

## MALAYAN BANKING BERHAD (“MAYBANK” OR “COMPANY”)

- (I) **PROPOSED ACQUISITION BY ASEAM CREDIT SDN BHD (“ACSB” OR “OFFEROR”), A WHOLLY-OWNED SUBSIDIARY OF MAYBANK, OF AN AGGREGATE OF 257,559,264 ORDINARY SHARES IN KIM ENG HOLDINGS LTD (“KIM ENG”), REPRESENTING 44.63% OF THE ISSUED AND PAID-UP SHARE CAPITAL OF KIM ENG**
  - (II) **POSSIBLE MANDATORY CONDITIONAL CASH OFFER FOR ALL THE REMAINING ORDINARY SHARES OF KIM ENG NOT ALREADY OWNED BY ACSB, ITS RELATED CORPORATIONS AND THEIR RESPECTIVE NOMINEES (“OFFER SHARES”) SUBJECT TO THE FULFILMENT OF THE PRE-CONDITION AS DEFINED HEREIN**
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### 1. INTRODUCTION

The Board of Directors (“**Board**”) of Maybank is pleased to announce that ACSB, a wholly-owned subsidiary of Maybank, on 6 January 2011 entered into separate conditional Share Purchase Agreements (“**SPAs**”) with each of Mr Ronald Anthony Ooi Thean Yat (“**Ronald Ooi**”) and Yuanta Securities Asia Financial Services Limited (“**Yuanta Securities**”) (collectively the “**Vendors**”), pursuant to which, *inter alia*,:

- (a) Ronald Ooi has agreed to sell and procure the sale of, and ACSB has agreed to purchase, 89,082,698 ordinary shares (“**RO Sale Share**”) in the capital of Kim Eng Holdings Limited (“**Kim Eng**”), representing approximately 15.44% of the ordinary shares (“**Kim Eng Shares**”) in the capital of Kim Eng in issue as at the date of this Announcement, for an aggregate cash consideration of Singapore Dollar (“**SGD**”) 276,156,363.80 (“**RO Consideration**”), being SGD3.10 in cash for each RO Sale Share; and
- (b) Yuanta Securities has agreed to sell, and ACSB has agreed to purchase, 168,476,566 Kim Eng Shares (“**Yuanta Sale Shares**”), and together with the RO Sale Shares, (“**Sale Shares**”), representing approximately 29.19% of the Kim Eng Shares in issue as at the date of this Announcement, for an aggregate cash consideration of SGD522,277,354.60 (“**Yuanta Consideration**”), being SGD3.10 in cash for each Yuanta Sale Share,

in each case, free from all claims, charges, mortgages, liens, options, equity, power of sale, hypothecation, retention of title, rights of pre-emption, rights of first refusal or other third party rights or security interests of any kind or any agreements, arrangements or obligations to create any of the foregoing and together with all rights and advantages attaching to them as at the date of the SPAs (including the right to receive all dividends or distributions declared, made or paid on or after the date of the SPAs) (“**Proposed Acquisition**”).

The total cash consideration payable by ACSB for the Sale Shares is SGD798.4 million (equivalent of approximately RM1,899.5 million) (“**Aggregate Consideration**”).

Upon completion of the SPAs, Maybank via ACSB will emerge as the single largest shareholder of Kim Eng.

Further details of the Proposed Acquisition, including salient terms and conditions of the SPAs are set out in Section 2.

*(Unless otherwise stated, the exchange rate of SGD1.00 : RM2.379 being the middle rate prevailing on 5 January 2011 as published by Bank Negara Malaysia, has been applied in this Announcement)*

## 2. THE PROPOSED ACQUISITION

The Proposed Acquisition will be funded by internally generated and/or external funds. The pro forma capital ratios of Maybank and its subsidiaries ("**Maybank Group**") remain healthy, and well above the minimum regulatory requirements. The Maybank Group intends to strengthen further its capital base via the issuance of equity, debt or a combination of both to fund its future business growth opportunities.

### 2.1 Background information on Kim Eng

Kim Eng was incorporated in the Republic of Singapore on 17 January 1989. It was listed on the Mainboard of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") since 8 February 1990.

Kim Eng had an issued and paid-up share capital of SGD211,114,224 comprising of 577,093,954 Kim Eng Shares (net of 22,989,000 treasury shares of SGD33,336,953 held) as of 30 September 2010.

The principal activity of Kim Eng is that of investment holding. The principal activities of its subsidiaries and associated companies consist of stockbroking, futures broking, investment advisory, provision of corporate finance services, margin financing, money lending, fund management, provision of nominee and fiduciary services, investment holding, property investment and real estate development.

Based on the latest unaudited consolidated accounts of Kim Eng for the 9-month financial period ended 30 September 2010, Kim Eng's unaudited shareholders' equity totalled SGD937.64 million (equivalent of approximately RM2,230.65 million) and its consolidated profit after taxation and minority interest ("**PATAMI**") was SGD50.15 million (equivalent of approximately RM119.31 million).

Please refer to **Appendix 1** for further information on Kim Eng.

### 2.2 Basis of arriving at the purchase consideration

The total cash consideration per Kim Eng Share of SGD3.10 (equivalent of approximately RM7.37) was arrived at on a willing buyer-willing seller basis after taking into consideration the following:

- (i) the unaudited consolidated shareholders' equity of Kim Eng for the 9-month financial period ended 30 September 2010 of SGD937.64 million (equivalent of approximately RM2,230.65 million);
- (ii) the price-to-book multiple of 1.91 times and 1.91 times based on the consideration price per Kim Eng of SGD3.10 (equivalent of approximately RM7.37) and the audited consolidated shareholders' equity of SGD938.98 million (equivalent of approximately RM2,233.83 million) as of 31 December 2009 and the unaudited consolidated shareholders' equity of SGD937.64 million (equivalent of approximately RM2,230.65 million) for the 9-month financial period ended 30 September 2010 respectively;
- (iii) a premium of 18.3% to the five (5)-day volume-weighted average market price of Kim Eng Shares of SGD2.62 up to and including 5 January 2011, being the last trading day of Kim Eng Shares on the SGX-ST preceding the date of this Announcement; and

- (iv) earnings potential of Kim Eng and its subsidiaries ("**Kim Eng Group**") and the potential benefits to Maybank Group.

## **2.3 Salient terms of the SPAs**

### **2.3.1 Conditions Precedent**

Pursuant to the terms of the SPAs, the Acquisition is conditional upon the satisfaction or waiver, as the case may be, of the conditions precedent ("**Conditions**") set out in **Appendix 2** of this Announcement. Completion of the Proposed Acquisition ("**Completion**") shall take place on the date falling three Business Days following the satisfaction or waiver, as the case may be, of the last of the Conditions set out in paragraphs (1), (2), (3), (4) and (7) of **Appendix 2**. The Conditions must be satisfied or waived (as the case may be) on or before the long stop date ("**Long Stop Date**").

The Long Stop Date is the date falling four months from the date of the SPAs, being 6 May 2011. ACSB may, in its sole and absolute discretion, elect to extend the Long Stop Date to a date falling six months from the date of the Share Purchase Agreements, being 6 July 2011. On such election, the Offeror will pay to each of Ronald Ooi and Yuanta Securities, an option fee ("**Option Fee**") amounting to 1% of the RO Consideration and the Yuanta Consideration respectively. In the event that the Proposed Acquisition is completed prior to the Long Stop Date and the Option Fee has been paid prior to Completion, ACSB will pay to each of Ronald Ooi and Yuanta Securities, the RO Consideration and the Yuanta Consideration respectively, in each case, less such Option Fee.

For the purposes of this Announcement and the SPAs, "**Business Day**" means a day which is not a Saturday, Sunday or a public holiday in Singapore and Malaysia.

### **2.3.2 Other salient terms of the SPAs**

Pursuant to the terms of the SPAs, ACSB shall not be bound to purchase, and the Vendors shall not be bound to sell, any of the Sale Shares if completion of the acquisition of each of the RO Sale Shares and the Yuanta Sale Shares is not carried out simultaneously ("**Simultaneous Completion Requirement**").

