articles as and when the relevant provisions of the Listing Manual relating to the general share issue mandate are altered by the SGX-ST. Any ordinary resolution passed pursuant to the Article 6 of the proposed New Articles, will continue to be subject to the specific limits and manner of calculation prescribed by the Listing Manual from time to time.

### **2.2.3 Treasury Shares**

Article 6A of the proposed New Articles was drafted to take into account the introduction of the concept of treasury shares. This Article will provide that the Company may not exercise any right in respect of treasury shares other than as provided by the Act but subject thereto, the Company may hold or deal with its treasury shares in the manner authorised by, or prescribed pursuant to, the Act.

#### 2.2.4 Commission On Subscription Of Shares

Article 14 of the Existing Articles provides that the Company may exercise the powers of paying commissions conferred by, inter alia, the Act. Section 67 of the Act relating to the power to pay certain commissions was repealed pursuant to the Companies (Amendment) Act. However, since the Company may nevertheless retain the power to pay commissions under the Articles, Article 14 of the Existing Articles is proposed to be replaced with Article 13 of the New Articles which provides that the Company may pay commissions or brokerage on any issue of shares at such rate or amount and in such manner as the Directors may deem fit.

#### 2.2.5 Share Certificates

Article 16 of the Existing Articles on share certificates provides, inter alia, that every share certificate must specify the number and class of shares to which it relates and the amount paid up thereon. This Article is proposed to be replaced with Article 19 of the proposed New Articles which provides that the amount (if any) unpaid on the shares must also be specified in the share certificate, in order to be in line with Section 123 of the Companies Act, as amended pursuant to the Companies (Amendment) Act.

#### 2.2.6 Abolition Of Concept Of Par Value

Following the abolition of the concept of par value under the Companies (Amendment) Act, references to “par value”, “authorised capital”, “discount”, “premium”, “capital redemption reserve fund”, and “share premium account” in the following Existing Articles have been excluded from the proposed New Articles, namely Articles 3 (omitted entirely from the New Articles), 10A (Article 70 of the New Articles) and 132 (Article 172 of the New Articles).

Article 84 of the proposed New Articles, which replaces Article 70 of the Existing Articles, provides that a poll can be demanded by a member present in person or by proxy and holding not less than 10% of the total number of paid-up shares of the Company (excluding treasury shares), following the abolition of the concept of par value and the introduction of provisions on treasury shares pursuant to the Companies (Amendment) Act.

#### 2.2.7 Share Repurchase

Article 10(B) of the Existing Articles permits the Company to purchase or otherwise acquire its issued shares and to cancel such shares purchased by it. In line with the Companies (Amendment) Act, Article 69(2) of the proposed New Articles will provide the Company with the ability to either cancel ordinary shares purchased by it or to hold such ordinary shares as treasury shares.

#### 2.2.8 Appointment of Proxies

Article 71(a) of the Existing Articles deals with the appointment of proxies. Following the recommendation of the Code, Article 98(1) of the proposed New Articles will provide that Shareholders who are nominee companies are not subject to any restrictions in relation to the number of proxies which may be appointed to attend and vote at a general meeting.

#### 2.2.9 Apportionment Of Dividends

Article 123 of the Existing Articles provides for the payment of dividends to be made in proportion to the amount paid in respect of the shares.

Article 161 of the proposed New Articles provides that all dividends are to be paid in proportion to the number of shares held (as opposed to according to the amounts paid on the shares), in accordance with the abolition of the concept of par value pursuant to the Companies (Amendment) Act. Article 161 of the proposed New Articles also provides that where shares are partly paid, all dividends must be apportioned and paid proportionately to the amounts paid or credited as paid.

#### 2.2.10 Unclaimed Dividends

Article 170 of the proposed New Articles, which is a new Article, provides for the position in relation to dividends which remain unclaimed for 6 years after first being payable.

#### 2.2.11 Bonus Issues And Capitalisation of Profits and Reserves

Article 172 of the proposed New Articles, which corresponds to Articles 132 and 133 of the Existing Articles, permits the issue of bonus shares for which no consideration is payable, and excludes references to the share premium account and the capital redemption reserve fund since under the Companies (Amendment) Act, any amounts standing to the credit of the Company's share premium account and the capital redemption reserve would have become part of its share capital.

#### 2.2.12 Service Of Notices

Article 139 of the Existing Articles deals with the service of notices and documents on members and other persons entitled to receive notices or documents from the Company. The Companies Act was amended effective 1 April 2004 to provide for documents required under the Companies Act or the memorandum and articles of association of company to be given, sent or served on members, auditors and officers of a company, to be so given, sent or served using electronic communications.

Article 185 of the proposed New Articles has accordingly been drafted to provide for service of notices and documents to be effected by electronic communications in accordance with Sections 387A and 387B of the Companies Act or any applicable regulations or procedures.

### **2.3 The Proposed New Articles of Association**

The full text of the proposed New Articles is contained in Appendix 1 of this Circular.

## **3. THE PROPOSED SHARE PURCHASE MANDATE OF THE COMPANY**

### **3.1 Background and Shareholders' Approval**

At an EGM of the Company held on 18 July 2001, Shareholders had approved a general and unconditional mandate to enable the Company to purchase or otherwise acquire its issued Shares. This mandate was not renewed at the subsequent AGM.

The Directors now propose to adopt a new Share Purchase Mandate. The Share Purchase Mandate is conditional upon the approval of Shareholders at the EGM. As such, approval is being sought from Shareholders at the EGM for the adoption of a general and unconditional Share Purchase Mandate for the purchase or acquisition by the Company of its issued Shares. If approved, the Share Purchase Mandate will take effect from the date of the EGM and continue in force until the date of the next AGM or such date as the next AGM is required by law to be held, unless prior thereto, share buybacks are carried out to the full extent mandated or the Share Purchase Mandate is revoked or varied by the Company in general meeting. The Share Purchase Mandate may be put to Shareholders for renewal at each subsequent AGM.

### **3.2 Rationale**

The Share Purchase Mandate will give the Directors the flexibility to purchase or acquire Shares if and when circumstances permit. Share purchases or acquisitions provide the Company and its Directors with an easy mechanism to facilitate the return of surplus cash over and above its ordinary capital requirements in an expedient and cost-efficient manner. The purchase or acquisition of Shares may, depending on market conditions and funding arrangements, lead to an enhancement of the earnings per Share and/or net tangible asset per Share.

Share purchases or acquisitions also allow the Directors to exercise control over the Company's share capital structure with a view to enhance the earnings per Share and/or net asset value per Share. The Share Purchase Mandate will further give the Company the

opportunity to purchase or acquire Shares when such Shares are undervalued and help to buffer short-term share price volatility and offset the effects of share price speculation, thereby boosting Shareholders' confidence and employees' morale.

If and when circumstances permit, the Directors will decide whether to effect the Share purchases or acquisitions via Market Purchases or Off-Market Purchases (as defined below), after taking into account the amount of surplus cash available, the then prevailing market conditions and the most cost effective and efficient approach.

The Directors will only make purchases or acquisitions of shares pursuant to the Share Purchase Mandate when they consider it to be in the best interests of the Company and in circumstances which they believe will not result in any material adverse effect on the financial position of the Company or the Group, or result in the Company being delisted from the SGX-ST.

### **3.3 Authority and limits on the Share Purchase Mandate**

The authority and limitations placed on purchases of Shares under the Share Purchase Mandate are summarised below:-

#### **3.3.1 Maximum Number of Shares**

Only Shares which are issued may be purchased or acquired by the Company. The total number of Shares that may be purchased or acquired under the Share Purchase Mandate will not exceed ten per cent. (10%) of the issued Shares of the Company as at the date of the forthcoming AGM at which the renewal of the Share Purchase Mandate is approved (the "Approval Date"). Any of the Company's Shares which are held as treasury shares will be disregarded for purposes of computing the ten per cent. (10%) limit.

No Options have been granted under Scheme 2001 since its inception.

As at the Latest Practicable Date, the issued share capital of the Company comprised of 606,788,871 Shares. For illustration purposes only, on the basis of 606,788,871 Shares in issue as at the Latest Practicable Date, not more than 60,678,887 Shares (representing 10% of the Shares in issue as at that date) may be purchased by the Company pursuant to the Share Purchase Mandate. As at the Latest Practicable Date, the Company is not holding any shares as treasury shares.

#### **3.3.2 Duration of Authority**

Share purchases or acquisitions may be made, at any time and from time to time, on and from the Approval Date, up to:

- (i) the date on which the next AGM of the Company is held or required by law to be held; or
- (ii) the date on which the Share purchases are carried out to the full extent mandated; or
- (iii) the date on which the authority conferred by the Share Purchase Mandate is revoked or varied by Shareholders in a general meeting, whichever is the earliest.

#### **3.3.3 Manner of Share Purchase**

- (i) Share purchases or acquisitions may be made by way of:
  - (a) a market purchase transacted on the SGX-ST, through one or more duly licensed dealers appointed by the Company for that purpose ("Market Purchase"); and/or

- (b) an off-market purchase under an equal access scheme for the purchase or acquisition of Shares from Shareholders (“Off-Market Purchase”).
- (ii) The Directors may impose such terms and conditions which are not inconsistent with the Share Purchase Mandate, the listing rules of the SGX-ST and the Act, as they consider fit in the interests of the Company in connection with or in relation to any equal access scheme or schemes. However, an equal access scheme must satisfy all the following conditions:
  - (a) offers under the scheme must be made to every person who holds Shares to purchase or acquire the same percentage of their Shares;
  - (b) all of those persons must have a reasonable opportunity to accept the offers made to them; and
  - (c) the terms of all the offers must be the same except that there shall be disregarded (1) differences in consideration attributable to the fact that the offers relate to Shares with different accrued dividend entitlements, (2) (if applicable) differences in consideration attributable to the fact that the offers relate to Shares with different amounts remaining unpaid, and (3) differences in the offers introduced solely to ensure that each Shareholder is left with a whole number of Shares.
- (iii) If the Company wishes to make an Off-Market Purchase, the Company will issue an offer document to all Shareholders which shall contain at least the following information:
  - (a) the terms and conditions of the offer;
  - (b) the period and procedures for acceptances;
  - (c) the reasons for the proposed share purchase;
  - (d) the consequences, if any, of the share purchases by the Company that will arise under the Takeover Code or other applicable take-over rules;
  - (e) whether the share purchase, if made, will have any effect on the listing of the Shares on the SGX-ST; and
  - (f) details of any share purchases made by the Company in the previous twelve (12) months (whether Market Purchases or Off-Market Purchases), giving the total number of Shares purchased, the purchase price per Share or the highest and lowest prices paid for the purchases, where relevant, and the total consideration paid for the purchases.

#### 3.3.4 Maximum Purchase Price

The purchase price per Share (excluding brokerage, commission, applicable goods and services tax and other related expenses) to be paid for Shares purchased or acquired pursuant to the Share Purchase Mandate will be determined by the Directors.

However, the purchase price to be paid for the Shares purchased or acquired pursuant to Share Purchase Mandate must not exceed:

- (a) in the case of a Market Purchase, one hundred and five per cent. (105%) of the Average Closing Price (as defined below) of the Shares; and
- (b) in the case of an Off-Market Purchase, one hundred and twenty per cent. (120%) of the Average Closing Price (as defined below) of the Shares,

(the “**Maximum Price**”) in either case, excluding related expenses of the purchase.

For the above purposes:

**“Average Closing Price”** means the average of the closing market prices of the Shares over the last five (5) consecutive market days, on which transactions in the Shares were recorded, before the day on which the Shares are transacted on the SGX-ST, immediately preceding the date of Market Purchase by the Company or, as the case may be, the date of the making of the offer pursuant to the Off-Market Purchase pursuant to the equal access scheme, and deemed to be adjusted for any corporate action that occurs after the relevant five (5) consecutive market days; and

**“date of the making of the offer”** means the date on which the Company announces its intention to make an offer for the purchase or acquisition of the Shares to holders of Shares, stating the purchase price (which shall not be more than the Maximum Price determined on the foregoing basis) for each Share and the relevant terms of the equal access scheme for effecting the Off-Market Purchase.

### 3.3.5 Status of Purchased Shares

Under the Companies Act, the Company may choose to hold the purchased Shares as treasury shares or to cancel them. The new Articles of Association to be adopted at the EGM will allow the Company to hold purchased Shares as treasury shares. Accordingly, the Company has the discretion to hold the purchased Shares as treasury shares or to cancel them.

Where Shares purchased or acquired by the Company are cancelled, the total number of Shares will be diminished by such number of Shares purchased or acquired.

Any Shares purchased or acquired by the Company and cancelled will be automatically delisted by the SGX-ST. Certificates in respect of purchased or acquired Shares that are cancelled by the Company will be cancelled by the Company as soon as reasonably practicable following settlement of any purchase or acquisition of such Shares.

### 3.3.6 Treasury Shares

As explained in paragraph 3.3.5 above, under the Act, Shares purchased or acquired by the Company may be held or dealt with as treasury shares. Where the Company holds the purchased Shares as treasury shares, the Company may deal with such treasury shares in such manner as may be permitted by and in accordance with the Act. Some of the provisions on treasury shares under the Act are summarised below.

(i) **Maximum Holdings**

The number of Shares held as treasury shares cannot at any time exceed ten per cent. (10%) of the total number of Shares.

(ii) **Voting and Other Rights**

The Company cannot exercise any right in respect of the treasury shares, i.e. the Company will have no right to vote or attend at meetings and the treasury shares will be treated as having no voting rights.

In addition, no dividend may be paid, and no other distribution of the Company's assets may be made, to the Company in respect of treasury shares. However, the allotment of shares as fully paid bonus shares in respect of treasury shares is allowed. A subdivision or consolidation of any treasury share into treasury shares of a smaller amount is also allowed so long as the total value of the treasury shares after the subdivision or consolidation is the same as before.

### 3.3.7 Reporting Requirements

- (i) Within thirty (30) days of the passing of a Shareholders' resolution to approve the purchases of Shares by the Company, the Company shall lodge a copy of such resolution with the Accounting & Corporate Regulatory Authority ("ACRA").
- (ii) The Company shall notify the ACRA within thirty (30) days of a purchase of Shares on the SGX-ST or otherwise. Such notification shall include details of the date of the purchases, the total number of Shares purchased by the Company, the number of Shares cancelled, the number of Shares held as treasury shares, the Company's issued share capital before the purchase, the Company's issued share capital after the purchase, the amount of consideration paid by the Company for the purchases, whether Shares were purchased or acquired out of the profits or the capital of the Company, and such other particulars as may be required in the prescribed form.
- (iii) The listing rules of the SGX-ST specify that a listed company shall report all purchases or acquisitions of its shares to the SGX-ST not later than 9.00 a.m. (a) in the case of a Market Purchase, on the market day following the date of purchase or acquisition of any of its shares; and (b) in the case of an Off-Market Purchase, on the second market day after the close of acceptances of the offer. The notification of such purchases or acquisitions to the SGX-ST shall be in such form and shall include such details as may be prescribed by the SGX-ST in the Listing Manual. The Company shall make arrangements with its stockbrokers to ensure that they provide the Company in a timely fashion with the necessary information which will enable the Company to make the notifications to the SGX-ST.
- (iv) For an Off-Market Purchase, the Listing Rules require that the listed company issue an offer document to all shareholders containing the information as set out in paragraph 3.3.3(iii) above.

### 3.3.8 Sources of funds

The Company may not purchase or acquire its Shares on the SGX-ST for a consideration other than cash or for settlement otherwise than in accordance with the trading rules of the SGX-ST.

Any purchases or acquisitions of Shares may be made only if the Company is solvent and out of the Company's capital or profits. It is an offence for a Director or manager of the Company to approve or authorise the purchase or acquisition of Shares, knowing that the Company is not solvent. For this purpose, pursuant to the Act, a company is solvent if:-

- (i) the company is able to pay its debts in full as they fall due in the normal course of business at the time of payment for the purchase of shares, as well as during the period of twelve (12) months after the purchase; and
- (ii) the value of the company's assets, at the time of the purchase and after such purchase, is not less than the value of its liabilities (including contingent liabilities), having regard to the most recent financial statements of the company and all other circumstances that the directors or managers of the company know or ought to know affect or may affect such values.

The Company will use internal resources or external borrowings or a combination of both to fund purchases of Shares pursuant to the Share Purchase Mandate. However, in considering the option of external financing, the Directors will consider particularly the prevailing gearing level of the Group. The Directors will only make purchases or acquisitions pursuant to the Share Purchase Mandate in circumstances which they believe will not result in any material adverse effect to the financial position of the Company or the Group.

### 3.4 Financial Impact

Under the Act, purchases or acquisitions of Shares by the Company may be made out of the Company's capital or profits.

Where the purchased Shares are cancelled, a reduction by the total amount of the purchase price paid by the Company for the Shares cancelled will be made to:

- (a) the share capital of the Company where the Shares were purchased out of the capital of the Company;
- (b) the profits of the Company where the Shares were purchased out of the profits of the Company; or
- (c) the share capital and profits of the Company proportionately where the Shares were purchased out of both the capital and profits of the Company.

Where the consideration paid by the Company for the purchase or acquisition of Shares is made out of profits, such consideration (excluding related brokerage, goods and services tax, stamp duties and clearance fees) will correspondingly reduce the amount available for the distribution of cash dividends by the Company.

Where the consideration paid by the Company for the purchase or acquisition of Shares is made out of capital, the amount available for the distribution of cash dividends by the Company will not be reduced.

The amount of funding required for the Company to purchase or acquire its Shares and the financial impact on the Company and the Group arising from purchases of Shares which may be made pursuant to the proposed Share Purchase Mandate will depend on, *inter alia*, the aggregate number of Shares purchased or acquired and the consideration paid at the relevant time.

The impact of purchases or acquisitions under the Share Purchase Mandate on net asset value, earnings per Share and gearing of the Company and the Group will depend, *inter alia*, on the number of shares purchased or acquired, the price at which they are purchased or acquired and the manner in which the purchase or acquisition is funded. It is therefore not possible to realistically calculate or quantify the impact at this point of time.

Based on the existing number of Shares of the Company as at the Latest Practicable Date, the proposed Share purchases or acquisitions by the Company of up to a maximum of ten per cent. (10%) of its Shares under the Share Purchase Mandate will result in the purchase of up to 60,678,887 Shares.

- (a) In the case of Market Purchases by the Company, based on the existing issued and paid-up capital of the Company as at the Latest Practicable Date and the assumption that, pursuant to the Share Purchase Mandate, the Company purchases the maximum number of 60,678,887 Shares at the Maximum Price of S\$0.3675 per Share (being the price equivalent to five per cent. (5%) above the average of the closing market prices of the Shares for the five (5) consecutive market days on which the Shares were traded on the SGX-ST immediately preceding the Latest Practicable Date), the maximum amount of funds required for the purchase of 60,678,887 Shares (excluding brokerage, stamp duties, commission, applicable goods and services tax and other related expenses) is S\$22,299,490.97.
- (b) In the case of Off-Market Purchases by the Company, based on the existing issued and paid-up capital of the Company as at the Latest Practicable Date and the assumption that, pursuant to the Share Purchase Mandate, the Company purchases the maximum number of 60,678,887 Shares at the Maximum Price of S\$0.42 per Share (being the price equivalent to twenty per cent. (20%) above the average of the closing market prices of the Shares for the five (5) consecutive market days on which the Shares were

traded on the SGX-ST immediately preceding the Latest Practicable Date), the maximum amount of funds required for the purchase of 60,678,887 Shares (excluding brokerage, stamp duties, commission, applicable goods and services tax and other related expenses) is approximately S\$25,485,132.54.

On the basis of the assumptions set out above and the following:

- (i) the Share Purchase Mandate had been effective on 31 December 2006 and 60,678,887 Shares (representing 10% of the Shares in issue as at the Latest Practicable Date) were purchased and cancelled on 31 December 2006; and
- (ii) such Share purchase was financed solely by internal resources,

an illustration of the financial impact of Share purchases or acquisitions by the Company pursuant to the Share Purchase Mandate on the Group and the Company's audited financial statements for the financial year ended 31 December 2006 is set out below:

	← Group →			← Company →		
	Before purchase	After Market purchase	After Off-Market purchase	Before purchase	After Market purchase	After Off-Market purchase
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Profit after tax	14,718	14,718	14,718	4,393	4,393	4,393
Shareholders' Funds	89,105	66,806	63,620	58,592	36,293	33,107
Net Tangible Assets ("NTA")	89,327	67,028	63,842	58,592	36,293	33,107
Current Assets	119,701	97,402	94,216	9,271	9,271	9,271
Current Liabilities	110,150	110,150	110,150	2,515	24,814	28,000
Total Borrowings	72,200	72,200	72,200	0	0	0
Cash and Cash Equivalents <sup>(1)</sup>	13,132	0	0	4,609	4,609	4,609
Number of Shares ('000)	606,788	546,109	546,109	606,788	546,109	546,109
<b>Financial Ratios</b>						
Earnings per Share (cents)	2.43	2.70	2.70	0.72	0.80	0.80
NTA per Share (cents)	14.68	12.27	11.69	9.66	6.65	6.06
Gearing (%) <sup>(2)</sup>	81%	108%	113%	0%	0%	0%
Current Ratio (times)	1.09	0.88	0.86	3.69	0.37	0.33

Notes:-

(1) Bank balances and fixed deposits (unsecured)

(2) Total borrowings divided by Shareholders' funds

### 3.5 Taxation

Section 10J of the Income Tax Act stipulates that when a company purchases or acquires its own shares from a shareholder using funds other than contributed capital of the company, the payment by the company shall be deemed to be a dividend paid by the company to the shareholder. Accordingly, the Company will, in repurchasing its own Shares out of profits, be deemed to have paid a dividend to its Shareholders from whom the Shares are purchased.

