

**CIRCULAR DATED 13 OCTOBER 2011**

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

If you are in any doubt as to the contents herein or as to the course of action that you should take, you should consult your stockbroker, bank manager, solicitor, accountant or other professional adviser immediately.

If you have sold or transferred all your shares in the capital of SMB United Limited (the “**Company**”), you should immediately forward this Circular and the attached notice of Extraordinary General Meeting and Proxy Form to the purchaser or the transferee, or to the bank, stockbroker or agent through which the sale or transfer was effected for onward transmission to the purchaser or the transferee.

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



## **CIRCULAR TO SHAREHOLDERS**

### **IN RELATION TO**

- (1) **THE PROPOSED GRANT OF AWARDS UNDER THE SMB PERFORMANCE SHARE PLAN TO LEE HWEE CHOO, AN ASSOCIATE OF A CONTROLLING SHAREHOLDER OF THE COMPANY;**
- (2) **THE PROPOSED GRANT OF AWARDS UNDER THE SMB PERFORMANCE SHARE PLAN TO LEE WEE HIAN, AN ASSOCIATE OF A CONTROLLING SHAREHOLDER OF THE COMPANY;**
- (3) **THE PROPOSED PARTICIPATION OF LEE KWANG MONG, AN ASSOCIATE OF A CONTROLLING SHAREHOLDER OF THE COMPANY, IN THE SMB PERFORMANCE SHARE PLAN; AND**
- (4) **THE PROPOSED GRANT OF AWARDS UNDER THE SMB PERFORMANCE SHARE PLAN TO LEE KWANG MONG, AN ASSOCIATE OF A CONTROLLING SHAREHOLDER OF THE COMPANY.**

### **IMPORTANT DATES AND TIMES:**

- Last date and time for lodgement of Proxy Form : 26 October 2011 at 10 a.m.
- Date and time of Extraordinary General Meeting : 28 October 2011 at 10 a.m.
- Place of Extraordinary General Meeting : 17 Senoko Avenue, Singapore 758307

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## DEFINITIONS

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

<b>“Articles”</b>	:	The Articles of Association of the Company
<b>“Award”</b>	:	A contingent award of Shares granted under the terms and conditions of the PSP
<b>“Board”</b>	:	The board of Directors of the Company
<b>“CDP”</b>	:	The Central Depository (Pte) Limited
<b>“Committee”</b>	:	The committee comprising Directors of the Company from time to time and duly authorised and appointed by the Board to administer the PSP, which is currently the Remuneration Committee
<b>“Companies Act”</b>	:	The Companies Act (Chapter 50 of Singapore) as amended, modified or supplemented from time to time
<b>“Company” or “SMB”</b>	:	SMB United Limited
<b>“Directors”</b>	:	The directors of the Company for the time being
<b>“EDMI”</b>	:	EDMI Limited, a wholly-owned subsidiary of the Company
<b>“EGM”</b>	:	Extraordinary general meeting of the Company
<b>“FY”</b>	:	Financial year ended or ending
<b>“Group”</b>	:	The Company, its subsidiaries and associated companies
<b>“Latest Practicable Date”</b>	:	3 October 2011, being the latest practicable date prior to the printing of this Circular
<b>“Listing Manual”</b>	:	The listing manual of the SGX-ST, as amended, modified or supplemented from time to time
<b>“Listing Rules”</b>	:	The listing rules of the SGX-ST set out in the Listing Manual
<b>“Memorandum”</b>	:	The Memorandum of Association of the Company
<b>“Notice of EGM”</b>	:	The notice issued by the Company for the purpose of convening the 2011 EGM, as set out in pages 14 to 16 of this Circular
<b>“NPAT”</b>	:	Net profit after tax
<b>“Ordinary Resolution”</b>	:	An ordinary resolution as set out in the Notice of EGM
<b>“Performance Period”</b>	:	In relation to an Award, a pre-determined performance period prescribed by the Committee pursuant to Rule 7 of the Rules of the PSP, during which prescribed Performance Target(s) and/or service conditions, if any, are to be satisfied
<b>“Performance Target”</b>	:	In relation to an Award, a pre-determined performance target prescribed by the Committee pursuant to Rule 7 of the Rules of the PSP