Further, either the Offeror or the Vendors (as the case may be) may terminate the respective SPAs prior to Completion upon the occurrence of certain events ("**Termination Events**") set out in **Appendix 3** of this Announcement. In the event that one SPA is terminated, the other SPA will also terminate and ACSB will also not be bound to purchase, nor will the Vendors be obliged to sell, any of the Sale Shares.

## **2.4 Liabilities to be assumed**

There are no liabilities including contingent liabilities and guarantees to be assumed by Maybank under the Proposed Acquisition, other than those arising in the ordinary course of business of Kim Eng in the event the financial statements of Kim Eng Group are consolidated into financial statements of Maybank Group after completion of the Proposed Acquisition.

### 3. THE POSSIBLE MANDATORY CONDITIONAL CASH OFFER

Upon completion of the SPAs, Maybank through ACSB will emerge as the single largest shareholder of Kim Eng. As ACSB's shareholdings in Kim Eng exceeds 30% of the issued and paid-up share capital of Kim Eng upon completion of the Proposed Acquisition, ACSB is obliged to extend a mandatory general offer for all the Kim Eng Shares, other than those already owned by ACSB, its related corporations and their respective nominees, pursuant to Section 139 of the Securities and Futures Act, Chapter 289 and Rule 14.1 of the Singapore Code on Take-overs and Mergers.

Therefore, on 6 January 2011, Nomura Singapore Limited ("**Nomura**") announced for and on behalf of ACSB that ACSB intends to make a mandatory conditional cash offer ("**Offer**") for all the Kim Eng Shares, other than the Kim Eng Shares already owned by ACSB, its related corporations and their respective nominees ("**Offer Shares**"), subject to the completion of the Proposed Acquisition, in accordance with the terms and conditions of the SPAs ("**Pre-Condition**"), on the following terms:

- (i) For each Offer Share : SGD3.10 in cash ("**Offer Price**")
- (ii) The Offer Shares will be acquired (i) fully paid, (ii) free from all claims, charges, mortgages, liens, options, equity, power of sale, hypothecation, retention of title, rights of pre-emption, rights of first refusal or other third party rights or security interests of any kind or any agreements, arrangements or obligations to create any of the foregoing and (iii) together with all rights, benefits and entitlements attached thereto as at the date of this Announcement and hereafter attaching thereto, including the right to receive and retain all dividends, rights and other distributions (if any) declared, paid or made by Kim Eng on or after the date of this Announcement.

If any dividend, rights or other distribution is announced, declared, paid or made by Kim Eng on or after the date of this Announcement, the Offer Price will be reduced by the amount of such dividend, rights or other distribution.
- (iii) The Offer, if and when made, will be conditional upon ACSB having received valid acceptances in respect of and/or acquired such number of Offer Shares which will result in the Offeror and parties acting in concert with it holding such number of Shares carrying more than 50% of the voting rights attributable to the issued share capital of Kim Eng.

**Shareholders should note that the Offer will not be made unless and until the Pre-Condition is satisfied no later than the Long-Stop Date.**

If and when Pre-Condition is fulfilled, Nomura, for and on behalf of ACSB, will immediately announce the firm intention on the part of ACSB to make the Offer ("**Formal Announcement**"). The Offer Document will be despatched to holders of the Kim Eng Shares not earlier than 14 days and not later than 21 days from the date of the Formal Announcement. However, if the Pre-Condition is not fulfilled, the Offer will not be made and Nomura will issue an announcement confirming that fact as soon as reasonably practicable thereafter.

It is not the current intention of the Offeror to maintain the listing status of the Company on the SGX-ST following the completion of the Offer, and the Offeror intends to exercise its right of compulsory acquisition under Section 215(1) of the Companies Act, Chapter 50 of Singapore ("**Companies Act**") in connection with the Offer.

Further details are set out in the Possible Offer Announcement, a copy of which is available on the website of the SGX-ST at [www.sgx.com](http://www.sgx.com).

Maybank will engage in discussions with the relevant authorities in Thailand and the Philippines regarding the potential downstream general offers, as a result of the Proposed Acquisition, for Kim Eng Securities (Thailand) Public Company Limited and ATR Kim Eng Financial Corporation respectively.

In the event the Offeror acquires 100% equity interest in Kim Eng, the total cash consideration would be SGD1,789 million (equivalent to approximately RM4,256 million).

Further details on the above will be made by the Company in due course.

#### **4. RATIONALE FOR THE PROPOSED ACQUISITION**

The Proposed Acquisition represents a unique opportunity for Maybank Group to accelerate the achievement of its vision to become a regional financial services leader in the Association of Southeast Asian Nations (“**ASEAN**”) by combining Maybank’s commercial banking presence in ASEAN with Kim Eng’s strong market positions in stockbroking, and investment banking presence in Singapore, Thailand, Indonesia and the Philippines, and growing presence in Hong Kong, Vietnam, New York, London and India. The Proposed Acquisition also meets the objective of Maybank Group of becoming a leading ASEAN wholesale bank.

Maybank has strong commercial banking presence in ASEAN, but its stockbroking and investment banking capabilities are currently limited to Malaysia only. Kim Eng, in contrast, has a strong stockbroking, distribution and investment banking capabilities across ASEAN but is not bank-backed. Maybank and Kim Eng are, as such, complementary in their strategic fit and can leverage on their respective strengths with minimal overlap.

With Kim Eng, Maybank Group will emerge as a top 5 broker in Singapore, Thailand, Indonesia and the Philippines, as well as with active presence in Hong Kong, Vietnam, New York, London and India. The Proposed Acquisition will enable its subsidiary, Maybank Investment Bank Berhad (“**Maybank IB**”), to immediately gain a strong foothold and instant access to clientele, platform and talents in many key markets to Maybank, where Maybank already has an established commercial banking presence.

#### **5. PROSPECTS**

##### **5.1 Trading volume of selected markets in ASEAN**

During the period 2005-2009, Hong Kong, Indonesia, the Philippines, Singapore, Malaysia and Thailand achieved trading volume growth (based on value) of 35%, 30%, 28%, 21%, 15% and 8% (compounded annual growth rate) respectively. Kim Eng is well-placed to tap on the growth potential of these markets with its stockbroking platform in these countries.

*(Source: World Federation of Exchange members)*

## **5.2 Prospects of the Singapore economy**

The Singapore economy contracted by 18.7% quarter-on-quarter (“q-o-q”) in Q3, after expanding by 27.3% the previous quarter. The contraction was largely due to a 53.6% fall in the manufacturing sector’s value added, which was in turn weighed down by a plunge in pharmaceuticals output. The construction sector also declined by 10.4%, as activity came off its Q2 peak. Meanwhile, growth in the services sector slowed significantly to 1.4%, after two quarters of double-digit sequential gains. Excluding pharmaceuticals manufacturing, the economy was estimated to have contracted only marginally, following the 12.4% growth in the preceding quarter.

The Singapore economy started to display signs of moderating in the middle of this year, following an unprecedented expansion in H1, in line with a loss of recovery momentum around the world. Looking ahead, while the risk of the global economy relapsing into recession has subsided, final demand in the developed economies is expected to remain sluggish. In comparison, the outlook for Asia ex-Japan economies is more positive. Although growth in the region will likely slow, it should continue to be supported by firm domestic demand.

Against this backdrop, the level of economic activity in Singapore is projected to remain high across a broad range of industries but it could ease further in the near term. For 2010 as a whole, gross domestic product (“GDP”) is on track to grow by around 15% while in 2011, the domestic economy will see a more sustainable rate of growth of 4% to 6%.

While manufacturing and services contributed fairly evenly to GDP growth in 2010, services will play a bigger role next year, on the back of a relatively sanguine outlook for the region. After a sharp rebound from the trough, the domestic manufacturing sector is likely to take a breather going into 2011 as demand in the global information technology industry has shown signs of softening recently. Concomitantly, the services sector could potentially account for up to two-thirds of Singapore’s GDP growth next year, up from around 50% this year. In particular, the financial, trade related and tourism-related sectors are likely to see stronger growth, as these sectors are highly geared towards Asian markets and together will contribute slightly over half to GDP growth next year.

