

CIRCULAR DATED 9 APRIL 2019

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

This Circular is issued by CEI Limited (the “Company”). If you are in any doubt as to the course of action you should take, you should consult your stockbroker, bank manager, solicitor, accountant or any other professional adviser immediately.

If you have sold or transferred all your ordinary shares in the capital of the Company (the “**Shares**”), please forward this Circular together with the Notice of Extraordinary General Meeting and the enclosed Proxy Form to the purchaser or transferee, or to the bank, stockbroker or agent through whom the sale or transfer was effected, for onward transmission to the purchaser or the transferee.

This Circular has not been examined or approved by the Singapore Exchange Securities Trading Limited, and the Singapore Exchange Securities Trading Limited assumes no responsibility for the correctness of any of the statements made, opinions expressed or reports contained in this Circular.



(formerly known as CEI Contract Manufacturing Limited)
(Incorporated in the Republic of Singapore)
(Company Registration No.: 199905114H)

CIRCULAR TO SHAREHOLDERS

in relation to

PROPOSED RENEWAL OF THE GENERAL MANDATE FOR INTERESTED PERSON TRANSACTIONS

IMPORTANT DATES AND TIMES

Last date and time for lodgement of Proxy Form	:	18 April 2019 at 11:30 a.m.
Date and time of EGM	:	24 April 2019 at 11:30 a.m. (or as soon thereafter following the conclusion of the Annual General Meeting of the Company to be held at 10:15 a.m. on the same day and at the same venue)
Place of EGM	:	The Grassroots' Club, 190 Ang Mo Kio Avenue 8, Singapore 568046

CONTENTS

1	INTRODUCTION.....	6
2	PROPOSED RENEWAL OF THE GENERAL IPT MANDATE	6
3	STATEMENT OF THE AUDIT COMMITTEE	7
4	DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' INTERESTS.....	8
5	DIRECTORS' RECOMMENDATION	9
6	EXTRAORDINARY GENERAL MEETING.....	9
7	ACTION TO BE TAKEN BY SHAREHOLDERS.....	9
8	ABSTENTION FROM VOTING	9
9	DIRECTORS' RESPONSIBILITY STATEMENT.....	10
10	DOCUMENTS AVAILABLE FOR INSPECTION	10
	APPENDIX - 2018 LETTER IN RELATION TO THE PROPOSED IPT MANDATE.....	11
	NOTICE OF EGM.....	23
	PROXY FORM	25

DEFINITIONS

Except where the context otherwise requires, the following definitions shall apply throughout this Circular:

- “2018 EGM”** : The extraordinary general meeting of the Company held at The Grassroots’ Club, 190 Ang Mo Kio Avenue 8, Singapore 568046 on 20 April 2018
- “2018 Letter”** : The letter from the Company to Shareholders dated 5 April 2018 in relation to the Proposed General IPT Mandate, an extract of which is attached to the Appendix of this Circular
- “Associate”** : (a) in relation to any director, chief executive officer, substantial shareholder or controlling shareholder (being an individual) means:
- (i) his immediate family;
 - (ii) the trustees of any trust of which he or his immediate family is a beneficiary or, in the case of a discretionary trust, is a discretionary object; and
 - (iii) any company in which he and his immediate family together (directly or indirectly) have an interest of thirty per cent. (30%) or more,
- (b) in relation to a substantial shareholder or a controlling shareholder (being a company) means any other company which is its subsidiary or holding company or is a subsidiary of such holding company or one in the equity of which it and/or such other company or companies taken together (directly or indirectly) have an interest of thirty per cent. (30%) or more
- “Audit Committee”** : The audit committee of the Company as at the date of this Circular, comprising Tan Bien Chuan, Tang Martin Yue Nien, Gan Chee Yen, and Colin Ng Teck Sim
- “Board” or “Directors”** : The directors of the Company as at the date of this Circular and **“Director”** shall be construed accordingly
- “CDP”** : The Central Depository (Pte) Limited
- “Circular”** : This circular to Shareholders dated 9 April 2019
- “Companies Act”** : The Companies Act (Cap.50) of Singapore
- “Company”** : CEI Limited
- “EGM”** : The extraordinary general meeting of the Company to be held at 24 April 2019 at 11:30 a.m. (or as soon thereafter following the conclusion of the Annual General Meeting of the Company to be held at 10:15 a.m. on the same day and at the same venue), notice of which is set out on page 23 of this Circular
- “Executive Officer”** : The executive chairman, managing director or chief financial officer of the Company as at the relevant time
- “FY”** : Financial year ended or ending 31 December, as the case may be
- “General IPT Mandate”** : Has the meaning ascribed to it in Section 2.1 of this Circular

DEFINITIONS

“Group”	: The Company and its subsidiaries
“IFA”	: SAC Capital Private Limited, the independent financial adviser appointed by the Company to advise the Non-Interested Directors with respect to the Proposed General IPT Mandate
“IFA Letter”	: The letter from the IFA to the Non-Interested Directors dated 5 April 2018, which was attached as an appendix to the 2018 Letter
“Interested Persons”	: Interested persons of the Company who fall within the Proposed General IPT Mandate, as further described in Section 3.2 of the 2018 Letter, and “Interested Person” means any one of them
“Interested Person Transactions”	: All interested person transactions entered into by the Group with interested persons, including the Mandated Transactions, and “Interested Person Transaction” shall be construed accordingly
“IPL”	: Innosparks Pte. Ltd.
“IPT Register”	: Has the meaning ascribed to it in Section 3.6.3 of the 2018 Letter
“Latest Practicable Date”	: 27 March 2019 being the latest practicable date prior to the printing of this Circular
“Listing Manual”	: The mainboard rules of the listing manual of the SGX-ST
“Mandated Transactions”	: Has the meaning ascribed to it in Section 3.4 of the 2018 Letter
“Non-Interested Directors”	: The Directors other than those who are regarded as interested for the purposes of making a recommendation on the proposed renewal of the General IPT Mandate, as set out in Section 5 of this Circular
“Notice of EGM”	: The notice of EGM as set out on page 23 of this Circular
“NTA”	: Net tangible assets
“Proposed General IPT Mandate”	: Has the meaning ascribed to it in Section 1.1 of the 2018 Letter
“RTPL”	: Republic Technologies Pte Ltd
“Securities Account”	: The securities account maintained by a depositor with the CDP
“SGX-ST”	: Singapore Exchange Securities Trading Limited
“Shareholders”	: Registered holders of Shares, except that where the registered holder is the CDP, the term “Shareholders” shall, in relation to such Shares, mean the persons whose direct Securities Accounts maintained with the CDP are credited with the Shares
“Shares”	: Issued and paid-up ordinary shares in the capital of the Company
“STEGL”	: Singapore Technologies Engineering Limited
“STESS”	: ST Electronics (Satcom & Sensor Systems) Pte. Ltd.
“THPL”	: Temasek Holdings (Private) Limited

DEFINITIONS

“TIHT”	: TIHT Investment Holdings Pte Ltd
“S\$”	: Singapore dollars, being the lawful currency of Singapore
“%”	: Per centum or percentage

The terms “**Depositor**”, “**Depository Agent**” and “**Depository Register**” shall have the meanings ascribed to them respectively in Section 81SF of the Securities and Futures Act (Cap. 289) of Singapore. The term “**subsidiary**” shall have the meaning ascribed to it in Section 5 of the Companies Act. The term “**substantial shareholder**” shall have the meaning ascribed to it in Section 81 of the Companies Act.