“Proposals”	:	Has the meaning ascribed to it in paragraph 1.2 of this Circular
“PSP”	:	The SMB Performance Share Plan, which was approved by the Shareholders at the 2009 EGM, as modified or altered from time to time
“Remuneration Committee”	:	The remuneration committee of the Company
“Rules of the PSP”	:	The rules of the SMB Performance Share Plan, which were set out in Appendix 3 to the 2009 Circular, as may be modified or altered from time to time, and the term “Rule” refers to any one of them
“Securities Account”	:	Securities accounts maintained by depositors with CDP, but not including securities accounts maintained with a depository agent
“SGX-ST”	:	Singapore Exchange Securities Trading Limited
“Shareholders”	:	Registered holders for the time being of Shares, except that where the registered holder is CDP, the term “Shareholders” shall, where the context admits, mean the depositors whose Securities Accounts are credited with Shares
“Shares”	:	Ordinary shares in the capital of the Company
“Substantial Shareholder”	:	A person who has an interest in not less than five (5) per cent. of the issued voting shares of the Company
“Take-over Code”	:	The Singapore Code on Take-overs and Mergers, as amended, modified or supplemented from time to time
“2009 Circular”	:	The circular to the Shareholders dated 6 April 2009 in relation to the SMB PSP
“2009 EGM”	:	The EGM held on 30 April 2009
“2011 EGM”	:	The EGM to be held on 28 October 2011 at 10 a.m., notice of which is set out in the Notice of EGM accompanying this Circular
“\$” or “S\$” and “cents”	:	Singapore dollars and cents respectively
“%” or “per cent.”	:	Per centum or percentage

The terms “**depositor**”, “**depository agent**” and “**Depository Register**” shall have the meanings ascribed to them respectively in Section 130A of the Companies Act. The term “**subsidiary**” shall have the meaning ascribed to it in Section 5 of the Companies Act.

The terms “**associate**”, “**associated companies**” and “**controlling shareholder**” shall have the meanings ascribed to them in the Listing Manual.

Words importing the singular shall, where applicable, include the plural and *vice versa* and words importing one gender shall, where applicable, include the other genders. 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 or any statutory modification thereof and not otherwise defined in this Circular shall have the same meaning assigned to it under the Companies Act or any statutory modification thereof, as the case may be.

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

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

# LETTER TO SHAREHOLDERS

## SMB UNITED LIMITED

(Incorporated in the Republic of Singapore)  
(Company Registration No. 199506364D)

### Directors:

Lee Phuan Weng (Executive Chairman)  
Goh Ban Kin (Executive Director)  
Lee Yong Heng (Executive Director)  
Lee Wee Hian (Executive Director and Chief Executive Officer)  
Lee Kwang Mong (Non-Executive Director)  
Henry Hoe Leong Seng (Independent Director)  
Koh Ah Huat (Independent Director)  
Tay Teng Tiow (Independent Director)

### Registered Office:

9 Senoko Drive,  
Singapore 758197

13 October 2011

To: **The Shareholders of SMB United Limited**

- (1) **THE PROPOSED GRANT OF AWARDS UNDER THE SMB PERFORMANCE SHARE PLAN TO LEE HWEЕ CHOO, AN ASSOCIATE OF A CONTROLLING SHAREHOLDER OF THE COMPANY;**
- (2) **THE PROPOSED GRANT OF AWARDS UNDER THE SMB PERFORMANCE SHARE PLAN TO LEE WEE HIAN, AN ASSOCIATE OF A CONTROLLING SHAREHOLDER OF THE COMPANY;**
- (3) **THE PROPOSED PARTICIPATION OF LEE KWANG MONG, AN ASSOCIATE OF A CONTROLLING SHAREHOLDER OF THE COMPANY IN THE SMB PERFORMANCE SHARE PLAN; AND**
- (4) **THE PROPOSED GRANT OF AWARDS UNDER THE SMB PERFORMANCE SHARE PLAN TO LEE KWANG MONG, AN ASSOCIATE OF A CONTROLLING SHAREHOLDER OF THE COMPANY.**

Dear Sir/Madam

### 1. INTRODUCTION

#### 1.1 The SMB Performance Share Plan.

At the extraordinary general meeting (“EGM”) of the shareholders of the Company (the “Shareholders”) held on 30 April 2009 (the “2009 EGM”), the Shareholders had approved, *inter alia*:

- (a) the adoption of the SMB Performance Share Plan (the “PSP”); and
- (b) the participation of Lee Hwee Choo and Lee Wee Hian, associates of Lee Phuan Weng, a controlling shareholder of the Company, in the PSP.

1.2 **EGM.** The Directors refer to the Notice of EGM dated 13 October 2011 issued by the Company for the purpose of convening the EGM to be held on 28 October 2011 at 17 Senoko Avenue, Singapore 758307 at 10 a.m. to seek Shareholders' approval for the following proposals in relation to the PSP (the "**2011 EGM**"):

- (a) the proposed grant of contingent awards of Shares under the terms and conditions of the PSP ("**Awards**") under the PSP to Lee Hwee Choo, an associate of a controlling shareholder of the Company;
- (b) the proposed grant of Awards under the PSP to Lee Wee Hian, an associate of a controlling shareholder of the Company;
- (c) the proposed participation of Lee Kwang Mong, an associate of a controlling shareholder of the Company, in the PSP; and
- (d) the proposed grant of Awards under the PSP to Lee Kwang Mong, an associate of a controlling shareholder of the Company,

as further explained in paragraphs 2, 3 and 4 below (the "**Proposals**").