*(Source: Monetary Authority of Singapore – Recent Economic Developments in Singapore dated 3 December 2010)*

## **5.3 Prospects of the Thailand economy**

The recovery of the Thai economy remained robust and the economy expanded at a higher rate than anticipated from Q2 2010. Private consumption continued to accelerate in Q2 2010, supported by improved employment conditions and robust farm income, together with subdued inflation. The momentum of the recovery is expected to sustain for the rest of 2010. Inflation in Q3 2010 stood at 3.3%, leveling off from the previous quarter as a decline in pressure from energy prices was matched by rising pressure from core prices and raw food prices. Nevertheless, the growth of economic activities is expected to soften and revert towards the normal trend of growth, due partly to a more subdued external demand which is expected to slow down towards the end of 2010. However, robust farm income, the ongoing low unemployment rate, and high credit growth are expected to support the recovery of the Thai economy in Q3 2010 and beyond.

Looking ahead, the downside risk to the Thai economy will be mostly from external factors, namely a delayed recovery of trading partners' economies, particularly the developed countries which potentially face structural weaknesses of some European financial institutions, which could adversely affect Thailand's exports, as well as domestic consumption and investment as a consequence, and the volatility of capital flows across countries due to the uneven global economic recovery, which might in turn induce macroeconomic imbalances within the Thai economy. In addition, internal factors such as slower-than-expected disbursement of government expenditure could also disrupt the momentum of economic recovery going forward.

After assessing the outlook for the global and domestic recovery in conjunction with the surrounding risks, the domestic economy should expand at a higher rate in 2010 than projected. Private consumption, in particular, should become the main growth driver for the Thai economy over the rest of 2010. Nevertheless, the average q-o-q growth momentum in the second half of the year should moderate somewhat as the Thai economy begins reverting to its normal trend. For 2011, the Thai economy is expected to continue expanding at a rate close to previously projected, supported by underlying economic fundamentals that remain robust. Thus, the forecast interval of output growth in 2010 has been revised to 7.3% to 8.0% in 2010 and the forecast for 2011 is maintained at 3.0% to 5.0%, with risks skewed to the downside owing to the aforementioned external factors.

*(Source: Bank of Thailand – Inflation Report, October 2010)*

#### **5.4 Prospects of the Hong Kong economy**

The Hong Kong economy has staged a strong recovery from the global financial crisis in the first half of 2010, driven by solid domestic demand. Economic growth slowed sequentially in Q3 2010, accompanied by low unemployment rates and moderate inflation. Real GDP growth in Hong Kong declined to 0.7% q-o-q in Q3 2010 after registering 2.1% and 1.4% in the first two quarters respectively. The deceleration was due mainly to the fading domestic inventory cycle, with domestic and net exports still experiencing steady growth.

Inflationary pressures have been building up gradually in the economy. The year-on-year (“y-o-y”) underlying inflation rate edged up to 2.3% in October 2010 from 2.2% a month earlier. Progressive increases in rental costs and basic food prices over the past few months contributed to the rise, while contributions from non-tradable goods prices, excluding rentals, sustained over the same period. Looking ahead, indicators suggests that rising private housing rentals and food prices will add further risks to inflationary pressures in Hong Kong.

Labour market conditions continued to improve into the second half of 2010 on the back of firm economic growth. Unemployment rate dropped and then stayed at 4.2% in October 2010 for three consecutive months. It continued to decline in Q3 2010 and was unchanged at 1.9% in October 2010.

The Hong Kong economy is expected to grow at a firm pace through the rest of 2010 and in 2011. Private consumption will continue to be supported by improving labour market conditions and robust consumer confidence. Public investment will hold up well, while private investment may moderate and inventory de-stocking may continue. Externally, the trade balance is facing downward pressures due mainly to lackluster growth in the advanced economies, while intra-regional trade is expected to remain supportive of Hong Kong's exports.

*(Source: Hong Kong Monetary Authority, Quarterly Bulletin – Domestic and External Environment, December 2010)*

## **5.5 Prospects of the Indonesia economy**

The Indonesian economy has charted significantly accelerated growth amid the multispeed global economic recovery in 2010. The domestic economy is forecasted to grow at 6.1% in Q4 2010, bringing overall national economic growth for 2010 to about 6%. Stronger recovery in 2011 is expected, supported by rising domestic demand and further improvement in investment performance. Indonesia's growth forecast for 2011 lies in the range of 6.0% to 6.5%.

The dynamics in the global economy in 2010 have influenced developments in the Indonesian economy. The ongoing global economic recovery led by emerging markets and economic stability has had a positive effect in accelerating domestic growth. The stronger recovery in emerging market economies compared to the developed world has been bolstered by solid domestic consumption and improving external performance.

The macroeconomic policies put into place have contributed to maintaining internal and external equilibrium in the Indonesian economy, now an important factor in building sustained economic growth. This year, growth in the domestic economy has been supported by greater equilibrium in sources of growth, reflected in buoyant consumption alongside high export demand and improvement in investment. The rising consumption has been driven primarily by household consumption, while government consumption remains more limited due to limited absorption of budget expenditures.

Export performance has improved in 2010, with support from growing external demand in keeping with the recovery in the global economy and particularly Asia. Rising export performance has also benefited from escalating global commodity prices. Investment performance has also showed steady improvement, bolstered by strengthening market perceptions, increased financing, low prices for imported goods and launching of government policies in support of investment.

Looking forward, the domestic economy is set for further improvement. Accelerated economic activity in 2011 is expected to take growth to 6.0% to 6.5%. Supporting this growth will be the continued strength of household consumption, improving investment and solid export performance on the back of the sustained robust growth in trading partner nations, led by Asia. Inflation in 2011 is predicted to be around 5%±1% for 2011. However, it is also necessary to keep a watch on various risks to achievement of the inflation target and the macroeconomic outlook, such as the heightened uncertainty over global economic recovery, mounting international commodity prices and the flood of capital inflows that could trigger a currency war. An evaluation of the overall performance and outlook for the economy points towards improvement. Economic growth is forecasted to climb further in 2011 with greater equilibrium in sources of growth.

*(Source: Bank Indonesia – Monetary Policy Report, Quarter IV 2010)*

## **5.6 Prospects of the Philippines economy**

Emerging East Asian economies continued to post strong growth in Q3 2010, driven by domestic demand. But the weaker external environment and phasing out of policy stimulus slowed demand, which began to appear in Q2 2010. Combined GDP growth of the ten (10) largest economies in emerging East Asia eased slightly, but with a robust 8.2% y-o-y growth in Q3 2010, down from the 10.2% expansion in the first half of 2010.



In the Q3 2010, domestic demand remained the largest contributor to GDP growth in most of Indonesia, Malaysia, the Philippines and Thailand (“**ASEAN-4**”) and the newly industrialized industries (“**NIEs**”). Investment eased, but still grew at a healthy pace, as the impact of fiscal and monetary stimulus waned, and contribution from inventories restocking grew smaller. Fixed investment growth in the NIEs slowed further to 9.8% in Q3 2010 from 12.5% in Q2 2010. In the ASEAN-4, investment growth fell for the first time this year to 9.7% in Q3 2010. The steady growth in consumption in ASEAN-4 and the NIEs benefited from generally stable consumer confidence throughout the year.

Economic growth in the NIEs slowed in Q3 2010 as weaker external demand pulled down export growth.

The Philippines’ economic growth in Q3 2010 slowed to 6.5% following a robust 8.0% growth in the first half of 2010. This is due to contraction in government spending and lower investments. Bucking the trend in the ASEAN-4, exports were the main engine of growth for the Philippines in the third quarter.

Economic growth for 2010 in the Philippines grew a strong 6.5% in Q3 2010 as a benefited from strong domestic demand. The Philippine growth is expected to moderate in the second half, 2010 growth was forecast at 6.8%. In 2011, growth in the Philippines is forecasted to decelerate to 4.6%, due to weaker external demand and the need for fiscal consolidation.

*(Source: Asian Development Bank – Asian Economic Monitor, December 2010)*

## **5.7 Prospects of the Maybank Group after the Proposed Acquisition**

As the Board of Maybank believes that Kim Eng is well-positioned in ASEAN with its strong market positions in many key countries, and that the combination of Maybank Group and Kim Eng Group is complementary in their strategic fit with their respective strengths, the Board of Maybank is positive about the future growth prospects of Kim Eng. Hence, the Board believes that the Proposed Acquisition augurs well for the future prospects of the Maybank Group.