**Shareholders who are in doubt as to their respective tax positions or tax implications of Share Purchases by the Company, or who may be subject to tax whether in or outside Singapore, should consult their own professional advisers.**

### **3.6 Listing Status**

The Company is required under Rule 723 of the listing rules of the SGX-ST to ensure that at least ten per cent. (10%) of its Shares are in the hands of the public. The “public”, as defined under the listing rules of the SGX-ST, are persons other than (a) the directors, chief executive officer and substantial shareholders, or controlling shareholders of the Company and its subsidiaries, and (b) the associates of such persons named in (a).

As at the Latest Practicable Date, there are 276,579,871 Shares in the hands of the public, representing forty-five point six per cent. (45.6%) of the issued Shares of the Company. Assuming that the Company purchases its Shares through Market Purchases up to the full ten per cent. (10%) limit pursuant to the Share Purchase Mandate, the number of Shares in the hands of the public would be reduced to 215,900,984 Shares, representing thirty-nine point five per cent. (39.5%) of the remaining issued Shares of the Company (on the assumption that the purchased Shares are cancelled and not held as treasury shares).

In undertaking any purchases of its Shares, the Directors will use their best efforts to ensure that a sufficient number of Shares remain in public hands so that the share purchase(s) will not:

- (i) affect the listing status of the Shares on the SGX-ST;
- (ii) cause market illiquidity; or
- (iii) affect the orderly trading of the Shares.

### **3.7 Implications under the Take-over Code**

The resultant increase in the percentage of voting rights held by a Shareholder and persons acting in concert with him, following the purchase of Shares by the Company, will be treated as an acquisition for the purposes of Rule 14 of the Take-over Code (“Rule 14”). Consequently, depending on the number of Shares purchased by the Company and the total number of Shares issued by the Company at that time, a Shareholder or group of Shareholders acting in concert with each other could obtain or consolidate control of the Company and could become obliged to make an offer under Rule 14.

Under the Take-over Code, persons acting in concert comprise individuals or companies who, pursuant to an agreement or understanding (whether formal or informal) co-operate, through the acquisition by any of them of shares in a company to obtain or consolidate control of that company. Unless the contrary is established, the following persons will be presumed to be acting in concert, namely (a) a company with any of its directors (together with their close relatives, related trusts as well as companies controlled by any of the directors, their close relatives and related trusts), and (b) a company, its parent, subsidiaries and fellow subsidiaries, and their associated companies, and companies of which such companies are associated companies, all with one another. For this purpose, ownership or control of at least twenty per cent. (20%) but not more than fifty per cent. (50%) of the voting rights of a company will be regarded as the test of associated company status.

The circumstances under which Shareholders (including Directors) and persons acting in concert with them respectively will incur an obligation to make a general offer under Rule 14 after a purchase or acquisition of Shares by the Company are set out in Rule 14 and Appendix 2 of the Take-over Code.

In general terms, the effect of Rule 14 and Appendix 2 is that, unless exempted, Directors and persons acting in concert with them will incur an obligation to make a general offer under Rule 14 if, as a result of the Company purchasing or acquiring Shares, the voting rights of such

Directors and their concert parties would increase to thirty per cent. (30%) or more, or if the voting rights of such Directors and their concert parties fall between thirty per cent. (30%) and fifty per cent. (50%) of the Company's voting rights, the voting rights of such Directors and their concert parties would increase by more than one per cent. (1%) in any period of six (6) months.

Under Appendix 2 of the Take-over Code, a Shareholder not acting in concert with the Directors will not be required to make a general offer under Rule 14 if, as a result of the Company purchasing or acquiring its Shares, the voting rights of such Shareholder would increase to thirty per cent. (30%) or more, or if such Shareholder holds between thirty per cent. (30%) and fifty per cent. (50%) of the Company's voting rights, the voting rights of such Shareholder would increase by more than one per cent. (1%) in any period of six (6) months. Such Shareholder need not abstain from voting in respect of the resolution authorizing the proposed Share Purchase Mandate.

**Shareholders who are in any doubt as to whether they would incur any obligations to make a take-over offer as a result of any purchase of Shares by the Company pursuant to the Share Purchase Mandate are advised to consult their professional advisers before they acquire any Shares in the Company during the period when the Share Purchase Mandate is in force.**

### 3.8 Directors' and Substantial Shareholders' Interests

As at the Latest Practicable Date, the shareholdings of the Directors and the Substantial Shareholders in the Company before and after the purchase of Shares (assuming that the purchased Shares are cancelled and not held as treasury shares) pursuant to the Share Purchase Mandate, based on the Register of Director's Shareholdings and the Register of Substantial Shareholders, are as follows:

	<i>Before Share Purchase</i> (No. of Shares)			<i>Before Share Purchase</i>	<i>After Share Purchase</i>
	Direct Interest	Deemed Interest	Total Interest	%	%
<b>Directors</b>					
Lim Tiam Seng <sup>(1)</sup>	97,112,000	26,250,000	123,362,000	20.33	22.59
Lim Tiang Chuan <sup>(2)</sup>	65,500,000	750,000	66,250,000	10.92	12.13
Lim Ling Kwee	30,552,000	–	30,552,000	5.04	5.59
Chia Lee Meng Raymond <sup>(3)</sup>	5,625,000	21,800,000	27,425,000	4.52	5.02
Goh Chee Wee	2,062,500	–	2,062,500	0.34	0.38
Hoon Tai Meng	1,062,500	–	1,062,500	0.18	0.19
Ang Mong Seng	–	–	–	–	–
<b>Substantial Shareholder</b>					
Kwek Lee Keow	25,500,000	97,862,000	123,362,000	20.33	22.59
Lim Tian Back	32,625,000	482,500	33,107,500	5.45	6.06

Notes:-

- (1) Mr Lim Tiam Seng's deemed interest comprises of 25,500,000 Shares held by his wife, Mdm Kwek Lee Keow, and 750,000 Shares held by Teo Yeonh Investment Pte Ltd.
- (2) Mr Lim Tiang Chuan's deemed interest includes 750,000 Shares held by Teo Yeonh Investment Pte Ltd.
- (3) Mr Chia Lee Meng Raymond's deemed interest includes 21,800,000 Shares held by his wife.

**Shareholders should note the following:-**

- (a) the figures in the above table are set out for illustrative purposes only and calculated on the assumption that (i) the maximum amount of ten per cent. (10%) of the Shares of the Company purchased under the Share Purchase Mandate will be cancelled and not held as treasury shares and (ii) there is no change in the number of Shares held or deemed to be held by the Directors; and**
- (b) if all the purchased Shares are held as treasury shares and not cancelled, there will be no change in the interests of the Directors before and after such purchase.**

No Options have been granted under Scheme 2001 since its inception. As at the Latest Practicable Date, none of the Directors of the Company has any interest in any Options.

Based on the above information, as at the Latest Practicable Date, none of the Directors will become obligated to make a general offer in the event that the Company purchases the maximum number of 60,678,887 Shares under the Share Purchase Mandate. Based on the Register of Substantial Shareholders of the Company as at the Latest Practicable Date, the Directors are not aware of any Substantial Shareholder who may become obligated to make a mandatory offer in the event that the Company purchases the maximum number of 60,678,887 Shares.

### **3.9 Shares Bought by the Company in the Previous 12 months**

The Company has not made any purchase of Shares in the 12 months preceding the Latest Practicable Date.

## **4. THE PROPOSED CHIP ENG SENG PERFORMANCE SHARE PLAN**

### **4.1 Existing Share Option Scheme**

Other than Scheme 2001, the Company has no other share-based incentive schemes in place as at the date of this Circular. Scheme 2001 was approved by Shareholders at an extraordinary general meeting on 18 July 2001 and will expire on 17 July 2011. As at the Latest Practicable Date, no Options have been granted under Scheme 2001 since its inception.

### **4.2 Background**

The Company proposes to implement the Plan in order to achieve the following positive objectives:

- (a) to motivate Participants to maintain a high level of performance and contribution;
- (b) to attract and maintain a group of key Executives and Directors whose contributions are important to the long-term growth and profitability of the Group;
- (c) to improve employer and employee relations; and
- (d) to give recognition to the contribution made or to be made by the Non-Executive Directors to the success of the Group.

Following the Companies (Amendment) Act, the Company may deliver Shares granted under an Award either by issuing New Shares to the Participant or by transferring existing Shares to the Participant, whether such existing Shares are acquired pursuant to a share purchase mandate or (to the extent permitted by law) held as treasury shares or otherwise.

The SGX-ST has granted approval in-principle for the listing and quotation of the New Shares to be issued, where applicable, pursuant to the Plan, subject to Shareholders' approval. Admission of the New Shares to, and quotation of the New Shares on the Main Board of the

SGX-ST are in no way reflective of the merits of the Company, the Group or the Plan. Please note that the SGX-ST is not required to, and accordingly, does not approve the terms of the Plan.

#### **4.3 Rationale For The Plan**

By implementing the Plan and retaining Scheme 2001, the Company hopes to inculcate in all Participants, a stronger and more lasting sense of identification with the Group. The Plan and Scheme 2001 (the "Share Plans") will also operate to attract, retain and provide incentive to Participants to encourage greater dedication and loyalty by enabling the Company to give recognition for past contributions and services as well as motivating Participants generally to contribute towards the Group's long-term prosperity.

The Share Plans are intended to give the Company greater flexibility to align the interests of employees, especially key executives, with those of Shareholders. It is also intended that the Plan complements Scheme 2001 in its continuing efforts to reward, retain and motivate employees to achieve superior performance. The Share Plans will further strengthen the Company's competitiveness in attracting and retaining employees, especially employees who have the requisite knowledge, technical skills and experience whom the Company believes could contribute to the development and growth of the Group. The Company believes that with the Share Plans in place, it will strengthen and enhance the Company's ability in attracting and retaining suitable talents. Options under Scheme 2001 may be granted, for example, as a supplement to the remuneration packages for employees, or in addition thereto, Awards may be granted to Participants under the Plan.

While Scheme 2001 excludes participation by Controlling Shareholders or their associates, the Plan does not restrict participation by Controlling Shareholders or their associates.

Unlike Options granted under the Plan 2001, the Plan contemplates the award of fully paid Shares to Participants after Performance Conditions have been met. The Plan is targeted at employees who are in the best position to drive the growth of the Company through superior performance. The Company believes that with the Plan in place, it will be more effective than merely having pure cash bonuses in place to motivate Participants to work towards determined goals.

The Share Plans help to fulfil the Company's primary long-term objective of motivating deserving and eligible participants to optimise their performance standards and efficiency and to maintain a high level of performance and contribution. The Share Plans also further motivate employees that the Company regards as integral to the Group to strive for superior performance and to deliver long-term shareholder value, to serve as a motivational tool to recruit and retain talented senior executives and reward for Company and individual performance, as well as enhance the Group's overall compensation packages to attract and retain high performing talent.

The Plan gives the Company greater flexibility in rewarding its executives as it gives the Company the flexibility to impose specific or medium-term performance targets or to impose time-based service conditions, or a combination of both.

For instance, the Company may grant awards under the Plan after the pre-determined performance condition(s) have been achieved. The performance conditions are stretched targets aimed at sustaining long-term growth. In determining the performance conditions, some of the factors that the Company takes into account are the market conditions, industry performance and the economic development of the region. Examples of performance conditions to be set include criteria such as total shareholders' return, economic value added, market share, market ranking or return on sales.

Alternatively, the Company may grant awards under the Plan after the satisfactory completion of time-based service conditions, that is, after the Participants have served the Group or Associated Company for a specified number of years or after a further period of service beyond the performance condition completion date. The Company may, also impose an

extended vesting period beyond the performance condition completion date in order to encourage Participants to continue serving the Group or Associated Company. A performance-based award may be granted under the Plan, for example, with a performance condition based on the successful completion of a project, or on the Company meeting certain specified corporate target(s), and thereafter with a further vesting period to encourage the Participant to continue serving the Group or Associated Company for a further period of time following completion of the project.

The awards given to a particular Participant under the Plan and the proportion of Shares under the Plan will be determined at the discretion of the Committee, who will take into account factors such as the Participant's capability, scope of responsibility, skill and vulnerability to leaving the employment of the Group. In deciding on an award to be granted to a Participant, the Committee will also consider the compensation and/or benefits to be given to the Participant under Scheme 2001 and such other share-based incentive Plans of the Company, if any. The Committee may also set specific criteria and performance conditions for each of the Company's business units, taking into account factors such as (i) the Company's and the Group's business goals and directions for each financial year; (ii) the Participant's actual job scope and duties; and (iii) the prevailing economic conditions.

The number of Shares available under the Plan and Scheme 2001 will be subject to the maximum limit of 15% of the total number of Shares of the Company.

#### **4.4 Rationale For Extending The Plan To Controlling Shareholders And Their Associates**

Although the Controlling Shareholders of the Company or their associates may already have shareholding interests in the Company, the extension of the Plan to include them ensures that they are equally entitled, with other eligible directors and employees of the Group and Associated Companies who are not Controlling Shareholders of the Company or their associates, to take part and benefit from this system of remuneration. The Company is of the view that the Company should have a fair and equitable system to reward the eligible directors and employees who have made and continue to make important contributions to the long-term growth of the Group and Associated Companies notwithstanding that they are Controlling Shareholders of the Company or their associates.

Specific approval of independent Shareholders is required for the participation of Controlling Shareholders of the Company or their associates as well as the actual number of Shares to be awarded under the Plan. In seeking such independent Shareholders' approval, clear justification as to their participation and number of Shares to be granted to the Controlling Shareholders or their associates will be provided. Accordingly, the Company is of the view that there are sufficient safeguards against any abuse of the Plan resulting from the participation of Controlling Shareholders of the Company or their associates.

As at the date of this Circular, Lim Tiam Seng is the only Controlling Shareholder of the Company who is eligible to participate in the Plan, subject to independent Shareholders' approval.

#### **4.5 Rationale For Extending The Plan To Non-Executive Directors**

The non-executive directors of the Group and Associated Companies ("Non-Executive Directors") come from different professions and backgrounds and bring to the Group and Associated Companies a wealth of experience in corporate governance and business management. They also provide invaluable guidance in relation to the strategic issues and development of the Group and Associated Companies. The Non-Executive Directors therefore provide the Group and Associated Companies with a multi-disciplinary approach in evaluating and considering business issues and opportunities.

Although they are not specifically involved in the day-to-day running of the Group and Associated Companies, the Non-Executive Directors are frequently consulted on various matters in relation to the business of the Group and Associated Companies. The Company therefore regards these persons as an additional resource pool and values their contributions

greatly. The extension of the Plan to the Non-Executive Directors is therefore in recognition of their services and contributions to the growth and development of the Group and Associated Companies.

Before granting any Award to a Non-Executive Director, the Committee will take into consideration, inter alia, his performance and contributions to the success and development of the Group and Associated Companies. In assessing the performance of the Non-Executive Directors, the Company will take into account their attendance at meetings, their membership in various committees in the Group and Associated Companies as well as their contributions, which includes contributing their experience to the Group and Associated Companies in the areas of overall business strategies, risk management and investment decisions. The Non-Executive Directors may be appointed as members of the Committee. However, the rules of the Plan provide that no member of the Committee shall be involved in any deliberation in respect of Awards to be granted to him.

## **4.6 Financial Effects Of The Plan**

### **4.6.1 Share Capital**

The Plan will result in an increase in the Company's issued share capital only if New Shares are issued to Participants pursuant to the grant of the Awards. This will in turn depend on, inter alia, the number of Shares comprised in the Awards to be issued. If, instead of issuing New Shares to Participants, either existing Shares are purchased for delivery to Participants or treasury shares held pursuant to such purchase are delivered to Participants, the Plan will have no impact on the Company's issued share capital.

### **4.6.2 Net Tangible Assets**

As described in Section 4.6.3 below, the Plan will result in a charge to the Company's profit and loss account equal to the fair value at each grant date. If New Shares are issued to Participants pursuant to the Vesting of the Awards, there will be no effect on the consolidated NTA of the Company. If, instead of issuing New Shares to Participants, existing Shares are purchased for delivery to Participants, the consolidated NTA of the Company would decrease by the cost of the Shares purchased.

However, it should be noted that the delivery of Shares to Participants of the Plan is contingent upon the Participants meeting the criteria (e.g. any performance or time-based conditions) set out in the Plan. In meeting such criteria, the Participants would have added significant value to the Company's consolidated NTA before the Shares are delivered.

### **4.6.3 Costs To The Company**

A new accounting standard has been introduced which will require the recognition of an expense in respect of Awards granted under the Plan. The expense will be based on the fair value of the Awards at each grant date and recognised at each reporting date. The requirement to recognise an expense in respect of Awards granted to employees is set out in FRS102, Share Based Payment, issued by the Council on Corporate Disclosure and Governance in July 2004, is to be applied by listed companies for financial periods beginning on or after 1 January 2005.

Although the Plan will have a dilutive impact on the Company's consolidated EPS when New Shares are issued, it should be noted that the delivery of Shares to Participants of the Plan is contingent upon the Participants meeting the criteria set out in the Plan.

#### 4.7 Interests Of Directors And Controlling Shareholder And Their Associates

The interests of the Directors and Controlling Shareholders (eligible to participate in the Plan) and their associates in the capital of the Company as at the Latest Practicable Date are as follows:

	Direct Interest		Deemed Interest	
	No. of Shares	%	No. of Shares	%
<b>Directors</b>				
Lim Tiam Seng	97,112,000	16.00	26,250,000	4.33
Lim Tiang Chuan	65,500,000	10.79	66,250,000	10.92
Lim Ling Kwee	30,552,000	5.04	–	–
Chia Lee Meng Raymond	5,625,000	0.93	21,800,000	–
Goh Chee Wee	2,062,500	0.34	–	–
Hoon Tai Meng	1,062,500	0.18	–	–
Ang Mong Seng	–	–	–	–

Based on the eligibility criteria set out in the Plan, all the Directors will be eligible to participate in the Plan. Accordingly, all Directors who are Shareholders will abstain from voting in respect of ordinary resolution 3 at the EGM.

Save as disclosed in this Section 4.7, none of the Directors or Controlling Shareholders of the Company or their associates has any interest, direct or indirect, in the Plan.

#### 4.8 Summary of the Plan

The following is a summary of the principal rules of the Plan. The detailed rules of the Plan are available for inspection by Shareholders as set out in Section 9 of this Circular. The Plan complies with the relevant rules as set out in Chapter 8 of the Listing Manual.

##### 4.8.1 Eligibility

The following persons shall be eligible to participate in the Plan at the absolute discretion of the Committee:

- (a) Group Employees who have attained the age of twenty-one (21) years and hold such rank as may be designated by the Committee from time to time;
- (b) Non-Executive Directors who, in the opinion of the Committee, have contributed or will contribute to the success of the Group; and
- (c) Associated Company Employees who have attained the age of twenty-one (21) years and hold such rank as may be designated by the Committee from time to time and who, in the opinion of the Committee, have contributed or will contribute to the success of the Group.
- (d) Group Employees, Non-Executive Directors and Associated Company Employees who are also Controlling Shareholders of the Company and their associates will be entitled to participate in the Plan.

##### 4.8.2 Awards

Awards represent the right of a Participant to receive fully paid Shares free of charge, upon the Participant satisfying the criteria set out in the Plan.

The number of Shares which are the subject of each Award to be granted to a Participant in accordance with the Plan shall be determined at the absolute discretion of the Committee, which shall take into account criteria such as his rank, job performance, level of responsibility, years of service and potential for future development, his contribution to the success and development of the Group and (in the case of a Performance-related Award) the extent of effort with which the Performance Condition may be achieved within the Performance Period.

The Committee shall decide in relation to an Award:

- (a) the Participant;
- (b) the Award Date;
- (c) the number of Shares which are the subject of the Award;
- (d) in the case of a Performance-related Award:
  - (i) the Performance Period; and
  - (ii) the Performance Condition;
- (e) the Vesting Period(s); and
- (f) the Release Schedule (if any).

Awards may be granted at any time the Plan is in force. As soon as reasonably practicable after making an Award, the Committee shall send to each Participant an Award Letter confirming the Award and specifying in relation to the Award:

- (a) the Award Date;
- (b) the number of Shares which are the subject of the Award;
- (c) in the case of a Performance-related Award:
  - (i) the Performance Period; and
  - (ii) the Performance Condition;
- (d) the Vesting Period(s); and
- (e) the Release Schedule (if any).