1.3 **Circular.** The purpose of this Circular is to provide Shareholders with information relating to the above proposals and to seek Shareholders' approval for such proposals at the 2011 EGM. As the PSP was approved by the Shareholders at the 2009 EGM, for which the rules of the PSP (the "**Rules of the PSP**") were set out in full in the circular to the Shareholders dated 6 April 2009 (the "**2009 Circular**"), Shareholders are advised to refer to the 2009 Circular for further details.

1.4 **SGX-ST.** The SGX-ST takes no responsibility for the accuracy of any statements or opinions made or reports contained in this Circular.

1.5 As at the Latest Practicable Date, the number of issued Shares is 479,751,999 Shares. The total number of Shares available under the PSP as at the Latest Practicable Date would be 71,962,799 Shares, representing 15% of the total number of issued Shares. Awards comprising a total of 16,450,000 Shares have been granted under the PSP, of which none have been granted to controlling shareholders of the Company or their associates, including Lee Hwee Choo, Lee Wee Hian and Lee Kwang Mong.

## 2. **THE PROPOSED GRANT OF AWARDS UNDER THE SMB PERFORMANCE SHARE PLAN TO LEE HWEE CHOO, AN ASSOCIATE OF A CONTROLLING SHAREHOLDER OF THE COMPANY**

2.1 As mentioned above, the participation of Lee Hwee Choo in the PSP was previously approved by the Shareholders at the 2009 EGM. Lee Hwee Choo is the daughter of Lee Phuan Weng, a controlling shareholder of the Company. By way of background, Lee Hwee Choo is the Managing Director of Bridex Singapore Pte. Ltd., a wholly-owned subsidiary of the Company, and has been with the Group since 1992. As the Managing Director of Bridex Singapore Pte. Ltd., Lee Hwee Choo is in charge of the Group's Trading & Distribution Division and is responsible for its overall management and business development activities. As stated in the 2009 Circular, the Remuneration Committee was of the view that Lee Hwee Choo would continue to contribute to the further development and success of Bridex Singapore Pte. Ltd. and the Group at large and that her continued contributions and participation in the general management and business development activities remained vital in ensuring the continued growth, expansion and enhancement of the Group's interests. Given her contributions to the Group, the Directors were of the view that the extension of the PSP to Lee Hwee Choo was consistent with the Group's objectives to motivate employees to achieve and maintain a high level of performance and contribution which is vital to the success of the Group at large.

- 2.2 To reward Lee Hwee Choo for her past and present contributions and to provide additional incentive for her to continue to contribute to the future performance of the Group, the Remuneration Committee therefore proposes to grant an Award to Lee Hwee Choo in accordance with the Rules of the PSP and, *inter alia*, on the following key terms:

Proposed date of grant of Award : Within 14 days after the date of the 2011 EGM

Number of Shares and/or their equivalent in cash comprised in the Award : 1,500,000 Shares (representing approximately 0.31% of the total issued Shares as at the Latest Practicable Date)

Performance Target(s) and Performance Period(s) : The above Award shall only be fully released upon the achievement of the prescribed performance target of cumulative net profit after tax (“NPAT”) of the Group (excluding expenses relating to the PSP) of at least S\$82,000,000 within the prescribed performance period which ends in FY2014, and subject to such further terms and conditions as set out in the relevant award letter(s). Performance targets set are intended to be based on medium-term corporate objectives and are stretched targets aimed at sustaining long term growth.

- 2.3 The Remuneration Committee is of the view that the grant of the proposed Award to Lee Hwee Choo is beneficial to the Group as the Award will encourage her to take a long-term view of the Group and motivate her to work towards improving the Group’s collective performance. The Remuneration Committee believes that the grant of the Award to Lee Hwee Choo is in line with similar grants to other participants under the PSP.

### 3. THE PROPOSED GRANT OF AWARDS UNDER THE SMB PERFORMANCE SHARE PLAN TO LEE WEE HIAN, AN ASSOCIATE OF A CONTROLLING SHAREHOLDER OF THE COMPANY

- 3.1 As mentioned above, the participation of Lee Wee Hian in the PSP was previously approved by the Shareholders at the 2009 EGM. Lee Wee Hian is the son of Lee Phuan Weng, a controlling shareholder of the Company. At the time of the 2009 EGM, Lee Wee Hian was the Managing Director of Bridex Harwal Pte. Ltd. (now known as SMB Electric Harwal Pte. Ltd.), and was responsible for its overall management as well as the business development activities. As stated in the 2009 Circular, the Remuneration Committee was of the view that Lee Wee Hian would continue to contribute to the further development and success of Bridex Harwal Pte. Ltd. and the Group at large and that, as an integral member of the management team, he should be allowed to participate in the PSP to reward him for his past and present contributions and to provide additional incentive for him to continue to contribute to the future performance of the Group. On 1 October 2010, Lee Wee Hian was appointed as an Executive Director and the Chief Executive Officer of the Company and holds this position to date. As an Executive Director and the Chief Executive Officer of the Company, Lee Wee Hian is responsible for the overall management of the Company and driving its business growth globally, increasing the profitability of the Group, as well as building long term shareholder value. Lee Wee Hian has been with the Group since 1997.