## **6. RISK FACTORS**

The risk factors in relation to the Proposed Acquisition (which may not be exhaustive) include the following:

### **(i) Political and economical risks**

The performance of the stockbroking and investment banking industries significantly depend on the economic growth and political stability of the country in which it operates. As such, adverse developments in political, economic and regulatory conditions in Singapore, Thailand, Indonesia, the Philippines, Hong Kong and other markets in which Kim Eng operates in, as well as in other countries globally may severely affect the financial and operational conditions and consequently the profitability of the stockbroking and investment banking businesses of Kim Eng.

In addition, political and economic uncertainties include the risk of war, expropriation, nationalisation, renegotiation or nullification of existing contracts and changes in government regulations, interest rates, foreign exchange rates, inflation and taxation.

Although Maybank Group will endeavour to consistently take measures such as stringent internal controls and effective operational procedures over the operations of the stockbroking and investment banking businesses of Kim Eng, there is no assurance that the occurrence of any of the abovementioned adverse development will have no material impact on the business and financial performance of the stockbroking and investment banking businesses of Kim Eng.

**(ii) Market liberalisation**

The governments of countries in which Kim Eng operate have been continuously liberalising the financial services industries in these countries through measures which include among others, allowing a wider range of services, permitting increased competition from foreign banks and other financial institutions as well as non-financial institutions.

Although these policies are designed in part to encourage development of financial institutions in preparation for increased foreign competition, they may lead to reduced margins and smaller market share, particularly in the stockbroking industry.

The relevant regulatory authorities in these countries may issue additional licences to new financial services providers within their respective stockbroking industries, whose services may compete directly with those offered by the stockbroking businesses of Kim Eng Group.

**(iii) Foreign exchange risks**

The businesses of the Kim Eng Group are conducted in among others, SGD, Thai Baht, Indonesian Rupiah, Philippine Peso, Hong Kong Dollar, United States Dollar, Pound Sterling, Indian Rupee and Euro. As such, any fluctuation in relation to the aforesaid currencies will have an effect on the financial performance of the Kim Eng Group. Further, fluctuation in the exchange rate between SGD and RM could materially affect investment returns of the Maybank Group in Kim Eng.

**(iv) Dependence on skilled human resources**

The Kim Eng Group is highly dependent on the services of its skilled human resources. The Kim Eng Group's ability to meet future business challenges depends, among other things, on their continued employment and the Kim Eng Group's ability to attract and recruit talented and skilled personnel across its businesses. Competition for skilled and professional personnel in the financial services industries in the countries in which Kim Eng operate are intense. Continuing increases in compensation to retain personnel could adversely affect its operating results.

**(v) Acquisition risk**

Upon completion of the Proposed Acquisition, there can be no assurance that the anticipated benefits to be derived from the Proposed Acquisition will be fully realised or that the Maybank Group will be able to generate sufficient revenues from the Proposed Acquisition to offset associated costs.

Maybank Group will undertake the necessary efforts to mitigate the various risks. However, no assurance can be given that any of the aforesaid risks will not have a material effect on the Maybank Group.

**(vi) Foreign investment**

As the investments of the Maybank Group is a foreign investment in Singapore, the said investment will be subject to the policies of the Singapore Government on foreign investment.

In addition, the ability of Kim Eng Group to repatriate the profits arising from its investment in other countries which it has business operations will depend largely on the legislation relating to repatriation of profits prevailing at the point of repatriation.

There can be no assurance that any change to the foreign investment policies in Singapore and/or the other countries will not materially and adversely affect the rights or performance of Maybank Group with respect to its investments in the respective countries.

**7. EFFECTS OF THE PROPOSED ACQUISITION**

**7.1 Share capital, substantial shareholders' shareholding and net assets**

The Proposed Acquisition will not have any effect on the issued and paid-up share capital, the substantial shareholders' shareholding and the consolidated net assets per share position of Maybank as the Proposed Acquisition will be satisfied entirely by cash.

**7.2 Earnings**

The Proposed Acquisition is estimated to be completed by end of May 2011 and will not have any material effect on the earnings of the Maybank Group for the financial year ended ("FYE") 30 June 2011.

The Proposed Acquisition is, however, expected to contribute positively to the revenue and earnings of the Maybank Group in the subsequent financial years.

**7.3 Gearing**

The gearing of the Maybank Group will increase by the level of the external funding to be obtained, if any, pursuant to the Proposed Acquisition.

**8. APPROVALS REQUIRED**

The Proposed Acquisition is subject to approvals being obtained from the following:

- (i) Bank Negara Malaysia;
- (ii) Monetary Authority of Singapore; and
- (iii) the licences, authorisations and other approvals necessary for the Proposed Acquisition from all relevant governmental or regulatory authorities in the countries of operation of Kim Eng, where required.

**9. ESTIMATED TIMEFRAME FOR THE COMPLETION OF THE PROPOSED ACQUISITION**

Barring unforeseen circumstances, the Proposed Acquisition is expected to be completed by end of May 2011.

**10. ADVISERS**

The Board of Maybank has appointed Maybank IB and Nomura as the Advisers for the Proposed Acquisition.

**11. PERCENTAGE RATIO APPLICABLE TO THE PROPOSED ACQUISITION**

The highest percentage ratio applicable to the Proposed Acquisition pursuant to Paragraph 10.02(g) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad is 6.8%.

**12. DIRECTORS' AND MAJOR SHAREHOLDERS' INTEREST**

None of the Directors or major shareholders of Maybank and ACSB or persons connected to them have any interest, direct or indirect, in the Proposed Acquisition.

**13. DIRECTORS' STATEMENT**

The Board, after having considered all aspects of the Proposed Acquisition, is of the opinion that the Proposed Acquisition is in the best interest of Maybank.

**14. DEPARTURE FROM THE EQUITY GUIDELINES ISSUED BY THE SC**

The Proposed Acquisition is not subject to the approval of the SC and does not fall under the Equity Guidelines issued by the SC.