Special provisions apply for the vesting and lapsing of Awards, including the following:-

- (a) the termination of the employment of a Participant;
- (b) the ill health, injury, disability or death of a Participant;
- (c) the bankruptcy of a Participant;
- (d) the misconduct of a Participant; and
- (e) a take-over, winding-up or reconstruction of the Company.

#### 4.8.3 Size And Duration Of The Plan

The total number of Shares which may be issued and/or issuable pursuant to Awards granted under the Plan on any date, when added to the number of Shares issued and/or issuable in respect of such other share-based incentive schemes of the Company and all Awards granted under the Plan, shall not exceed 15% of the total number of Shares of the Company on the day preceding that date.

The total number of Shares available to Controlling Shareholders and their associates shall not exceed 25% of the number of Shares in respect of which the Company may grant Awards and the total number of Shares available to each Controlling Shareholder or his associate shall not exceed 10% of the number of Shares in respect of which the Company may grant Awards.

The Plan shall continue to be in force at the discretion of the Committee, subject to a maximum period of ten (10) years commencing on the Adoption Date, provided always that the Plan may continue beyond the above stipulated period with the approval of the Company's shareholders by ordinary resolution in general meeting and of any relevant authorities which may then be required.

The termination of the Plan shall not affect Awards which have been granted, whether such Awards have been Released (whether fully or partially) or not.

#### 4.8.4 Operation Of The Plan

Subject to prevailing legislation and SGX-ST Guidelines, the Company will have the flexibility to deliver Shares to Participants upon Vesting of their Awards by the following means as it deems fit in its sole and absolute discretion:

- (a) the allotment and issue to each Participant of the number of Shares so determined;
- (b) delivering existing Shares to the Participant, whether such existing Shares are acquired pursuant to a share purchase mandate or (to the extent permitted by law) held as treasury shares or otherwise; and/or
- (c) payment of the aggregate Market Value of the Shares in cash in lieu of allotment or transfer on Release.

In determining whether to issue new Shares, to deliver existing Shares and/or pay the aggregate Market Value in cash to Participants upon release of their Awards, the Company shall take into account factors such as (but not limited to) the amount of cash available, the number of Shares to be delivered, the prevailing Market Value of the Shares and the cost to the Company of the various modes of settlement.

The financial effects of the delivery of Shares to Participants by way of an allotment and issue of new Shares upon Vesting of their Awards are set out in Section 4.6 of this Circular.

New Shares allotted and issued, and existing Shares procured by the Company for transfer (or held as treasury shares upon such repurchase of Shares by the Company), on the Release of an Award shall rank in full for all entitlements, including dividends or other distributions declared or recommended in respect of the then existing Shares, the Record Date for which is on or after the relevant Vesting Date, and shall in all other respects rank *pari passu* with other existing Shares then in issue.

The “aggregate Market Value” of the Shares to be paid to a Participant in lieu of the Shares to be issued or transferred upon the Release of an Award, shall be calculated in accordance with the following formula:-

$$A = B \times C$$

Where:

- A is the aggregate Market Value of the Shares to be paid to the Participant in lieu of all or some of the Shares to be issued or transferred upon the Release of an Award;
- B is the Market Value of each Share; and
- C is such number of Shares (as determined by the Committee in its sole and absolute discretion) to be issued or transferred to a Participant upon the release of an Award in accordance with the rules of the Plan.

The Committee has the right to make computational adjustments in relation to the set Performance Condition(s) based on the audited results of the Company or the Group, as the case may be, to take into account such factors as the Committee may determine to be relevant, including changes in accounting methods, taxes and extraordinary events, and the right to amend the Performance Condition(s) if the Committee decides that a changed Performance Condition would be a fairer measure of performance.

#### 4.8.5 Variation of Capital

If a variation in the issued ordinary share capital of the Company (whether by way of a capitalisation of profits or reserves or rights issue, reduction, subdivision, consolidation, distribution or otherwise) shall take place, then:

- (a) the value, class and/or number of Shares which are the subject of an Award to the extent not yet Vested; and/or
- (b) the value, class and/or number of Shares in respect of which future Awards may be granted under the Plan,

shall be adjusted in such manner as the Committee may determine to be appropriate.

The issue of securities as consideration for an acquisition or private placement of securities or the cancellation of Shares purchased or acquired by the Company by way of market purchase of such Shares undertaken by the Company on the SGX-ST during the period when a share purchase mandate granted by Shareholders (including any renewal of such mandate) is in force shall not normally be regarded as a circumstance requiring adjustment.

Any adjustment (except in relation to a capitalisation issue) must be confirmed in writing by the Auditors (acting only as experts and not as arbitrators) to be, in their opinion, fair and reasonable.

#### 4.8.6 Modifications Or Alterations To The Plan

Any or all the provisions of the Plan may be modified and/or altered at any time and from time to time by resolution of the Committee subject to the prior approval of the Singapore Exchange, and such other regulatory authorities as may be necessary.

However, no modification or alteration shall alter adversely the rights attached to any Award granted prior to such modification or alteration except with the consent in writing of such number of Participants who, if their Awards were Released to them upon the expiry of all the Vesting Periods applicable to their Awards, would become entitled to not less than three-quarters in number of all the Shares which would fall to be Vested upon Release of all outstanding Awards upon the expiry of all the Vesting Periods applicable to all such outstanding Awards.

#### 4.8.7 Disclosures In Annual Reports

The following disclosures (as applicable) will be made by the Company in its annual report for so long as the Plan continues in operation:

- (a) the names of the members of the Committee administering the Plan;
- (b) in respect of the following Participants of the Plan:
  - (i) Directors of the Company;
  - (ii) Controlling Shareholders of the Company and their associates;
  - (iii) Participants who have received Shares pursuant to the Release of Awards granted under the Plan which, in aggregate, represent 5% or more of the aggregate of:
    - (1) the total number of new Shares available under the Plan; and
    - (2) the total number of existing Shares purchased or held as treasury shares pursuant to such purchase for delivery of Awards Released under the Plan;

the following information:

Name of Participant	Aggregate number of Shares comprised in Awards from the commencement of Plan to end of the financial year under review	Proportion of Shares comprised in Awards which have vested during the financial year under review	Number of Shares comprised in Awards not released during the financial year under review
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(c) such other information as may be required by the Listing Manual or the Act.

#### 4.8.8 Role And Composition Of The Committee

The Committee responsible for the administration of the Plan will comprise of Directors to administer the Plan.

In compliance with the requirements of the Listing Manual: (i) any Controlling Shareholder of the Company and/or Director who is a member of the Committee shall not be involved in the deliberations in respect of Awards to be granted to or held by its associates; and (ii) any Participant of the Plan who is a member of the Committee shall not be involved in its deliberations in respect of Awards to be granted or held by that member of the Committee.

### 5. **EXTRAORDINARY GENERAL MEETING**

The EGM, notice of which is set out on pages 73 to 75 of this Circular, will be held on 27 April 2007 at 11.00 am (or immediately following the conclusion or adjournment of the Annual General Meeting of the Company to be held at 10.00 am on the same day and at the same place) at Emerald Suite, Golf Clubhouse-Level II Orchid Country Club No.1 Orchid Club Road, Singapore 769162, for the purpose of considering and, if thought fit, passing, the Special Resolution and Ordinary Resolutions set out in the Notice of EGM.

### 6. **ACTION TO BE TAKEN BY SHAREHOLDERS**

Shareholders who are unable to attend the EGM and wish to appoint a proxy to attend and vote at the EGM on their behalf will find attached to this Circular a Proxy Form which they are requested to complete, sign and return in accordance with the instructions printed thereon as soon as possible and in any event so as to arrive at the registered office of the Company at 69 Ubi Crescent, #06-01, CES Building, Singapore 408561 not less than forty-eight (48) hours before the time fixed for the EGM. The sending of a Proxy Form by a Shareholder does not preclude him from attending and voting in person at the EGM in place of his proxy if he finds that he is able to do so.

If a Shareholder is entitled to participate in the Plan, he should abstain from voting at the EGM in respect of the Ordinary Resolution relating to the Plan and should not accept nomination as proxy from a Shareholder who is entitled to participate in the Plan or otherwise vote for and on behalf of a Shareholder who is entitled to participate in the Plan at the EGM in respect of the Ordinary Resolution relating to the Plan, unless the Shareholder concerned shall have given specific instructions in his Proxy Form as to the manner in which his votes are to be cast in respect of the Ordinary Resolution relating to the Plan.

### 7. **DIRECTORS' RECOMMENDATIONS**

The Directors, having considered the rationale and benefit of the proposed adoption of the New Articles, are of the view that the proposed adoption of the New Articles are in the interests of Shareholders and the Company, and accordingly recommend that Shareholders vote in favour of the Special Resolution (Resolution 1) to be proposed at the EGM.

Having fully considered the rationale for the proposed Share Purchase Mandate as set out in this Circular, the Directors believe that the Share Purchase Mandate is in the interest of the Company and recommend that Shareholders vote in favour of the Ordinary Resolution relating to the Share Purchase Mandate (Resolution 2).

Based on the eligibility criteria set out in the Plan, all the Directors eligible to participate in the Plan will therefore refrain from making any recommendations to Shareholders and will abstain from voting on the Ordinary Resolution relating to the Plan (Resolution 3). These Directors should not accept nomination as proxy or otherwise vote at the EGM in respect of the Resolution 3 unless Shareholders appointing them as proxies give specific instructions in the relevant proxy forms on the manner in which they wish their votes to be cast for Resolution 3 as set out in the notice of EGM on pages 73 to 75 of this Circular.

In addition, all other persons who are eligible to participate in the Plan will refrain from making any recommendations to Shareholders and will abstain from voting in respect of the Plan at the EGM.

Shareholders are advised to read this Circular in its entirety and for any Shareholder who may require advice in the context of his specific investment, to consult his professional adviser.

#### **8. DIRECTORS' RESPONSIBILITY STATEMENT**

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this Circular and confirm that, having made all reasonable enquiries, to the best of their knowledge and belief, the facts stated and opinions expressed in this Circular are fair and accurate in all material respects as at the date of this Circular and there are no other material facts the omission of which would make any statement in this Circular misleading.

#### **9. INSPECTION OF DOCUMENTS**

The following documents are available for inspection at the registered office of the Company at 69 Ubi Crescent, #06-01, CES Building, Singapore 408561 during normal business hours from the date of this Circular up to the date of the EGM:

- (a) the existing Memorandum and Articles of Association of the Company;
- (b) the rules of Scheme 2001; and
- (c) the rules of the Plan.

Yours faithfully

**Lim Tiam Seng** (Executive Chairman)  
for and on behalf of the Board of Directors  
of Chip Eng Seng Corporation Ltd

**APPENDIX 1 – PROPOSED NEW ARTICLES OF ASSOCIATION OF THE  
COMPANY**

**THE COMPANIES ACT, CHAPTER 50**

**PUBLIC COMPANY LIMITED BY SHARES**

**ARTICLES OF ASSOCIATION**

**OF**

**CHIP ENG SENG CORPORATION LTD**

**TABLE 'A'**

- 1) The regulations in Table 'A' in the Fourth Schedule to the Act shall not apply to the Company, but the following shall, subject to repeal, addition and alteration as provided by the Act or these Articles, be the regulations of the Company. Table 'A' not to apply

**INTERPRETATION**

- 2) In these Articles, the words standing in the first column of the table below shall bear the meanings set opposite to them respectively in the second column thereof, if not inconsistent with the subject or context: Interpretation

**WORDS**

**MEANINGS**

'Account Holder'

A person who has a securities account directly with the Depository and not through a Depository Agent.

'Act'

The Companies Act, Cap. 50, or any statutory modification, amendment or re-enactment thereof for the time being in force or any and every other act for the time being in force and concerning companies and affecting the Company and any reference to any provision of the Act is to that provision as so modified or re-enacted or contained in any such subsequent act or acts.

'Alternate Director'  
133.

An Alternate Director appointed pursuant to Article

'Auditors'

The auditors for the time being of the Company.

'book-entry securities'

The documents evidencing title to listed securities which are deposited by a Depositor with the Depository and are registered in the name of the Depository or its nominee, and which are transferable by way of book-entry in the Depository Register and not by way of an instrument of transfer.

'Company'

Chip Eng Seng Corporation Ltd by whatever name from time to time called.

‘Depositor’	An Account Holder or a Depository Agent but does not include a Sub-Account Holder.
‘Depository’	The Central Depository (Pte) Limited established by the Exchange, or any other corporation approved by the Minister as a depository company or corporation for the purposes of the Act, which as a bare trustee operates the Central Depository System for the holding and transfer of book-entry securities.
‘Depository Agent’	A member company of the Exchange, a trust company (registered under the Trust Companies Act, Cap. 336), a banking corporation or merchant bank (approved by the Monetary Authority of Singapore under the Monetary Authority of Singapore Act, Cap. 186), or any other person or body approved by the Depository who or which: <ul style="list-style-type: none"> <li>a) performs services as a depository agent for Sub-Account Holders in accordance with the terms of a depository agent agreement entered into between the Depository and the Depository Agent;</li> <li>b) deposits book-entry securities with the Depository on behalf of the Sub-Account Holders; and</li> <li>c) establishes an account in its name with the Depository.</li> </ul>
‘Depository Register’	A register maintained by the Depository in respect of book-entry securities.
‘Director’	Includes any person acting as a director of the Company and includes any person duly appointed and acting for the time being as an Alternate Director.
‘Directors’ or ‘Board’	The Directors for the time being of the Company as a body or a quorum of the Directors present at a meeting of the Directors.
‘dividend’	Includes bonus.
‘electronic communication’	Communication transmitted (whether from one person to another, from one device to another, from a person to a device or from a device to a person): <ul style="list-style-type: none"> <li>(a) by means of a telecommunication system; or</li> <li>(b) by other means but while in an electronic form, <p style="margin-left: 20px;">such that it can (where particular conditions are met) be received in legible form or be made legible following receipt in non-legible form.</p> </li> </ul>

'Exchange'	The Singapore Exchange Securities Trading Limited and, where applicable, its successors in title.
'Market Day'	Any day between Mondays and Fridays which is not an Exchange market holiday or public holiday.
'Member', 'holder of any share' or 'shareholder'	Any registered holder of shares for the time being or if the registered shareholder is the Depository, a Depositor named in the Depository Register (for such period as shares are entered in the Depositor's Securities Account), save that references in these Articles to a 'Member' shall, where the Act requires, exclude the Company where it is a member by reason of its holding shares as treasury shares.
'month'	Calendar month.
'Office'	The Registered Office for the time being of the Company.
'Paid up'	Includes credited as paid up.
'Register of Members'	The Register of Members of the Company.
'Seal'	The Common Seal of the Company or in appropriate cases the Official Seal or duplicate Common Seal.
'Secretary'	The secretary or secretaries for the time being of the Company and shall include any person entitled to perform the duties of secretary temporarily.
'Securities Account'	The securities account maintained by a Depositor with a Depository.
'Singapore'	The Republic of Singapore.
'shares'	Shares in the capital of the Company.
'Statutes'	The Act and every other legislation for the time being in force concerning companies and affecting the Company.
'Sub-Account Holder'	A holder of an account maintained with a Depository Agent.
'the Articles' or 'these Articles'	These Articles of Association or other regulations of the Company for the time being in force as originally framed or as altered from time to time by special resolution.
'year'	Calendar year.
'S\$'	The lawful currency of Singapore.

- a) Expressions referring to writing shall, unless the contrary intention appears, be construed as including references to printing, lithography, photography, typewriting, and other modes of representing or reproducing words in a visible form.
- b) Words denoting the singular shall include the plural and *vice versa*. Words denoting the masculine gender only shall include the feminine gender. Words denoting persons shall include corporations.
- c) The expressions 'bare trustee' and 'documents evidencing title' shall have the meanings ascribed to them respectively in Section 130A of the Act.
- d) The expression 'clear days' notice' shall, for the purposes of calculating the number of days necessary before a notice is served or deemed to be served, be exclusive of the day on which the notice is served or deemed to be served and of the day for which the notice is given.
- e) Subject as aforesaid, any words or expressions defined in the Statutes shall, except where the context otherwise requires, bear the same meanings in these Articles.
- f) The headnotes and marginal notes are inserted for convenience only and shall not affect the construction of these Articles.

**PUBLIC COMPANY**

- 3) The Company is a public company. Public Company

**BUSINESS**

- 4) Subject to the provisions of the Act, any branch or kind of business which by the Memorandum of Association of the Company or these Articles is either expressly or by implication authorised to be undertaken by the Company may be undertaken by the Directors at such time or times as they shall think fit, and further may be suffered by them to be in abeyance whether such branch or kind of business may have been actually commenced or not, so long as the Directors may deem it expedient not to commence or proceed with such branch or kind of business. Any business expressly or impliedly authorised may be undertaken by Directors

**REGISTERED OFFICE**

- 5) The Office shall be at such place in Singapore as the Directors shall from time to time determine. Place of Office

## SHARES

- 6) Subject to the Act, the listing rules of the Exchange and any applicable legislation or regulations, no shares may be issued by the Directors without the prior approval of the Company in general meeting but subject thereto and to Article 66, and to any special rights attached to any shares for the time being issued, the Directors may issue, allot or grant options over or otherwise deal with or dispose of the same to such persons on such terms and conditions and at such time and subject or not to the payment of any part of the amount thereof in cash as the Directors may think fit. Any such shares may be issued in such denominations or with such preferential, deferred, qualified or special rights, privileges or conditions as the Directors may think fit. Preference shares may be issued which are or at the option of the Company are liable to be redeemed, the terms and manner of redemption being determined by the Directors. Issue of shares

Notwithstanding the generality of the foregoing, the Company may by ordinary resolution in general meeting give to the Directors a general authority, either unconditionally or subject to such conditions as may be specified in the ordinary resolution, to:

- i) issue shares whether by way of rights, bonus or otherwise; and/or
- ii) make or grant offers, agreements or options (collectively, "Instruments") that might 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; and
- iii) (notwithstanding the authority conferred by the ordinary resolution may have ceased to be in force) issue shares in pursuance of any Instrument made or granted by the Directors while the ordinary resolution was in force.

