ST Engineering

SINGAPORE TECHNOLOGIES ENGINEERING LTD

(Incorporated in the Republic of Singapore)
Company Registration No. 199706274H

NOTICE OF NINETEENTH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Nineteenth Annual General Meeting of Singapore Technologies Engineering Ltd (the "**Company**") will be held at The Star Gallery, Level 3, The Star Performing Arts Centre, 1 Vista Exchange Green, Singapore 138617 on Thursday, 21 April 2016 at 2.30 p.m. to transact the following business:

AS ROUTINE BUSINESS

1. To receive and adopt the Directors' Statement and Audited Financial Statements for the year ended 31 December 2015 and the Auditors' Report thereon. **Resolution 1**
2. To declare a final ordinary tax exempt (one-tier) dividend of 5.0 cents per share and a special tax exempt (one-tier) dividend of 5.0 cents per share for the year ended 31 December 2015. **Resolution 2**
3. To re-elect the following Directors, each of whom will retire by rotation pursuant to Article 98 of the Constitution of the Company and who, being eligible, offer themselves for re-election:
   - (a) Mr Kwa Chong Seng **Resolution 3**
   - (b) Mr Tan Pheng Hock* **Resolution 4**
   - (c) Mr Quek Tong Boon **Resolution 5**
   - (d) Dr Stanley Lai Tze Chang** **Resolution 6**

   * *Mr Vincent Chong Sy Feng has been appointed as Alternate Director to Mr Tan Pheng Hock and will, upon Mr Tan's re-election as a Director of the Company, continue to hold office as such.*

   ** *Dr Stanley Lai Tze Chang will, upon re-election as a Director of the Company, continue as a Member of the Audit Committee. Dr Lai is considered an independent director for the purpose of Rule 704(8) of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") Listing Manual.*
4. To re-elect the following Directors, each of whom will cease to hold office pursuant to Article 104 of the Constitution of the Company and who, being eligible, offer themselves for re-election:
   - (a) Mr Lim Sim Seng **Resolution 7**
   - (b) MG Lim Cheng Yeow Perry# **Resolution 8**
   - (c) Mr Lim Ah Doo **Resolution 9**

   # *COL Alan Goh Kim Hua has been appointed as Alternate Director to MG Lim Cheng Yeow Perry and will, upon MG Lim's re-election as a Director of the Company, continue to hold office as such.*
5. To approve the sum of S$1,749,212 (2014: S$1,592,830) as Directors' compensation for the year ended 31 December 2015. **Resolution 10**
6. To re-appoint KPMG LLP as the Auditors of the Company and to authorise the Directors to fix their remuneration. **Resolution 11**

AS SPECIAL BUSINESS

To consider and, if thought fit, to pass, with or without modifications, the following resolutions, of which Resolutions 12, 13, 14 and 15 will be proposed as Ordinary Resolutions and Resolution 16 will be proposed as a Special Resolution:

7. **Authority for Directors to issue shares and to make or grant convertible instruments** **Resolution 12**

That authority be and is hereby given to the Directors to:

(a) (i) issue shares of the Company ("**shares**") whether by way of rights, bonus or otherwise; and/or

(ii) make or grant offers, agreements or options (collectively, "**Instruments**") that might or would require shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures or other instruments convertible into shares,

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

(b) (notwithstanding 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:

(1) 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 50 per cent. of the total number of issued shares excluding treasury shares (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of shares to be issued other than on a *pro rata* basis to shareholders of the Company (including shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) shall not exceed five per cent. of the total number of issued shares excluding treasury shares (as calculated in accordance with sub-paragraph (2) below);

(2) (subject to such manner of calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of shares that may be issued under sub-paragraph (1) above, the percentage of issued shares shall be based on the total number of issued shares excluding treasury shares at the time this Resolution is passed, after adjusting for:

(i) new shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which are outstanding or subsisting at the time this Resolution is passed; and

(ii) any subsequent bonus issue or consolidation or subdivision of shares;

(3) 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

(4) (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.

