

NOTICE OF ANNUAL GENERAL MEETING

Co. Reg. No. 199805196H (the "Company")

NOTICE IS HEREBY GIVEN that the Annual General Meeting of the Company will be held at Sapphire Suite, Social Clubhouse – Level II, Orchid Country Club, No. 1 Orchid Club Road, Singapore 769162 on Wednesday, 26 April 2017 at 10.00 a.m. for the following purposes:

AS ROUTINE BUSINESS:

- To receive and adopt the Directors' Statement and the Audited Financial Statements of the Company for the financial year ended 31 December 2016 and the Auditors' Report thereon. **(Resolution 1)**
- To declare a Tax Exempt One-Tier First and Final Dividend of 4.0 cents per ordinary share for the financial year ended 31 December 2016 (2015: Tax Exempt One-Tier First and Final Dividend of 4.0 cents per ordinary share). **(Resolution 2)**
- To re-elect Mr Hoon Tai Meng, being a Director who retires by rotation pursuant to Article 115 of the Constitution of the Company. **(Resolution 3)**
[See Explanatory Note (i)]
- To re-elect Mr Ang Mong Seng, being a Director who retires by rotation pursuant to Article 115 of the Constitution of the Company. **(Resolution 4)**
[See Explanatory Note (ii)]
- To re-elect Mr Ung Gim Sei, being a Director who retires by rotation pursuant to Article 115 of the Constitution of the Company. **(Resolution 5)**
[See Explanatory Note (iii)]
- To re-elect Mr Lui Tuck Yew, being a Director who retires pursuant to Article 119 of the Constitution of the Company. **(Resolution 6)**
[See Explanatory Note (iv)]
- To approve the payment of additional Directors' fees of \$1,200 for the financial year ended 31 December 2016. **(Resolution 7)**
- To approve the payment of Directors' fees of \$305,000 for the financial year ending 31 December 2017, to be paid quarterly in arrears. (2016: \$290,000) **(Resolution 8)**
- To re-appoint Messrs Ernst & Young LLP as Auditors and to authorise the Directors to fix their remuneration. **(Resolution 9)**
- To transact any other routine business which may properly be transacted at an Annual General Meeting.

AS SPECIAL BUSINESS:

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

11. "SHARE ISSUE MANDATE

That pursuant to Section 161 of the Companies Act, Cap. 50 (the "**Companies Act**") and Rule 806 of the Listing Manual of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") and notwithstanding the provisions of the Constitution of the Company, authority be hereby given to the Directors of the Company to:

- (i) allot and issue shares in the capital of the Company (whether by way of rights, bonus or otherwise); and/or
(ii) make or grant offers, agreements or options that may or would require shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures or other instruments convertible into shares (collectively, "**Instruments**"),
at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may in their absolute discretion deem fit; and
- (notwithstanding that the authority conferred by this Resolution may have ceased to be in force) issue shares in pursuance of any Instrument made or granted by the Directors while this Resolution was in force,
provided that:
 - the aggregate number of shares to be issued pursuant to this Resolution (including shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution does not exceed fifty per cent. (50%) of the total number of issued shares excluding treasury shares of the Company (as calculated in accordance with sub-paragraph (ii) below), of which the aggregate number of shares to be granted other than on a pro-rata basis to shareholders of the Company with registered addresses in Singapore (including shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed twenty per cent. (20%) of the total number of issued shares excluding treasury shares of the Company (as calculated in accordance with sub-paragraph (ii) below);
 - for the purpose of determining the aggregate number of shares that may be issued under sub-paragraph (i) above, the percentage of the total number of issued shares excluding treasury shares of the Company shall be calculated based on the total number of issued shares excluding treasury shares of the Company at the time of the passing of this Resolution, after adjusting for:
 - new shares arising from the conversion or exercise of any convertible securities;
 - new shares arising from exercise of share options or vesting of share awards outstanding or subsisting at the time of the passing of this Resolution, provided the options or awards were granted in compliance with Part VIII of Chapter 8 of the Listing Manual of the SGX-ST; and
 - any subsequent bonus issue, consolidation or subdivision of shares;
 - the fifty per cent. 50% limit under sub-paragraph (i) above, may be increased to one hundred per cent. (100%) where the Company undertakes a pro-rata renounceable rights issue in accordance with, and subject to the terms and conditions set out in Practice Note 8.3 of the SGX-ST Listing Rules ("**Rights Issue Limit**");
 - the aggregate number of shares issued pursuant to the authority conferred by this resolution shall not exceed 100% of the total number of issued shares excluding treasury shares of the Company (as calculated in accordance with sub-paragraph (ii) above).
 - in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Listing Manual of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the Constitution for the time being of the Company; and
 - unless revoked or varied by the Company in general meeting, the authority conferred by this Resolution shall continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier."