Provided always that the foregoing is subject to the following:

- a) the issuance of preference shares shall be subject to such limitation thereof as may be prescribed by the listing rules of the Exchange;
- b) the rights attaching to shares of a class other than ordinary shares shall be expressed in the resolution creating the same;
- c) where the capital of the Company consists of shares of different monetary denominations, the voting rights shall be prescribed in such manner that a unit of capital in each class when reduced to a common denominator, shall carry the same voting power when such right is exercisable;
- d) the aggregate number of shares to be issued pursuant to the ordinary resolution (including shares to be issued in pursuance of Instruments made or granted pursuant to the ordinary resolution) shall be subject to such limits and such manner of calculation as may be prescribed by the listing rules of the Exchange;
- e) in exercising the authority conferred by the ordinary resolution, the Company shall comply with the provisions of the listing rules of the Exchange for the time being in force;

- f) (unless revoked or varied by the Company in general meeting) the authority conferred by the ordinary resolution shall not continue in force beyond the conclusion of the annual general meeting of the Company next following the passing of the ordinary resolution, or the date by which such annual general meeting of the company is required by law to be held, or the expiration of such other period as may be prescribed by the Act (whichever is the earliest); and
- g) any other issue of shares, the aggregate of which would exceed the limits referred to in this Article, shall be subject to the approval of the Company in general meeting.
- 6A) Notwithstanding anything in these Articles, a treasury share shall be subject to such rights and restrictions as may be prescribed in the Act and may be dealt with by the Company in such manner as may be permitted by, and in accordance with, the Act. For the avoidance of doubt, save as expressly permitted by the Act, the Company shall not be entitled to any rights of a Member under these Articles in respect of treasury shares. Treasury shares
- 7) Without prejudice to any special rights or privileges attached to any then existing shares in the capital of the Company, any new shares may be issued upon such terms and conditions, and with such rights and privileges attached thereto, as the Company by ordinary resolution may direct, or, if no such direction be given, as the Directors shall determine, and in particular such shares may be issued with preferential, qualified or deferred right to dividends and in the distribution of assets of the Company, and with a special or restricted right of voting, and any preference share may be issued on the terms that it is, or at the option of the Company is, to be liable to be redeemed. The rights attached to any such shares issued upon special conditions shall be clearly defined in these Articles. Creation of special rights
- 8) (1) Preference shareholders shall have the same rights as ordinary shareholders as regards receiving of notices, reports and balance sheets and attending general meetings of the Company. Preference shareholders shall also have the right to vote at any meeting convened for the purpose of reducing the capital or winding up or sanctioning a sale of the undertaking of the Company or where the proposal to be submitted to the meeting directly affects their rights and privileges or when the dividend on the preference shares is more than six (6) months in arrears. Rights attached to preference shares
- (2) The Company has power to issue further preference capital ranking equally with, or in priority to, preference shares from time to time already issued or about to be issued. Issue of further preference shares
- 9) If at any time the share capital is divided into different classes, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class) may, subject to the provisions of the Act, whether or not the Company is being wound up, be varied or abrogated either with the consent in writing of the holders of three-quarters of the issued shares of the class or with the sanction of a special resolution passed at a separate general meeting of the holders of shares of the class and to every such special resolution the provisions of Section 184 of the Act shall with such adaptations as are necessary apply. To every such separate general meeting, the provisions of these Articles relating to general meetings shall *mutatis mutandis* apply. Variation of rights of shares

Provided Always That:

- a) the necessary quorum shall be two persons at least holding or representing by proxy or by attorney one-third of the issued shares of the class and that any holder of shares of the class present in person or by proxy or by attorney may demand a poll, but where the necessary majority for such a special resolution is not obtained at the meeting, consent in writing if obtained from the holders of three-fourths of the issued shares of the class concerned within two months of the meeting shall be as valid and effectual as a special resolution carried at the meeting; and
  - b) where all the issued shares of the class are held by one person, the necessary quorum shall be one person and such holder of shares of the class present in person or by proxy or by attorney may demand a poll.
- 10) The repayment of preference capital other than redeemable preference capital or any other alteration of preference shareholders' rights, may only be made pursuant to a special resolution of the preference shareholders concerned. Provided Always That where the necessary majority for such a special resolution is not obtained at a meeting, consent in writing if obtained from the holders of three-fourths of the preference shares concerned within two (2) months of the meeting, shall be as valid and effectual as a special resolution carried at the meeting. Variation of rights of preference shareholders
- 11) The rights conferred upon the holders of the shares of any class issued with preferred or other rights shall, unless otherwise expressly provided by the terms of issue of the shares of that class or by these Articles, be deemed to be varied by the creation or issue of further shares ranking equally therewith. Issue of further shares affecting special rights
- 12) If by the conditions of allotment of any shares the whole or any part of the amount of the issue price thereof shall be payable by instalments every such instalment shall, when due, be paid to the Company by the person who for the time being shall be the registered holder of the share or his personal representatives, but this provision shall not affect the liability of any allottee who may have agreed to pay the same. Payment of instalments
- 13) The Company may pay commissions or brokerage on any issue of shares at such rate or amount and in such manner as the Directors may deem fit. Such commissions or brokerage may be satisfied by the payment of cash or the allotment of fully or partly paid shares or partly in one way and partly in the other. The payment or agreement to pay a commission or the conferring of an option shall be in the discretion of the Directors on behalf of the Company. Payment of commission
- 14) Save to the extent permitted by the Act or the listing rules of the Exchange, no part of the funds of the Company shall, directly or indirectly, be employed in the purchase of or subscription for or making of loans upon the security of any shares (or its holding company, if any). The Company shall not, except as authorised by the Act, give any financial assistance for the purpose of or in connection with any purchase of shares in the Company (or its holding company, if any). Company's shares as security
- 15) Where any shares are issued for the purpose of raising money to defray the expenses of the construction of any works or buildings or the provision of any plant which cannot be made profitable for a lengthened period, the Company may pay interest on so much of that share capital as is for the Power to charge interest on capital

time being paid up for the period, and, subject to the conditions and restrictions mentioned in the Act, may charge the same to capital as part of the cost of the construction of the works or building or the provision of the plant.

- 16) Except as required by law, no person other than the Depository shall be recognised by the Company as holding any share upon any trust and the Company shall not be bound by or compelled in any way to recognise (even when having notice thereof) any equitable, contingent, future or partial interest in any share or any interest in any fractional part of a share or (except only as by these Articles or by law otherwise provided) any other rights in respect of any share, except an absolute right to the entirety thereof in the person (other than the Depository) entered in the Register of Members as the registered holder thereof or (where the person entered in the Register of Members as the registered holder of a share is the Depository) the person whose name is entered in the Depository Register in respect of that share. Nothing contained in this Article relating to the Depository or the Depositors or in any depository agreement made by the Company with any common depository for shares or in any notification of substantial shareholding to the Company or in response to a notice pursuant to Section 92 of the Act or any note made by the Company of any particulars in such notification or response shall derogate or limit or restrict or qualify these provisions; and any proxy or instructions on any matter whatsoever given by the Depository or Depositors to the Company or the Directors shall not constitute any notification of trust and the acceptance of such proxies and the acceptance of or compliance with such instructions by the Company or the Directors shall not constitute the taking of any notice of trust.
- Company need not recognise trust

#### SHARE CERTIFICATE

- 17) Shares must be allotted and certificates despatched within ten (10) Market Days of the final closing date for an issue of shares unless the Exchange shall agree to an extension of time in respect of that particular issue. The Depository must despatch statements to successful investor applicants confirming the number of shares held under their Securities Accounts. Persons entered in the Register of Members as registered holders of shares shall be entitled to certificates within ten (10) Market Days after lodgement of any transfer. Every Member shall be entitled to receive share certificates in reasonable denominations for his holding and where a charge is made for certificates, such charge shall not exceed S\$2/- (or such other sum as may be approved by the Exchange from time to time). Where a Member transfers part only of the shares comprised in a certificate or where a Member requires the Company to cancel any certificate or certificates and issue new certificates for the purpose of subdividing his holding in a different manner the old certificate or certificates shall be cancelled and a new certificate or certificates for the balance of such shares issued in lieu thereof and the Member shall pay a fee not exceeding S\$2/- (or such other sum as may be approved by the Exchange from time to time) for each such new certificate as the Directors may determine. Where the Member is a Depositor the delivery by the Company to the Depository of provisional allotments or share certificates in respect of the aggregate entitlements of Depositors to new shares offered by way of rights issue or other preferential offering or bonus issue shall to the extent of the delivery discharge the Company from any further liability to each such Depositor in respect of his individual entitlement.
- Entitlement to share certificate
- 18) The retention by the Directors of any unclaimed share certificates (or stock certificates as the case may be) shall not constitute the Company a trustee in respect thereof. Any share certificate (or stock certificate as the case may
- Retention of certificate

be) unclaimed after a period of six (6) years from the date of issue of such share certificate (or stock certificate as the case may be) may be forfeited and if so shall be dealt with in accordance with these Articles *mutatis mutandis*.

- |     |  |   |
|-----|--|---|
| 19) | The certificate of title to shares shall be issued under the Seal in such form as prescribed by the Directors from time to time. Every certificate shall bear the autographic or facsimile signatures of at least one Director and the Secretary or some other person appointed by the Directors, and shall specify the number and class of shares to which it relates and the amount paid on the shares, the amount (if any) unpaid on the shares and the extent to which the shares are paid up. The facsimile signatures may be reproduced by mechanical or other means provided the method or system of reproducing signatures has first been approved by the Auditors of the Company.   | Form of share certificate   |
| 20) | <p>(1) Subject to the provisions of the Act, if any share certificates shall be defaced, worn-out, destroyed, lost or stolen, it may be renewed or replaced on such evidence being produced and a letter of indemnity (if required) being given by the shareholder, transferee, person entitled, purchaser, member company of the Exchange or on behalf of its/their client(s) as the Directors shall require, and in the case of defacement or wearing on, on delivery of the old certificate and in any case on payment of such sum not exceeding S\$2/- as the Directors may from time to time require. In the case of destruction, loss or theft, the Member or person entitled to whom such renewed certificate is given shall also bear the loss and pay to the Company all expenses incidental to the investigations by the Company of the evidence of such destruction, loss or theft.</p> <p>(2) When any shares under the powers in these Articles herein contained are transferred and the certificate thereof has not been delivered up to the Company by the former holder of the said shares, the Directors may issue a new certificate for such shares distinguishing it in such manner as they may think fit from the certificate not so delivered up.</p> | <p>Issue of replacement certificates</p> <p>New certificate in place of one not surrendered</p> |

#### **JOINT HOLDERS OF SHARES**

- |     |  |   |
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| 21) | Where two (2) or more persons are registered as the holders of any share, they shall be deemed to hold the same as joint tenants with benefit of survivorship subject to the following provisions:   | Joint holders deemed holding as joint tenants |
| a)  | The Company shall not be bound to register more than three persons as the holders of any share, except in the case of executors or administrators of the estate of a deceased Member.  | Limited to 3 joint holders                    |
| b)  | The joint holders of a share shall be liable severally as well as jointly in respect of all payments which ought to be made in respect of such share.  | Jointly and severally liable                  |
| c)  | On the death of any one of such joint holders the survivor or survivors shall be the only person or persons recognised by the Company as having any title to such share but the Directors may require such evidence of death as they may deem fit. | Survivorship                                  |
| d)  | Any one of such joint holders may give effectual receipts for any dividend payable to such joint holders.  | Receipts                                      |

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| e) | Only the person whose name stands first in the Register of Members as one of the joint holders of any share shall be entitled to delivery of the certificate relating to such share or to receive notices from the Company and any notice given to such person shall be deemed notice to all the joint holders. | Entitlement to delivery of share certificates and notice |
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**TRANSFER OF SHARES**

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| 22) | Subject to the restrictions of these Articles any Member may transfer all or any of his shares, but every instrument of transfer of the legal title in shares must be in writing and in the usual common form, or in any other form which the Directors and the Exchange may approve, and must be left at the Office for registration, accompanied by the certificate of the shares to be transferred, and such other evidence (if any) as the Directors may require to prove the title of the intending transferor, or his right to transfer the shares.   | Form of transfer                              |
| 23) | Shares of different classes shall not be comprised in the same instrument of transfer.  | Different classes of shares                   |
| 24) | The instrument of transfer of a share shall be signed by or on behalf of the transferor and the transferee, provided that an instrument of transfer in respect of which the transferee is the Depository shall not be ineffective by reason of it not being signed or witnessed for by or on behalf of the Depository. The transferor shall be deemed to remain the holder of the share until the name of the transferee is entered in the Register of Members in respect thereof; Provided Always That the Directors may dispense with the execution of the instrument of transfer by the transferee in any case in which they think fit in their discretion so to do.   | Transferor and transferee to execute transfer |
| 25) | All instruments of transfer which shall be registered shall be retained by the Company, but any instrument of transfer which the Directors may refuse to register shall (except in any case of fraud) be returned to the party presenting the same.   | Retention of transfer                         |
| 26) | No share shall in any circumstances be transferred to any infant, bankrupt or person of unsound mind.   | Person under disability                       |
| 27) | Subject to any legal requirements to the contrary, the Company shall be entitled to destroy all instruments of transfer which have been registered at any time after the expiration of six (6) years from the date of registration thereof and all dividend mandates and notifications of change of address at any time after the expiration of six (6) years from the date of recording thereof and all share certificates which have been cancelled at any time after the expiration of six (6) years from the date of the cancellation thereof and it shall be conclusively presumed in the favour of the Company that every entry in the Register of Members purporting to have been made on the basis of an instrument of transfer or other documents so destroyed was duly and properly made and every instrument of transfer so destroyed was a valid and effective instrument duly and properly registered and every share certificate so destroyed was a valid and effective certificate duly and properly cancelled and every other document hereinbefore mentioned so destroyed was a valid and effective document in accordance with the recorded particulars thereof in the books or records of the Company PROVIDED THAT: | Destruction of transfer                       |
| a)  | the provisions aforesaid shall apply only to the destruction of a document in good faith and without notice of any claim (regardless of the parties thereto) to which the document might be relevant;   |   |

- b) nothing herein contained shall be construed as imposing upon the Company any liability in respect of the destruction of any such document earlier than as aforesaid or in any circumstances which would not attach to the Company in the absence of this Article; and
- c) references herein to the destruction of any document include references to the disposal thereof in any manner.
- 28) (1) Subject to these Articles, the Act or as required by the Exchange, there shall be no restriction on the transfer of fully paid up shares (except where required by law or the rules, bye-laws or listing rules of the Exchange) but the Directors may in their discretion decline to register any transfer of shares upon which the Company has a lien and in the case of shares not fully paid up may refuse to register a transfer to a transferee of whom they do not approve. Directors' power to decline to register
- (2) The Directors may decline to recognise any instrument of transfer of shares unless:
- a) a fee not exceeding S\$2/- (or such other fee as the Directors may determine having regard to any limitation thereof as may be prescribed by any stock exchange upon which the shares may be listed) as the Director may from time to time require, is paid to the Company in respect thereof; Payment of fee and deposit of transfer
- b) the amount of proper duty (if any) with which each instrument of transfer of shares is chargeable under any law for the time being in force relating to stamps is paid;
- c) the instrument of transfer is deposited at the Office or such other place as the Directors may appoint and is accompanied by a certificate of payment of stamp duty (if any), the certificate of the shares to which the transfer relates and such other evidence as the Directors may reasonably require to show the right of the transferor to make the transfer, and where the instrument is executed by some other person on his behalf, the authority of the person so to do; and
- d) the instrument of transfer is in respect of only one class of shares.
- 29) If the Directors refuse to register a transfer of any shares, they shall give to the transferor and to the transferee notice of their refusal to register as required by the Act. Notice of refusal to register
- 30) The Register of Members and the Depository Register may be closed at such times and for such period as the Directors may from time to time determine; Provided Always That it shall not be closed for more than thirty (30) days in any year (in aggregate) and during such periods the Directors may suspend the registration of transfers. Further Provided Always That the Company shall give prior notice of such closure as may be recognised to the Exchange stating the period and purpose or purposes for which the closure was made. Closure of Register of Members
- 31) Nothing in these Articles shall preclude the Directors from recognising a renunciation of the allotment of any share by the allottee in favour of some other person. Renunciation of allotment

- 32) Neither the Company nor its Directors nor any of its officers shall incur any liability for registering or acting upon a transfer of shares apparently made by relevant parties, although the same may, by reason of any fraud or other cause not known to the Company or its Directors or other officers, be legally inoperative or insufficient to pass the property in the shares proposed or professed to be transferred, and although the transfer may, as between the transferor and transferee, be liable to be set aside, and notwithstanding that the Company may have notice that such instrument of transfer was signed or executed and delivered by the transferor in blank as to the name of the transferee or the particulars of the shares transferred, or otherwise in defective manner. In every such case, the person registered as transferee, his executors, administrators and assigns, alone shall be entitled to be recognised as the holder of such shares and the previous holder shall, so far as the Company is concerned, be deemed to have transferred his whole title thereto.

Indemnity  
against  
wrongful  
transfer

### TRANSMISSION OF SHARES

- 33) In the case of the death of a Member, the survivors or survivor where the deceased was a joint holder, and the legal personal representatives of the deceased where he was a sole or only surviving holder, shall be the only persons recognised by the Company as having any title to his shares, but nothing herein contained shall release the estate of a deceased shareholder from any liability in respect of any share solely or jointly held by him.
- 34) In the case of the death of a Depositor, the survivor or survivors, where the deceased was a joint holder, and the legal personal representatives of the deceased, where he was a sole holder and where such legal representatives are entered in the Depository Register in respect of any shares of the deceased, shall be the only persons recognised by the Company as having any title to his interests in the share; but nothing herein contained shall release the estate of a deceased Depositor (whether sole or joint) from any liability in respect of any share held by him.
- 35) (1) Any person becoming entitled to a share in consequence of the death or bankruptcy of any Member or by virtue of a vesting order by a court of competent jurisdiction and recognised by the Company as having any title to that share may, upon producing such evidence of title as the Directors shall require, be registered himself as holder of the share upon giving to the Company notice in writing or transfer such share to some other person. If the person so becoming entitled shall elect to be registered himself, he shall send to the Company a notice in writing signed by him stating that he so elects. If he shall elect to have another person registered he shall testify his election by executing to that person a transfer of the share. All the limitations, restrictions and provisions of these Articles relating to the right to transfer and the registration of transfers shall be applicable to any such notice or transfer as aforesaid as if the death or bankruptcy of the Member had not occurred and the notice or transfer were a transfer executed by such Member. The Directors shall have, in respect of a transfer so executed, the same power of refusing registration as if the event upon which the transmission took place had not occurred, and the transfer were a transfer executed by the person from whom the title by transmission is derived.

Transmission  
on death

Transmission  
on death of  
Depositor

Person  
becoming  
entitled on  
death or  
bankruptcy of  
Member may  
be registered

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| (2) | The Directors may at any time give notice requiring any such person to elect whether to be registered himself as a Member in the Register of Members or, (as the case may be), entered in the Depository Register in respect of the share or to transfer the share and if the notice is not complied with within 60 days the Directors may thereafter withhold payment of all dividends or other moneys payable in respect of the share until the requirements of the notice have been complied with.  | Notice to register to unregistered executors and trustees |
| 36) | A person entitled to a share by transmission shall have the right to receive and give a discharge for any dividends or other moneys payable in respect of the share, but he shall have no right to receive notice of or to attend or vote at meetings of the Company, or (save as aforesaid) to any of the rights or privileges of a Member in respect of the share, unless and until he shall be registered as the holder thereof; Provided Always That the Directors may at any time give notice requiring any such person to elect either to be registered himself or to transfer the share, and if the notice is not complied with within sixty (60) days the Directors may thereafter withhold payment of all dividends or other moneys payable in respect of the share until the requirements of the notice have been complied with. | Rights of unregistered executors and trustees             |
| 37) | There shall be paid to the Company in respect of the registration of any probate, letter of administration, certificate of marriage or death, power of attorney or other document relating to or affecting the title to any shares, such fee not exceeding S\$2/-, or such other sum as may be approved by the Exchange from time to time, as the Directors may from time to time require or prescribe.  | Fees for registration of probate etc.                     |

#### CALLS ON SHARES

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| 38) | The Directors may from time to time, as they think fit, make calls upon the Members in respect of any moneys unpaid on their shares or on any class of their shares and not by the conditions of the issue and allotment thereof made payable at fixed times; and each Member shall (subject to his having been given at least fourteen (14) days' notice specifying the time or times and place of payment) pay to the Company at the time or times and place so specified the amount called on his shares. A call may be made payable by instalments. A call may be revoked or postponed as the Directors may determine.   | Directors may make calls on shares       |
| 39) | A call shall be deemed to have been made at the time when the resolution of the Directors authorising the call was passed and may be made payable by instalments.  | Time when new call made                  |
| 40) | If before or on the day appointed for payment thereof, a call payable in respect of a share is not paid, the person from whom the amount of the call is due shall pay interest on such amount at such rate not exceeding ten per cent (10%) per annum as the Directors determine from the day appointed for payment thereof to the time of actual payment, and shall also pay all costs, charges and expenses which the Company may have incurred or become liable for in order to procure payment of or in consequence of the non-payment of such call or instalment, but the Directors shall be at liberty to waive payment of such interest, costs, charges and expenses wholly or in part. | Interest and other late payment costs    |
| 41) | Any sum which by the terms of issue of a share is made payable upon allotment or at any fixed date and any instalment of a call shall for all purposes of these Articles be deemed to be a call duly made and payable on the date fixed for payment and, in the case of non-payment, the   | Sum due on allotment or other fixed date |

provisions of these Articles as to payment of interest and expenses, forfeiture and the like and all other relevant provisions of the Statutes or of these Articles shall apply as if such sum were a call duly made and notified as hereby provided.

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| 42) | The Directors may on the issue of shares differentiate between the holders as to the amount of calls to be paid and the time of payment of such calls.  | Power of Directors to differentiate |
| 43) | The Directors may, if they think fit, receive from any Member willing to advance the same all or any part of the money uncalled and unpaid upon the shares held by him and such payments in advance of calls shall extinguish (so far as the same shall extend) the liability upon the shares in respect of which it is made, and upon the money so received or so much thereof as from time to time exceeds the amount of the calls then made upon the shares concerned, the Company may pay interest at such rate not exceeding without the sanction of the Company in general meeting eight per cent (8%) per annum as the Member paying such sum and the Directors agree upon. Capital paid on shares in advance of calls shall not whilst carrying interest confer a right to participate in profits and until appropriated towards satisfaction of any call shall be treated as a loan to the Company and not as part of its capital and shall be repayable at any time if the Directors so decide. | Payment in advance of calls         |

#### **FORFEITURE OF SHARES**

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| 44) | If a Member fails to pay the whole or any part of any call or instalment of a call on the day appointed for payment thereof, the Directors may, at any time thereafter during such time as any part of the call or instalment remains unpaid, serve a notice on him requiring payment of so much of the call or instalment as is unpaid, together with any interest and expenses which may have accrued by reason of such non-payment. | Notice requiring payment of unpaid calls            |
| 45) | The notice shall name a further day (not earlier than the expiration of fourteen (14) days from the date of service of the notice) on or before which the payment required by the notice is to be made. It shall also name the place where payment is to be made and shall state that, in the event of non-payment at or before the time appointed, the shares in respect of which the call was made will be liable to be forfeited.   | Notice to state time and place of payment           |
| 46) | If the requirements of any such notice as aforesaid are not complied with, any share in respect of which the notice has been given may at any time thereafter, before the payment required by the notice has been made, be forfeited by a resolution of the Directors to that effect.  | Forfeiture of shares for non-compliance with notice |
| 47) | A forfeiture of shares shall include all dividends in respect of the shares not actually paid before the forfeiture notwithstanding that they shall have been declared.  | Forfeiture to include all dividends                 |
| 48) | The Directors may accept a surrender of any share liable to be forfeited hereunder.  | Directors may accept surrender in lieu              |
| 49) | The forfeiture or surrender of a share shall involve the extinction at the time of forfeiture or surrender of all interest in and all claims and demands against the Company in respect of the share, and all other rights and liabilities incidental to the share as between the Member whose share is  | Extinction of forfeited share                       |

forfeited or surrendered and the Company, except only such of those rights and liabilities as are by these Articles expressly saved, or as are by the Act given or imposed in the case of past Members.