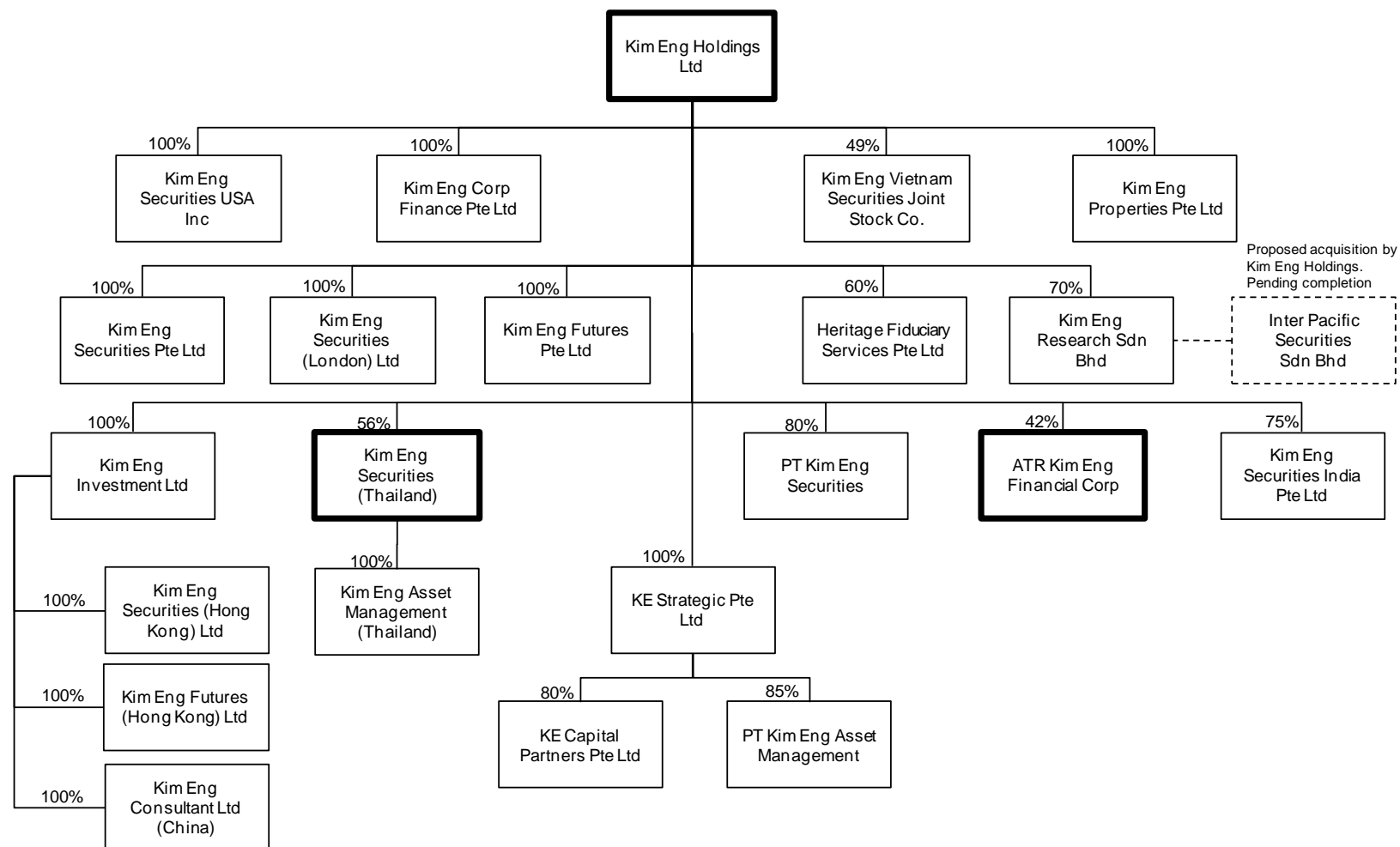
**15. DOCUMENTS FOR INSPECTION**

The SPAs are available for inspection at the registered office of Maybank at 14<sup>th</sup> Floor, Menara Maybank, 100 Jalan Tun Perak, 50050 Kuala Lumpur during normal business hours from Mondays to Fridays (except public holidays) for a period of three (3) months from the date of this Announcement.

**This announcement is dated 6 January 2011.**

The directors of the Offeror and Maybank (including any who may have delegated detailed supervision of this Announcement) have taken all reasonable care to ensure that the facts stated and all opinions expressed in this Announcement are fair and accurate and that no material facts have been omitted from this Announcement, and they jointly and severally accept responsibility accordingly. Where any information has been extracted or reproduced from published or otherwise publicly available sources (including, without limitation, in relation to the Company), the sole responsibility of the directors of the Offeror and Maybank has been to ensure through reasonable enquires that such information has been accurately and correctly extracted from such sources or, as the case may be, reflected or reproduced in this Announcement.

## 1. ORGANISATION STRUCTURE OF KEY ENTITIES OF KIM ENG



 - Denotes public listed company

(Source: Kim Eng Annual Report FYE 31 December 2009)

## 2. SUBSIDIARIES AND ASSOCIATED COMPANIES OF KIM ENG

### 2.1 Subsidiaries

The subsidiaries of Kim Eng as at 31 December 2009 are as follows:

| <u>Company</u>   | <u>Place of<br/>incorporation</u> | <u>Equity Interest</u><br>% | <u>Principal Activities</u>                                |
|--|-----------------------------------|-----------------------------|--|
| <b><u>Direct subsidiaries of Kim Eng</u></b>                                 |                                   |                             |  |
| Rezan Pte Ltd  | Singapore                         | 100                         | Investment holding   |
| Kim Eng Securities Pte Ltd   | Singapore                         | 100                         | Dealing in securities                                      |
| Kim Eng Futures Pte Ltd ( <i>in<br/>members' voluntary<br/>liquidation</i> ) | Singapore                         | 100                         | Dormant  |
| Kim Eng Corporate Finance<br>Pte Ltd   | Singapore                         | 100                         | Provision of corporate<br>finance and advisory<br>services |
| Kim Eng Finance<br>(Singapore) Pte Ltd                                       | Singapore                         | 100                         | Money lending  |
| KE Strategic Pte Ltd   | Singapore                         | 100                         | Investment holding   |
| Pinnakell Asset<br>Management Pte Ltd  | Singapore                         | 100                         | Fund management  |
| Kim Eng Properties Pte Ltd   | Singapore                         | 100                         | Property investment  |
| Heritage Fiduciary Services<br>Pte Ltd                                       | Singapore                         | 60                          | Provision of secretarial<br>and consultancy services       |
| Strategic Acquisitions Pte<br>Ltd  | Singapore                         | 100                         | Investment holding   |
| PT Kim Eng Securities  | Indonesia                         | 80                          | Dealing in securities                                      |
| Kim Eng Research Sdn<br>Bhd  | Malaysia                          | 70                          | Provision of research<br>services                          |
| Kim Eng Securities<br>(Thailand) Public<br>Company Limited                   | Thailand                          | 56                          | Dealing in securities                                      |
| Kim Eng Investment<br>Limited  | Hong Kong                         | 100                         | Investment holding   |
| Kim Eng Securities<br>(London) Limited                                       | United Kingdom                    | 100                         | Dealing in securities                                      |
| Kim Eng Securities USA Inc   | United States of<br>America       | 100                         | Dealing in securities                                      |
| KE Sovereign Limited   | British Virgin<br>Islands         | 100                         | Investment holding   |
| Kim Eng Securities India<br>Private Limited                                  | India                             | 75                          | Dealing in securities                                      |

## APPENDIX 1

| <b>Company</b>   | <b>Place of<br/>incorporation</b> | <b>Equity Interest</b> | <b>Principal Activities</b>                      |
|--|-----------------------------------|------------------------|--|
|  |                                   | %                      |  |
| <b><u>Indirect subsidiaries, held through Rezan Pte Ltd</u></b>                              |                                   |                        |  |
| Ong Asia Limited   | Singapore                         | 100                    | Investment holding                               |
| ATR KimEng Fixed Income,<br>Inc  | Philippines                       | 80                     | Fund raising advisers                            |
| <b><u>Indirect subsidiaries, held through Ong Asia Limited</u></b>                           |                                   |                        |  |
| Ong & Company Private<br>Limited   | Singapore                         | 100                    | Dormant  |
| Ong Asia Securities (H.K.)<br>Limited  | Hong Kong                         | 100                    | Dormant  |
| <b><u>Indirect subsidiary, held through Ong &amp; Company Private Limited</u></b>            |                                   |                        |  |
| Ong Nominees Private<br>Limited  | Singapore                         | 100                    | Nominee services                                 |
| <b><u>Indirect subsidiary, held through Kim Eng Securities Pte Ltd</u></b>                   |                                   |                        |  |
| Kim Eng Securities<br>Nominees Pte Ltd   | Singapore                         | 100                    | Acting as nominee for<br>beneficial shareholders |
| Kim Eng Research Pte Ltd   | Singapore                         | 100                    | Provision of research<br>services                |
| <b><u>Indirect subsidiary, held through Strategic Acquisitions Pte Ltd</u></b>               |                                   |                        |  |
| St. Michael's Development<br>Pte Ltd   | Singapore                         | 90                     | Real estate development                          |
| <b><u>Indirect subsidiaries, held through KE Strategic Pte Ltd</u></b>                       |                                   |                        |  |
| KE Capital Partners Pte Ltd  | Singapore                         | 80                     | Fund management                                  |
| PT Kim Eng Asset<br>Management   | Indonesia                         | 85                     | Asset management                                 |
| <b><u>Indirect subsidiary, held through Kim Eng Investment Limited</u></b>                   |                                   |                        |  |
| Kim Eng Securities (Hong<br>Kong) Limited  | Hong Kong                         | 100                    | Dealing in securities                            |
| Kim Eng Futures (Hong<br>Kong) Limited   | Hong Kong                         | 100                    | Futures contracts broker                         |
| Kim Eng Consultant Limited<br>(China) ( <i>in members'</i><br><i>voluntary liquidation</i> ) | China                             | 100                    | Dormant  |
| <b><u>Indirect subsidiary, held through Kim Eng Securities (Hong Kong) Limited</u></b>       |                                   |                        |  |
| Kim Eng Nominees (Hong<br>Kong) Limited  | Hong Kong                         | 100                    | Nominee services                                 |

| <b>Company</b>   | <b>Place of<br/>incorporation</b> | <b>Equity Interest</b> | <b>Principal Activities</b>     |
|--|-----------------------------------|------------------------|---------------------------------|
|  |                                   | %                      |                                 |
| <b><u>Indirect subsidiaries, held through Kim Eng Properties Pte Ltd</u></b>   |                                   |                        |                                 |
| Kim Eng Properties USA Inc   | United States of America          | 100                    | Property investment             |
| <b><u>Indirect subsidiary, held through Kim Eng Securities (Thailand) Public Company Limited</u></b>                       |                                   |                        |                                 |
| Kim Eng Asset Management (Thailand) Co., Ltd ( <i>previously known as KEST Guardian Asset Management Company Limited</i> ) | Thailand                          | 56                     | Asset management                |
| <b><u>Indirect subsidiaries, held through Heritage Fiduciary Services Pte Ltd</u></b>                                      |                                   |                        |                                 |
| Heritage Trust Company Limited   | Brunei                            | 60                     | Provision of fiduciary services |
| Heritage Corporate Services (HK) Limited   | Hong Kong                         | 60                     | Provision of fiduciary services |