Words importing the singular number shall include the plural number where the context admits and *vice versa*. Words importing the masculine gender shall include the feminine and neuter gender where the context admits. References to persons shall, where applicable, 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, the Listing Manual or any statutory modification thereof and used in this Circular shall have the meaning assigned to it under the Companies Act, the Listing Manual or any statutory modification thereof, as the case may be, unless otherwise provided.

General information relating to Chapter 9 of the Listing Manual, including terms such as “**interested person**”, “**associate**” and “**controlling shareholder**”, are set out in Section 2 of this Circular.

The headings in this Circular are inserted for convenience only and shall be ignored in construing this Circular.

Any reference to a time of a day in this Circular is a reference to Singapore time unless otherwise stated.

Any discrepancies in the tables in this Circular between the listed amounts and the totals thereof and/or the respective percentages are due to rounding.

LETTER TO SHAREHOLDERS

CEI LIMITED

(Incorporated in the Republic of Singapore)
(Company Registration No.: 199905114H)

Directors:

Mr. Tien Sing Cheong (*Executive Chairman*)
Mr. Tan Ka Huat (*Managing Director*)
Mr. Tan Bien Chuan (*Lead Independent Director*)
Mr. Gan Chee Yen (*Non-Executive Director*)
Dr. Tang Martin Yue Nien (*Independent Director*)
Mr. Colin Ng Teck Sim (*Independent Director*)
Mr. Wang Ya Lun Allen (*Alternate Director to Mr. Gan Chee Yen*)

Registered Office:

2 Ang Mo Kio Avenue 12
Singapore 569707

9 April 2019

To: The Shareholders of CEI Limited

Dear Sir/Madam

PROPOSED RENEWAL OF THE GENERAL MANDATE FOR INTERESTED PERSON TRANSACTIONS

1 INTRODUCTION

- 1.1 The Directors are convening an EGM to be held on 24 April 2019 at 11:30 a.m. (or as soon thereafter following the conclusion of the Annual General Meeting of the Company to be held at 10:15 a.m. on the same day and at the same venue) at The Grassroots' Club, 190 Ang Mo Kio Avenue 8, Singapore 568046 to seek the Shareholders' approval for the proposed renewal of the General IPT Mandate.
- 1.2 The purpose of this Circular is to provide Shareholders with the relevant information relating to and explaining the rationale for the proposed renewal of the General IPT Mandate and to seek Shareholders' approval for the resolution in respect thereof to be tabled at the EGM, the notice of which is set out on page 23 of this Circular.
- 1.3 Shareholders should read this Circular carefully and consider the recommendation of the Directors in Section 5 of this Circular in respect of the proposed renewal of the General IPT Mandate.

2 PROPOSED RENEWAL OF THE GENERAL IPT MANDATE

2.1 Background

The Company previously had, at the 2018 EGM, obtained the approval of Shareholders for the adoption of a general mandate pursuant to Chapter 9 of the Listing Manual permitting companies within the Group, or any of them, to enter into the transactions as set out in Section 3.4 of the Appendix, with the Interested Persons, provided that such transactions are on an arm's length basis, on normal commercial terms and will not be prejudicial to the interests of the Company and its minority Shareholders ("**General IPT Mandate**").

2.2 Expiry and renewal of the General IPT Mandate

The General IPT Mandate will expire at the Annual General Meeting of the Company unless it is renewed by the Shareholders. Accordingly, the Company intends to seek a renewal of the General IPT Mandate at the EGM. If approval is obtained from the Shareholders at the EGM, the General IPT Mandate will be renewed with effect from the date of the passing of the ordinary resolution as set out in the Notice of EGM in respect of the proposed renewal of the General IPT Mandate, and will (unless revoked or varied by the Company in a general meeting) continue to be in force until

LETTER TO SHAREHOLDERS

the next annual general meeting of the Company. Approval from the Shareholders may be sought for the renewal of the General IPT Mandate at each subsequent annual general meeting of the Company, subject to satisfactory review by the Audit Committee of the continued applicability of the General IPT Mandate to the Mandated Transactions and the continued sufficiency of the review procedures to ensure that the transactions with Interested Persons will be carried out on normal commercial terms and will not be prejudicial to the interests of the Company and its minority Shareholders.

2.3 Particulars of the General IPT Mandate

The details of the General IPT Mandate, including the classes of Interested Persons, the categories of Mandated Transactions, the rationale for the General IPT Mandate and benefit to the Group, the guidelines and review procedures under the General IPT Mandate and other general information relating to Chapter 9 of the Listing Manual remain unchanged and are set out in the Appendix.

2.4 Transactions between the Group and the Interested Persons

In the course of the financial year ended 31 December 2018, the Group had entered into the following classes of transactions with the Interested Persons and the relevant aggregate value of each class, which includes all transactions including transactions below S\$100,000 in value, rounded to the nearest S\$1,000, is as follows:

Transactions between the Group and STESS

Class of Transaction	Amount (S\$'000)
Contract manufacturing services of printed circuit board assembly	368

Transactions between the Group and IPL

Class of Transaction	Amount (S\$'000)
Contract manufacturing services of equipment assembly	344

While the above-mentioned transactions have not as yet triggered any of the thresholds as described in Section 2.2 of the Appendix such that an announcement or shareholders' approval is required, it is envisaged that the Group may continue to enter into certain recurring transactions in the ordinary course of business with the Interested Persons.

2.5 Disclosure

Pursuant to Rule 920(1)(a) of the Listing Manual, the Company will disclose the General IPT Mandate and the aggregate value of the Mandated Transactions conducted pursuant to the General IPT Mandate in the annual report of the Company for the current financial year and in the annual reports for the subsequent financial years during which the General IPT Mandate is in force.

In addition, the Company will announce the aggregate value of the Mandated Transactions conducted pursuant to the General IPT Mandate for the financial periods which it is required to report on (pursuant to Rule 705 of the Listing Manual) within the timeframe required for the announcement of such report.

These disclosures will be in the form set out in Rule 907 of the Listing Manual.

3 STATEMENT OF THE AUDIT COMMITTEE

Pursuant to Rule 920(1)(c) of the Listing Manual, the Audit Committee confirms that:

- (a) the guidelines and review procedures for determining the transaction prices of the Mandated Transactions under the General IPT Mandate as set out in Section 3.6 of the

LETTER TO SHAREHOLDERS

Appendix have not changed since Shareholders approved the General IPT Mandate at the 2018 EGM; and

- (b) the methods or procedures referred to in sub-paragraph (a) above are sufficient to ensure that the Mandated Transactions will be carried out on normal commercial terms and will not be prejudicial to the interests of the Company and its minority Shareholders.