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| 50) | Notwithstanding any such forfeiture, the Directors may, at any time before the forfeited share has been otherwise disposed of, annul the forfeiture, upon the terms of payment of all calls and interest due thereon and all expenses incurred in respect of the share and upon such further terms (if any) as they shall see fit.   | Directors may allow forfeited share to be redeemed |
| 51) | A forfeited share shall become the property of the Company and may be sold, re-allotted or otherwise disposed of either to the person who was before such forfeiture or surrender the holder thereof or entitled thereto or to any other person, on such terms and in such manner as the Directors think fit and at any time before a sale or disposition, the forfeiture may be cancelled on such terms as the Directors think fit. To give effect to any such sale, re-allotment or other disposition, the Directors are empowered to or may authorise some other person to transfer the shares to the purchaser.  | Sale of forfeited shares                           |
| 52) | The Company may receive the consideration, if any, given for the share on any sale or disposition thereof and may execute a transfer of the share in favour of the person to whom the share is sold or disposed and he shall thereupon be registered as the holder of the share and shall not be bound to see to the application of the purchase money, if any, nor shall his title to the share be affected by any irregularity or invalidity in the proceedings in reference to the forfeiture, sale or disposal of the share.   | Company may receive consideration of sale          |
| 53) | If any shares are forfeited and sold, any residue after the satisfaction of the unpaid calls and accrued interest and expenses, shall be paid to the person whose shares have been forfeited, or his executors, administrators or assignees or as he directs.  | Application of residue of proceeds of forfeiture   |
| 54) | A person whose shares have been forfeited or surrendered shall cease to be a Member in respect of the forfeited shares, but shall, notwithstanding such forfeiture or surrender, remain liable to pay to the Company all moneys which at the date of forfeiture or surrender were payable by him to the Company in respect of the shares with interest thereon at the rate of eight per cent (8%) per annum (or such lower rate as the Directors may approve) from the date of the forfeiture or surrender until payment in respect of the shares; but his liability shall cease if and when the Company shall have received payment in full of all such moneys in respect of the shares. The Directors may waive payment of such interest either wholly or in part. | Liabilities of Members whose shares forfeited      |
| 55) | Notice of any forfeiture shall forthwith be given to the holder of the share forfeited or to the person entitled by transmission to the share forfeited as the case may be. An entry of the forfeiture with the date thereof and the fact of the notice given shall be made in the Register of Members or in the Depository Register (as the case may be) opposite the share. The provisions of this Article are directory only, and no forfeiture shall be in any manner invalidated by any omission to give such notice or to make such entry as aforesaid.  | Notice of forfeiture                               |

## LIEN ON SHARES

- 56) (1) The Company shall have a first and paramount lien and charge on all the shares not fully paid up registered in the name of a Member (whether solely or jointly with others) and all dividends from time to time declared. Such lien shall be restricted to unpaid calls and instalments upon the specific shares in respect of which such moneys are due and unpaid, and to such amounts as the Company may be called upon by law to pay in respect of the shares of the Member or deceased Member. Company's lien
- (2) No Member shall be entitled to receive any dividend or to exercise any privileges as a Member until he shall have paid all calls for the time being due and payable on every share held by him, whether along or jointly with any other person, together with interest and expenses (if any).
- 57) For the purpose of enforcing such lien, the Directors may sell all or any of the shares subject thereto in such manner as they think fit, but no sale shall be made unless some sum in respect of which the lien exists is presently payable and until a notice in writing stating the amount due and demanding payment and giving notice of intention to sell in default, shall have been served in such a manner as the Directors shall think fit on such Member or the person (if any) entitled by transmission to the shares, and default in payment shall have been made by him or them for fourteen (14) days after such notice. To give effect to any such sale or other disposition, the Directors are empowered to or may authorise some other person to transfer the shares to the purchaser. Sale of shares subject to lien
- 58) The net proceeds of any such sale shall be applied in or towards satisfaction of the unpaid calls and accrued interest and expenses from the Member for the shares to the Company and the residue (if any) shall be paid to the person whose shares have been forfeited or his executors, administrators or assignees or as he directs; Provided Always That the Company shall be entitled to a lien upon such residue in respect of any money due to the Company but not presently payable like to that which it had upon the shares immediately before the sale thereof. Application of proceeds of sale
- 59) To give effect to any such sale, the Directors may authorise some person to transfer the shares sold to the purchaser and the Directors may enter the purchaser's name in the Register of Members as holder of the shares and the purchaser shall not be bound to see to the regularity or validity of or be affected by any irregularity or invalidity in the proceedings or be bound to see to the application of the purchase money. After his name has been entered in the Register of Members the validity of the sale shall not be impeached by any person and the remedy of any person aggrieved by the sale shall be in damages only and against the Company exclusively. Transfer and title to shares sold
- 60) A statutory declaration in writing by a Director that a share has been duly forfeited or surrendered or sold to satisfy a lien of the Company on a date stated in the declaration shall be conclusive evidence of the facts stated therein as against all persons claiming to be entitled to the share, and such declaration and the receipt of the Company for the consideration (if any) given for the share on the sale, re-allotment or disposal thereof, together with the certificate under seal for the share delivered to a purchaser or allottee thereof, shall (subject to the execution of a transfer if the same be required) constitute a good title to the share and the person to whom the share is sold, re-allotted or disposed of shall be entered in the Register of Members as the holder of the share or (as the case may be) in the Statutory declaration that share duly forfeited

Depository Register in respect of the share and shall not be bound to see to the application of the purchase money (if any) nor shall his title to the share be affected by any irregularity or invalidity in the forfeiture, surrender, sale, re-allotment or disposal of the share.

### **CONVERSION OF SHARES INTO STOCK**

- 61) The Company in general meeting may convert any paid up shares into stock and may from time to time reconvert such stock into paid up shares. Conversion from share to stock and back to share
- 62) When any shares have been converted into stock, the several holders of such stock may transfer their respective interests therein or any part of such interests in such manner as the Company in general meeting shall direct, but in default of any such direction (then in the same manner) and (subject to the same regulations as) and (subject to which the shares from which the stock arose might previously to conversion have been transferred) or (as near thereto as circumstances will admit). But the Directors may if they think fit from time to time fix the minimum number of stock units transferable. Transfer of stock
- 63) The holders of stock shall, according to the number of stock units held by them, have the same rights, privileges and advantages as regards dividend, return of capital, voting and other matters as if they held the shares from which the stock arose, but no such privilege or advantage (except as regards dividend and return of capital and the assets on winding up) shall be conferred by the number of stock units which would not, if existing in shares have conferred that privilege or advantage, and no such conversion shall affect or prejudice any preference or other special privileges attached to the shares so converted. Rights of stock-holders
- 64) All such provisions of these Articles as are applicable to paid up shares shall apply to stock and in all such provisions the words 'share' and 'shareholder' shall include 'stock' and 'stockholder'. Interpretation

### **INCREASE OF CAPITAL**

- 65) Subject to any special rights for the time being attached to any existing class of shares, any new shares shall be issued upon such terms and conditions and with such rights and privileges annexed thereto as the general meeting resolving upon the creation thereof shall direct, and if no direction be given, as the Directors shall determine, and in particular, such new shares may be issued with a preferential or qualified right to dividends and in the distribution of the assets of the Company and with a special or restricted right of voting. Rights and privileges of new shares
- 66) Subject to any direction to the contrary that may be given by the Company in general meeting or except as permitted under the listing rules of the Exchange, all new shares shall before issue be offered to such Members as are, at the date of the offer, entitled to receive notices from the Company of general meetings in proportion, as nearly as the circumstances admit, to the amount of the existing shares to which they are entitled or hold and subject to such rights and privileges as the general meeting resolving on the creation thereof shall direct and in particular such new shares may be issued with a preferential, qualified or postponed right to dividends, and in the distribution of assets of the Company, and with a special or without any right of voting. The offer shall be made by notice specifying the number of shares offered, and limiting a time within which the offer, if not accepted, will be deemed to be declined, and, after the expiration of that time, or on the Issue of new shares

receipt of an intimation from the person to whom the offer is made that he declines to accept the shares offered, the Directors may dispose of those shares in such manner as they think most beneficial to the Company. The Directors may likewise so dispose of any new shares which (by reason of the ratio which the new shares bear to shares held by persons entitled to an offer of new shares) cannot, in the opinion of the Directors, be conveniently offered under this Article.

- 67) Notwithstanding Article 66 above but subject to the Act, the Directors shall not be required to offer any new shares to Members to whom by reason of foreign securities laws such offers may not be made without registration of the shares or a prospectus or other document, but to sell the entitlements to the new shares on behalf of such Members in such manner as they think most beneficial to the Company.
- 68) Subject to any directions that may be given in accordance with the powers contained in the Memorandum of Association of the Company or these Articles, any capital raised by the creation of new shares shall be considered as part of the original capital and as consisting of ordinary shares and shall be subject to the same provisions with reference to the payment of calls, transfer, transmission, forfeiture, lien and otherwise as if it had been part of the original capital.

Capital raised deemed original capital

#### **ALTERATIONS OF CAPITAL**

- 69) (1) The Company may by ordinary resolution:
- a) consolidate and divide all or any of its share capital; or
  - b) subdivide its shares or any of them (subject nevertheless to the provisions of the Act) provided always that in such subdivision the proportion between the amount paid and the amount (if any) unpaid on each reduced share shall be the same as it was in the case of the share from which the reduced share is derived; or
  - c) subject to the provisions of these Articles and the Act, convert any class of shares into any other class of shares.
- (2) Subject to and in accordance with the provisions of the Act, the listing rules of the Exchange and any applicable legislation or regulation, the Company may authorise the Directors in general meeting to purchase or otherwise acquire ordinary shares, stocks, preference shares, options, debentures, debenture stocks, bonds, obligations, securities, and all other equity, derivative, debt and financial instruments issued by it on such terms on such terms as the Company may think fit and in the manner prescribed by the Act. The Company may deal with any such share which is so purchased or acquired by the Company in such manner as may be permitted by, and in accordance with, the Act (including without limitation, to hold such share as a treasury share).
- 70) The Company may by special resolution reduce its share capital or any undistributable reserve in any manner, subject to any requirements and consents required by law. Without prejudice to the foregoing, upon cancellation of shares purchased or otherwise acquired by the Company pursuant to these Articles and the Act, the number of issued shares of the Company shall be diminished by the number of shares so cancelled, and where any such cancelled shares were purchased or acquired out of the capital of the Company, the amount of the share capital of the Company shall be reduced accordingly.

Power to consolidate, cancel and sub-divide shares

Power to purchase or acquire shares.

Reduction of share capital

## GENERAL MEETINGS

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| 71) | The Company shall in each calendar year hold a general meeting as its annual general meeting in addition to any other meetings in that year and shall specify the meeting as such in the notices calling it. Not more than fifteen (15) months shall elapse between the date of one annual general meeting and that of the next. The annual general meeting shall be held at such time and place as the Directors shall appoint.   | Annual general meetings                    |
| 72) | All general meetings other than annual general meetings shall be called extraordinary general meetings.  | Extraordinary general meetings             |
| 73) | The Directors may whenever they think fit convene an extraordinary general meeting and an extraordinary general meeting shall also be convened on such requisition or in default may be convened by such requisitionist as provided for by Section 176 of the Act. If at any time there are not within Singapore sufficient Directors capable of action to form a quorum at a meeting of Directors, any Director may convene an extraordinary general meeting in the same manner as nearly as possible as that in which such a meeting may be convened by the Directors. | Calling for extraordinary general meetings |
| 74) | The time and place of any meeting shall be determined by the convenors of the meeting.   | Time and place of meeting                  |

## NOTICE OF GENERAL MEETINGS

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| 75) | Any general meeting at which it is proposed to pass special resolutions or (save as provided by the Statutes) a resolution of which special notice has been given to the Company, shall be called by at least twenty-one (21) days' notice in writing and an annual general meeting or any other general meeting by at least fourteen (14) days' notice in writing. The notice must specify the place, the day and the hour of meeting, and in the case of special business the general nature of such business, shall be given in the manner hereinafter mentioned to such persons as are under the provisions of these Articles entitled to receive notices of general meetings from the Company, but with the consent of all persons for the time being entitled as aforesaid, a meeting may be convened in such manner as such persons may approve. | Length of notice    |
|     | Provided that a general meeting notwithstanding that it has been called by a shorter notice than that specified above shall be deemed to have been duly called if it is so agreed:  | Shorter notice      |
|     | a) in the case of an annual general meeting by all the Members entitled to attend and vote thereat; and   | Contents of notice  |
|     | b) in the case of an extraordinary general meeting by a majority in number of the Members having a right to attend and vote thereat, being a majority together holding not less than ninety-five per cent (95%) of the total voting rights of the all the Members having a right to vote at that meeting.   |                     |
|     | Provided also that the accidental omission to give notice of a meeting to or the non-receipt of notice of a meeting by any person entitled to receive notice shall not invalidate the proceedings at the meeting.   | Accidental omission |

The notice shall be exclusive of the day on which it is served or deemed to be served and of the day for which it is given.

At least fourteen (14) days' notice of every general meeting shall be given by advertisement in the daily press and in writing to the Exchange and to each stock exchange upon which the Company is listed.

- 76) Subject to these Articles, notice of every general meeting shall be given in any manner authorised by these Articles to:
- Form of notice and to whom to be given
- a) every Member holding shares conferring the right to attend and vote at the meeting who at the time of the convening of the meeting shall have paid all calls or other sums presently payable by him in respect of shares;
  - b) every person entitled to a share in consequence of the death or bankruptcy or otherwise of a Member who but for the same would be entitled to receive notice of the meeting;
  - c) every Director;
  - d) the Auditors of the Company, without prejudice to Article 183; and
  - e) the Exchange.

No other person shall be entitled to receive notices of general meetings; Provided Always That if the meeting be called for the alteration of the objects of the Company, the provisions of Section 33 of the Act regarding notices to debenture holders shall be complied with.

- 77) There shall appear with reasonable prominence in every such notice a statement that a Member entitled to attend and vote is entitled to appoint a proxy to attend and to vote instead of him and that a proxy need not be a Member.
- Notice to state that Member can appoint proxy
- 78) All business shall be deemed special that is transacted at an extraordinary general meeting and also all that is transacted at an annual general meeting with the exception of the consideration of the accounts, balance sheets and reports (if any) of the Directors and Auditor of the Company, the election of Directors in place of those retiring by rotation or otherwise, the fixing of the remuneration of Directors, the declaration of dividends, and the appointment of and the fixing of the remuneration of the Auditor of the Company, which shall be deemed routine business. Any notice of a meeting called to consider special business shall be accompanied by a statement regarding the effect of any proposed resolution in respect of such special business.
- All business deemed special business
- 79) In the case of any general meeting at which business other than routine business is to be transacted (special business), the notice shall specify the general nature of the special business, and if any resolution is to be proposed as a special resolution or as requiring special notice, the notice shall contain a statement to that effect.
- Notice to specify nature of special business

#### **PROCEEDINGS AT GENERAL MEETINGS**

- 80) No business other than the appointment of a chairman shall be transacted at any general meeting unless a quorum of Members is present at the time when the meeting proceeds to business. Except as herein otherwise provided, two (2) Members present in person shall form a quorum. For the
- Quorum

purposes of this article 'Member' includes a person attending as a proxy and a corporation being a Member shall be deemed to be personally present if represented in accordance with the provisions of Section 179(3) of the Act. Provided that (i) a proxy representing more than one Member shall only count as one Member for the purpose of determining the quorum; and (ii) where a Member is represented by more than one proxy such proxies shall count as only one Member for the purpose of determining the quorum.

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| 81) | If within half an hour from the time appointed for the holding of a general meeting a quorum is not present, the meeting if convened on the requisition of Members shall be dissolved. In any other case, it shall stand adjourned to the same day in the next week at the same time and place or to such other day and at such other time and place as the Directors may by not less than ten days' notice appoint. At the adjourned meeting any one or more Members present in person or by proxy shall be a quorum.   | Adjournment if quorum not present |
| 82) | The Chairman of the Board or, in his absence, the Deputy Chairman (if any) shall preside as Chairman at every general meeting, but if there be no such Chairman or Deputy Chairman, or if at any meeting he shall not be present within five (5) minutes after the time appointed for holding the same, or shall be unwilling to act as Chairman, the Members present shall choose some Director, or if no Director be present, or if all the Directors present decline to take the chair, one of themselves to be Chairman of the meeting.  | Chairman                          |
| 83) | The Chairman of the meeting may, with the consent of any meeting at which a quorum is present, and shall, if so directed by the meeting, adjourn the meeting from time to time and from place to place, but no business shall be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place. When a meeting is adjourned for thirty (30) days or more, notice of the adjourned meeting shall be given as in the case of an original meeting. Save as aforesaid it shall not be necessary to give notice of an adjournment or of the business to be transacted at an adjourned meeting. | Adjournment by chairman           |
| 84) | At any general meeting a resolution put to the vote of the meeting shall be decided on a show of hands unless, subject to Article 89, a poll is (before or on the declaration of the result of the show of hands) demanded:  | Method of voting                  |
|     | a) by the Chairman of the meeting; or  |                                   |
|     | b) by at least two Members present in person or by proxy (where a Member has appointed more than one proxy, any one of such proxies may represent that Member) or attorney or in the case of a corporation by a representative and entitled to vote thereat; or  |                                   |
|     | c) by any Member or Members present in person or by proxy (where a Member has appointed more than one proxy, any one of such proxies may represent that Member) or attorney or in the case of a corporation by a representative or any number or combination of such Members, holding or representing not less than one-tenth of the total voting rights of all the Members having the right to vote at the meeting; or  |                                   |
|     | d) by any Member or Members present in person or by proxy (where a Member has appointed more than one proxy, any one of such proxies may represent that Member) or attorney or in the case of a corporation by a representative or any number or combination of such   |                                   |

Members, holding or representing shares being not less than ten per cent (10%) of the total number of paid-up shares of the Company (excluding treasury shares).

Unless a poll is so demanded (and the demand is not withdrawn) a declaration by the Chairman that a resolution has been carried or carried unanimously or by a particular majority or lost and an entry to that effect in the minute book shall be conclusive evidence of the fact without proof of the number or proportion of the votes recorded in favour of or against the resolution. A demand for a poll may be withdrawn.

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| 85) | In the case of an equality of votes whether on a show of hands or on a poll as aforesaid, the Chairman shall be entitled to a second or casting vote in addition to the vote or votes to which he may be entitled as a Member or as a proxy of a Member.  | Equality of votes       |
| 86) | If a poll is demanded as aforesaid, it shall be taken either immediately or in such manner and at such time (not being more than 30 days from the date of the meeting) and place as the Chairman of the meeting may direct. No notice need be given of a poll not taken at once. In case of any dispute as to the admission or rejection of a vote the Chairman shall determine the same and such determination made in good faith shall be final and conclusive.   | Time for taking a poll  |
| 87) | If a poll is duly demanded (and the demand is not withdrawn) it shall be taken in such manner (including the use of ballot or voting papers or tickets) as the Chairman may direct and the result of a poll shall be deemed to be the resolution of the meeting at which the poll was demanded. The Chairman may, and if so requested shall, appoint scrutineers and may adjourn the meeting to some place and time fixed by him for the purpose of declaring the result of the poll.   | Method of taking poll   |
| 88) | The demand of a poll shall not prevent the continuance of a meeting for the transaction of any business other than the question on which a poll has been demanded.  | Continuance of business |
| 89) | Notwithstanding Article 84, no poll shall be demanded on the election of a Chairman of a meeting or on a question of adjournment.   | No poll                 |
| 90) | Subject to the provisions of the Act, a resolution in writing signed by every Member entitled to vote or being a corporation by its duly authorised representative shall have the same effect and validity as an ordinary resolution of the Company passed at a general meeting duly convened, held and constituted, and may consist of several documents in the like form, each signed by one or more of such Members. The expressions 'in writing' and 'signed' include approval by telefax, telex, cable or telegram by any such Member. | Resolutions in writing  |
| 91) | If at any general meeting any votes shall be counted which ought not to have been counted or might have been rejected, the error shall not vitiate the result of the vote unless it be pointed out at the same meeting, and be in the opinion of the Chairman of sufficient magnitude to vitiate the result of the voting.  | Error in counting votes |

- 92) The Members may participate at a general meeting by telephone or video conference or by means of similar communication equipment whereby all persons participating in the meeting are able to hear and, if applicable, see each other and such participation shall constitute presence in person at such meeting and Members (or their proxy or, in the case of a corporation, their respective corporate representatives) so participating shall be counted in the quorum for the meeting. Such a meeting shall be deemed to take place where the largest group of Members (or their proxy, or in the case of a corporation, their respective corporate representatives) present for purposes of the meeting is assembled or, if there is no such group, where the Chairman of the meeting is present.
- Meetings via electronic means

### VOTES OF MEMBERS

- 93) (1) Subject and without prejudice to any special privileges or restrictions as to voting for the time being attached to any special class of shares for the time being forming part of the capital of the Company, each Member entitled to vote may vote in person or by proxy or attorney, and (in the case of a corporation) by a representative. A person entitled to more than one vote need not use all his votes or cast all the votes he uses in the same way.
- (2) On a show of hands every Member who is present in person or by proxy or attorney, or in the case of a corporation by a representative, shall have one vote provided that if a Member is represented by two proxies, without prejudice to specific terms of Article 98 only one of the two proxies as determined by their appointor shall vote on a show of hands and in the absence of such determination, only one of the two proxies as determined by the Chairman (or by a person authorised by him) shall vote on a show of hands and on a poll, every Member who is present in person or by proxy, attorney or representative shall have one vote for each share which he holds or represents.
- (3) Notwithstanding anything contained in these Articles, a Depositor shall not be entitled to attend any general meeting and to speak and vote thereat unless his name is certified by the Depository to the Company as appearing on the Depository Register not later than 48 hours before that general meeting (the 'cut-off time') as a Depositor on whose behalf the Depository holds shares. For the purpose of determining the number of votes which a Depositor or his proxy may cast on a poll, the Depositor or his proxy shall be deemed to hold or represent that number of shares entered in the Depositor's Securities Account at the cut-off time as certified by the Depository to the Company.
- 94) If any Member be a lunatic, idiot or *non compos mentis* he may vote by his committee, *curator bonis* or other legal curator and such last mentioned persons may give their votes by proxy, but no person claiming to vote pursuant to this Article shall do so unless such evidence as the Directors may require of his authority shall have been deposited at the Office not less than forty-eight (48) hours before the time for holding the meeting at which he wishes to vote.
- Voting rights of Members of unsound mind
- 95) If two (2) or more persons are jointly entitled to a share then in voting upon any question, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other registered holders of the share and for this purpose seniority shall be
- Voting rights of joint holders

determined by the order in which the names stand in the Register of Members or the Depository Register (as the case may be). Several executors or administrators of a deceased Member in whose name any share stands shall for the purpose of this Article be deemed joint holders thereof.