## 2.2 Associated Companies

The associated companies of Kim Eng as at 31 December 2009 are as follows:

| <b>Company</b>   | <b>Place of<br/>incorporation</b> | <b>Equity Interest</b> | <b>Principal Activities</b>                             |
|--|-----------------------------------|------------------------|---|
|  |                                   | %                      |   |
| <b><u>Associated companies of Kim Eng</u></b>  |                                   |                        |   |
| ATR KimEng Financial Corporation   | Philippines                       | 42                     | Investment holding                                      |
| Kim Eng Vietnam Securities Joint Stock Company   | Vietnam                           | 49                     | Dealing in securities                                   |
| <b><u>Indirect associated company, held through KE Strategic Pte Ltd</u></b>               |                                   |                        |   |
| Republic Investment Management Pte Ltd   | Singapore                         | 45                     | Fund management   |
| <b><u>Indirect associated companies, held through ATR KimEng Financial Corporation</u></b> |                                   |                        |   |
| ATR KimEng Capital Partners, Inc   | Philippines                       | 42                     | Corporate finance and financial and investment advisory |
| ATR KimEng Land, Inc   | Philippines                       | 15                     | Real estate investment                                  |
| AsianLife & General Assurance Corporation  | Philippines                       | 33                     | Insurance provider                                      |



## APPENDIX 1

| <b>Company</b>  | <b>Place of<br/>incorporation</b> | <b>Equity Interest</b> | <b>Principal Activities</b>           |
|---|-----------------------------------|------------------------|---------------------------------------|
|   |                                   | %                      |                                       |
| <b><u>Indirect associated companies, held through ATR KimEng Capital Partners, Inc</u></b>              |                                   |                        |                                       |
| ATR KimEng Securities, Inc  | Philippines                       | 42                     | Dealing in securities                 |
| ATR KimEng Direct<br>Investments, Inc   | Philippines                       | 42                     | Stock trading                         |
| ATR KimEng Fixed Income,<br>Inc   | Philippines                       | 8                      | Fund raising advisers                 |
| Sovereign Global<br>Resources Ltd   | British Virgin<br>Islands         | 42                     | Investment holding                    |
| <b><u>Indirect associated company, held through ATR Kim Eng Securities Inc</u></b>                      |                                   |                        |                                       |
| ATR KimEng Insurance<br>Brokers, Inc  | Philippines                       | 42                     | Insurance brokerage                   |
| <b><u>Indirect associated companies, held through Sovereign Global Resources Ltd</u></b>                |                                   |                        |                                       |
| AsianLife & General<br>Assurance Corporation  | Philippines                       | 9                      | Insurance provider                    |
| <b><u>Indirect associated companies, held through AsianLife &amp; General Assurance Corporation</u></b> |                                   |                        |                                       |
| AsianLife Financial<br>Assurance Corporation  | Philippines                       | 23                     | Insurance provider                    |
| <b><u>Indirect associated company, held through ATR KimEng Direct Investment Inc</u></b>                |                                   |                        |                                       |
| The Mutual Fund<br>Management Company<br>of the Philippines, Inc  | Philippines                       | 34                     | Investment management                 |
| <b><u>Indirect associated company, held through Republic Investment Management Pte Ltd</u></b>          |                                   |                        |                                       |
| Republic Capital Partners<br>(Private) Ltd  | Singapore                         | 27                     | Venture Capital/<br>Private<br>Equity |

### 3. FINANCIAL INFORMATION OF KIM ENG

The table below sets out a summary of Kim Eng Group's audited financial statements for two (2) FYEs 31 December 2008 and 31 December 2009, respectively and the unaudited financial information for the 9-month financial period ended 30 September 2010.

|  | Audited<br>FYE 31<br>December<br>2008<br>SGD'000 | Audited<br>FYE 31<br>December<br>2009<br>SGD'000 | Unaudited<br>9-month period<br>ended 30<br>September<br>2010<br>SGD'000 |
|--|--|--|---|
| Brokerage and trading income                           | 245,047  | 289,022  | 241,110   |
| Fee income   | 52,007   | 41,095   | -   |
| Dividend income  | 4,335  | 6,107  | 2,405   |
| Interest income  | 49,645   | 29,968   | 28,610  |
| <b>Operating income</b>                                | <b>351,034</b>                                   | <b>366,192</b>                                   | <b>272,125</b>  |
| Other gains (net)                                      | 20,508   | 53,347   | 2,780   |
| Total expenses   | (279,301)  | (287,940)  | (205,182)   |
| <b>Profit from operations</b>                          | <b>92,241</b>                                    | <b>131,599</b>                                   | <b>69,723</b>   |
| Share of profit / (loss) of associated companies (net) | (1,084)  | 4,145  | 4,425   |
| <b>Profit before taxation</b>                          | <b>91,157</b>                                    | <b>135,744</b>                                   | <b>74,148</b>   |
| Income tax expense                                     | (11,731)   | (30,664)   | (10,675)  |
| <b>Profit after taxation</b>                           | <b>79,426</b>                                    | <b>105,080</b>                                   | <b>63,473</b>   |
| Minority interest                                      | (7,679)  | (15,743)   | (13,319)  |
| <b>Profit after taxation and minority interest</b>     | <b>71,747</b>                                    | <b>89,337</b>                                    | <b>50,154</b>   |
| Weighted average no. of shares in issue (000)          | 580,864  | 577,094  | 577,094   |
| EPS – basic (cents)                                    | 12.35  | 15.48  | 8.69  |
| Shareholders' equity                                   | 71,747   | 89,337   | 937,641   |

## CONDITIONS PRECEDENT

*All capitalised terms used and defined herein shall have the same meanings given to them in the Share Purchase Agreements, copies of which are available for inspection.*

The agreement to sell and purchase the Sale Shares is conditional upon the satisfaction or waiver, as the case may be, of the following conditions:

- (1) where the terms of any Material Contract contain any restriction or prohibition on the change in control of the shareholdings of any Group Company or includes any right to terminate which is exercisable prior to or as a result of any matter contemplated by this Agreement and/or the Mandatory General Offer, written confirmation having been obtained in a form and on terms (if any) reasonably satisfactory to the Purchaser by the counterparties thereto, of their consent to the sale and purchase of the Sale Shares and waiver of such restriction or prohibition in relation to any such change arising from the transaction contemplated under this Agreement and/or the Mandatory General Offer or of any such right to terminate;
- (2) such approvals as may be required from the MAS for or in connection with the acquisition of control of any of the Key Entities listed under the heading “Singapore” as set out in the Schedules to the Share Purchase Agreements by the Purchaser and/or the Mandatory General Offer having been obtained, and if such approvals are granted subject to conditions which are required to be fulfilled prior to Completion, the fulfilment of such conditions;
- (3) (if applicable) such approvals from Bank Negara Malaysia as may be required for or in connection with the acquisition of control of any Core Group Company by the Purchaser and/or the Mandatory General Offer having been obtained, and if such approvals are granted subject to conditions which are required to be fulfilled prior to Completion, the fulfilment of such conditions;
- (4)
  - (a) (if applicable) all such approvals, authorisations, clearances, consents, exemptions, grants, licences, orders, confirmations, permissions, recognitions and waivers necessary or required in connection with the acquisition of control of any Key Entities by the Purchaser and/or the Mandatory General Offer from all relevant government, governmental, quasi-governmental, supranational, statutory, regulatory, administrative, fiscal or judiciary agency, authority, body, court, commission, department, exchange, tribunal or entity in any jurisdiction (each, a “**Relevant Authority**”) having been obtained and, if such approvals are granted subject to conditions which are required to be fulfilled prior to Completion, the fulfilment of all such conditions; and
  - (b) (if applicable) all necessary appropriate filings having been made and all appropriate waiting periods (including any extensions thereof) in respect of the transaction contemplated under this Agreement and/or the Mandatory General Offer under any applicable legislation or regulation of any jurisdiction having expired, lapsed or been terminated, in each case in connection with the acquisition of control of any Key Entities by the Purchaser and/or the Mandatory General Offer;
- (5) no Relevant Authority having taken, instituted, implemented or threatened any action, proceeding, suit, investigation or enquiry, or made, proposed or enacted any statute, regulation or order or taken any other steps, which would or would reasonably be likely to:
  - (a) make the acquisition by the Purchaser of any of the Key Entities void, illegal or unenforceable;