- 3.2 The Directors propose to grant an Award to Lee Wee Hian in accordance with the Rules of the PSP and, *inter alia*, on the following key terms:

Proposed date of grant of Award : Within 14 days after the date of the 2011 EGM

Number of Shares and/or their equivalent in cash comprised in the Award : 3,000,000 Shares (representing approximately 0.63% of the total issued Shares as at the Latest Practicable Date)

Performance Target(s) and : The above Award shall only be fully released upon the  
Performance Period(s) achievement of the prescribed performance target of cumulative NPAT of the Group (excluding expenses relating to the PSP) of at least S\$82,000,000 within the prescribed performance period which ends in FY2014, and subject to such further terms and conditions as set out in the relevant award letter(s). Performance targets set are intended to be based on medium-term corporate objectives and are stretched targets aimed at sustaining long term growth.

3.3 The Remuneration Committee is of the view that the grant of the proposed Award to Lee Wee Hian is beneficial to the Group as the Award will encourage him to take a long-term view of the Group and further align his interests with the Group's collective performance. The Remuneration Committee believes that the grant of the Award to Lee Wee Hian is in line with similar grants to other participants under the PSP.

#### **4. THE PROPOSED PARTICIPATION OF LEE KWANG MONG, AN ASSOCIATE OF A CONTROLLING SHAREHOLDER OF THE COMPANY, IN THE SMB PERFORMANCE SHARE PLAN, AND THE PROPOSED GRANT OF AWARDS UNDER THE SMB PERFORMANCE SHARE PLAN TO LEE KWANG MONG**

##### **4.1 Rationale and justification for the proposed participation**

The PSP was adopted by the Company at the 2009 EGM. At the time of the 2009 EGM, Lee Kwang Mong, who is the brother of Lee Phuan Weng, a controlling shareholder of the Company, was the Chief Executive Officer and Managing Director of EDMI Limited ("EDMI"). EDMI was previously listed on the Main Board of the SGX-ST but, as stated in the Company's announcement dated 16 August 2011, EDMI became a wholly-owned subsidiary of the Company with effect from 16 August 2011 and was subsequently delisted with effect from 24 August 2011.

Prior to the takeover and delisting of EDMI, EDMI had its own share option scheme in place, namely, the EDMI Share Option Scheme 2003, of which Lee Kwang Mong was a participant. Upon the delisting of EDMI, the EDMI Share Option Scheme 2003 ceased to be in operation.

At the time of the adoption of the PSP at the 2009 EGM, the Remuneration Committee had not considered Lee Kwang Mong to be eligible to participate in the PSP as it was of the view that Lee Kwang Mong would be more appropriately incentivised under EDMI's own share incentive schemes, i.e. the EDMI Share Option Scheme 2003. However, as the EDMI Share Option Scheme 2003 is no longer in operation, the Remuneration Committee is of the view that Lee Kwang Mong should be eligible to participate in the PSP.

Lee Kwang Mong is currently the Chief Executive Officer and Managing Director of EDMI, a wholly-owned subsidiary of the Company, and is responsible for the overall management and direction of EDMI and its subsidiaries. He has been with the Group since 1999. To allow Lee Kwang Mong to participate in the PSP would provide the Company with an added tool to design a more balanced and comprehensive overall remuneration package for him, which would give the Remuneration Committee more flexibility in determining the most appropriate method of remuneration to link his remuneration package with the results of the Company and the Group, which may in turn enhance shareholder value.

As an associate of a controlling shareholder of the Company, Lee Kwang Mong would be subject to the same rules as those applicable to other participants of the PSP as detailed in the 2009 Circular. In this manner, the PSP would not unduly favour Lee Kwang Mong over other participants. Further, the Remuneration Committee is of the view that Lee Kwang Mong's contribution to the Group should be assessed based on merit and he should not be deprived of participation in the PSP solely on the basis that he is an associate of a controlling shareholder of the Company, and that the proposed participation of Lee Kwang Mong in the PSP is consistent with the Company's objective of motivating its key employees to optimise their performance standards and efficiency, which is vital to the success of the Company.

It is therefore proposed that Lee Kwang Mong be allowed to participate in the PSP to reward him for his past and present contributions and to provide additional incentive for him to continue to contribute to the future performance of the Group.

