



CHIP ENG SENG CORPORATION LTD.

Co. Reg. No. 199805196H

**RESPONSE TO THE SINGAPORE EXCHANGE SECURITIES TRADING LIMITED'S
(‘SGX-ST’) QUERY ON ANNUAL REPORT FOR THE FINANCIAL YEAR ENDED 31
DECEMBER 2012**

The Board of Directors of Chip Eng Seng Ltd. (the ‘Company’) refers to the email of 9 April 2013 from the SGX-ST in connection with the Company’s Annual Report for the financial year ended 31 December 2012 (the ‘Annual Report’) and wishes to respond as follows:-

SGX-ST’s query

Rule 1207(12) of the Listing Manual provides that in respect of directors’ and key executives’ remuneration, the issuer should make disclosure as recommended in the Code of Corporate Governance, or otherwise disclose and explain any deviation from the recommendation.

It is stated in Guideline 9.2 of the Code of Corporate Governance 2005 that the annual remuneration report should set out the names of directors and at least the top 5 key executives (who are not also directors) earning remuneration which falls within bands of S\$250,000. However, we note on pages 27 and 28 of the Annual Report that the Company has disclosed the remuneration of four directors in the band “Above S\$1,000,000” and the remuneration of one key executive in the band “Above S\$1,000,000”. In this respect, please disclose the remuneration of these directors and the key executive in accordance with Guideline 9.2.

Company’s response

The Company operates in a highly competitive environment where poaching of employees by competitors is fairly common. The Company has decided to disclose the remuneration of its four executive directors and senior key executive more generally in a single band (“above S\$1,000,000”) as it considers the remuneration of its key employees and directors commercially sensitive to disclose. In respect of directors and key executives earning less than S\$1,000,000, the Company has disclosed their salary in bands of S\$200,000, to provide greater transparency than the requirements of the Code of Corporate Governance 2005 (which recommends disclosure in bands of S\$250,000).

Submitted by Mr Raymond Chia Lee Meng, Executive Deputy Chairman and Group Chief Executive Officer on 12 April 2013 to the SGX.