- (b) restrict, restrain, prohibit or otherwise challenge or interfere with the implementation of the acquisition by the Purchaser of any Key Entities or impose additional conditions or obligations with respect thereto, which results in or is reasonably likely to result in a Material Adverse Effect;
  - (c) render the Purchaser unable, to acquire the Sale Shares or control of any of the Company, KES, KES (HK), KEST and PT KES;
  - (d) require the divestiture by any of the Company, ATR, KES, KES (HK), KEST, PT KES or by the Purchaser or any of the Purchaser's subsidiaries of all or any portion of their respective businesses, assets or property, or impose any limitation on the ability of any of them to conduct their businesses or own their assets or property, which results in or is reasonably likely to result in a Material Adverse Effect;
  - (e) impose any limitation on the ability of any of the Company, KES, KES (HK), KEST and PT KES to acquire, hold or exercise effectively any rights of ownership of shares or securities convertible into shares in any of the Company, KES, KES (HK), KEST and PT KES held or owned by it or to exercise management control over any of the Company, KES, KES (HK), KEST and PT KES; and/or
  - (f) otherwise materially and adversely affect the business, assets, liabilities, condition, financial or trading position, profits or results of the operations or prospects of any Group Company, which results in or is reasonably likely to result in a Material Adverse Effect;
- (6) no Relevant Authority has taken any action or has threatened to take any action to revoke any existing Licences held by any of the Key Entities that would materially and adversely affect the business operations of such Key Entities;
- (7) the consolidated PAT and attributable to equity holders of the Group as set out in the unaudited consolidated accounts for the Group for FY 2010 shall be at least 85 per cent. of the consolidated PAT and attributable to equity holders of the Group as set out in the audited consolidated accounts for the Group for FY 2009;
- (8) none of the following shall have occurred, happened or come into effect:
- (a) the imposition for a continuous period of at least three Business Days of any moratorium, suspension or material restriction on trading in securities generally on the SGX-ST, Bursa Malaysia, the Stock Exchange of Thailand, The Philippine Stock Exchange, Inc. or any other stock exchange of which any Group Company is a member of or any other stock exchange on which the securities of any Group Company are listed on due to exceptional financial circumstances or otherwise which results in or is reasonably likely to result in a Material Adverse Effect;
  - (b) any new law or regulation or change in existing laws or regulations or any change in the interpretation or application thereof by any court or other competent authority in Singapore, Malaysia or any jurisdiction relevant to the Group, and including, without limitation, any directive or request by the Relevant Authority and/or the SGX-ST which results in or is reasonably likely to result in a Material Adverse Effect;

- (c) a change or development involving a prospective change of taxation or exchange control (or the implementation of exchange control) in Singapore, Malaysia or any other jurisdiction relevant to the Group, which results in or is reasonably likely to result in a Material Adverse Effect; and/or
- (9) no Group Company entering into any arrangement or general assignment or composition for the benefit of its creditors generally or becoming or being deemed by law or a court to be insolvent or stops or suspends or threatens to stop or suspend, payment of its debt, which would or would reasonably be likely to materially and adversely affect the business, assets, liabilities, condition, financial or trading position, profits or results of the operations or prospects of the Group.

If the conditions above are not satisfied (or, if applicable, waived) on or before the Long Stop Date, save as expressly provided, the Share Purchase Agreement(s) shall terminate, provided always that either the Purchaser or the Vendors may invoke the conditions above to terminate the Share Purchase Agreement(s) only after prior consultation with the SIC. In the event either Party wishes to terminate the relevant Share Purchase Agreement on the ground that a condition above has not been satisfied, such Party (the **"Terminating Party"**) shall give notice in writing to the other Party of its intention to terminate the relevant Share Purchase Agreement. The notice shall specify the relevant condition which has not been satisfied and shall be given within 15 Business Days after the Terminating Party becomes aware that such condition has not been satisfied (or, if consultation with the SIC has not been concluded by the end of the 15 Business Day period, within five Business Days after such consultation has concluded). A Party which does not give notice of its intention to terminate the relevant Share Purchase Agreement, in respect of a condition which has not been satisfied, shall be deemed to have waived its right to terminate the relevant Share Purchase Agreement on the ground of such condition. For the avoidance of doubt, the failure by a Party to give notice in accordance, in respect of a condition which has not been satisfied, shall not affect or prejudice its right to terminate the relevant Share Purchase Agreement on the ground that another condition has not been satisfied.

## TERMINATION EVENTS

*All capitalised terms used and defined herein shall have the same meanings given to them in the Share Purchase Agreements, copies of which are available for inspection.*

- (1) Without prejudice to the right to terminate for material breach of representations and warranties under the terms of the Share Purchase Agreements and the Purchaser's right to claim, damages and other compensation, if prior to Completion, the Vendors are in breach of any of their undertakings in paragraph 2 below, the Purchaser shall, subject to prior consultation with the SIC, be entitled by notice in writing to the relevant Vendor to terminate the relevant Share Purchase Agreement.
- (2) The Vendors undertake that, during the period between the date of the Share Purchase Agreement and Completion:
  - (a) they shall not, and shall not permit or authorise any of their officers, employees, affiliates, agents or advisers (collectively, the "**Representatives**") to, directly or indirectly, (i) offer; (ii) sell, transfer, give or otherwise dispose of; (iii) grant any option, right or warrant to purchase or acquire in respect of; (iv) declare, settle or otherwise create a trust or any form of joint or common ownership in respect of; (v) create any Encumbrance over; or (vi) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the beneficial or economic consequences of ownership of, all or any of the Sale Shares or any interest therein, or enter into any agreement with a view to effecting any of the foregoing;
  - (b) subject to any fiduciary duties RO may have as a director of the Company and the provisions of the Code, they shall not, and shall not permit or authorise any of their Representatives to, directly or indirectly, (i) encourage any proposals or offers or engage in negotiations with any person other than the Purchaser and/or its Representatives, relating to any proposed sale of the Sale Shares (an "**Opposing Proposal**"); (ii) furnish any information regarding the Group in connection with an Opposing Proposal; (iii) engage in discussions with respect to any Opposing Proposal; (iv) approve, endorse, recommend, vote, or agree to vote, for any Opposing Proposal; (v) enter into agreement, arrangement or understanding relating to any Opposing Proposal; or (vi) take any actions which could reasonably be expected to frustrate the proposed acquisition of the Sale Shares and/or the Mandatory General Offer. They shall, and shall procure that their Representatives, immediately cease any existing discussions with persons other than Purchaser and its Representatives that relate to any Opposing Proposal. In the event that after the date of this Agreement, they or any of their Representatives receives from any third party any offer or indication of interest regarding an Opposing Proposal, they agree to promptly communicate to Purchaser and/or its Representatives the terms of each such offer or indication of interest, including the identity of such third party;
  - (c) subject to any fiduciary duties RO may have as a director of the Company, they shall use reasonable endeavours to facilitate discussions between the Purchaser and the Group Companies, and facilitate the Group Companies, its representatives and advisers, to work with the designated representatives and advisers of the Purchaser for the purposes of collaborating and co-operating in good faith, to integrate the businesses of the Group with the Maybank Group;
  - (d) only in respect of RO, he shall use reasonable endeavours to procure each Group Company to:
    - (i) carry on its business in the ordinary and prudent course and in compliance with all applicable laws, rules and regulations and orders to which it is subject; and