- 96) Save as herein expressly provided and the provisions of the Act, no person other than a Member duly registered, and only in respect of shares upon which all calls due to the Company have been paid, shall be entitled to be present or to vote on any question, either personally or by proxy, attorney or representative at any general meeting. Right to vote
- 97) Any instrument appointing a proxy shall be in writing in the common form approved by the Directors under the hand of the appointor or his attorney duly authorised in writing or, if the appointor is a corporation, under seal or under the hand of its attorney duly authorised and the Company shall accept as valid in all respects the form of proxy approved by the Directors for use at the date relevant to the general meeting in question. Instrument of proxy
- 98) (1) Save for Members which are nominee companies who may appoint more than two proxies to attend and vote at a general meeting, a Member may appoint not more than two proxies to attend and vote at the same general meeting. A proxy or attorney need not be a Member, and shall be entitled to vote on a show of hands on any question at any general meeting. Appointment of proxies
- (2) If the Member is a Depositor, the Company shall be entitled:
- (a) to reject any instrument of proxy lodged if the Depositor is not shown to have any shares entered in its Securities Account as at the cut-off time (as defined in Article 93(3)) as certified by the Depository to the Company; and
- (b) for the purpose of a poll, to treat an instrument of proxy executed by a Depositor as representing the number of shares equal to the number of shares appearing against his name in the Depository Register referred to in (a) above, notwithstanding the number of shares actually specified in the relevant instrument of proxy.
- (3) Where a Member appoints more than one proxy, he shall specify the proportion of his shareholding to be represented by each proxy. If no such proportion or number is specified the first named proxy may be treated as representing 100% of the shareholding and any second named proxy as an alternate to the first named.
- (4) Voting right(s) attached to any shares in respect of which a Member has not appointed a proxy may only be exercised at the relevant general meeting by the Member personally or by his attorney, or in the case of a corporation by its representative.
- 99) An instrument appointing a proxy shall, unless the contrary is stated thereon, be valid as well for any adjournment of the meeting as for the meeting to which it relates and need not be witnessed. Instrument appointing proxy valid at adjourned meeting



## DIRECTORS

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| 105)    | Subject to the other provisions of Section 145 of the Act, the number of Directors, all of whom shall be natural persons, shall not be less than two.   | Number of Directors  |
| 106)    | The Company in general meeting may, subject to the provisions of these Articles and any requirements of the Act, by ordinary resolution of which special notice has been given to all Members entitled to receive notices, from time to time remove any Director before the expiration of his period of office (notwithstanding anything in these Articles or in any agreement between the Company and such Director) and appoint another person in place of the Director so removed (and any person so appointed shall be subject to retirement by rotation at the same time as if he had become a Director on the day on which the Director in whose place he is appointed was last elected a Director), and may increase or reduce the number of Directors, and may alter their share qualifications. Such removal shall be without prejudice to any claim such Director may have for damages for breach of any contract of service between him and the Company. In default of such appointment the vacancy so arising may be filled by the Directors as a casual vacancy in accordance with Article 119. Until otherwise determined by a general meeting, there shall be no maximum number of Directors.  | Removal of Director and change in maximum number of Directors            |
| 107)    | A Director need not be a Member and shall not be required to hold any share.  | Qualifications   |
| 108)    | A Director shall be entitled to receive notice of, attend and speak at all general meetings of the Company.   | Attendance at general meeting  |
| 109)    | The Directors may procure the establishment and maintenance of or participate in or contribute to any non-contributory or contributory pension or superannuation fund or life assurance scheme or any other scheme whatsoever for the benefit of and pay, provide for or procure the grant of donations, gratuities, pensions, allowances, benefits or emoluments to any persons (including Directors and other officers) who are or shall have been at any time in the employment or service of the Company or of the predecessors in business of the Company or of any subsidiary company, and the wives, widows, families or dependants of any such persons. The Directors may also procure the establishment and subsidy of or subscription and support to any institutions, associations, clubs, funds or trusts calculated to be for the benefit of any such persons as aforesaid or otherwise to advance the interests and well-being of the Company or of any such other company as aforesaid or of its Members and payment for or towards the insurance of any such persons as aforesaid, and subscriptions or guarantees of money for charitable or benevolent objects or for any exhibition or for any public, general or useful object. | Benefits for employees   |
| 110) a) | Other than the office of auditor, a Director may hold any other office or place of profit in the Company and he or any firm of which he is a member or any company of which he is a Director or shareholder may act in a professional capacity for the Company in conjunction with his office of Director for such period and on such terms (as to remuneration and otherwise) as the Directors may determine. Subject to the Act, no Director or intending Director shall be disqualified by his office from contracting or entering into any arrangement with the Company whether as vendor, purchaser, lessor, lessee, mortgagor, mortgagee, manager, agent, broker or otherwise howsoever nor shall such contract or arrangement or any contract or arrangement entered   | Power of Directors to hold office of profit and to contract with Company |

into by or on behalf of the Company in which any Director shall be in any way interested whether directly or indirectly be avoided nor shall any Director so contracting or being so interested be liable to account to the Company for any profit realised by any such contract or arrangement by reason only of such Director holding that office or of the fiduciary relation thereby established. Provided Always That he has complied with the requirements of Section 156 of the Act as to disclosure.

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| b)       | Every Director shall observe the provisions of Section 156 of the Act relating to the disclosure of the interests of the Directors in contracts or proposed contracts with the Company or of any office or property held by a Director which might create duties or interests in conflict with his duties or interests as a Director. Notwithstanding such disclosure, a Director shall not vote in regard to any contract or proposed contract or arrangement in which he has directly or indirectly a personal material interest and shall not be taken into account in ascertaining whether a quorum is present in relation to any resolution on which he is debarred from voting.                                       | Directors to observe Section 156 of the Act  |
| c)       | The provisions of Article 110 b) may at any time be suspended or relaxed to any extent and either generally or in respect of any particular contract, arrangement or transaction by the Company in general meeting, and any particular contract, arrangement or transaction carried out in contravention of this Article may be ratified by ordinary resolution of the Company, or as otherwise provided in these Articles.   |  |
| 111) a)  | A Director may be or become a Director of or hold any office or place of profit (other than as auditor) or be otherwise interested in any company in which the Company may be interested as vendor, purchaser, shareholder or otherwise and such Director shall not be accountable for any fees, remuneration or other benefits received by him as a Director or officer of or by virtue of his interest in such other company unless the Company otherwise directs.  | Holding of office in other companies   |
| b)       | Subject always to Article 110 b), the Directors may exercise the voting power conferred by the shares in any company held or owned by the Company in such manner and in all respects as the Directors think fit in the interests of the Company (including the exercise thereof in favour of any resolution appointing the Directors or any of them to be Directors of such company or voting or providing for the payment of remuneration to the Directors of such company) and any such director of the Company may vote in favour of the exercise of such voting powers in the manner aforesaid notwithstanding that he may be or be about to be appointed a director of such other company.                             | Directors may exercise voting power conferred by Company's shares in another company |
| 112) (1) | The fees of the Directors shall be determined from time to time by the Company in general meetings and such fees shall not be increased except pursuant to an ordinary resolution passed at a general meeting where notice of the proposed increase shall have been given in the notice convening the meeting. Such fees shall be divided among the Directors in such proportions and manner as they may agree and in default of agreement equally, except that in the latter event any Director who shall hold office for part only of the period in respect of which such fee is payable shall be entitled only to rank in such division for the proportion of fee related to the period during which he has held office. | Fees for Directors   |

- (2) Any Director who is appointed to any executive office or serves on any committee or who otherwise performs or renders services, which in the opinion of the Directors are outside his ordinary duties as a Director, may, subject to Section 169 of the Act, be paid such extra remuneration as the Directors may determine. Extra remuneration
- (3) Notwithstanding any other Article herein, the remuneration in the case of a Director other than an Executive Director shall be payable by a fixed sum and shall not at any time be by commission on or percentage of the profits or turnover, and no Director whether an Executive Director or otherwise shall be remunerated by a commission on or percentage of turnover. Remuneration by fixed sum
- 113) The Directors shall be entitled to be repaid all travelling or such reasonable expenses as may be incurred in attending and returning from meetings of the Directors or of any committee of the Directors or general meetings or otherwise howsoever in or about the business of the Company in the course of the performance of their duties as Directors. Reimbursement of expenses
- 114) Subject as herein otherwise provided or to the terms of any subsisting agreement, the office of a Director shall be vacated on any one of the following events: Vacation of office of Director
- a) If a receiving order is made against him, he becomes bankrupt or if he suspends payments or makes any arrangement or composition with his creditors.
- b) If he should be found lunatic or becomes of unsound mind.
- c) If he absents himself from the meetings of the Directors during a continuous period of six (6) months without special leave of absence from the Board and they pass a resolution that he has by reason of such absence vacated office.
- d) If by notice in writing to the Company he resigns his office.
- e) If he is prohibited from being a Director by reason of any order made under the Act.
- f) If he is removed from office pursuant to a resolution passed under the provisions of Article 106.
- g) If he be requested in writing by a majority of the other Directors for the time being to vacate office.
- h) If he ceases to be a Director by virtue of any of the provisions of the Act, including but not limited to Section 147 of the Act.
- 114A) A Director who is appointed by the Company as director of any related corporation or associated company of the Company shall resign (without compensation whatsoever) as such director if he is removed or resigns as Director of the Company or if his office as Director is vacated (notwithstanding any agreement between the Director and the Company or any such related or associated company). An employee of the Company who is appointed director of any related or associated company of the Company shall resign (without compensation whatsoever) as such director if he ceases for any reason whatsoever to be an employee of the Company. Director to resign

- 114B) The Directors may entrust to and confer upon any Directors holding any executive office any of the powers exercisable by them as Directors upon such terms and conditions and with such restrictions as they think fit, and either collaterally with or to the exclusion of their own powers, and may from time to time revoke, withdraw, alter or vary all or any of such powers. Conferral of power

#### **ROTATION OF DIRECTORS**

- 115) Subject to these Articles and to the Act, at each annual general meeting at least one-third of the Directors for the time being (or, if their number is not a multiple of three, the number nearest to but not lesser than one-third) shall retire from office by rotation, Provided That all Directors submit themselves for re-nomination and re-election at regular intervals and at least once every three years. Selection of Directors to retire
- 116) The Directors to retire by rotation shall include (so far as necessary to obtain the number required) any Director who is due to retire at the meeting by reason of age or who wishes to retire and not to offer himself for re-election. Any further Directors so to retire shall be those of the other Directors subject to retirement by rotation who have been longest in office since their last re-election or appointment or have been in office for the three years since their last election. However as between persons who became or were last re-elected Directors on the same day, those to retire shall (unless they otherwise agree among themselves) be determined by lot. A retiring Director shall be eligible for re-election.
- 117) The Company at the meeting at which a Director retires under any provision of these Articles may by ordinary resolution fill up the vacated office by electing a person thereto. In default the retiring Director shall be deemed to have been re-elected, unless: Deemed re-appointed
- a) at such meeting it is expressly resolved not to fill up such vacated office or a resolution for the re-election of such Director is put to the meeting and lost; or
  - b) such Director is disqualified under the Act from holding office as a Director or has given notice in writing to the Company that he is unwilling to be re-elected;
  - c) such Director has attained any retiring age applicable to him as a Director; or
  - d) the nominating committee appointed pursuant to Article 127 has given notice in writing to the Directors that such Director is not suitable for reappointment, having regard to the Director's contribution and performance.
- 117A) A resolution for the appointment of two or more persons as Directors by a single resolution shall not be moved at any general meeting unless a resolution that it shall be so moved has first been agreed to by the meeting without any vote being given against it; and any resolution moved in contravention of this provision shall be void. Appointment of more than one Director by a single resolution
- 118) A person, other than a Director retiring at the meeting, shall be eligible for election to office as a Director at any general meeting if not less than eleven nor more than forty-two clear days before the day appointed for the meeting there shall have been left at the Office notice in writing signed by some Member duly qualified to attend and vote at the meeting for which such Notice of intention to appoint Director

notice is given of his intention to propose such person for election and also notice in writing duly signed by the nominee giving his consent to the nomination and signifying his candidature for the office or the intention of such Member to propose him, Provided That in the case of a person recommended by the Directors for election nine clear days' notice only shall be necessary, and notice of each and every candidate for election shall be served on all Members at least seven clear days prior to the meeting at which the election is to take place, Provided That the nominating committee, appointed pursuant to Article 127 has given notice in writing to the Directors confirming that such Director has met the requisite standards as required by the Code of Corporate Governance. In the case of appointment or reappointment of independent Directors as defined in the Code of Corporate Governance, the nominating committee must further confirm the independence of such Director.

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| 119) | The Directors shall have power at any time and from time to time to appoint any person to be a Director either to fill a casual vacancy or as an additional Director but the total number of Directors shall not at any time exceed the maximum number (if any) fixed by these Articles. Any Director so appointed shall hold office only until the next annual general meeting and shall then be eligible for re-election but shall not be taken into account in determining the number of Directors who are to retire by rotation at such meeting. | Directors' power to fill casual vacancies and to appoint additional Directors |
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#### **MANAGING DIRECTOR**

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| 120) | The Directors may from time to time appoint one or more of their body or any other person(s) to be Managing Director(s) of the Company (or any equivalent appointment(s) howsoever described) and may from time to time (subject to the provisions of any contract between him or them and the Company) remove or dismiss him or them from office and appoint another or others in his or their places. Where an appointment is for a fixed term such term shall not exceed five (5) years.   | Appointment, resignation and removal of Managing Director |
| 121) | A Managing Director (or any person holding an equivalent appointment) shall, subject to the provisions of any contract between him and the Company, be subject to the same provisions as to retirement by rotation, resignation and removal as the other Directors. The appointment of such Managing Director (or any person holding an equivalent appointment) shall automatically determine if he ceases from any cause to be a Director, but without prejudice to any claim for damages for breach of any contract of service between him and the Company. | Managing Director subject to retirement by rotation       |
| 122) | A Managing Director (or any person holding an equivalent appointment) shall, subject to Section 169 of the Act and to the terms of any agreement entered into in any particular case, receive such remuneration (whether by way of salary, commission or participation in profit, or partly in one way and partly in another) as the Directors may determine; but he shall not under any circumstance be remunerated by a commission on a percentage of turnover.   | Remuneration of Managing Director                         |
| 123) | The Directors may entrust to and confer upon a Managing Director (or any person holding an equivalent appointment) any of the powers exercisable by them upon such terms and conditions and with such restrictions as they may think fit, and either collaterally with or to the exclusion of their own powers, and may from time to time revoke, withdraw, alter, or vary all or any of those powers. A Managing Director shall be subject to the control of the Board.  | Power of Managing Director                                |

## POWERS AND DUTIES OF DIRECTORS

- 124) The business of the Company shall be managed by the Directors who may exercise all such powers of the Company as are not by the Act or by these Articles required to be exercised by the Company in general meeting subject nevertheless to the provisions of the Act and these Articles and to any regulations from time to time made by the Company in General Meeting provided that no regulations so made shall invalidate any prior act of the Directors which would have been valid if such regulations had not been made and in particular and without prejudice to the generality of the foregoing the Directors may at their discretion exercise every borrowing power vested in the Company by its Memorandum of Association or permitted by law together with collateral power of hypothecating the assets of the Company including any uncalled or called but unpaid capital; provided that the Directors shall not carry into effect any proposals for disposing of the whole or substantially the whole of the Company's undertaking or property unless those proposals have been approved by the Company in general meeting.
- Directors' general power to manage
- 125) The Directors may establish any local boards or agencies for managing any affairs of the Company, either in Singapore or elsewhere, and may appoint any persons to be members of such local boards or any managers or agents, and may fix their remuneration and may delegate to any local board, manager or agent any of the powers, authorities and discretions vested in the Directors, with power to subdelegate, and may authorise the members of any local board or any of them to fill any vacancies therein and to act notwithstanding vacancies, and any such appointment or delegation may be made upon such terms and subject to such conditions as the Directors may think fit, and the Directors may remove any person so appointed, and may annul or vary any such delegation, but no person acting in good faith and without notice of any such annulment or variation shall be affected thereby.
- Establishing local Boards
- 126) The Directors may at their discretion exercise every borrowing power vested in the Company by its Memorandum of Association or permitted by law and may borrow or raise money from time to time for the purpose of the Company and secure the payment of such sums by mortgage, charge or hypothecation of or upon all or any of the property or assets of the Company including any uncalled or called but unpaid capital or by the issue of debentures or otherwise as they may think fit.
- Power to borrow
- 127) a) The Directors may delegate any of their powers other than the powers to borrow and make calls to committees consisting of such members of their body as they think fit and (if thought fit) one or more other persons co-opted as hereinafter provided. Any committee so formed shall in the exercise of the power so delegated conform to any regulations that may from time to time be imposed upon them by the Board. Any such regulations may provide for or authorise the co-option to the committee of persons other than Directors and for such co-opted members to have voting rights as members of the committee.
- Power to delegate to committee
- b) Without prejudice to the generality of Article 127 a) the Directors must at a minimum appoint an audit committee as required by the Act, and such other committees as may be prescribed by the Code of Corporate Governance as deemed appropriate by the Directors. Each of these committees must in the exercise of the powers delegated to them conform with the Act and any regulations made thereunder, the Code of Corporate Governance and such terms of reference as are put together.

