

Dr Chiang Hai Ding  
1 Pearl Bank  
#37-07  
Singapore 169016

The Board of Directors  
Swissco International Limited  
9 Pandan Road  
Singapore 609257

Attn: Ms Tan Ching Chek  
Company Secretary

**BY REGISTERED POST**

10 March 2008

PRIVATE & CONFIDENTIAL

Dear Sirs

Background

At the meeting of the Board of Directors of the Company on 27 February 2008 the Company Chairman introduced a change in the terms and conditions for the Company's Independent Directors. This change came as a shock to me. I do not know of another company which has made such a change, which is probably unprecedented among publicly-listed listed companies in Singapore.

There were four meetings of the Company's Directors on 27 February 2008. In chronological order they were the Audit Committee, the Nominating Committee, the Remuneration Committee and the Board of Directors. The draft minutes of the Nominating Committee meeting have been sent to me. The draft Corporate Governance Report, for inclusion in the Company's forthcoming Annual Report, was also circulated to Directors on 6 March 2008.

I pointed out to the Company Secretary and other Directors on 6 March 2008 what I perceived as "contradictions" in the documents that I received, and I concluded thus:

"I request that the draft minutes of the Board meeting of 27 February be circulated to all Directors before we finalize the Corporate Governance Report of our Company".

However, the Company Secretary's response on 7 March 2008 made no reference to the draft minutes of the meeting of the Board of Directors.



### Independence of Independent Directors

Each of the three Independent Directors who joined the Board after the Company's listing in 2004 assumed a chairmanship of each of the Company's three Committees. I became Chairman of the Nominating Committee.

I believe that, as Chairman of the Company's Nominating Committee and as an Independent Director, I have certain basic responsibilities to promote and to protect the interests of the Company - both its majority and minority shareholders - as well as the interests of the investing public in Singapore.

I believe that, in order to discharge my responsibilities and to make a positive contribution at the Board, apart from what experience, skills and knowledge that I may possess, I would need the necessary freedom to exercise qualities such as objectivity and balance. I would also need to feel independent, both in name and in spirit.

I further believe that the change, in the terms and conditions of an Independent Director, which was discussed at the Board of Directors' meeting on 27 February 2008 and accepted by some of its members, leads me to take the view that that I will not be able to discharge my responsibilities above in the appropriate manner.

At the Board of Directors' meeting on 27 February 2008, as Chairman of the Nominating Committee, I conveyed to the Board:

"NC had before it three letters, from Company Chairman Yeo Chong Lin, and IDs Rohan Kamis and Dr Chiang Hal Ding, all assenting to be re-appointed or re-elected, for one year in the case of Mr Yeo and Dr Chiang, and one term in the case of Mr Rohan.

NC recommends to the Board that the Board recommend to the AGM that the three Directors be re-appointed or re-elected, as above."

There ensued a Board discussion. (Please see below.) I then withdrew my letter dated 27 February 2008 to the Company which read as follows:

"I refer to the forthcoming Annual General Meeting of the Company.  
I confirm that I will seek re-election as an Independent Director."

**I have now decided, after further careful and thoughtful consideration, to resign as Chairman of the Nominating Committee and as Independent Director of the Company with immediate effect, for the reasons below.**

### Board Discussion

At the Board of Directors' meeting, the Company Chairman stated that, with regards to the re-election of Mr Rohan Kamis, when he personally invited Mr Rohan to continue as



an Independent Director, he had meant for one year only. Mr Rohan stated that his understanding was that one term equals three years. (Please see **Footnote** below).

The Company Chairman declared that he wanted all Independent Directors to serve terms of one year each. If he wanted them to continue in their roles, they could do so. If he did not want them to do so, they must resign.

As Chairman of the Nominating Committee, I said that making Independent Directors serve one-year terms instead of three-year terms was contrary to the principles of corporate governance.

I pointed out that Independent Directors needed to be independent. Requiring Independent Directors to serve one-year terms, with continuation at the discretion of Company Chairman, undermined their independence.

The Company Chairman reiterated his position, above.

I said that, as I would soon be attaining the age of 70 years, I could only serve for one year anyway. However, as I did not agree with the stated change in the terms and conditions for Independent Directors, I withdrew my letter to seek re-election at the forthcoming AGM.

I cannot, in good conscience, continue to be Chairman of the Nominating Committee and Independent Director. Hence my resignation.

Regarding this letter of resignation

When the Company is asked for the reasons for my resignation, it should release this letter in its entirety.

Yours faithfully



Dr Chiang Hai Ding  
Chairman of Nominating Committee &  
Independent Director

**Footnote**

For ease of reference, I append certain the relevant sections of the Terms of Reference of the Nominating Committee:

"3.3 The NC shall be responsible for identifying and nominating candidates for the approval of the Board, determining annually whether or not a director is independent, to fill the Board vacancies as and when they arise as well as put in place plans for succession, in particular for the Chairman and Chief Executive." (Emphasis added.)

.....



3.5 The NC shall recommend directors who are retiring by rotation to be put forward for re-election.

All Directors are required to submit themselves for re-nomination & re-election at regular intervals and at least every three years. (Emphasis added).

....

"3.7 The NC shall have due regard to the principles of governance and code of best practice."

**Composition of the Board of Directors on 27 February 2007:**

Mr Yeo Chong Lin  
Executive Chairman

Mr Alex Yeo  
CEO

Mr Rohan Kamis  
Chairman  
Audit Committee

Mr Phillip Chan  
Chairman  
Remuneration Committee

Dr Chiang Hai Ding  
Chairman  
Nominating Committee

Capt James Fong  
Independent Director

**Composition of the Nominating Committee on 27 February 2008:**

Dr Chiang Hai Ding (Chairman)  
Mr Alex Yeo, CEO  
Capt. James Fong

Copy:  
Ms Tan Ching Chek  
Company Secretary