12. "SHARE PURCHASE MANDATE

- That:-
- for the purposes of Sections 76C and 76E of the Companies 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:-
 - market purchases (each a "**Market Purchase**") on the Singapore Exchange Securities Trading Limited ("**SGX-ST**"); and/or
 - 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 Companies 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**");
 - 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:
 - the date on which the next Annual General Meeting of the Company is held or required by law to be held;
 - the date on which the Share purchases are carried out to the full extent mandated; or
 - the date on which the authority conferred by the Share Purchase Mandate is revoked or varied by Shareholders in general meeting;
 - in this Resolution:

"**Prescribed Limit**" means 10% of the total number of issued ordinary Shares (excluding Shares which are held as treasury shares) of the Company as at the date of the passing of this Resolution unless the Company has effected a reduction of the share capital of the Company in accordance with the applicable provisions of the Companies Act, at any time during the Relevant Period, in which event the issued ordinary share capital of the Company shall be taken to be the amount of issued ordinary share capital of the Company as altered (excluding Shares which are held as treasury shares as at that date);

"**Relevant Period**" means the period commencing from the date on which the last Annual General Meeting was held and expiring on the date of the next Annual General Meeting is held or is required by law to be held, whichever is the earlier, after the date 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:-

- in the case of a Market Purchase: 105% of the Average Closing Price of the Shares; and
- 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 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 consecutive Market Days; and

"**Date 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 Companies 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."

13. "CHIP ENG SENG PERFORMANCE SHARE PLAN"

- That:
- The extension of the duration of the Chip Eng Seng Performance Share Plan (the "**Plan**") for a period of ten (10) years from (and including 26 April 2017), up to (and including 25 April 2027), be and is hereby approved;
 - the amended Plan, as set out in Appendix 1 of the Appendix to the Notice of Annual General Meeting dated 10 April 2017 incorporating the alterations to the Plan as described in the Appendix, be and are hereby approved and adopted for, and to the exclusion of, the existing Plan, and shall, for the avoidance of doubt, also apply to the holders of Awards of the Shares granted but not yet vested, under the Plan as at the date of the passing of this Resolution;
 - the Directors of the Company be and are hereby authorised to modify and/or alter the Plan at any time and from time to time, provided that such modification and/or alteration is effected in accordance with the amended Plan, and to do all such acts and to enter into all transactions and arrangements as may be necessary or expedient in order to give full effect to the amended Plan;
 - subject to the amended Plan, the Directors of the Company be and are hereby authorised to offer and grant awards in accordance with the provisions of the amended Plan and pursuant to Section 161 of the Companies Act, Cap.50, to allot and issue from time to time such number of shares in the capital of the Company as may be required to be issued or issuable pursuant to the vesting of the awards under the amended Plan, provided that the aggregate number of shares to be issued pursuant to the amended Plan and the Share Option Scheme shall not exceed fifteen per cent. (15%) of the total number of shares, excluding treasury shares of the Company from time to time;
 - in this Resolution:

"**Awards**" means a contingent award of Shares granted under the rules of the Plan;

"**Released Award**" means an Award which has been released in accordance with the rules of the Plan;

"**Shares**" means ordinary shares in the capital of the Company;

"**Shareholders**" means registered holders of the Shares;

"**Share Option Scheme**" means the share option scheme approved by the Shareholders at an extraordinary general meeting of the Company on 25 April 2013; and

"**Vesting**" means 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."

[See Explanatory Note (vii)] **(Resolution 12)**

By Order of the Board

Abdul Jabbar Bin Karam Din
Joint Company Secretary
Singapore, 10 April 2017

NOTES:

- Save as provided in the Constitution, a member (other than a Relevant Intermediary*) entitled to attend and vote at the Annual General Meeting is entitled to appoint up to two proxies to attend and vote in his stead. A proxy need not be a member of the Company.
- A Relevant Intermediary* may appoint more than two proxies, but each proxy must be appointed to exercise the rights attached to a different share or shares held by him (which number and class of shares shall be specified).
- The instrument appointing a proxy must be deposited at the Registered Office of the Company at 171 Chin Swee Road #12-01 CES Centre Singapore 169877, not less than 48 hours before the time appointed for holding the Annual General Meeting.