4 DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' INTERESTS

The interests of the Directors and substantial Shareholders of the Company, based on an issued share capital of 86,698,463, excluding 1,235,750 treasury shares, as at the Latest Practicable Date are set out below:

	Direct Interest No. of Shares	Deemed Interest No. of Share	Total Interest (%)
<u>Directors</u>			
Tien Sing Cheong	8,671,900	-	10.00
Tan Ka Huat	4,013,340 ⁽¹⁾	-	4.63
Gan Chee Yen	344,300	-	0.40
Tan Bien Chuan	469,700	-	0.54
Tang Martin Yue Nien	399,700	-	0.46
Colin Ng Teck Sim	157,000	-	0.18
Wang Ya Lun Allen (Alternate Director to Gan Chee Yen)	-	-	-
<u>Substantial shareholders (other than Directors)</u>			
Republic Technologies Pte Ltd	7,840,800	7,840,800 ⁽²⁾	18.09
Temasek Holdings (Private) Limited	-	15,681,600 ⁽³⁾	18.09
Temasek Capital (Private) Limited	-	15,681,600 ⁽³⁾	18.09
Seletar Investments Pte Ltd	-	15,681,600 ⁽³⁾	18.09
TIHT Investment Holdings Pte Ltd	7,840,800	-	9.04
Killian Court Pte. Ltd.	-	7,840,800 ⁽²⁾	9.04
TIH Limited	-	7,840,800 ⁽²⁾	9.04
ASM Ventures Limited	-	7,840,800 ⁽²⁾	9.04
ASM Asia Recovery (Master) Fund	-	7,840,800 ⁽²⁾	9.04
ASM Asia Recovery Fund	-	7,840,800 ⁽²⁾	9.04
ASM Hudson River Fund	-	7,840,800 ⁽²⁾	9.04
Argyle Street Management Limited	-	7,840,800 ⁽²⁾	9.04
Argyle Street Management Holdings Limited	-	7,840,800 ⁽²⁾	9.04
Kin Chan	-	7,840,800 ⁽²⁾	9.04
Li Yick Yee Angie	-	7,840,800 ⁽²⁾	9.04
V-Nee Yeh	-	7,840,800 ⁽²⁾	9.04

Notes:

- (1) 1,513,340 of the said 4,013,340 Shares are held by Tan Ka Huat in his sole name while the rest of the 2,500,000 Shares are held jointly by Tan Ka Huat and Tan Kylie.
- (2) Republic Technologies Pte Ltd, Killian Court Pte. Ltd., TIH Limited, ASM Ventures Limited, ASM Asia Recovery (Master) Fund, ASM Asia Recovery Fund, ASM Hudson River Fund, Argyle Street Management Limited, Argyle Street Management Holdings Limited, Kin Chan, Li Yick Yee Angie and V-Nee Yeh are deemed to have an interest in the 7,840,800 Shares held by TIHT Investment Holdings Pte Ltd.
- (3) Temasek Holdings (Private) Limited, Temasek Capital (Private) Limited and Seletar Investments Pte Ltd are deemed to have an interest in the 7,840,800 shares held by Republic Technologies Pte Ltd and TIHT Investment Holdings Pte Ltd.

LETTER TO SHAREHOLDERS

5 DIRECTORS' RECOMMENDATION

Mr Gan Chee Yen (who is an employee of Fullerton Financial Holdings Pte Ltd, a wholly owned subsidiary of THPL) and Mr Wang Ya Lun Allen (who is an employee of TIH Limited, the holding company of TIHT), shall abstain from making any recommendations on the approval of the proposed renewal of the General IPT Mandate to be tabled at the EGM.

Save as disclosed above, none of the Directors is deemed to be interested for the purpose of making a recommendation to the Shareholders in respect of the proposed renewal of the General IPT Mandate.

The Non-Interested Directors, having considered, among other things, the terms, rationale and benefits of the General IPT Mandate, the review procedures of the Company for the Mandated Transactions and the role of the Audit Committee in enforcing the General IPT Mandate, are of the view that the proposed renewal of the General IPT Mandate is in the best interests of the Company and its Shareholders.

Accordingly, the Non-Interested Directors recommend that Shareholders vote in favour of the ordinary resolutions set out in the Notice of EGM.

6 EXTRAORDINARY GENERAL MEETING

The EGM, notice of which is set out on page 23 of this Circular, will be held on 24 April 2019 at 11:30 a.m. (or as soon thereafter following the conclusion of the Annual General Meeting of the Company to be held at 10:15 a.m. on the same day and at the same venue) at The Grassroots' Club, 190 Ang Mo Kio Avenue 8, Singapore 568046, for the purpose of considering and, if thought fit, passing with or without any modifications, the ordinary resolution as set out in the Notice of EGM.

7 ACTION TO BE TAKEN BY SHAREHOLDERS

Shareholders who are unable to attend the EGM and who wish to appoint a proxy or proxies to attend and vote on their behalf, will find enclosed with 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 2 Ang Mo Kio Avenue 12, Singapore 569707, not less than 72 hours before the time appointed for the holding of the EGM. The completion and return 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 or proxies should he subsequently wish to do so.

8 ABSTENTION FROM VOTING

Rule 919 of the Listing Manual provides that interested persons and their associates must not vote on any shareholders' resolution approving any mandate or renewal thereof in respect of any interested person transactions under Chapter 9 of the Listing Manual, nor accept appointments as proxies unless specific instructions as to voting are given.

Following therefrom, the Interested Persons and their directors and Associates, namely RTPL and TIHT as Associates of the Interested Persons, will:

- (a) to the extent that they are Shareholders at the time of the EGM, abstain from voting in respect of the ordinary resolution relating to the proposed renewal of the General IPT Mandate as set out in the Notice of EGM; and

LETTER TO SHAREHOLDERS

- (b) decline to accept appointment as proxies for any Shareholder to vote in respect of the ordinary resolution relating to the proposed renewal of the General IPT Mandate, unless the Shareholder concerned have given specific instructions in his proxy form as to the manner in which his votes are to be cast in respect of the said resolution.

9 DIRECTORS' RESPONSIBILITY STATEMENT

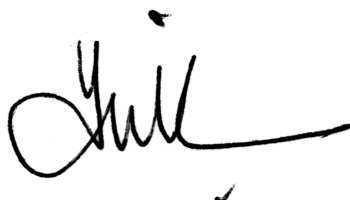
The Directors collectively and individually accept full responsibility for the accuracy of the information given in this Circular and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, this Circular constitutes full and true disclosure of all material facts about the proposed renewal of the General IPT Mandate, the Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this Circular misleading. Where information in this Circular has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this Circular in its proper form and context.

10 DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the registered office of the Company at 2 Ang Mo Kio Avenue 12, Singapore 569707, during normal business hours from the date hereof up to and including the date of the EGM:

- (a) Constitution of the Company; and
(b) the annual report of the Company for FY2018.

Yours faithfully



Tien Sing Cheong
Executive Chairman
For and on behalf of the Board of Directors of
CEI Limited

APPENDIX – 2018 LETTER

CEI LIMITED

(Incorporated in the Republic of Singapore)
(Company Registration No.: 199905114H)

Directors:

Mr. Tien Sing Cheong (*Executive Chairman*)
Mr. Tan Ka Huat (*Managing Director*)
Mr. Gan Chee Yen (*Non-Executive Director*)
Mr. Tan Bien Chuan (*Lead Independent Director*)
Dr. Tang Martin Yue Nien (*Independent Director*)
Mr. Colin Ng Teck Sim (*Independent Director*)
Mr. Wang Ya Lun Allen (*Alternate Director to Mr. Gan Chee Yen*)

Registered Office:

2 Ang Mo Kio Avenue 12
Singapore 569707

5 April 2018

To: The Shareholders of CEI Limited

Dear Sir/Madam

PROPOSED GENERAL MANDATE FOR INTERESTED PERSON TRANSACTIONS

1 INTRODUCTION

- 1.1 The Directors are convening an EGM to be held on 20 April 2018 at 11.30 a.m. (or as soon thereafter following the conclusion of the Annual General Meeting of the Company to be held at 10.15 a.m. on the same day and at the same venue) at The Grassroots' Club, 190 Ang Mo Kio Avenue 8, Singapore 568046 to seek the Shareholders' approval for the proposed Shareholders' general mandate pursuant to Chapter 9 of the Listing Manual permitting companies within the Group, or any of them, to enter into the transactions as set out in Section 3.4 of this Circular, with the Interested Persons, provided that such transactions are on an arm's length basis, on normal commercial terms and will not be prejudicial to the interests of the Company and its minority Shareholders ("**Proposed General IPT Mandate**").
- 1.2 The purpose of this Circular is to provide Shareholders with the relevant information relating to and explaining the rationale for the Proposed General IPT Mandate and to seek Shareholders' approval for the resolution in respect thereof to be tabled at the EGM, the notice of which is set out on page 21 of this Circular.
- 1.3 Shareholders should read this Circular and the letter from the IFA in the Appendix carefully and consider the recommendation of the Directors in Section 5 of this Circular and the opinion of the IFA to the Non-Interested Directors in the **Appendix** in respect of the Proposed General IPT Mandate.