- 4.2 The Directors propose to grant an Award under the PSP to Lee Kwang Mong in accordance with the Rules of the PSP and, *inter alia*, on the following key terms:

Proposed date of grant of Award : Within 14 days after the date of the 2011 EGM

Number of Shares and/or their equivalent in cash comprised in the Award : 3,000,000 Shares (representing approximately 0.63% of the total issued Shares as at the Latest Practicable Date)

Performance Target(s) and Performance Period(s) : The above Award shall only be fully released upon the achievement of the prescribed performance target of cumulative NPAT of EDMI Limited and its subsidiaries (excluding expenses relating to the PSP) of at least S\$62,000,000 within the prescribed performance period which ends in FY2014, and subject to such further terms and conditions as set out in the relevant award letter(s). Performance targets set are intended to be based on medium-term corporate objectives and are stretched targets aimed at sustaining long term growth.

- 4.3 The Remuneration Committee is of the view that the grant of the proposed Award to Lee Kwang Mong is beneficial to the Group as the Award will encourage him to take a long-term view of the Group and further align his interests with the Group's collective performance. The Remuneration Committee believes that the grant of the Award to Lee Kwang Mong is in line with similar grants to other participants under the PSP.

## 5. LIMITS ON GRANT OF AWARDS TO CONTROLLING SHAREHOLDERS AND THEIR ASSOCIATES

Under the Listing Rules and the Rules of the PSP, the aggregate number of Shares available under the PSP and such other share-based incentive schemes (if any) shall not exceed 15% of the total number of issued Shares (excluding treasury shares) on the day immediately preceding the date on which the Award shall be granted.

The aggregate number of Shares available to controlling shareholders of the Company and their associates shall not exceed 25% of the Shares available under the above schemes and the number of Shares available to each controlling shareholder or his associate shall not exceed 10% of the Shares available under the above schemes.

As at the Latest Practicable Date, the total number of issued Shares is 479,751,999 Shares. The total number of Shares available under the PSP as at the Latest Practicable Date would be 71,962,799 Shares, representing 15% of the total number of issued Shares. Accordingly, the total number of Shares available to the controlling shareholders of the Company or their associates under the PSP is up to 17,990,699 Shares, being 25% of the total number of Shares available under the PSP and the total number of Shares available to each controlling shareholder of the Company or his associate is up to 7,196,279 Shares, being 10% of the total number of Shares available under the PSP.

For illustrative purposes, on the assumption that (i) there is no increase in the number of issued Shares; and (ii) the Company does not buy back or otherwise acquire any of its Shares, and (iii) the proposed grant of Awards set out in paragraphs 2, 3, and 4 of this Circular are fully granted, the aggregate number of new Shares available to Lee Hwee Choo, Lee Wee Hian and Lee Kwang Mong would be 7,500,000 Shares, representing approximately 10.4% of the number of Shares available under the PSP as at the Latest Practicable Date. Accordingly, the grant of Awards to Lee Hwee Choo, Lee Wee Hian and Lee Kwang Mong would be within the limits prescribed under the Listing Rules and the Rules of the PSP.

## 6. DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' INTERESTS

### 6.1 Directors' Interests

Based on information in the Register of Directors' Shareholdings maintained by the Company, as at the Latest Practicable Date, the direct and deemed interests of the Directors are as follows:

<b>Directors</b>	<b>Direct Interest</b>		<b>Deemed Interest</b>		<b>Total Interest</b>	
	<b>No. of Shares</b>	<b>%<sup>(1)</sup></b>	<b>No. of Shares</b>	<b>%<sup>(1)</sup></b>	<b>No. of Shares</b>	<b>%<sup>(1)</sup></b>
Lee Phuan Weng	35,688,544	7.44	7,761,248 <sup>(2)</sup>	1.62	43,449,792	9.06
Goh Ban Kin	22,632,514	4.72	10,045,000 <sup>(3)</sup>	2.09	32,677,514	6.81
Lee Yong Heng	46,170,923	9.62	–	0.00	46,170,923	9.62
Lee Wee Hian	10,669,000	2.22	744,000 <sup>(4)</sup>	0.16	11,413,000	2.38
Lee Kwang Mong	1,082,000	0.23	–	0.00	1,082,000	0.23
Henry Hoe Leong Seng	336,000	0.07	–	0.00	336,000	0.07
Koh Ah Huat	168,000	0.04	–	0.00	168,000	0.04
Tay Teng Tiow	60,000	0.01	20,000 <sup>(5)</sup>	0.00	80,000	0.02

#### Notes:

- (1) The percentage shareholding interest is based on the issued share capital of 479,751,999 Shares as at the Latest Practicable Date.
- (2) Lee Phuan Weng is deemed interested in 7,761,248 Shares held by his spouse, Ang Lucy.
- (3) Goh Ban Kin is deemed interested in 10,045,000 Shares held by his spouse, Foo Juat Eng.
- (4) Lee Wee Hian is deemed interested in 744,000 Shares held by his spouse, Ang Lai See.
- (5) Tay Teng Tiow is deemed interested in 20,000 Shares held by his spouse, Hung Cheau Ling.