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| 128) | The meetings and proceedings of any such committee consisting of two or more members shall be governed by the provisions of these Articles regulating the meetings and proceedings of the Directors, so far as the same are applicable and are not superseded by any terms of reference made by the Directors under the last preceding Article.  | Proceedings of committees                      |
| 129) | The Directors may, at any time, and from time to time, by power of attorney under the Seal, appoint any person to be the attorney of the Company for such purposes and with such powers, authorities and discretions (not exceeding those vested in or exercisable by the Directors under these Articles), and for such period and subject to such conditions as the Directors may from time to time think fit, and such appointment may (if the Directors think fit) be made in favour of the Members or in favour of any body corporate or of the members, Directors, nominees or managers of any body corporate or unincorporate, or otherwise in favour of any fluctuating body of persons, whether nominated directly or indirectly by the Directors, and any such power of attorney may contain such powers for the protection or convenience of persons dealing with such attorney as the Directors may think fit and may also authorise any such attorney to sub-delegate all or any of the powers, authorities and discretions vested in him. | Power to appoint attorneys                     |
| 130) | All cheques, promissory notes, drafts, bills of exchange and other negotiable or transferable instruments in which the Company is in any way concerned or interested and all receipts for moneys paid to the Company shall be signed, drawn, accepted, endorsed or otherwise executed as the case may be in such manner as the Directors shall from time to time by resolution determine.  | Signing of cheques and bills                   |
| 131) | All acts <i>bona fide</i> done by any meeting of Directors or of a committee of Directors or by any person acting as Director shall as regards all persons dealing in good faith with the Company, notwithstanding that there was some defect in the appointment of any such Director or person acting as aforesaid or that they or any of them were or was disqualified or had vacated office or were not entitled to vote be as valid as if every such person had been duly appointed and was qualified and had continued to be a Director and had been entitled to vote.  | Validity of acts despite defect in appointment |
| 132) | The Company may exercise the powers conferred upon the Company by Section 196 of the Act with regard to the keeping of a Branch Register, and the Directors may (subject to the provisions of that Section) make and vary such regulations as they may think fit respecting the keeping of any such Register.  | Branch register                                |

#### **ALTERNATE DIRECTOR**

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| 133) | Any Director may at any time by writing under his hand and deposited at the Office appoint any person approved by majority of the Directors to be his Alternate Director during such period as he thinks fit and may in like manner at any time terminate such appointment. Any appointment or removal by telefax, telex or cable shall be confirmed as soon as possible by letter, but may be acted upon by the Company meanwhile. | Appointment of Alternate Director      |
| 134) | No Director may act as an Alternate Director. A person may not act as an Alternate Director for more than one Director.   | Director may act as Alternate Director |
| 135) | The appointment of an Alternate Director shall <i>ipso facto</i> determine on the happening of any event which if he were a Director would render his office as a Director to be vacated and his appointment shall also determine <i>ipso facto</i> if his appointor ceases for any reason to be a Director.  | Determination of appointment           |

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| 136) An Alternate Director shall (subject to his giving to the Company an address in Singapore) be entitled to receive notices of meetings of the Directors and to attend and vote as a Director at any such meeting at which the Director appointing him is not personally present and generally to perform all functions of his appointor as a Director and in the absence of his appointor from Singapore he shall be entitled to sign any resolution passed in accordance with the provisions of Article 145. | Notices and attendance at meetings                   |
| 137) An Alternate Director shall be entitled to receive from the Company such proportion (if any) of the remuneration otherwise payable to his appointor as such appointor may by notice in writing to the Company from time to time direct, but save as aforesaid he shall not in respect of such appointment be entitled to receive any remuneration from the Company. Any fee paid to an Alternate Director shall be deducted from the remuneration otherwise payable to his appointor.                        | Remuneration   |
| 138) An Alternate Director shall not be taken into account in reckoning the minimum or maximum number of Directors allowed for the time being under these Articles but he shall be counted for the purpose of reckoning whether a quorum is present at any meeting of the Directors attended by him at which he is entitled to vote. Provided that he shall not constitute a quorum if he is the only person present at the meeting notwithstanding that he may be an alternate to more than one Director.        | Alternate Director counted for quorum purposes       |
| 139) An Alternate Director shall not be required to hold any share qualification.   | Alternate Director need not hold share qualification |

#### **PROCEEDINGS OF DIRECTORS**

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| 140) The Directors or any committee of Directors may meet together for the despatch of business, adjourn and otherwise regulate their meetings as they think fit and determine the quorum necessary for the transaction of business. Unless otherwise determined, two (2) shall be a quorum. Questions arising at any meeting shall be decided by a majority of votes. In case of an equality of votes, the Chairman shall have a second or casting vote Provided Always That the Chairman of a meeting at which only two Directors are competent to vote on the question at issue shall not have a second or casting vote. A meeting of the Directors at which a quorum is present at the time the meeting proceeds to business shall be competent to exercise all the powers and discretions for the time being exercisable by the Directors. | Meetings of Directors and quorum |
| 141) A Director may, and on the request of a Director the Secretary shall, at any time summon a meeting of the Directors by notice served upon the several members of the Board, but it shall not be necessary to give notice of a meeting of Directors to any Director for the time being absent from Singapore.   | Convening meetings               |
| 142) The accidental omission to give any Director, or the non-receipt by any Director of, a notice of meeting of Directors shall not invalidate the proceedings at that meeting.  | Accidental omission              |
| 143) The Directors or any committee of Directors may from time to time elect a Chairman and, if desired, a Deputy Chairman who shall preside at their meetings, but if no such Chairman or Deputy Chairman be elected or if at any meeting the Chairman and the Deputy Chairman not be present within five (5) minutes after the time appointed for holding the same, a substitute  | Chairman                         |

for that meeting shall be appointed by such meeting from among the Directors present. Any Director acting as Chairman of a meeting of the Directors shall in the case of an equality of votes have the Chairman's right to a second or casting vote where applicable.

- 144) The Directors may act notwithstanding any vacancy in their body, but if and so long as their number is reduced below the minimum number fixed by or pursuant to these Articles, the continuing Directors or Director may, except in an emergency, act for the purpose of appointing sufficient Directors to bring the Board up to that number or of summoning a general meeting of the Company notwithstanding that there shall not be a quorum, but for no other purpose, except in an emergency. If there are no Directors or Director able or willing to act, then any two Members may summon a general meeting for the purpose of appointing Directors.
- 145) A resolution in writing signed or approved by a majority of the Directors for the time being (who are not prohibited by law or these Articles from voting on such resolutions) and constituting a quorum shall be as valid and effectual as if it had been passed at a meeting of the Directors or of a committee of Directors duly convened and held. Any such resolution may be contained in a single document or may consist of several documents all in like form each signed or approved as aforesaid provided that where a Director is not so present but has an alternate who is so present, then such resolution must also be signed by such alternate. A resolution pursuant to this Article shall be deemed to have been passed on the date when the resolution is signed or approved by the last Director constituting a simple majority of the Directors. For the purpose of this Article, 'in writing' and 'signed' include approval by letter, telex, facsimile, cable, telegram, email or any other form of electronic communication or telegraphic communication or means approved by the Directors for such purpose from time to time incorporating, if the Directors deem necessary, the use of security and / or identification procedures and devices approved by the Directors. All such resolutions shall be described as "Directors' Resolutions" and shall be forwarded or otherwise delivered to the Secretary without delay, and shall be recorded by him in the Company's Minute Book.
- 146) The meetings of Directors may be conducted by means of telephone or video conference or other methods of simultaneous communication by electronic, telegraphic or other similar means by which all persons participating in the meeting are able to hear and be heard and, if applicable, see and be seen by all the other participants without the need for physical presence, and participation in a meeting pursuant to this provision shall constitute presence in person at such meeting. The minutes of such a meeting signed by the Chairman of the meeting shall be conclusive evidence of any resolution of any meeting so conducted. Such a meeting shall be deemed to take place where the largest group of Directors present for purposes of the meeting is assembled or, if there is no such group, where the Chairman of the meeting is present.
- 147) The Directors participating in any such meeting shall be counted in the quorum for such meeting and, subject to there being a requisite quorum under these Articles, all resolutions agreed by the Directors in such meeting shall be deemed to be as effective as a resolution passed at a meeting in person of the Directors duly convened and held.
- Proceeding in case of vacancies
- Resolutions in writing
- Meetings via electronic means
- Directors participating in electronic meetings counted towards quorum

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| 148) | In the case of a meeting which is not held in person, the fact that a Director is taking part in the meeting must be made known to all the other Directors taking part, and no Director may disconnect or cease to take part in the meeting unless he makes known to all other Directors taking part that he is ceasing to take part in the meeting.  | Participation of Director must be made known               |
| 149) | The Directors shall cause proper minutes to be made in books to be provided for the purpose of recording all the proceedings of all meetings of Directors and committees of Directors and of the attendances thereat and of the proceedings of all meetings of the Company and all business transacted, resolutions passed, appointments of officers made by the Directors and orders made at such meetings and any such minutes of any meeting, if purporting to be signed by the Chairman of such meeting or by the Chairman of the next succeeding meeting of the Company or Directors or committee as the case may be, shall be sufficient evidence without any further proof of the facts therein stated.  | Minutes  |
| 150) | The Directors shall duly comply with the provisions of the Act and in particular the provisions with regard to the registration of charges created by or affecting property of the Company, keeping a Register of Directors and Secretaries, a Register of Members, a Register of Mortgages and Charges and a Register of Directors' share and Debenture Holdings and the production and furnishing of copies of such Registers and of any Register of Holders of Debentures of the Company.  | Keeping of Registers, etc.                                 |
| 151) | Any register, index, minute book, book of accounts or other book required by these Articles or by the Act to be kept by or on behalf of the Company may be kept either by making entries in bound books or by recording them in any other manner. In any case in which bound books are not used, the Directors shall take adequate precautions for guarding against falsification and for facilitating discovery.   | Form of Registers, etc.                                    |
| 152) | Subject to the Act and to the generality of Article 145, any resolution passed by the Directors notice whereof has been given to the Members in the manner in which notices are herein directed to be given and which has within one (1) month after it was so passed be ratified and confirmed in writing by such Members holding or representing shares being not less than three-fourths of the total number of paid-up shares of the Company (excluding treasury shares) shall be as valid and effectual as a resolution of a general meeting but this Article shall not apply to a resolution for winding up the Company or to a resolution passed in respect of any matter which by the Act or these presents ought to be dealt with by a special resolution. | Resolutions of Directors requiring ratification by Members |

### SECRETARY

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| 153) | The Secretary or joint Secretaries shall, and a Deputy or Assistant Secretaries may, be appointed by the Directors for such term at such remuneration and upon such conditions as they may think fit; and any Secretary, joint Secretary, Deputy or Assistant Secretary so appointed may be removed by them, but without prejudice to any claim he may have for damages for breach of any contract of service between him and the Company. The appointment and duties of the Secretary shall not conflict with the provisions of the Act. | Appointment and removal of Secretary |
| 154) | A provision of the Act or these Articles requiring or authorising a thing to be done by or to a Director and the Secretary shall not be satisfied by its being done by or to the same person acting as Director and as or in place of the Secretary.  | Only Director and Secretary can act  |

- 155) A provision of the Act or these Articles requiring or authorising a thing to be done by or to the Secretary shall be satisfied by its being done by or to one or more of the joint Secretaries if any for the time being appointed by the Directors. Joint Secretaries

### **THE SEAL**

- 156) The Directors shall provide for the safe custody of the Seal which shall only be used by the authority of the Directors or of a committee of the Directors authorised by the Directors in that behalf; and every instrument to which the Seal shall be affixed shall be signed by one (1) Director and shall be countersigned by the Secretary or by a second Director or by some other person appointed by the Directors for the purpose save that as regards any certificates for shares or debentures or other securities of the Company, the Directors may by resolution determine that such signatures or either of them shall be dispensed with or affixed by some method or system of mechanical signature or other method approved by the Directors. Use of Seal
- 157) The Company may exercise all the powers conferred by Section 41 of the Act to have an official seal for use abroad and such official seal shall be affixed by the authority and in the presence of and the instruments sealed therewith shall be signed by such persons as the Directors shall from time to time by writing under the seal appoint. Official Seal overseas
- 158) The Company may have a duplicate common seal as referred to in Section 124 of the Act which shall be a facsimile of the common seal with the addition on its face of the words 'Share Seal'. Share Seal

### **AUTHENTICATION OF DOCUMENTS**

- 159) Any Director or the Secretary or any person appointed by the Directors for the purpose shall have power to authenticate any documents affecting the constitution of the Company and any resolutions passed by the Company, the Directors or any committee, and any books, records, documents and accounts relating to the business of the Company, and to certify copies thereof or extracts therefrom as true copies or extracts; and where any books, records, documents or accounts are elsewhere than at the Office, the local manager and other officer of the Company having the custody thereof shall be deemed to be a person appointed by the Directors as aforesaid. Any authentication or certification made pursuant to this Article may be made by any electronic means approved by the Directors from time to time for such purpose incorporating, if the Directors deem necessary, the use of security procedures or devices approved by the Directors. Power to authenticate documents
- 160) A document purporting to be a copy of a resolution of the Directors or any committee or an extract from the minutes of a meeting of Directors or any committee which is certified as such in accordance with the provisions of the last preceding Article shall be conclusive evidence in favour of all persons dealing with the Company upon the faith thereof that such resolution has been duly passed or, as the case may be, that such extract is a true and accurate record of a duly constituted meeting of the Directors or such committee. Certified copies of resolution of Directors

### **DIVIDENDS AND RESERVES**

- 161) Subject to any rights or restrictions attached to any shares or class of shares and except as otherwise permitted by the Act, (a) all dividends shall be declared and paid in proportion to the number of shares held by a Member but where shares are partly paid all dividends must be apportioned Apportionment of dividends

and paid proportionately to the amounts paid or credited as paid on the partly paid shares; and (b) all dividends shall be apportioned and paid proportionately to the amounts so paid or credited as paid during any portion or portions of the period in respect of which the dividend is paid, but if any share is issued on terms providing that it shall rank for dividend as from a particular date such share shall rank for dividend accordingly. For the purposes of this Article, no amount paid or credited as paid on a share in advance of a call shall be treated as paid on the share.

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| 162) | The Directors may before recommending any dividend set aside out of the profits of the Company such sum or sums as they think proper as a reserve fund which shall at the discretion of the Directors be applicable for meeting contingencies, for the gradual liquidation of any debt or liability of the Company or for repairing or maintaining any works connected with the business of the Company or shall be as to the whole or in part applicable for special dividends or for equalising dividends or for distribution by way of special dividend or bonus on such terms and in such manner as the Directors shall from time to time determine and the Directors may divide the reserve fund into separate funds for special purposes and may invest the sums from time to time carried to the credit of such fund or funds upon such securities (other than the share) as they may select. The Directors may also, without placing the same to reserve, carry forward any profits which they may think it not prudent to divide.                  | Power to set aside profits as reserve                         |
| 163) | The Directors may, with the sanction of a general meeting, from time to time declare dividends, but no such dividend shall (except as by the Statutes expressly authorised) be payable otherwise than out of the profits of the Company. No higher dividend shall be paid than is recommended by the Directors and a declaration by the Directors as to the amount of the profits at any time available for dividends shall be conclusive. The Directors may, if they think fit, and if in their opinion the profits of the Company justifies such payment, without any such sanction as aforesaid, from time to time declare and pay fixed dividends on any express class of shares carrying a fixed dividend expressed to be payable on a fixed date on the half-yearly or other dates (if any) prescribed for the payment thereof by the terms of issue of the shares, and subject thereto may also from time to time pay to the holders of any other class of shares interim dividends thereon of such amounts and on such dates as they may think fit. | Declaration and payment of dividends<br><br>Interim dividends |
| 164) | With the sanction of a general meeting, dividends may be paid wholly or in part in specie, and may be satisfied in whole or in part by the distribution amongst the Members in accordance with their rights of fully paid shares, stock or debentures of any other company, or of any other property suitable for distribution as aforesaid. The Directors shall have full liberty to make all such valuations, adjustments and arrangements, and to issue all such certificates or documents of title as in their opinion may be necessary or expedient and in particular may issue fractional certificates and fix the value for distribution of such specific assets or any part thereof and may determine that cash payments shall be made to any Members upon the footing of the value so fixed in order to adjust the rights of all parties and may vest any such specific assets in trustees as may seem expedient to the Directors and no valuation, adjustment or arrangement so made shall be questioned by any Member.                           | Payment of dividends in specie                                |
| 165) | No shareholder shall be entitled to receive any dividend or to be present or vote at any meeting or upon a poll, or to exercise any privilege as a Member until he shall have paid all calls for the time being due and payable on every share held by him, whether alone or jointly with any other person, together with interest and expenses (if any).   | No right to dividends where calls outstanding                 |

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| 166) The Directors may deduct from any dividend or other moneys payable to a Member in respect of any share held by such Member, either alone or jointly with any other Member, any or all sums of money as may be due and payable by him, either alone or jointly with any other person in respect of any debts, liabilities or engagements to the Company on account of calls or otherwise towards satisfaction (in whole or in part) of such debts, liabilities or engagements, or any other account which the Company is required by law to deduct.  | Deduction from debts due to Company                   |
| 167) A transfer of a share shall not pass the right to any dividend declared in respect thereof before the transfer has been registered.   | Effect of transfer of shares                          |
| 168) The Directors may retain any dividend or other moneys payable on or in respect of a share on which the Company has a lien and may apply the same in or towards satisfaction of the debts, liabilities or engagements in respect of which the lien exists.   | Retention of dividends on shares subject to lien      |
| 168A) The Directors may retain the dividends payable on shares in respect of which any person is under these Articles, as to the transmission of shares, entitled to become a Member, or which any person under these Articles is entitled to transfer, until such person shall become a Member in respect of such shares or shall duly transfer the same.   | Retention of dividends on shares pending transmission |
| 169) Any dividend or other moneys payable in cash on or in respect of a share may be paid by cheque or warrant sent through the post to the registered address of the Member or person entitled thereto or, if several persons are registered as joint holders of the share or are entitled thereto in consequence of the death or bankruptcy of the holder, to any one of such persons or to such person and such address as such persons may by writing direct. Provided that where the Member is a Depositor, the payment by the Company to the Depository of any dividend payable to a Depositor shall to the extent of the payment discharge the Company from any further liability in respect of the payment. Every such cheque or warrant shall be made payable to the order of the person to whom it is sent or to such person as the holder or joint holders or person or persons entitled to the share in consequence of the death or bankruptcy of the holder may direct and payment of the cheque if purporting to be endorsed or the receipt of any such person shall be a good discharge to the Company. Every such cheque or warrant shall be sent at the risk of the person entitled to the money represented thereby. | Dividend paid by cheque or warrant                    |
| 170) The payment by the Directors of any unclaimed dividends or other moneys payable on or in respect of a share into a separate account shall not constitute the Company a trustee in respect thereof. All dividends unclaimed after being declared may be invested or otherwise made use of by the Directors for the benefit of the Company and any dividend unclaimed after a period of six (6) years from the date of declaration of such dividend may be forfeited and if so shall revert to the Company but the Directors may at any time thereafter at their absolute discretion annul any such forfeiture and pay the dividend so forfeited to the person entitled thereto prior to the forfeiture. If the Depository returns any such dividend or moneys to the Company, the relevant Depositor shall not have any right or claim in respect of such dividend or moneys against the Company if a period of six (6) years has elapsed from the date of the declaration of such dividend or the date on which such other moneys are first payable. For the avoidance of doubt no Member shall be entitled to any interest, share of revenue or other benefit arising from any unclaimed dividends, howsoever and whatsoever.    | Unclaimed dividends                                   |

- 171) No unpaid dividend or interest shall bear interest as against the Company.  
No interest on unpaid dividends
- No right to dividends where calls outstanding

#### **BONUS ISSUES AND CAPITALISATION OF PROFITS AND RESERVES**

- 172) The Company may, upon the recommendation of the Directors, with the sanction of an ordinary resolution (including any ordinary resolution passed pursuant to Article 6) :
- Power to capitalise profits
- a) issue bonus shares to the Company to the persons registered as holders of shares in the Register of Members or (as the case may be) in the Depository Register at the close of business on:
- i) the date of the ordinary resolution (or such other date as may be specified therein or determined as therein provided); or
- ii) (in the case of an ordinary resolution passed pursuant to Article 6) such other date as may be determined by the Directors,
- in proportion to their then holdings of shares; and/or
- b) capitalise any part of the amount for the time being standing to the credit of the Company's reserve funds or to the credit of the profit and loss account or otherwise available for distribution to the persons registered as holders of shares in the Register of Members or (as the case may be) in the Depository Register at the close of business on:
- i) the date of the ordinary resolution (or such other date as may be specified therein or determined as therein provided); or
- ii) (in the case of an ordinary resolution passed pursuant to Article 6) such other date as may be determined by the Directors,
- in proportion to their then holdings of shares and applying such sum on their behalf in paying up in full unissued shares (or, subject to any special rights previously conferred on any shares or class of shares for the time being issued, unissued shares of any other class not being redeemable shares) for allotment and distribution credited as fully paid up and amongst them as bonus shares in the proportion aforesaid.
- 173) Whenever such a resolution as set out in Article 172 shall have been passed, the Directors shall make all appropriations and applications of the sum resolved to be capitalised thereby and all allotments and issues of fully paid shares or debentures (if any) and generally shall do all acts and things required to give effect thereto with full power to the Directors to make such provision by payment in cash or otherwise as they think fit for the case of shares or debentures becoming distributable in fractions and also to authorise any person to enter on behalf of all the Members interested into an agreement with the Company providing for the allotment to them respectively, credited as fully paid up, of any further shares to which they may be entitled upon such capitalisation or (as the case may require) for the payment up by the Company on their behalf, by the application thereto of their respective proportions of the sum resolved to be capitalised, of the amounts or any part of the amounts remaining unpaid on their existing shares and any agreement made under such authority shall be effective and binding on all such Members.
- Directors to give effect to resolution to capitalise profits