2 CHAPTER 9 OF THE LISTING MANUAL

2.1 Background

Chapter 9 of the Listing Manual governs transactions in which a listed company or any of its subsidiaries or associated companies (known as an "**entity at risk**") enters into or proposes to enter into with a party who is an interested person of the listed company. The purpose is to guard against the risk that interested persons could influence the listed company, its subsidiaries or associated companies to enter into transactions with it that may adversely affect the interests of the listed company or its shareholders.

APPENDIX – 2018 LETTER

For the purpose of Chapter 9 of the Listing Manual:

- (a) an “**approved exchange**” means a stock exchange that has rules which safeguard the interests of shareholders against interested person transactions according to similar principles in Chapter 9 of the Listing Manual;
- (b) an “**associate**” in relation to any director, chief executive officer, substantial shareholder or controlling shareholder (being an individual) means his immediate family (i.e. spouse, child, adopted child, stepchild, sibling and parent), the trustees of any trust of which he or his immediate family is a beneficiary or, in the case of a discretionary trust, is a discretionary object, and any company in which he and his immediate family together (directly or indirectly) have an interest of 30% or more. An “**associate**” in relation to a substantial shareholder or controlling shareholder (being a company) means any other company which is its subsidiary or holding company or is a subsidiary of such holding company or one in the equity of which it and/or such other company or companies taken together (directly or indirectly) have an interest of 30% or more;
- (c) an “**associated company**” means a company in which at least 20% but not more than 50% of its shares are held by the listed company or group;
- (d) a “**chief executive officer**” means the most senior executive officer who is responsible under the immediate authority of the board of directors for the conduct of the business of the listed company;
- (e) a “**controlling shareholder**” is a person who holds directly or indirectly 15% or more of all voting shares in a listed company (unless otherwise excepted by SGX-ST) or in fact exercises control over the listed company;
- (f) an “**entity at risk**” means (i) a listed company; (ii) a subsidiary of the listed company that is not listed on the SGX-ST or an approved exchange; or (iii) an associated company of the listed company that is not listed on the SGX-ST or an approved exchange, provided that the listed group or the listed group and its interested person(s) has control over the associated company;
- (g) an “**interested person**” means a director, chief executive officer or controlling shareholder of a listed company, or an associate of such director, chief executive officer or controlling shareholder; and
- (h) an “**interested person transaction**” means a transaction between an entity at risk and an interested person, and a “**transaction**” includes the provision or receipt of financial assistance, the acquisition, disposal or leasing of assets, the provision or receipt of services, the issuance or subscription of securities, the granting of or being granted options and the establishment of joint ventures or joint investments, whether or not in the ordinary course of business and whether or not entered into directly or indirectly.

2.2 Financial Thresholds

An immediate announcement and/or shareholders’ approval would be required in respect of transactions with interested persons if the value of the transaction is equal to or exceeds certain financial thresholds.

In particular, an immediate announcement is required where:

- (a) the value of a proposed transaction is equal to or exceeds 3% of the listed group’s latest audited NTA; or

APPENDIX – 2018 LETTER

- (b) the aggregate value of all transactions (including the subject transaction) entered into with the same interested person during the same financial year, is equal to or more than 3% of the listed group's latest audited NTA.

In addition to an immediate announcement, shareholders' approval is required where:

- (a) the value of a proposed transaction is equal to or exceeds 5% of the listed group's latest audited NTA; or
- (b) the aggregate value of all transactions (including the subject transaction) entered into with the same interested person during the same financial year, is equal to or more than 5% of the listed group's latest audited NTA. A transaction which has been approved by shareholders, or is the subject of aggregation with another transaction that has been approved by shareholders, need not be included in any subsequent aggregation.

The abovementioned requirements for immediate announcement and/or shareholders' approval do not apply to any transaction below S\$100,000 and certain transactions which, by reason of the nature of such transactions, are not considered to put the listed company at risk to its interested person and hence excluded from the ambit of Chapter 9 of the Listing Manual.

2.3 The Group

For illustration purposes without regard to the Proposed General IPT Mandate, based on the Group's latest audited accounts for FY2017, the Group's latest audited NTA as at 31 December 2017 was approximately S\$37,670,783. Accordingly, in relation to the Group, for the purpose of Chapter 9 for the current financial year, Shareholders' approval is required where:

- (a) the transaction is of a value equal to, or more than, approximately S\$1,883,539, being 5% of the Group's latest audited NTA as at 31 December 2017; or
- (b) the transaction, when aggregated with other transactions entered into with the same interested person during the same financial year, is of a value equal to, or more than, approximately S\$1,883,539, being 5% of the Group's latest audited NTA as at 31 December 2017. The aggregation will, pursuant to the prevailing rules of the Listing Manual as at the Latest Practicable Date, exclude any transactions below S\$100,000 and any transactions that had been approved by the Shareholders previously, or is the subject of aggregation with another transaction that had been approved by the Shareholders.

2.4 General Mandate

Chapter 9 of the Listing Manual allows a listed company to seek a general mandate from its shareholders for recurrent transactions with interested persons where such transactions are of a revenue or trading nature or necessary for its day-to-day operations such as the purchase and sale of supplies and materials, but not in respect of the purchase or sale of assets, undertakings or businesses. A general mandate granted by shareholders is subject to annual renewal.

3 PROPOSED GENERAL IPT MANDATE

3.1 Information on the Company and the Group

The Company is incorporated in Singapore and listed on the Mainboard of the SGX-ST. As at the Latest Practicable Date, the Company has an issued and paid-up share capital of S\$23,897,299 comprising 86,698,463 ordinary shares and 1,235,750 treasury shares. The Group is principally engaged in contract manufacturing of printed circuit board assembly, box-build assembly, equipment assembly, cable harness assembly, prototype assemblies and value add engineering

APPENDIX – 2018 LETTER

works such as circuit layout and functional design. The Group is also engaged in design and manufacture of proprietary equipment.

3.2 **Classes of Interested Persons for the Purposes of the Proposed General IPT Mandate**

The Proposed General IPT Mandate applies to the Mandated Transactions that may be carried out with Singapore Technologies Engineering Limited (“**STEGL**”) and its subsidiaries (collectively, the “**Interested Persons**”).

For the avoidance of doubt, the Interested Persons would include such persons who may, during such period that the Proposed General IPT Mandate is effective, become Interested Persons where previously they were not so.

The details of STEGL and some of its subsidiaries with whom the Company has transacted are set out as follows:

Singapore Technologies Engineering Limited (“**STEGL**”)

STEGL is a public limited company incorporated in Singapore in 1997 and engages in the principal activities of being an investment holding company and the provision of integrated defence, engineering and related services.

As at the Latest Practicable Date, STEGL is a subsidiary of Temasek Holdings (Private) Limited (“**THPL**”) which is a controlling shareholder of the Company via its wholly-owned subsidiary, Republic Technologies Pte Ltd (“**RTPL**”). As at the Latest Practicable Date, RTPL holds 18.09% interest in the Company, comprising 9.04% direct shareholding and 9.04% deemed shareholding via TIHT Investment Holdings Pte Ltd (“**TIHT**”), in which RTPL has more than 20% direct shareholding.