Save for their respective shareholding interests in the Company, if any, and as disclosed in this Circular, none of the Directors has any other direct or indirect interest in the Proposals.

### 6.2 Substantial Shareholders' Interests

Based on information in the Register of Substantial Shareholders maintained by the Company, as at the Latest Practicable Date, the direct and deemed interests of the Substantial Shareholders are as follows:

<b>Substantial Shareholders</b>	<b>Direct Interest</b>		<b>Deemed Interest</b>		<b>Total Interest</b>	
	<b>No. of Shares</b>	<b>%<sup>(1)</sup></b>	<b>No. of Shares</b>	<b>%<sup>(1)</sup></b>	<b>No. of Shares</b>	<b>%<sup>(1)</sup></b>
Lee Phuan Weng	35,688,544	7.44	7,761,248 <sup>(2)</sup>	1.62	43,449,792	9.06
Goh Ban Kin	22,632,514	4.72	10,045,000 <sup>(3)</sup>	2.09	32,677,514	6.81
Lee Yong Heng	46,170,923	9.62	–	0.00	46,170,923	9.62

#### Notes:

- (1) The percentage shareholding interest is based on the issued share capital of 479,751,999 Shares as at the Latest Practicable Date.
- (2) Lee Phuan Weng is deemed interested in 7,761,248 Shares held by his spouse, Ang Lucy.
- (3) Goh Ban Kin is deemed interested in 10,045,000 Shares held by his spouse, Foo Juat Eng.

Save for their respective shareholding interests in the Company, and as disclosed in this Circular, none of the Substantial Shareholders has any other direct or indirect interest in the Proposals.

## **7. ABSTENTION FROM VOTING**

Shareholders who are eligible to participate in the PSP shall abstain from voting at the 2011 EGM in respect of the Ordinary Resolutions 1 to 4 as set out in the Notice of EGM.

The Company shall procure that Lee Phuan Weng, Lee Wee Hian, Lee Yong Heng, Lee Kwang Mong and Lee Hwee Choo abstain from voting in respect of the Ordinary Resolutions 1 to 4 as set out in the Notice of EGM.

They will also decline to accept appointment as proxies for any Shareholder to vote in respect of each of the said resolutions unless the Shareholder concerned shall have given instructions in his proxy form as to the manner in which his votes are to be cast in respect of such resolutions.

## **8. DIRECTORS' RECOMMENDATIONS**

The Directors (other than Lee Phuan Weng, Lee Wee Hian, Lee Yong Heng and Lee Kwang Mong, who have abstained from making any recommendations to Shareholders in relation to the Ordinary Resolutions 1 to 4 as set out in the Notice of EGM) are of the opinion that the above proposals are in the best interests of the Company. Accordingly, the Directors (other than Lee Phuan Weng, Lee Wee Hian, Lee Yong Heng and Lee Kwang Mong) recommend that Shareholders vote in favour of the Ordinary Resolutions 1 to 4 as set out in the Notice of EGM.

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

### **9.1 Appointment of Proxies**

If a Shareholder is unable to attend the 2011 EGM and wishes to appoint a proxy to attend and vote on his behalf, he should complete, sign and return the attached Proxy Form in accordance with the instructions printed thereon as soon as possible and, in any event, so as to reach the registered office of the Company at 9 Senoko Drive, Singapore 758197, not later than 48 hours before the time fixed for the 2011 EGM. Completion and return of the Proxy Form by a Shareholder will not prevent him from attending and voting at the 2011 EGM if he so wishes.

### **9.2 When Depositor regarded as Shareholder**

A Depositor shall not be regarded as a Shareholder entitled to attend the 2011 EGM and vote thereat unless his name appears on the Depository Register at least 48 hours before the 2011 EGM.

## **10. DIRECTORS' RESPONSIBILITY STATEMENT**

The Directors (including those who may have delegated detailed supervision of this Circular) 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 Proposals, the Company and its subsidiaries as at the Latest Practicable Date, and the Directors are not aware of any facts the omission of which would make any statement in this Circular misleading. Where information in the 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 the Circular in its proper form and context.

**11. DOCUMENTS AVAILABLE FOR INSPECTION**

The following documents may be inspected at the registered office of the Company at 9 Senoko Drive, Singapore 758197 during normal business hours from the date of this Circular up to and including the date of the 2011 EGM:

- (a) a copy of the Memorandum and Articles; and
- (b) a copy of the 2009 Circular including the Rules of the PSP.