## ACCOUNTS

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| 174) | The Directors shall cause proper books of accounts and other records to be kept as are necessary to comply with the provisions of the Act and, in particular, with respect to:   | Directors to keep proper accounts  |
|      | a) all sums of money received and expended by the Company and the matters in respect of which the receipt and expenditure takes place;   |                                    |
|      | b) all sales and purchases of goods by the Company; and  |                                    |
|      | c) the assets and liabilities of the Company.  |                                    |
|      | Such books of account shall give a true and fair view of the state of the Company's affairs and explain its transactions.  | True and fair value                |
| 175) | The books of account shall be kept at the Office, or, subject to Section 199 of the Act, at such other place or places as the Directors think fit and shall always be open to inspection by the Directors. No Member (other than a Director) shall have any right to inspect any account or book or document or other recording of the Company except as is conferred by law or authorised by the Directors or by an ordinary resolution of the Company.   | Location of books of accounts      |
| 176) | The Directors shall from time to time determine whether and to what extent and at what times and places and under what conditions or regulations the accounts and books of the Company or any of them shall be open to the inspection of Members and no Member (not being a Director) shall have any right of inspecting any account or book or document of the Company except as conferred by Statute or authorised by the Directors or by a resolution of the Company in general meeting.  | Inspection                         |
| 177) | The Directors shall from time to time in accordance with Section 201 of the Act cause to be prepared and to be laid before the Company in general meeting such profit and loss accounts, balance sheets, group accounts (if any) and reports as may be necessary. The interval between the close of the Company's financial year and the date of the Company's annual general meeting shall not exceed such time period required by the Act or the listing rules of the Exchange, whichever is the shorter period.   | Preparation and laying of accounts |
| 178) | A copy of every balance sheet and profit and loss account (including every document required by law to be annexed thereto) which is to be laid before the Company in general meeting together with a copy of the Auditor's report shall not less than fourteen (14) days before the date of the meeting be delivered or sent by post to every Member of and every holder of debentures of the Company and to every other person who is entitled to receive notice from the Company under the provisions of the Act or these Articles; Provided Always That this Article shall not require a copy of those documents to be sent to any person whose address the Company is not aware or to more than one of the joint holders of any shares or debentures in the Company or the several persons entitled thereto in consequence of the death or bankruptcy of the holder or otherwise but any Member to whom a copy of these documents has not been sent shall be entitled to receive a copy free of charge on application at the office. | Copies of accounts                 |
| 179) | Such number of each document as is referred to in the preceding Article or such other number as may be required by the Exchange shall be forwarded to the Exchange at the same time as such documents are sent to the Members.   | Accounts to Exchange               |

## AUDIT AND AUDITORS

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| 180) | Auditors of the Company shall be appointed and their duties regulated in accordance with the provisions of the Act.   | Regulation of Auditors                                |
| 181) | Every auditor of the Company shall have a right of access at all times to the accounting and other records of the Company and shall make his report as required by the Act.   | Auditor's rights to documents                         |
| 182) | Subject to the provisions of the Act, all acts done by any person acting as an auditor of the Company shall, as regards all persons dealing in good faith with the Company, be valid, notwithstanding that there was some defect in his appointment or that he was at the time of his appointment not qualified for appointment.  | Acts of Auditors valid despite defect in appointment  |
| 183) | Without prejudice to Article 76 d) the auditors of the Company shall be entitled to attend any general meeting and to receive all notices of and other communications relating to any general meeting to which any Member is entitled and to be heard at any general meeting on any part of the business of the meeting which concerns them as auditors of the Company. | Auditor's right to receive notice and attend meetings |

## NOTICES

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| 184 | a) Any notice may be given by the Company to any Member in any of the following ways:<br><br>i) by delivering the notice personally to him; or<br><br>ii) by sending it by prepaid mail to him at his registered address in Singapore or where such address is outside Singapore by prepaid airmail; or<br><br>iii) by sending a cable or telex or telefax or electronic mail containing the text of the notice to him at his registered address in Singapore or where such address is outside Singapore to such address or to any other address as might have been previously notified by him to the Company.<br><br>b) Any notice or other communication served under any of the provisions of these Articles on or by the Company or any officer of the Company may be tested or verified by telex or telefax or electronic mail or telephone or such other manner as may be convenient in the circumstances but the Company and its officers are under no obligation so to test or verify any such notice or communication. | Service of notice |
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For the purpose of this Article, "registered address" shall mean such registered address in the Register of Members or the Depository Register (as the case may be).

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| 185) | Without prejudice to the provisions of Article 184, any notice or document (including, without limitations, any accounts, balance-sheet or report) which is required or permitted to be given, sent or served under the Act or under these Articles by the Company, or by the Directors, to a Member or officer or Auditor of the Company may be given, sent or served using electronic communications to the current address of that person in accordance with the provisions of, or as otherwise provided by, the Act and/or any other applicable regulations or procedures. Such notice or document shall be | Service by electronic communications |
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deemed to have been duly given, sent or served upon transmission of the electronic communication to the current address of such person or as otherwise provided under the Act and/or any other applicable regulations or procedures.

- 186) All notices, communications and documents (including a share certificate) with respect to any share to which persons are jointly entitled, shall be given to whichever of such persons is named first in the Register of Members or the Depository Register (as the case may be), and notice so given shall be sufficient notice to all the holders of such shares. Service of notices to joint holders
- 187) Any Member described in the Register of Members or the Depository Register (as the case may be) by an address not within Singapore who shall from time to time give in writing the Company or the Depository an address within Singapore at which notices may be served upon him shall be entitled to have served upon him at such address any notice to which he would be entitled under these Articles but, save as aforesaid, no Member other than a Member with a registered address within Singapore shall be entitled to receive any notice from the Company. Service on overseas Members
- 188) Any summons, notice, order or other document required to be sent to or served upon the Company, or upon any officer of the Company may be sent or served by leaving the same or sending it through AR mail in a prepaid letter, addressed to the Company or to such officer at the Office. Service on Company
- a) Any notice given in conformity with Article 184 shall be deemed to have been given at any of the following times as may be appropriate: When service effected
- i) when it is delivered personally to the Member, at the time when it is so delivered;
- ii) when it is sent by prepaid mail to an address in Singapore or by prepaid airmail to an address outside Singapore, on the day following that on which the notice was put into the post; and
- iii) when it is sent by cable or telex or telefax or electronic mail, on the day it is so sent.
- b) In proving such service or sending, it shall be sufficient to prove that the letter containing the notice or document was properly addressed and put into the post office or the post box as a prepaid letter or airmail letter as the case may be or that a telex or telefax or electronic mail was properly addressed and transmitted or that a cable was properly addressed and handed to the relevant authority for despatch.
- 190) Any notice on behalf of the Company or of the Directors shall be deemed effectual if it purports to bear the signature of the Secretary or other duly authorised officer of the Company, whether such signature is printed or written. Signature on notice
- 191) Every person who, by operation of law, transfer or any other means whatsoever, shall become entitled to any share shall be bound by every notice in respect of such share which, previously to his name and address being entered on the Register of Members, shall be duly given to the person from whom he derives his title to such share. Person becoming entitled to shares bound by notice

- |   |   |
|---|---|
| 192) Any notice or document served upon or sent to, or left at the registered address of any Member or given, sent or served to any Member using electronic communications in pursuance of these Articles, shall, notwithstanding that such Member be then deceased or bankrupt, and whether or not the Company has notice of his death or bankruptcy be deemed to have been duly served in respect of any share held by such Member, whether held solely or jointly with other persons; until some other person be registered in his stead as the holder or joint holder of such share, and such service shall, for all purposes of these Articles, be deemed a sufficient service of such notice or document on his executors, administrators or assigns, and all persons (if any) jointly interested with him in such share. | Service of notice after death or bankruptcy                   |
| 193) When a given number of days' notice or notice extending over any other period is required to be given the day of service shall not, unless it is otherwise provided or required by these Articles or by the Act, be counted in such number of days or period.  | Day of service not counted                                    |
| 194) The provisions of Articles 184, 189, 190 and 193 shall apply <i>mutatis mutandis</i> to notices of meetings of Directors or any committee of Directors   | Notice of meetings of Directors or any committee of Directors |

#### WINDING-UP / INSOLVENCY

- |   |                                  |
|---|----------------------------------|
| 195) If the Company shall be wound up, subject to due provision being made satisfying the claims of any holders of shares having attached thereto any special rights in regard to the repayment of capital, the surplus assets shall be applied in repayment of the capital paid up or credited as paid up on the shares at the commencement of the winding up.   | Distribution of surplus assets   |
| 196) If the Company shall be wound up, the liquidator may, with the sanction of a special resolution, divide among the Members in specie or kind the whole or any part of the assets of the Company and whether or not the assets shall consist of property of one kind or shall consist of properties of different kinds and may for such purpose set such value as he deems fair upon any one or more class or classes of property to be divided as aforesaid and may determine how such division shall be carried out as between the Members or different classes of Members, but so that if any division is resolved on otherwise than in accordance with such rights, the Members shall have the same right of dissent and consequential rights as if such resolution were a special resolution passed pursuant to Section 306 of the Act. A special resolution sanctioning a transfer or sale to another company duly passed pursuant to the said Section may in like manner authorise the distribution of any shares or other consideration receivable by the liquidator amongst the Members otherwise than in accordance with their existing rights; and any such determination shall be binding upon all the Members subject to the right of dissent and consequential rights conferred by the said Section. | Distribution of assets in specie |
| 197) The liquidator may, as he thinks fit, vest the whole or any part of the assets in trustees upon such trusts for the benefit of Members and the liquidation of the Company may be closed and the Company dissolved but so that no Member shall be compelled to accept any shares or other securities in respect of which there is a liability.  | Trust of assets                  |
| 198) In the event of a winding up of the Company, every Member who is not for the time being in Singapore shall be bound, within fourteen (14) days after the passing of an effective resolution to wind up the Company voluntarily, or   | Service of notice                |

within the like period after the making of an order for the winding up of the Company, to serve notice in writing on the Company appointing some householder in Singapore upon whom all summonses, notices, processes, orders and judgments in relation to or under the winding up of the Company may be served, and in default of such nomination the liquidator of the Company shall be at liberty on behalf of such Member to appoint some such person, and service upon any such appointee shall be deemed to be a good personal service on such Member for all purposes, and where the liquidator makes any such appointment he shall with all convenient speed, give notice thereof to such Member by advertisement in any English newspaper widely circulated in Singapore or by a registered letter sent through the post and addressed to such Member at his address as appearing in the Register of Members, and such notice shall be deemed to be served on the day following that on which the advertisement appears or the letter is posted.

#### **INDEMNITY**

- 199) Subject to the provisions of the Act, every Director, Managing Director, Manager, agent, auditor, Secretary and other officer for the time being of the Company shall be indemnified out of the assets of the Company against all costs, charges, losses, expenses and liabilities incurred by him in the execution and discharge of his duties or in relation thereto including any liability by him in defending any proceedings whether civil or criminal which relates to anything done or omitted or alleged to have been done or omitted by him as an officer or employee of the Company and in which judgment is given in his favour or in which he is acquitted or in connection with any application under Section 391 of the Act in which relief is granted to him by the Court. Indemnity of Directors and other officers

Without prejudice to the generality of the foregoing, no Director, Managing Director, Manager, agent, auditor, Secretary or other officer of the Company shall be liable for the acts, receipts, neglects or defaults of any other officer or for joining in any receipt or other act for conformity or for any loss or expense happening to the Company through the insufficiency or deficiency of title to any property acquired by order of the Directors for or on behalf of the Company or for the insufficiency or deficiency of any security in or upon which any of the moneys of the Company shall be invested or for any loss or damage arising from the bankruptcy, insolvency or tortious act of any person with whom any moneys, securities or effects shall be deposited or left or for any other loss, damage or misfortune whatsoever which shall happen in the execution of the duties of his office or in relation thereto unless the same shall happen through his own negligence, wilful default, breach of duty or breach of trust.

#### **SECRECY**

- 200) No Member shall be entitled to require discovery of or any information respecting any detail of the Company's trade or any matter which may be in the nature of a trade secret, mystery of trade or secret process which may relate to the conduct of the business of the Company and which in the opinion of the Directors, it will be inexpedient in the interest of the Members to communicate to the public save as may be required by law or the listing rules of the Exchange. Secrecy

# CHIP ENG SENG CORPORATION LTD

Company Registration No. 199805196H  
(Incorporated in the Republic of Singapore)

## NOTICE OF EXTRAORDINARY GENERAL MEETING

**NOTICE IS HEREBY GIVEN THAT** the Extraordinary General Meeting of the Company will be held at Emerald Suite, Golf Clubhouse-Level II Orchid Country Club No.1 Orchid Club Road, Singapore 769162 on 27 April 2007 at 11.00 am (or immediately following the conclusion or adjournment of the Annual General Meeting of the Company to be held at 10.00 am on the same day and at the same place) for the purpose of considering and, if thought fit, passing, the following resolutions, with or without any amendment:-

### RESOLUTION 1

#### **Special Resolution: Adoption of New Articles of Association of the Company**

That the New Articles of Association of the Company set out in Appendix 1 of the Circular to Shareholders dated 2 April 2007, be and are hereby approved and adopted as the Articles of Association of the Company in substitution for, and to the exclusion of, the existing Articles of Association of the Company.

### RESOLUTION 2

#### **Ordinary Resolution: Adoption of the Share Purchase Mandate of the Company**

That subject to and contingent upon the passing of Resolution 1:-

- (a) for the purposes of Sections 76C and 76E of the Companies Act, Cap. 50 (the "Act"), the exercise by the Directors of the Company of all the powers of the Company to purchase or otherwise acquire ordinary shares in the capital of the Company (the "Shares") not exceeding in aggregate the Prescribed Limit (as hereafter defined), at such price(s) as may be determined by the Directors of the Company from time to time up to the Maximum Price (as hereafter defined), whether by way of:-
- (i) market purchases (each a "Market Purchase") on the Singapore Exchange Securities Trading Limited ("SGX-ST"); and/or
  - (ii) off-market purchases (each an "Off-Market Purchase") effected otherwise than on the SGX-ST in accordance with any equal access schemes as may be determined or formulated by the Directors of the Company as they consider fit, which schemes shall satisfy all the conditions prescribed by the Act,
- and otherwise in accordance with all other laws, regulations and rules of the SGX-ST as may for the time being be applicable, be and is hereby authorised and approved generally and unconditionally (the "Share Purchase Mandate");
- (b) unless varied or revoked by the Company in general meeting, the authority conferred on the Directors of the Company pursuant to the Share Purchase Mandate may be exercised by the Directors at any time and from time to time during the period commencing from the passing of this Resolution and expiring on the earlier of:
- (i) the date on which the next Annual General Meeting of the Company is held; or
  - (ii) the date by which the next Annual General Meeting of the Company is required by law to be held;

(c) in this Resolution:

“Prescribed Limit” means ten per cent. (10%) of the issued Shares of the Company as at the date of passing of this Resolution; and

“Maximum Price” in relation to a Share to be purchased, means an amount (excluding brokerage, stamp duties, applicable goods and services tax and other related expenses) not exceeding:-

- (i) in the case of a Market Purchase: 105% of the Average Closing Price of the Shares
- (ii) in the case of an Off-Market Purchase: 120% of the Average Closing Price of the Shares

where:

“Average Closing Price” means the average of the closing market prices of the Shares over the last five (5) consecutive market days, on which transactions in the Shares were recorded, before the day on which the Shares are transacted on the SGX-ST, immediately preceding the date of Market Purchase by the Company or, as the case may be, the date of the making of the offer pursuant to the Off-Market Purchase pursuant to the equal access scheme, and deemed to be adjusted for any corporate action that occurs after the relevant five (5) consecutive market days;

“day of the making of the offer” means the day on which the Company announces its intention to make an offer for the purchase of Shares from shareholders of the Company stating the purchase price (which shall not be more than the Maximum Price calculated on the foregoing basis) for each Share and the relevant terms of the equal access scheme for effecting the Off-Market Purchase;

- (d) the Directors of the Company and/or any of them be and are hereby authorised to deal with the Shares purchased by the Company, pursuant to the Share Purchase Mandate in any manner as may be permitted under the Act; and
- (e) the Directors of the Company and/or any of them be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) as they and/or he may consider expedient or necessary to give effect to the transactions contemplated by this Resolution.

### **RESOLUTION 3**

#### **Ordinary Resolution: Adoption of the Chip Eng Seng Performance Share Plan**

That:-

- (a) a new performance share plan to be known as the “Chip Eng Seng Performance Share Plan” (the “Plan”), under which awards (“Awards”) of fully-paid shares in the Company (“Shares”) will be issued free of charge to selected employees of the Company (including Directors of the Company) and other selected participants, be and is hereby approved;
- (b) the Directors of the Company be and are hereby authorised:-
  - (i) to establish and administer the Plan;
  - (ii) to modify and/or amend the Plan from time to time provided that such modification and/or amendment is effected in accordance with the provisions of the Plan and to do all such acts and to enter into all such transactions, arrangement and agreements as may be necessary or expedient in order to give full effect to the Plan; and

- (c) the Directors of the Company be and are hereby authorised to offer and grant Awards in accordance with the provisions of the Plan and to allot and issue from time to time such number of Shares as may be required to be issued pursuant to the vesting of Awards under the Plan, provided that the aggregate number of Shares to be issued pursuant to the Plan and other share-based incentive schemes of the Company shall not exceed 15% of the total number of Shares of the Company from time to time.

BY ORDER OF THE BOARD

Abdul Jabbar Bin Karam Din  
Joint Company Secretary  
2 April 2007

Notes:

1. A member entitled to attend and vote at the Extraordinary General Meeting is entitled to appoint not more than two proxies to attend and vote in his stead and any such proxy need not be a member of the Company.
2. The instrument appointing a proxy must be lodged 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 the Extraordinary General Meeting.
3. The instrument appointing a proxy must be signed by the appointor or his attorney duly authorised in writing. Where the instruction appointing a proxy is executed by a corporation, it must be duly executed either under its seal or under the hand of any officer or attorney duly authorised.

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## PROXY FORM

(Please see notes overleaf before completing this Form)

### CHIP ENG SENG CORPORATION LTD

(Incorporated in Singapore)  
(Registration No. 199805196H)

I/We, \_\_\_\_\_

of \_\_\_\_\_

being a member/members of Chip Eng Seng Corporation Ltd (the "Company"), hereby appoint:

Name	NRIC/ Passport No.	Proportion of Shareholding (%)	
		No. of shares	%

and/or failing him/her (delete as appropriate)

Name	NRIC/ Passport No.	Proportion of Shareholding (%)	
		No. of shares	%

or failing him/her the Chairman of the Meeting as my/our proxy/proxies to attend and vote for me/us on my/our behalf and, if necessary, to demand a poll, at the Extraordinary General Meeting of the Company to be held at Emerald Suite, Golf Clubhouse-Level II Orchid Country Club No. 1 Orchid Club Road, Singapore 769162 on Friday, 27 April 2007 at 11.00 a.m. (or immediately after the conclusion or adjournment of the Annual General Meeting of the Company to be held at 10.00 a.m. on the same day and at the same place) and at any adjournment thereof.

The proxy/proxies shall vote on the Resolutions set out in the notice of meeting in accordance with my/our directions as indicated with an "x" in the appropriate space below. Where no such direction is given, the proxy/proxies may vote or abstain from voting at his/their discretion, on any matter at the Meeting or at any adjournment thereof.

No.	SPECIAL RESOLUTION	For	Against
1	To authorize the adoption of New Articles of Association of the Company ( <b>Resolution 1</b> )		
<b>ORDINARY RESOLUTIONS</b>			
2	To authorize the adoption of the Share Purchase Mandate of the Company ( <b>Resolution 2</b> )		
3	To authorize the adoption of the Chip Eng Seng Performance Share Plan ( <b>Resolution 3</b> )		

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2007

Total number of Shares in:	
(a) CDP Register	
(b) Register of Members	

\_\_\_\_\_  
Signature of Shareholder(s)  
Or Common Seal of Corporate Shareholder



**Notes:**

1. Please insert the total number of shares held by you. If you have shares entered against your name in the Depository Register (as defined in Section 130A of the Companies Act, Chapter 50), you should insert that number of shares. If you have shares registered in your name in the Register of Members of the Company, you should insert that number of shares. If you have shares entered against your name in the Depository Register and shares registered in your name in the Register of Members, you should insert the aggregate number of shares. If no number is inserted, this form of proxy will be deemed to relate to all the shares held by you.
2. A member entitled to attend and vote at a meeting of the Company is entitled to appoint not more than two proxies to attend and vote on his behalf. A proxy need not be a member of the Company.
3. The instrument appointing a proxy or proxies must be deposited at the Company's Registered Office at 69 Ubi Crescent #06-01, CES Building, Singapore 408561 not less than 48 hours before the time set for the meeting.
4. Where a member appoints more than one proxy, he shall specify the proportion of his shareholding to be represented by each proxy.
5. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed under its common seal or under the hand of its officer or attorney duly authorised.
6. Where an instrument appointing a proxy or proxies is signed on behalf of the appointor by an attorney, the power of attorney (or other authority) or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument of proxy, failing which the instrument may be treated as invalid.
7. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the meeting, in accordance with Section 179 of the Companies Act, Chapter 50.

**General:**

The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of shares entered in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if the member, being the appointor, is not shown to have shares entered against his name in the Depository Register as at 48 hours before the time appointed for holding the Annual General Meeting, as certified by The Central Depository (Pte) Limited to the Company.

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