- (ii) maintain its assets and properties in good repair and condition, and shall not do anything which may have the consequence of materially reducing the value of its assets, properties, investments and rights (including taking reasonable steps to preserve the validity of the Intellectual Property of the Group);
- (e) they shall not, except with the Purchaser's prior written consent (such consent not to be unreasonably withheld or delayed), vote the Sale Shares in favour of any resolution of the Company to:
  - (i) sell, dispose or acquire or enter into any agreement to sell, dispose or acquire any assets which in aggregate would be in excess of S\$10,000,000, or authorise any Group Company to sell, dispose or acquire or enter into any agreement to sell, dispose or acquire any assets which in aggregate would be in excess of S\$10,000,000, other than in the ordinary and usual course of business and consistent with past practices;
  - (ii) enter into, amend or terminate any contract or incur any commitment, or authorise any Group Company to enter into, amend or terminate any contract or incur any commitment, which is not in the ordinary and usual course of business and consistent with past practices;
  - (iii) incur any additional borrowings or incur any other indebtedness, or authorise any Group Company to incur any additional borrowings or incur other indebtedness, otherwise than in the ordinary and usual course of business and consistent with past practices;
  - (iv) make any loan or enter into any guarantee, indemnity or other agreement to secure any obligation of a third party to create any Encumbrance over the Company's assets or undertaking, or authorise any Group Company to make any loan or enter into any guarantee, indemnity or other agreement to secure any obligation of a third party to create any Encumbrance over the Company's assets or undertaking, other than in the ordinary and usual course of business and consistent with past practices;
  - (v) allot or issue shares or other securities convertible into shares or any grant of options or other rights to subscribe for shares in the Company, or authorise any Group Company to allot or issue shares or other securities convertible into shares or any grant of options or other rights to subscribe for shares in such Group Company;
  - (vi) amend, replace or restate the memorandum or articles of association or constitutive documents of the Company or authorise any Group Company to amend, replace or restate its memorandum or articles of association or constitutive documents;
  - (vii) buy-back, purchase, redeem, exchange, reduce, cancel or return in any way any Shares in or assets of the Company or authorise any Group Company to buy-back, purchase, redeem, exchange, reduce, cancel or return in any way any shares in or assets of such Group Company;
  - (viii) vary the rights, privileges, restrictions or obligations attaching to any Shares or authorise any Group Company to vary the rights, privileges, restrictions or obligations attaching to any shares in such Group Company;
  - (ix) convert any Shares into any class or type of shares carrying different rights, privileges, restrictions or obligations or authorise any Group Company to convert any shares into any class or type of shares carrying different rights, privileges, restrictions or obligations;

- (x) propose, declare, approve, pay or make any dividends (save for any dividends which may be declared, made or paid by the Company to its members in respect of FY 2010), capital distributions or other distributions (whether in cash or in specie and whether interim or final) or authorise any Group Company to propose, declare, approve, pay or make any dividends (save for any dividends which may be declared, made or paid by the Group Company to its members in respect of FY 2010), capital distributions or other distributions (whether in cash or in specie and whether interim or final);
- (xi) approve or authorise any merger, consolidation, amalgamation by any Group Company (howsoever effected, including by way of a contract providing for the sharing of assets, liabilities, profits and losses) with any other entity or business, whether or not such Group Company is the surviving entity;
- (xii) approve or authorise any acquisition by any Group Company of any real property, securities (which are not in the ordinary course of business), investments (which are not in the ordinary course of business), businesses or entities;
- (xiii) approve or authorise any material disposal by any Group Company;
- (xiv) approve or authorise any transaction by any Group Company outside the ordinary course of business;
- (xv) approve or authorise any material change in the business, operations, business direction, geographical business focus of any Group Company;
- (xvi) appoint, re-appoint, re-elect or remove of any director of the Company or authorise the appointment, re-appointment, re-election or removal of any director of any Group Company;
- (xvii) (A) borrow, incur any other indebtedness or liability (whether actual, contingent, subordinated, deferred or otherwise) in the nature of borrowing, outside the ordinary course of business, or authorise any Group Company to borrow, incur any other indebtedness or liability (whether actual, contingent, subordinated, deferred or otherwise) in the nature of borrowing, outside the ordinary course of business; and/or  
 (B) give or create any guarantee, indemnity, charge, lien, mortgage, pledge, or other encumbrance or security interest over any or all of the assets, business, revenues or undertakings, outside the ordinary course of business, or authorise any Group Company to give or create any guarantee, indemnity, charge, lien, mortgage, pledge, or other encumbrance or security interest over any or all of the assets, business, revenues or undertakings, outside the ordinary course of business;
- (xviii) take any steps to wind up, dissolve or place the Company under judicial management or authorise any Group Company take any steps to wind up, dissolve or place such Group Company under judicial management;
- (xix) instigate or settle any material litigation, arbitration or other analogous proceeding or authorise any Group Company instigate or settle any material litigation, arbitration or other analogous proceeding;



- (xx) enter into any agreement, arrangement or understanding to do any of the foregoing (or to amend any terms of any such agreement, arrangement or understanding) or authorise any Group Company to enter into any agreement, arrangement or understanding to do any of the foregoing (or to amend any terms of any such agreement, arrangement or understanding);
  - (xxi) do or cause or allow to be done or omitted any act or thing which would result (or be likely to result) in a breach of any of the representations, warranties or undertakings contained in this Agreement or authorise any Group Company to do or cause or allow to be done or omitted any act or thing which would result (or be likely to result) in a breach of any of the representations, warranties or undertakings contained in this Agreement; and
  - (xxii) enter into any contract or material commitment which is not in the ordinary course of business which, when aggregated, involves or may involve a total expenditure in excess of S\$10,000,000 or total annual expenditure in excess of S\$10,000,000 or authorise any Group Company to enter into any contract or material commitment which is not in the ordinary course of business which, when aggregated, involves or may involve a total expenditure in excess of S\$10,000,000 or total annual expenditure in excess of S\$10,000,000.
- (3) If, at any time prior to Completion, Yuanta is in material breach of any of the representations and warranties set out in Clause 7.2 of the Share Purchase Agreement, the Purchaser shall, subject to prior consultation with the SIC, be entitled (in addition to and without prejudice to all other rights or remedies available to it including the right, where applicable, to claim damages) by notice in writing to Yuanta to terminate the Share Purchase Agreement entered into with Yuanta. Any failure by the Purchaser to exercise the right to terminate the Share Purchase Agreement entered into with Yuanta for a material breach of a representation and warranty shall not constitute a waiver of any other rights of the Purchaser arising out of any breach of any of the representations and warranties set out in Clause 7.2 of the Share Purchase Agreement or the Vendor's Warranties.
- (4) If, at any time prior to Completion, RO is in material breach of any of the representations and warranties set out in Clause 7.2 of the Share Purchase Agreement or the Vendor's Warranties, the Purchaser shall, subject to prior consultation with the SIC, be entitled (in addition to and without prejudice to all other rights or remedies available to it including the right, where applicable, to claim damages) by notice in writing to RO to terminate this Agreement. Any failure by the Purchaser to exercise the right to terminate the Share Purchase Agreement entered into with RO for a material breach of any of the representations and warranties shall not constitute a waiver of any other rights of the Purchaser arising out of any breach of any of the representations and warranties set out in Clause 7.2 of the Share Purchase Agreement or the Vendor's Warranties.
- (5) If, at any time prior to Completion, the Purchaser is in material breach of any of its representations and warranties set out in the Share Purchase Agreement(s), the Vendors shall, subject to prior consultation with the SIC, be entitled (in addition to and without prejudice to all other rights or remedies available to it including the right to claim damages) by notice in writing to the Purchaser to terminate the Share Purchase Agreement(s). Any failure by the Vendors to exercise the right to terminate the Share Purchase Agreements for a material breach by the Purchaser of its representations and warranties shall not constitute a waiver of any other rights of the Vendors arising out of any breach of any of such representations and warranties.