Accordingly, STEGL is deemed to be an “interested person” for the purpose of Chapter 9 of the Listing Manual and any transactions entered into between the Group and STEGL will be regarded as interested person transactions and will be subject to Chapter 9 of the Listing Manual.

ST Electronics (Satcom & Sensor Systems) Pte. Ltd. (“**STESS**”)

STESS is a private company incorporated in Singapore on 6 August 1991 and is principally engaged in the provision of broadband wireless communication services and sensor solutions.

As at the Latest Practicable Date, STESS is a wholly-owned subsidiary of Singapore Technologies Electronics Limited (“**STETL**”), which is in turn a subsidiary of STEGL.

Accordingly, STESS is deemed to be an “interested person” for the purpose of Chapter 9 of the Listing Manual and any transactions entered into between the Group and STESS will be regarded as interested person transactions and will be subject to Chapter 9 of the Listing Manual.

Innosparcs Pte. Ltd. (“**IPL**”)

IPL is a private company incorporated in Singapore on 12 November 1980 and has, since mid-2017, been principally engaged in the provision of an engineering-based platform designed to support innovators in accelerating the development of their ideas into prototypes and products.

As at the Latest Practicable Date, IPL is a wholly-owned subsidiary of Singapore Technologies Dynamics Pte Ltd, which is in turned wholly owned by STEGL.

Accordingly, IPL is deemed to be an “interested person” for the purpose of Chapter 9 of the Listing Manual and any transactions entered into between the Group and IPL will be regarded as interested person transactions and will be subject to Chapter 9 of the Listing Manual.

APPENDIX – 2018 LETTER

Other subsidiaries of STEGL

As STESS and IPL are deemed to be “interested persons” for the purpose of Chapter 9 of the Listing Manual by reason of them being subsidiaries of STEGL as abovementioned, the other subsidiaries of STEGL are similarly deemed to be “interested persons”. Accordingly, any transactions entered into between the Group and STEGL or its other subsidiaries will also be regarded as interested person transactions and will be subject to Chapter 9 of the Listing Manual.

3.3 **Transactions between the Group and the Interested Persons**

As part of its business, the Group has entered into transactions with the Interested Persons, which include contract manufacturing services of printed circuit board assembly and equipment assembly. In the course of the financial year ended 31 December 2017, the Group had entered into the following classes of transactions with the Interested Persons and the relevant aggregate value of each class, which includes all transactions below S\$100,000 in value, rounded to the nearest S\$1,000, is as follows:

Transactions between the Group and STESS

Class of Transaction	Amount (S\$)
Contract manufacturing services of printed circuit board assembly	403,000

Transactions between the Group and IPL

Class of Transaction	Amount (S\$)
Contract manufacturing services of equipment assembly	146,000

While the above-mentioned transactions have not as yet triggered any of the thresholds as described in Section 2.2 above such that an announcement or shareholders’ approval is required, it is envisaged that the Group may continue to enter into certain recurring transactions in the ordinary course of business with the Interested Persons.

3.4 **Scope of Transactions under the Proposed General IPT Mandate**

In view of the above, the Company wishes to seek the approval of Shareholders (which shall exclude Shareholders who are required to abstain from voting pursuant to Rule 920(1)(b)(viii) of the Listing Manual) for the adoption of the Proposed General IPT Mandate, under which the Group may enter into recurrent transactions of a revenue or trading nature or those necessary for its day-to-day operations with the Interested Persons in respect of the following (collectively, the “**Mandated Transactions**”):

- (a) the provision of contract manufacturing services of printed circuit board assembly, box-build assembly, equipment assembly and cable harness assembly;
- (b) the provision of value-added services such as circuit layout, functional design, prototype engineering and functional test engineering; and
- (c) the provision of such other products and/or services which are in connection with the provision of products and/or services in sub-paragraph (a) to (b) above;

to the Interested Persons, as the case may be.

APPENDIX – 2018 LETTER

The Proposed General IPT Mandate will apply to any Mandated Transactions within the categories set out in this Section 3.4 of this Circular. Accordingly, any transaction entered into pursuant to the Proposed General IPT Mandate will be included for the purposes of aggregation for the thresholds as stated in Section 3.6.2 of this Circular. For the avoidance of doubt, the Proposed General IPT Mandate will cover Mandated Transactions below S\$100,000 in value, notwithstanding that the threshold and aggregation requirements of Chapter 9 of the Listing Manual as at the date of this Circular do not apply to such transactions. Transactions with other interested persons (other than the Interested Persons) that do not fall within the ambit of the Proposed General IPT Mandate will be subject to the relevant provisions of Chapter 9 of the Listing Manual and/or other provisions of the Listing Manual.

3.5 Rationale for the Proposed General IPT Mandate and Benefits to the Group

The transactions with the Interested Persons set out in Section 3.4 of this Circular are entered into or are to be entered into by the Group in the ordinary course of business. These are recurring transactions which are likely to occur with some degree of frequency and may arise at any time, and from time to time.

The rationale and benefit to the Group is that such transactions with the Interested Persons as customers of the Group will provide additional revenue to the Group and enhance its profitability. The Group will also benefit from an expansion of its existing customer base.

In view of the time-sensitive and recurrent nature of commercial transactions, obtaining the Proposed General IPT Mandate pursuant to Chapter 9 of the Listing Manual will enable the Group, in the ordinary course of business, to enter into the categories of transactions set out in Section 3.4 of this Circular, with the Interested Persons as set out in Section 3.2 of this Circular, without being separately subject to Rule 905 and Rule 906 of the Listing Manual, provided such Mandated Transactions are made on normal commercial terms and are not prejudicial to the interests of the Company and its minority Shareholders. This will enhance the Group's ability to pursue business opportunities which are time-sensitive in nature, substantially reduce the expenses associated with the convening of general meetings (including the engagement of external advisers and preparation of documents) on an *ad hoc* basis, improve administrative efficacy considerably and allow manpower resources and time to be channelled towards attaining other business objectives.

3.6 Guidelines and Review Procedures Under the Proposed General IPT Mandate

3.6.1 Review Procedures

To ensure that all Mandated Transactions are conducted on normal commercial terms and will not be prejudicial to the interests of the Company and its minority Shareholders, the guiding principle is that all Mandated Transactions shall be undertaken on an arm's length basis and on normal commercial terms consistent with the Group's usual business practices and policies, which are generally no more favourable to the Interested Persons than those extended to unrelated third parties. The following review procedures will be put in place by the Group:

- (a) all contracts entered into or transactions with Interested Persons are to be carried out at the prevailing market rates or prices of the service or product providers, on terms which are no more favourable to the Interested Persons than the usual commercial terms extended to unrelated third parties (including, where applicable, preferential rates, prices or discounts accorded to corporate customers or for bulk purchases) or otherwise in accordance with applicable industry norms; and

APPENDIX – 2018 LETTER

- (b) where the prevailing market rates or prices are not available due to the nature of service to be provided or the product to be sold, the Group's pricing for such services to be provided or products to be sold to Interested Persons shall be determined in accordance with the Group's usual business practices and pricing policies, consistent with the usual margin to be obtained by the Group for the same or substantially similar type of contract or transaction with unrelated third parties. In determining the transaction price payable by Interested Persons for such services or products, factors such as, but not limited to, quantity, volume, complexity, customer requirements, specifications, duration of contract and strategic purposes of the transaction will be taken into account. Any Executive Officer or member of the Audit Committee who is interested in the transaction shall refrain from participating in the review.