8. **Authority for Directors to grant awards and allot shares pursuant to the Singapore Technologies Engineering Performance Share Plan 2010 and the Singapore Technologies Engineering Restricted Share Plan 2010** **Resolution 13**

That approval be and is hereby given to the Directors to:

(a) grant awards in accordance with the provisions of the Singapore Technologies Engineering Performance Share Plan 2010 (the "**PSP2010**") and/or the Singapore Technologies Engineering Restricted Share Plan 2010 (the "**RSP2010**") (the PSP2010 and the RSP2010, together the "**Share Plans**"); and

(b) allot and issue from time to time such number of fully paid ordinary shares of the Company as may be required to be issued pursuant to the vesting of awards under the PSP2010 and/or the RSP2010,

provided that the aggregate number of new ordinary shares allotted and issued and/or to be allotted and issued, when aggregated with existing ordinary shares (including ordinary shares held in treasury) delivered and/or to be delivered, pursuant to the Share Plans shall not exceed eight per cent. of the total number of issued ordinary shares of the Company (excluding treasury shares) from time to time.

9. **Proposed renewal of the Shareholders Mandate for Interested Person Transactions** **Resolution 14**

That:

(a) approval be and is hereby given, for the purposes of Chapter 9 of the Listing Manual ("**Chapter 9**") of the SGX-ST, for the Company, its subsidiaries and associated companies that are entities at risk (as that term is used in Chapter 9), or any of them, to enter into any of the transactions falling within the types of interested person transactions described in Appendix 1 to the Company's Letter to Shareholders dated 24 March 2016 (the "**Letter**") with any party who is of the class of interested persons described in Appendix 1 to the Letter, provided that such transactions are made on normal commercial terms and in accordance with the review procedures for such interested person transactions;

(b) the approval given in paragraph (a) above (the "**Shareholders Mandate**") shall, unless revoked or varied by the Company in general meeting, continue in force until the conclusion of the next Annual General Meeting of the Company; and

(c) 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 all such documents as may be required) as they and/or he may consider expedient or necessary or in the interests of the Company to give effect to the Shareholders Mandate and/or this Resolution.

10. **Proposed renewal of the Share Purchase Mandate** **Resolution 15**

That:

(a) for the purposes of Sections 76C and 76E of the Companies Act, Chapter 50 (the "**Companies Act**"), the exercise by the Directors of the Company of all the powers of the Company to purchase or otherwise acquire issued ordinary shares of the Company ("**Shares**") not exceeding in aggregate the Maximum Limit (as hereafter defined), at such price or prices as may be determined by the Directors from time to time up to the Maximum Price (as hereafter defined), whether by way of:

(i) market purchase(s) on the SGX-ST; and/or

(ii) off-market purchase(s) (if effected otherwise than on the SGX-ST) in accordance with any equal access scheme(s) as may be determined or formulated by the Directors as they consider fit, which scheme(s) shall satisfy all the conditions prescribed by the Companies Act,

and otherwise in accordance with all other laws and regulations and rules of the SGX-ST as may for the time being be applicable, be and is hereby authorised and approved generally and unconditionally (the "**Share Purchase Mandate**");

(b) unless varied or revoked by the Company in general meeting, the authority conferred on the Directors of the Company pursuant to the Share Purchase Mandate may be exercised by the Directors at any time and from time to time during the period commencing from the date of the passing of this Resolution and expiring on the earliest of:

(i) the date on which the next Annual General Meeting of the Company is held;

(ii) the date by which the next Annual General Meeting of the Company is required by law to be held; and

(iii) the date on which the purchases or acquisitions of Shares pursuant to the Share Purchase Mandate are carried out to the full extent mandated;

(c) in this Resolution:

"**Average Closing Price**" means the average of the last dealt prices of a Share for the five consecutive market days 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, and deemed to be adjusted in accordance with the listing rules of the SGX-ST for any corporate action which occurs after the relevant five-day period;

"**date of the making of the offer**" means the date on which the Company announces its intention to make an offer for the purchase or acquisition of Shares from holders of Shares, stating therein 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;

"**Maximum Limit**" means that number of issued Shares representing 2% of the total number of issued Shares as at the date of the passing of this Resolution (excluding any Shares which are held as treasury shares as at that date); and

"**Maximum Price**", in relation to a Share to be purchased or acquired, means the purchase price (excluding brokerage, commission, applicable goods and services tax and other related expenses) which shall not exceed:

(i) in the case of a market purchase of a Share, 105% of the Average Closing Price of the Shares; and

(ii) in the case of an off-market purchase of a Share pursuant to an equal access scheme, 110% of the Average Closing Price of the Shares; and

(d) 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 all such documents as may be required) as they and/or he may consider expedient or necessary or in the interests of the Company to give effect to the transactions contemplated and/or authorised by this Resolution.