Yours faithfully  
for and on behalf of the Board of  
**SMB UNITED LIMITED**

Lee Phuan Weng  
Executive Chairman

# SMB UNITED LIMITED

(Incorporated in the Republic of Singapore)  
(Company Registration No. 199506364D)

## NOTICE OF EXTRAORDINARY GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that an Extraordinary General Meeting (“**EGM**”) of SMB United Limited (“**SMB**”) will be held at 17 Senoko Avenue, Singapore 758307 on 28 October 2011 at 10 a.m. for the purpose of considering and, if thought fit, passing with or without modifications, the ordinary resolutions set out herein. All capitalised terms used in this Notice of EGM which are not defined herein shall have the same meanings ascribed to them in SMB’s circular to its shareholders dated 13 October 2011.

### **ORDINARY RESOLUTION 1 – THE PROPOSED GRANT OF AWARDS UNDER THE SMB PERFORMANCE SHARE PLAN TO LEE HWEE CHOO, AN ASSOCIATE OF A CONTROLLING SHAREHOLDER OF THE COMPANY**

**THAT** the Directors be and are hereby authorised to award and grant awards under the SMB Performance Share Plan to Lee Hwee Choo, an associate of a controlling shareholder of the Company, pursuant to and in accordance with the rules of the SMB Performance Share Plan and on the following terms, and that the Directors be and are hereby authorised to allot and issue new ordinary shares in the capital of the Company, where necessary, upon the release of such Award(s):

- Proposed date of grant of Award : Within 14 days after the date of the EGM
- Number of Shares and/or their equivalent in cash comprised in the Award : 1,500,000 Shares (representing approximately 0.31% of the total issued Shares as at the Latest Practicable Date)
- Performance Target(s) and Performance Period(s) : The above Award shall only be fully released upon the achievement of the prescribed performance target of cumulative net profit after tax of the Company and its subsidiaries (excluding expenses relating to the SMB Performance Share Plan) of at least S\$82,000,000 within the prescribed performance period which ends in FY2014, and subject to such further terms and conditions as set out in the relevant award letter(s). Performance targets set are intended to be based on medium-term corporate objectives and are stretched targets aimed at sustaining long term growth.

### **ORDINARY RESOLUTION 2 – THE PROPOSED GRANT OF AWARDS UNDER THE SMB PERFORMANCE SHARE PLAN TO LEE WEE HIAN, AN ASSOCIATE OF A CONTROLLING SHAREHOLDER OF THE COMPANY**

**THAT** the Directors be and are hereby authorised to award and grant awards under the SMB Performance Share Plan to Lee Wee Hian, an associate of a controlling shareholder of the Company, pursuant to and in accordance with the rules of the SMB Performance Share Plan and on the following terms, and that the Directors be and are hereby authorised to allot and issue new ordinary shares in the capital of the Company, where necessary, upon the release of such Award(s):

- Proposed date of grant of Award : Within 14 days after the date of the EGM
- Number of Shares and/or their equivalent in cash comprised in the Award : 3,000,000 Shares (representing approximately 0.63% of the total issued Shares as at the Latest Practicable Date)

Performance Target(s) and Performance Period(s) : The above Award shall only be fully released upon the achievement of the prescribed performance target of cumulative net profit after tax of the Company and its subsidiaries (excluding expenses relating to the SMB Performance Share Plan) of at least S\$82,000,000 within the prescribed performance period which ends in FY2014, and subject to such further terms and conditions as set out in the relevant award letter(s). Performance targets set are intended to be based on medium-term corporate objectives and are stretched targets aimed at sustaining long term growth.

**ORDINARY RESOLUTION 3 – THE PROPOSED PARTICIPATION OF LEE KWANG MONG, AN ASSOCIATE OF A CONTROLLING SHAREHOLDER OF THE COMPANY, IN THE SMB PERFORMANCE SHARE PLAN**

**THAT** the participation of Lee Kwang Mong, a Non-Executive Director of the Company and an associate of a controlling shareholder of the Company, in the SMB Performance Share Plan be and is hereby approved.

**ORDINARY RESOLUTION 4 – THE PROPOSED GRANT OF AWARDS UNDER THE SMB PERFORMANCE SHARE PLAN TO LEE KWANG MONG, AN ASSOCIATE OF A CONTROLLING SHAREHOLDER OF THE COMPANY**

**THAT**, subject to and contingent upon Ordinary Resolution 3 above being passed, the Directors be and are hereby authorised to award and grant awards under the SMB Performance Share Plan to Lee Kwang Mong, a Non-Executive Director of the Company and an associate of a controlling shareholder of the Company, pursuant to and in accordance with the rules of the SMB Performance Share Plan and on the following terms, and that the Directors be and are hereby authorised to allot and issue new ordinary shares in the capital of the Company, where necessary, upon the release of such Award(s):

Proposed date of grant of Award : Within 14 days after the date of the EGM

Number of Shares and/or their equivalent in cash comprised in the Award : 3,000,000 Shares (representing approximately 0.63% of the total issued Shares as at the Latest Practicable Date)

Performance Target(s) and Performance Period(s) : The above Award shall only be fully released upon the achievement of the prescribed performance target of cumulative net profit after tax of EDMI Limited and its subsidiaries (excluding expenses relating to the SMB Performance Share Plan) of at least S\$62,000,000 within the prescribed performance period which ends in FY2014, and subject to such further terms and conditions as set out in the relevant award letter(s). Performance targets set are intended to be based on medium-term corporate objectives and are stretched targets aimed at sustaining long term growth.