3.6.2 Threshold Limits

In addition to the review procedures as set out in Section 3.6.1, the Group will supplement its internal systems to ensure that the Mandated Transactions are undertaken with Interested Persons on an arm's length basis and on normal commercial terms. The Group will monitor and categorise Mandated Transactions as follows:

- (a) for all Mandated Transactions, such transactions are to be approved on the following basis:

Approval Limits	Action
Mandated Transaction not exceeding S\$100,000	Review and approval by a director (and/or a manager) of the sales and marketing department of the Company in accordance with the usual business practices of the Company as determined by the Directors from time to time.
Mandated Transaction above S\$100,000 but not exceeding S\$500,000	The review and approval of one Executive Officer (having no interest, direct or indirect, in the transaction) is required prior to the entry into any of such transactions. The Audit Committee shall review such transactions on a quarterly basis.
Mandated Transaction exceeding S\$500,000	Approval by the Audit Committee prior to the entry into any of such transactions is required.

- (b) Any transaction to be made with an Interested Person shall not be approved by the relevant approving authority unless:
- (i) the pricing is determined in accordance with the Group's usual business practices and policies, comparable with the usual price and terms extended to by the Group for the same or substantially similar type of transactions to unrelated parties and the price and terms are no more favourable to the Interested Person than those extended to unrelated parties; or
 - (ii) where Section 3.6.1(b) of this Circular applies, the considerations in determining whether the price and terms offered are fair and reasonable as set out in Section 3.6.1(b) of this Circular are properly taken into account and documented.

APPENDIX – 2018 LETTER

- (c) The above threshold limits are adopted by the Company after taking into account, among other things, the nature, volume, recurrent frequency and size of the transactions as well as the Group's day-to-day operations, administration and businesses. The threshold limits are arrived at with the view to strike a balance between (i) maximising the operational efficiency of the day-to-day operations of the Group, and (ii) maintaining adequate internal controls and governance in relation to the Mandated Transactions. The threshold limits are intended to act as an additional safeguard to supplement the review procedures as set out above.

3.6.3 Additional Controls

In addition to the review procedures and threshold limits as set out in Sections 3.6.1 and 3.6.2 of this Circular, respectively, the Group will also implement the following additional procedures:

- (a) the Company will, during the customer engagement stage, determine whether each customer is an interested person, and if so, monitor such Interested Person Transaction for compliance with the guidelines and review procedures under the Proposed General IPT Mandate;
- (b) the Company will maintain a register of all Interested Person Transactions carried out with interested persons (including the Mandated Transactions and Interested Person Transactions below S\$100,000 in value), which will record and document the identities of the interested persons, the basis, including the quotations, market rates or prices obtained to support such basis, on which each of such transactions were entered into as well as the approving authority (the "**IPT Register**").
- (c) the Audit Committee shall review, during the Audit Committee meetings, the IPT Register, to ensure that all Interested Person Transactions (including the Mandated Transactions) are carried out on normal commercial terms and in accordance with the guidelines and review procedures under the Proposed General IPT Mandate;
- (d) the Company's internal controls plan will incorporate a review by the Group's finance department of all Interested Person Transactions (including the Mandated Transactions) entered into in the relevant financial year as well as the established review procedures for monitoring of such Interested Person Transactions. Any discrepancies or significant variances from the Group's usual business practices and pricing policies will be highlighted to the Audit Committee. The Audit Committee shall, when it deems fit, have the right to require the appointment of independent advisers to provide additional review of controls and its implementation pertaining to the Interested Person Transactions (including the Mandated Transactions) under review; and
- (e) if during these periodic reviews by the Audit Committee, the Audit Committee is of the view that the review procedures and guidelines as stated above have become inappropriate or insufficient in view of changes to the nature of, or the manner in which, the business activities of the Group are conducted, it will, in consultation with the Board, take such actions as it deems proper in respect of such procedures and guidelines and/or modify or implement such procedures and guidelines as may be necessary to ensure that the Interested Person Transactions (including the Mandated Transactions) will be conducted on normal commercial terms and, hence, will not be prejudicial to the interests of the Company and its minority Shareholders, and the Company will obtain a fresh mandate from Shareholders based on new guidelines and review procedures to ensure that Interested Person Transactions will be on an arm's length basis, on normal commercial terms and are not prejudicial to the interests of the Company and its minority shareholders. In the interim, the Audit Committee will review every Interested Person Transaction pending the grant of the fresh mandate. The fresh mandate will be in accordance with the requirements of the relevant provisions of Chapter 9 and/or other applicable provisions of the Listing Manual (as from time to time amended).

APPENDIX – 2018 LETTER

In the event that any member of the Audit Committee has an interest in an Interested Person Transaction, he shall, and shall undertake to ensure that his Associates shall, abstain from participating in the review and approval process in relation to that transaction.

3.6.4 Expiry and Renewal of the Proposed General IPT Mandate

The Proposed General IPT Mandate is subject to Shareholders' approval at the EGM. If approval is obtained from the Shareholders at the EGM, the Proposed General IPT Mandate will take effect from the date of the passing of the ordinary resolution as set out in the Notice of EGM in respect of the Proposed General IPT Mandate, and will (unless revoked or varied by the Company in a general meeting) continue to be in force until the next annual general meeting of the Company. Approval from the Shareholders may be sought for the renewal of the Proposed General IPT Mandate at each subsequent annual general meeting of the Company, subject to satisfactory review by the Audit Committee of the continued applicability of the Proposed General IPT Mandate to the Mandated Transactions and the continued sufficiency of the review procedures to ensure that the transactions with Interested Persons will be carried out on normal commercial terms and will not be prejudicial to the interests of the Company and its minority Shareholders.

3.6.5 Disclosure

Pursuant to Rule 920(1)(a) of the Listing Manual, the Company will disclose the Proposed General IPT Mandate and the aggregate value of the Mandated Transactions conducted pursuant to the Proposed General IPT Mandate in the annual report of the Company for the current financial year and in the annual reports for the subsequent financial years during which the Proposed General IPT Mandate is in force.

In addition, the Company will announce the aggregate value of the Mandated Transactions conducted pursuant to the Proposed General IPT Mandate for the financial periods which it is required to report on (pursuant to Rule 705 of the Listing Manual) within the timeframe required for the announcement of such report.

These disclosures will be in the form set out in Rule 907 of the Listing Manual.

4 OPINION OF THE IFA TO THE NON-INTERESTED DIRECTORS

Pursuant to Rule 920(1)(b)(v) of the Listing Manual, SAC Capital Private Limited has been appointed as the independent financial adviser to the Non-Interested Directors to render an opinion on the sufficiency of the review procedures to ensure that the Mandated Transactions will be carried out on normal commercial terms and will not be prejudicial to the interests of the Company and its minority Shareholders.

Having considered, *inter alia*, the rationale and benefits of the Proposed General IPT Mandate, the methods and review procedures of the Company for determining the transaction prices of the Mandated Transactions and the role of the Audit Committee in enforcing the Proposed General IPT Mandate, and subject to the qualifications and assumptions made in the IFA Letter, the IFA is of the opinion that the guidelines and review procedures for determining transaction prices of Mandated Transactions as set out in Section 3.6 of this Circular, if adhered to, are sufficient to ensure that the Mandated Transactions will be carried out on normal commercial terms and will not be prejudicial to the interests of the Company and its minority Shareholders.

The IFA Letter is reproduced in the Appendix to this Circular. Shareholders are advised to read the IFA Letter carefully and consider it in the context of this Circular.

The IFA has given and has not withdrawn its written consent to the issue of this Circular with the inclusion of its name and the IFA Letter reproduced in the Appendix, and all references thereto in the form and context in which they appear in this Circular, and to act in such capacity in relation to this Circular.