11. **Proposed adoption of the new Constitution** **Resolution 16**

That the regulations contained in the new Constitution submitted to this meeting and, for the purpose of identification, subscribed to by the Chairman thereof, be approved and adopted as the Constitution of the Company in substitution for, and to the exclusion of, the existing Constitution.

BY ORDER OF THE BOARD

CHUA SU LI /
NG KWEE LIAN (KAREN)
Company Secretaries
Singapore, 24 March 2016

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 meeting. Where such member's form of proxy appoints more than one proxy, the proportion of the shareholding concerned to be represented by each proxy 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, Chapter 50.
2. A proxy need not be a member of the Company.
3. The instrument appointing a proxy must be lodged at the office of the Company's Share Registrar, M & C Services Private Limited, 112 Robinson Road #05-01, Singapore 068902, not less than 48 hours before the time appointed for the Annual General Meeting.

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 or service providers) for the purpose of the processing, administration and analysis by the Company (or its agents or service providers) 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 or service providers) to comply with any applicable laws, listing rules, take-over 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 or service providers), 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 or service providers) 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.

EXPLANATORY NOTES

Resolutions 3 to 9

Each of the Directors who have offered themselves for re-election has confirmed that, save as disclosed in the Annual Report 2015, he does not have any relationships (including immediate family relationships) with the other Directors, the Company or its 10% shareholders. A list of all current directorships in other listed companies and details of other principal commitments held by each of these Directors can be found on pages 13 to 17 of the Annual Report 2015.

Resolution 10

Resolution 10 is to approve the payment of an aggregate amount of S$1,749,212 (2014: S$1,592,830) as Directors' compensation for the non-executive Directors of the Company for the year ended 31 December 2015. It is currently intended that, if approved, the relevant non-executive Directors who hold office as at the payment date (except for those who hold public sector appointments and who will not be eligible for the shares component of the non-executive Directors' compensation) will each receive 70% of his or her Directors' compensation for 2015 in cash and 30% of his or her Directors' compensation for 2015 in the form of restricted share awards pursuant to the Singapore Technologies Engineering Restricted Share Plan 2010. The number of shares to be awarded will be determined by reference to the volume-weighted average price of a share on the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") over the 14 trading days immediately following the date of the forthcoming Annual General Meeting, rounded down to the nearest hundred, and any residual balance will be settled in cash. The award will consist of the grant of fully paid shares, with no vesting periods imposed. However, in order to encourage alignment of the interests of the Directors with the interests of shareholders, a non-executive Director is required to hold the shares for certain moratorium periods. See the section on "Directors' Fee Policy" in the Corporate Governance section on pages 99 and 100 of the Annual Report 2015 for details and rationale in relation to the shares component of the non-executive Directors' compensation.

Resolution 12

Resolution 12 is to empower the Directors to issue shares of the Company and to make or grant instruments (such as warrants or debentures) convertible into shares, and to issue shares in pursuance of such instruments, up to a number not exceeding 50 per cent. of the total number of issued shares (excluding treasury shares) of the Company, of which up to five per cent. of the total number of issued shares (excluding treasury shares) may be issued other than on a *pro rata* basis to shareholders. For the purpose of determining the aggregate number of shares that may be issued, the percentage of issued shares shall be based on the total number of issued shares (excluding treasury shares) of the Company at the time that Resolution 12 is passed, after adjusting for (a) new shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which are outstanding or subsisting at the time that Resolution 12 is passed, and (b) any subsequent bonus issue or consolidation or subdivision of shares.

Resolution 13

Resolution 13 is to empower the Directors to grant awards and to issue ordinary shares of the Company pursuant to the Singapore Technologies Engineering Performance Share Plan 2010 and the Singapore Technologies Engineering Restricted Share Plan 2010 (collectively, the "**Share Plans**"). The aggregate number of new ordinary shares allotted and issued and/or to be allotted and issued, when aggregated with existing ordinary shares (including ordinary shares held in treasury) delivered and/or to be delivered, pursuant to the Share Plans is limited to eight per cent. of the total number of issued ordinary shares of the Company (excluding treasury shares) over the 10-year duration of the Share Plans.