By Order of the Board

Toh Kian Poh / Elizabeth Krishnan  
Company Secretaries  
13 October 2011

Notes:

1. A member entitled to attend and vote at the EGM is entitled to appoint a proxy to attend and vote on his behalf. A proxy need not be a member of SMB.
2. If the appointer is a corporation, the proxy must be executed under seal or the hand of its duly authorised officer or attorney.
3. The instrument appointing the proxy that has been executed by a member must be lodged at the registered office of SMB at 9 Senoko Drive, Singapore 758197, not less than 48 hours before the time appointed for the EGM. The sending of a Proxy Form by a member does not preclude him from attending and voting in person at the EGM if he finds that he is able to do so. In such event, the relevant Proxy Forms will be deemed to be revoked.

# SMB UNITED LIMITED

(Incorporated in the Republic of Singapore)  
(Company Registration No. 199506364D)

## PROXY FORM

(Please see notes overleaf before completing this Form)

### IMPORTANT:

- For investors who have used their CPF monies to buy SMB United Limited's shares, this Circular is forwarded to them at the request of the CPF Approved Nominees and is sent solely FOR INFORMATION ONLY.
- 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.
- CPF investors who wish to attend the Meeting as an observer must submit their requests through their CPF Approved Nominees within the time frame specified. If they also wish to vote, they must submit their voting instructions to the CPF Approved Nominees within the time frame specified to enable them to vote on their behalf.

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

of \_\_\_\_\_

being a member/members of SMB United Limited ("SMB"), 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 of SMB (the "Meeting") to be held at 17 Senoko Avenue, Singapore 758307 on 28 October 2011 at 10 a.m. and at any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against the Ordinary Resolutions proposed at the Meeting as indicated hereunder. If no specific direction as to voting is given or in the event of any other matter arising at the Meeting and at any adjournment thereof, the proxy/proxies will vote or abstain from voting at his/her discretion. The authority herein includes the right to demand or to join in demanding a poll and to vote on a poll.

	To be used on a show of hands		To be used in the event of a poll	
	For*	Against*	Number of Votes For**	Number of Votes Against**
<b>Ordinary Resolution 1</b> To approve the grant of awards under the SMB Performance Share Plan in respect of 1,500,000 Shares to Lee Hwee Choo, an associate of a controlling shareholder of the Company.				
<b>Ordinary Resolution 2</b> To approve the grant of awards under the SMB Performance Share Plan in respect of 3,000,000 Shares to Lee Wee Hian, an associate of a controlling shareholder of the Company.				
<b>Ordinary Resolution 3</b> To approve the participation of Lee Kwang Mong, an associate of a controlling shareholder of the Company, in the SMB Performance Share Plan.				
<b>Ordinary Resolution 4</b> To approve the grant of awards under the SMB Performance Share Plan in respect of 3,000,000 Shares to Lee Kwang Mong, an associate of a controlling shareholder of the Company.				

\* Please indicate your vote "For" or "Against" with an "X" within the box provided.

\*\* If you wish to exercise all your votes "For" or "Against", please indicate with an "X" within the box provided. Alternatively, please indicate the number of votes as appropriate.

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2011

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



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

**Notes:**

1. Please insert the total number of Shares held by you. If you have Shares entered against your name in the Depository Register (as defined in Section 130A of the Companies Act (Chapter 50 of Singapore)), 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 SMB entitled to attend and vote at a meeting of SMB is entitled to appoint one or two proxies to attend and vote in his/her stead. A proxy need not be a member of SMB.
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. Completion and return of this instrument appointing a proxy shall not preclude a member from attending 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, SMB reserves the right to refuse to admit any person or persons appointed under the instrument of proxy to the Meeting.
5. The instrument appointing a proxy or proxies must be deposited at the registered office of SMB at 9 Senoko Drive, Singapore 758197 not less than 48 hours before the time appointed for the Meeting.
6. 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.
7. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Meeting, in accordance with Section 179 of the Companies Act (Chapter 50 of Singapore).

**General:**

SMB 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, SMB may reject any instrument appointing a proxy or proxies lodged if the member, being the appointor, is not shown to have Shares entered against his name in the Depository Register as at 48 hours before the time appointed for holding the Meeting, as certified by The Central Depository (Pte) Limited to SMB.