APPENDIX – 2018 LETTER

5 STATEMENT OF THE AUDIT COMMITTEE

Having considered, among other things, the terms, rationale and benefits of the Proposed General IPT Mandate together with the opinion of the IFA, the Audit Committee confirms that it concurs with the view of the IFA and is satisfied that the guidelines and review procedures proposed by the Company as set out in Section 3.6 of this Circular for determining the transaction prices of the Mandated Transactions, if adhered to, are sufficient to ensure that the Mandated Transactions will be carried out on normal commercial terms and will not be prejudicial to the interests of the Company and its minority Shareholders.

6 DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' INTERESTS

The interests of the Directors and substantial Shareholders of the Company, based on an issued share capital of 86,698,463, excluding 1,235,750 treasury shares, as at the Latest Practicable Date are set out below:

	Direct Interest No. of Shares	Deemed Interest No. of Shares	Total Interest (%)
<u>Directors</u>			
Tien Sing Cheong	8,671,900	-	10.00
Tan Ka Huat	4,013,340 ⁽¹⁾	-	4.63
Gan Chee Yen	344,300	-	0.40
Tan Bien Chuan	469,700	-	0.54
Tang Martin Yue Nien	399,700	-	0.46
Colin Ng Teck Sim	157,000	-	0.18
Wang Ya Lun Allen (Alternate Director to Gan Chee Yen)	-	-	-
<u>Substantial shareholders (other than Directors)</u>			
Republic Technologies Pte Ltd	7,840,800	7,840,800 ⁽²⁾	18.09
Temasek Holdings (Private) Limited	-	15,681,600 ⁽³⁾	18.09
Temasek Capital (Private) Limited	-	15,681,600 ⁽³⁾	18.09
Seletar Investments Pte Ltd	-	15,681,600 ⁽³⁾	18.09
TIHT Investment Holdings Pte Ltd	7,840,800	-	9.04
Killian Court Pte. Ltd.	-	7,840,800 ⁽²⁾	9.04
TIH Limited	-	7,840,800 ⁽²⁾	9.04
ASM Ventures Limited	-	7,840,800 ⁽²⁾	9.04
ASM Asia Recovery (Master) Fund	-	7,840,800 ⁽²⁾	9.04
ASM Asia Recovery Fund	-	7,840,800 ⁽²⁾	9.04
ASM Hudson River Fund	-	7,840,800 ⁽²⁾	9.04
Argyle Street Management Limited	-	7,840,800 ⁽²⁾	9.04
Argyle Street Management Holdings Limited	-	7,840,800 ⁽²⁾	9.04
Kin Chan	-	7,840,800 ⁽²⁾	9.04
Li Yick Yee Angie	-	7,840,800 ⁽²⁾	9.04
V-Nee Yeh	-	7,840,800 ⁽²⁾	9.04

Notes:

- (1) 1,513,340 of the said 4,013,340 Shares are held by Tan Ka Huat in his sole name while the rest of the 2,500,000 Shares are held jointly by Tan Ka Huat and Tan Kylie.
- (2) Republic Technologies Pte Ltd, Killian Court Pte. Ltd., TIH Limited, ASM Ventures Limited, ASM Asia Recovery (Master) Fund, ASM Asia Recovery Fund, ASM Hudson River Fund, Argyle Street Management Limited, Argyle Street Management Holdings Limited, Kin Chan, Li Yick Yee Angie and V-Nee Yeh are deemed to have an interest in the 7,840,800 Shares held by TIHT Investment Holdings Pte Ltd.
- (3) Temasek Holdings (Private) Limited, Temasek Capital (Private) Limited and Seletar Investments Pte Ltd are deemed to have an interest in the 7,840,800 shares held by Republic Technologies Pte Ltd and TIHT Investment Holdings Pte Ltd.

APPENDIX – 2018 LETTER

7 DIRECTORS' RECOMMENDATION

Mr Gan Chee Yen (who is an employee of Fullerton Financial Holdings Pte Ltd, a wholly owned subsidiary of THPL) and Mr Wang Ya Lun Allen (who is an employee of TIH Limited, the holding company of TIHT), shall abstain from making any recommendations on the approval of the Proposed General IPT Mandate to be tabled at the EGM.

Save as disclosed above, none of the Directors is deemed to be interested for the purpose of making a recommendation to the Shareholders in respect of the Proposed General IPT Mandate.

The Non-Interested Directors, having considered, among other things, the terms, rationale and benefits of the Proposed General IPT Mandate, the review procedures of the Company for the Mandated Transactions, the role of the Audit Committee in enforcing the Proposed General IPT Mandate and the opinion of the IFA, are of the view that the guidelines and review procedures for determining transaction prices of the Mandated Transactions as set out in Section 3.6 of this Circular, if adhered to, are sufficient to ensure that the Mandated Transactions will be conducted on normal commercial terms and will not be prejudicial to the interests of the Company and its minority Shareholders.

Accordingly, the Non-Interested Directors recommend that Shareholders vote in favour of the ordinary resolutions set out in the Notice of EGM.

8 EXTRAORDINARY GENERAL MEETING

The EGM, notice of which is set out on page 23 of this Circular, will be held on 20 April 2018 at 11.30 a.m. (or as soon thereafter following the conclusion of the Annual General Meeting of the Company to be held at 10.15 a.m. on the same day and at the same venue) at The Grassroots' Club, 190 Ang Mo Kio Avenue 8, Singapore 568046, for the purpose of considering and, if thought fit, passing with or without any modifications, the ordinary resolution as set out in the Notice of EGM.

9 ACTION TO BE TAKEN BY SHAREHOLDERS

Shareholders who are unable to attend the EGM and who wish to appoint a proxy or proxies to attend and vote on their behalf, will find enclosed with 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 2 Ang Mo Kio Avenue 12, Singapore 569707, not less than 72 hours before the time appointed for the holding of the EGM. The completion and return 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 or proxies should he subsequently wish to do so.

10 ABSTENTION FROM VOTING

Rule 919 of the Listing Manual provides that interested persons and their associates must not vote on any shareholders' resolution approving any mandate or renewal thereof in respect of any interested person transactions under Chapter 9 of the Listing Manual, nor accept appointments as proxies unless specific instructions as to voting are given.

APPENDIX – 2018 LETTER

Following therefrom, the Interested Persons and their directors and Associates, namely RTPL and TIHT as Associates of the Interested Persons, will:

- (a) to the extent that they are Shareholders at the time of the EGM, abstain from voting in respect of the ordinary resolution relating to the Proposed General IPT Mandate as set out in the Notice of EGM; and
- (b) decline to accept appointment as proxies for any Shareholder to vote in respect of the ordinary resolution relating to the Proposed General IPT Mandate, unless the Shareholder concerned have given specific instructions in his proxy form as to the manner in which his votes are to be cast in respect of the said resolution.

11 DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this Circular and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, this Circular constitutes full and true disclosure of all material facts about the Proposed General IPT Mandate, the Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this Circular misleading. Where information in this Circular has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this Circular in its proper form and context.

12 DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the registered office of the Company at 2 Ang Mo Kio Avenue 12, Singapore 569707, during normal business hours from the date hereof up to and including the date of the EGM:

- (a) Constitution of the Company;
- (b) the annual report of the Company for FY2017;
- (c) the IFA Letter set out in the **Appendix** to this Circular; and
- (d) the IFA consent letter referred to under Section 4 of this Circular.