Resolution 14

Resolution 14 is to renew the mandate to enable the Company, its subsidiaries and associated companies that are considered to be "entities at risk" (as that term is used in Chapter 9 of the Listing Manual of the SGX-ST), or any of them, to enter into certain interested person transactions with specified classes of interested persons, as described in the Letter to Shareholders dated 24 March 2016 (the "**Letter**"). Please refer to the Letter for more details.

Resolution 15

Resolution 15 is to renew the mandate to allow the Company to purchase or otherwise acquire its issued ordinary shares, on the terms and subject to the conditions set out in the Resolution.

The Company intends to use its internal sources of funds to finance the purchase or acquisition of its ordinary shares. The amount of financing required for the Company to purchase or acquire its ordinary shares, and the impact on the Company's financial position, cannot be ascertained as at the date of this Notice as these will depend on, *inter alia*, whether the ordinary shares are purchased or acquired out of profits and/or capital, the number of ordinary shares purchased or acquired, the price at which such ordinary shares were purchased or acquired and whether the ordinary shares purchased or acquired are held in treasury or cancelled.

Based on the existing issued ordinary shares as at 29 February 2016 (the "**Latest Practicable Date**"), the purchase by the Company of 2% of its issued ordinary shares (excluding any ordinary shares held in treasury) will result in the purchase or acquisition of 62,011,683 ordinary shares.

In the case of market purchases by the Company and assuming that the Company purchases or acquires the 62,011,683 ordinary shares at the maximum price of S$2.9610 for one ordinary share (being the price equivalent to 5% above the average of the last dealt prices of the ordinary shares for the five consecutive market days on which the Shares were traded on the SGX-ST immediately preceding the Latest Practicable Date), the maximum amount of funds required for the purchase or acquisition of the 62,011,683 ordinary shares is S$183,616,593.

In the case of off-market purchases by the Company and assuming that the Company purchases or acquires the 62,011,683 ordinary shares at the maximum price of S$3.1020 for one ordinary share (being the price equivalent to 10% above the average of the last dealt prices of the ordinary shares for the five consecutive market days on which the ordinary shares were traded on the SGX-ST immediately preceding the Latest Practicable Date), the maximum amount of funds required for the purchase or acquisition of the 62,011,683 ordinary shares is S$192,360,241.

The financial effects of the purchase or acquisition of such ordinary shares by the Company pursuant to the proposed Share Purchase Mandate on the audited financial statements of the Group and the Company for the financial year ended 31 December 2015 based on these assumptions are set out in paragraph 3.7 of the Letter.

Please refer to the Letter for more details.

Resolution 16

Resolution 16, which will be proposed as a Special Resolution, is to adopt a new Constitution following the wide-ranging changes to the Companies Act, Chapter 50 (the "**Companies Act**") introduced pursuant to the Companies (Amendment) Act 2014 (the "**Amendment Act**"). The new Constitution will consist of the memorandum and articles of association of the Company which were in force immediately before 3 January 2016 and incorporate amendments to (*inter alia*) take into account the changes to the Companies Act introduced pursuant to the Amendment Act. Please refer to the Letter for more details.

BOOKS CLOSURE AND DIVIDEND PAYMENT DATES

NOTICE IS HEREBY GIVEN THAT the Register of Members and Share Transfer Books will be closed on 28 April 2016 for the preparation of dividend warrants. Duly completed transfers in respect of ordinary shares of the Company together with all relevant documents of title received by the Company's Share Registrar, M & C Services Private Limited, 112 Robinson Road #05-01, Singapore 068902 up to 5.00 pm on 27 April 2016 will be registered to determine members' entitlements to the proposed dividends, subject to approval of members to the proposed dividends at the Nineteenth Annual General Meeting to be convened on 21 April 2016. Subject as aforesaid, members whose securities accounts with The Central Depository (Pte) Limited are credited with ordinary shares of the Company as at 5.00 pm on 27 April 2016 will be entitled to the proposed dividends. The proposed dividends, if so approved by members, will be paid on 10 May 2016.