* A Relevant Intermediary is:

 - a banking corporation licensed under the Banking Act (Cap. 19) or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity; or
 - a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act (Cap. 289) and who holds shares in that capacity; or
 - the Central Provident Fund Board established by the Central Provident Fund Act (Cap. 36), in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

EXPLANATORY NOTES:

- Resolution 3** is to re-elect Mr Hoon Tai Meng as a Director of the Company. Mr Hoon, upon re-election, will remain as an Executive Director and a member of the Nominating Committee of the Company.
- Resolution 4** is to re-elect Mr Ang Mong Seng as an Independent Director of the Company. Mr Ang, upon re-election, will remain as the Lead Independent Director and the Chairman of the Audit Committee and a member of the Nominating Committee and the Remuneration Committee of the Company.
- Resolution 5** is to re-elect Mr Ung Gim Sei as an Independent Director of the Company. Mr Ung, upon re-election, will remain as an Independent Director and the Chairman of the Remuneration Committee and a member of the Audit Committee and the Nominating Committee of the Company.
- Resolution 6** is to re-elect Mr Lui Tuck Yew as an Independent Director of the Company. Mr Lui, upon re-election, will remain as an Independent Director and a member of the Audit Committee of the Company.
- Resolution 10 is to empower the Directors to allot and issue shares in the capital of the Company and/or Instruments (as defined above). The aggregate number of shares to be issued pursuant to Resolution 10 (including shares to be issued in pursuance of Instruments made or granted) shall not exceed fifty per cent. (50%) of the total number of issued shares excluding treasury shares of the Company, with a sub-limit of twenty per cent. (20%) for shares issued other than on a pro rata basis (including shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) to shareholders with registered addresses in Singapore. For the purpose of determining the aggregate number of shares that may be issued, the percentage of the total number of issued shares excluding treasury shares of the Company will be calculated based on the total number of issued shares excluding treasury shares of the Company at the time of the passing of Resolution 10, after adjusting for (i) new shares arising from the conversion or exercise of any convertible securities; (ii) new shares arising from exercise of share options or vesting of share awards outstanding or subsisting at the time of the passing of Resolution 10, provided the options or awards were granted in compliance with Part VIII of Chapter 8 of the Listing Manual of the SGX-ST; and (iii) any subsequent bonus issue, consolidation or subdivision of shares.
The allotment and issuance of shares in the Company up to one hundred per cent. (100%) of its issued capital by way of a pro-rata renounceable rights issue is a temporary waiver of Rule 806(2) to widen the available fund-raising avenues of the issuers that may be facing challenges amid current uncertainties and the tightening of financial conditions and will be in effect until 31 December 2018.
The aforesaid mandate to issue up to one hundred per cent. (100%) of the Company's issued capital is conditional upon the following:
 - such issue is for the purpose of financing the Company's business needs and is not applicable to a non-renounceable rights issue;
 - the Company making periodic announcements on the use of the proceeds as and when the funds are materially disbursed; and
 - the Company providing a status on the use of proceeds in the annual report.This mandate, if passed, will provide the Directors with an opportunity to raise funds and avoid prolonged market exposure by reducing the time taken for shareholders' approval, in the event the need arises. The Board of Directors of the Company is of the view that the Rights Issue Limit is in the interests of the Company and its Shareholders.

- Resolution 11** is to empower the Directors from the date of the above Meeting until the next Annual General Meeting to purchase or otherwise acquire issued ordinary Shares by way of market purchases or off-market purchases of up to ten percent (10%) of the total number of issued Shares (excluding treasury shares) at the Maximum Price in accordance with the terms and conditions set out in Appendix dated 10 April 2017 to this Notice of Annual General Meeting, the Companies Act and the Listing Manual of the SGX ST. Please refer to Appendix dated 10 April 2017 circulated together with the Company's Annual Report for details.

- Resolution 12** is to extend and amend the Chip Eng Seng Performance Share Plan (the "**Plan**"). The Plan is a share incentive scheme which was put into effect for an initial duration of up to ten years commencing on 27 April 2007 and is expiring on 26 April 2017. Accordingly, the Shareholders' approval is being sought for an extension of the duration of the Plan for a further duration of **ten (10) years from (and including 26 April 2017), up to (and including 25 April 2027)**. Since the commencement of the Plan in 2007, amendments have also been made to the listing manual of the SGX-ST ("**Listing Manual**") such that the adoption of all share plans (including share incentive plans that only involve the use of treasury shares) require the approval of the shareholders and have to comply with the relevant rules under Part VIII of Chapter 8 of the Listing Manual. Accordingly, certain alterations are proposed to be made to the existing rules of the Plan so as to comply with the relevant rules under Part VIII of Chapter 8 of the Listing Manual and refine the language used in the existing rules of the Plan. Please refer to the Appendix to this Notice of AGM dated 10 April 2017 for further details.

Personal data privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Annual General Meeting and/or any adjournment thereof, a member of the Company: (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the Annual General Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Annual General Meeting (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "**Purposes**"); (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes; and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.