Yours faithfully



Tien Sing Cheong
Executive Chairman
For and on behalf of the Board of Directors of
CEI Limited

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE OF EGM

CEI LIMITED

(Company Registration No. 199905114H)
(Incorporated in Singapore with limited liability)

NOTICE OF EXTRAORDINARY GENERAL MEETING

AS WE WILL BE USING MOBILE PHONES FOR POLLING, SHAREHOLDERS ATTENDING THE EXTRAORDINARY GENERAL MEETING ARE REQUESTED TO BRING THEIR SMART PHONES.
--

All capitalized items contained herein shall, unless otherwise defined herein, bear the respective meanings ascribed thereto in the circular to shareholders of the Company dated 9 April 2019 (the "**Circular**").

NOTICE IS HEREBY GIVEN that an Extraordinary General Meeting of CEI LIMITED ("the **Company**") will be held at The Grassroots' Club, 190 Ang Mo Kio Avenue 8, Singapore 568046 on Wednesday, 24 April 2019 at 11:30 a.m. (or as soon thereafter following the conclusion of the Annual General Meeting of the Company to be held at 10:15 a.m. on the same day and at the same venue) for the following purpose of considering and, if thought fit, approving with or without amendment the following resolution:

ORDINARY RESOLUTION - PROPOSED RENEWAL OF THE GENERAL MANDATE FOR INTERESTED PERSON TRANSACTIONS

Resolved that:

1. approval be and is hereby given, for the purposes of Chapter 9 of the Listing Manual of the SGX-ST ("**Chapter 9**"), for the Company and its subsidiaries to enter into any of the Mandated Transactions with the Interested Persons, provided that such transactions are (i) made on normal commercial terms and will not be prejudicial to the interests of the Company and its minority Shareholders and (ii) in accordance with the review procedures of such Interested Person Transactions (the "**General IPT Mandate**");
2. the General IPT Mandate shall, unless revoked or varied by the Company in general meeting, continue to be in force until the conclusion of the next annual general meeting of the Company; and
3. the Directors of the Company be and are hereby authorised to do all such acts and things (including executing all such documents as may be required) as they may consider expedient or necessary or in the interests of the Company to give effect to the General IPT Mandate and/or this resolution.

By Order of the Board

Teo Soon Hock
Secretary
9 April 2019

NOTICE OF EXTRAORDINARY GENERAL MEETING

Notes:

1. (a) A Member who is not a relevant intermediary, is entitled to appoint not more than two proxies to attend, speak and vote at the Extraordinary General Meeting (the “**Meeting**”). Where such member’s form of proxy appoints more than one proxy, the proportion of the shareholding concerned to be represented shall be specified in the form of proxy.

(b) A member who is a relevant intermediary, is entitled to appoint more than two proxies to attend, speak and vote at the Meeting, but each proxy must be appointed to exercise the rights attached to a different Share or Shares held by such member. Where such member’s form of proxy appoints more than two proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the form of proxy.

“Relevant intermediary” has the meaning ascribed to it in Section 181 of the Companies Act, Cap. 50.

2. A proxy need not be a member of the Company.
3. The instrument appointing a proxy or proxies must be deposited at the registered office of the Company at 2 Ang Mo Kio Avenue 12 Singapore 569707 not less than seventy-two (72) hours before the time appointed for holding the Meeting.

Personal data privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the 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 Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the 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.

CEI LIMITED

Company Registration No. 199905114H
(Incorporated in The Republic of Singapore)

PROXY FORM

(Please see notes overleaf before completing this Form)

IMPORTANT:

1. A relevant intermediary may appoint more than two proxies to attend the Extraordinary General Meeting and vote (please see note 4 for the definition of "relevant intermediary").
2. For investors who have used their CPF monies to buy the Company's shares, this Circular is forwarded to them at the request of their CPF Approved Nominees and is sent solely FOR INFORMATION ONLY.
3. This Proxy Form is not valid for use by CPF investors and shall be ineffective for all intents and purposes if used or purported to be used by them.

I/We, _____ NRIC No./Passport No: _____
of _____
being a *member/members of CEI LIMITED (the "Company"), hereby appoint:

Name	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	(%)
Address			

and /or (delete as appropriate)

Name	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	(%)
Address			

or failing the person, or either or both of the persons, referred to above, the Chairman of the Meeting as *my/our *proxy/proxies to vote for *me/us on *my/our behalf at the Extraordinary General Meeting (the "Meeting") of the Company to be held at The Grassroots' Club, 190 Ang Mo Kio Avenue 8, Singapore 568046 on Wednesday, 24 April 2019 at 11:30 a.m. (or as soon thereafter following the conclusion of the Annual General Meeting of the Company to be held at 10:15 a.m. on the same day and at the same venue) and at any adjournment thereof. *I/We direct *my/our *proxy/proxies to vote for or against the Resolution proposed at the Meeting as indicated hereunder. If no specific direction as to voting is given, the *proxy/proxies will vote or abstain from voting at *his/her/their discretion, as he/she/they will on any other matter arising at the Meeting and at any adjournment thereof.

No.	Resolutions relating to:	Numbers of Votes For ⁽¹⁾	Numbers of Votes Against ⁽¹⁾
1	Proposed Renewal of the General Mandate for Interested Person Transactions		

⁽¹⁾ If you wish to exercise all your votes "For" or "Against", please tick within the box given. Alternatively, please indicate the number of votes as appropriate.

Dated this _____ day of _____ 2019

Signature of Shareholder(s)
or, Common Seal of Corporate Shareholder

*Delete where inapplicable

Total number of Shares held in:	No. of Shares
(a) CDP Register	
(b) Register of Members	



CEI LIMITED

Company Registration No. 199905114H
(Incorporated in The Republic of Singapore)

PROXY FORM (Cont'd Page 2)

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 81SF of the Securities and Futures Act, Cap. 289), you should insert that number of Shares. If you have Shares registered in your name in the Register of Members, 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 entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the Shares held by you.
2. A member of the Company entitled to attend, speak and vote at the Meeting is entitled to appoint not more than two proxies to attend, speak and vote in his/her stead. A proxy need not be a member of the Company.
3. Where a member appoints two proxies, the appointments shall be invalid unless he/she specifies the proportion of his/her shareholding (expressed as a percentage of the whole) to be represented by each proxy.
4. A member who is a relevant intermediary entitled to attend, speak and vote at the Meeting is entitled to appoint more than two proxies to attend, speak and vote instead of the member, but each proxy must be appointed to exercise the rights attached to a different Share or Shares held by such member. Where such member appoints more than two proxies, the appointments shall be invalid unless the member specifies the number and class of Shares in relation to which each proxy has been appointed.

"Relevant intermediary" has the same meaning ascribed to it in Section 181 of the Companies Act, Cap. 50.
5. Completion and return of this instrument appointing a proxy or proxies shall not preclude a member from attending, speaking and voting at the Meeting. Any appointment of a proxy or proxies shall be deemed to be revoked if a member attends the Meeting in person, and in such event, the Company reserves the right to refuse to admit any person or persons appointed under the instrument of proxy to the Meeting.
6. The instrument appointing a proxy or proxies must be deposited at the registered office of the Company at 2 Ang Mo Kio Avenue 12 Singapore 569707 not less than seventy-two (72) hours before the time appointed for the Meeting.
7. 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 either under its seal or under the hand of an officer or attorney duly authorised. Where the instrument appointing a proxy or proxies is executed by an attorney on behalf of the appointor, the letter or power of attorney or a duly certified copy thereof must be lodged with the instrument.
8. 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, Cap. 50.

PERSONAL DATA PRIVACY:

By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of Extraordinary General Meeting dated 9 April 2019.

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 shall 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 seventy-two (72) hours before the time appointed for holding the Meeting, as certified by The Central Depository (Pte) Limited to the Company.

This page has been intentionally left blank.

This page has been intentionally left blank.