

## THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt about the contents of this document or about what action you should take, you should immediately seek your own personal advice from your stockbroker, bank manager, solicitor, accountant or other independent financial adviser authorised under the Financial Services and Markets Act 2000.

If you have sold or transferred all of your shares or other securities in XP Power Limited, please send this document and Form of Proxy and Form of Direction to the purchaser or transferee or to the stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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## XP Power Limited



(Incorporated in the Republic of Singapore  
with Registration Number 200702520N)

## Notice of Annual General Meeting

**To be Held on 19 April 2017 at 5.00 p.m. SST or 9.00 a.m. GMT on 19 April 2017**

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In case you are unable to attend and vote at the Annual General Meeting, a Form of Proxy for use at the meeting is enclosed. **To be valid, the Form of Proxy must be completed, signed and returned so as to be received by the registrars of the Company, Capita Asset Services, PXS 1, 34 Beckenham Road, Beckenham, Kent, BR3 4ZF United Kingdom by not later than 5.00 p.m. SST\* on 17 April 2017 or 9.00 a.m. GMT\* on 17 April 2017.** The completion and return of the Form of Proxy will not preclude you from attending and voting in person at the Annual General Meeting should you wish. For full details of proxy appointments, see the notes to the Notice of Annual General Meeting and the Form of Proxy.

If you are a holder of Depositary Interests representing ordinary shares in XP Power Limited on a 1 for 1 basis, a Form of Direction to direct Capita IRG Trustees Limited how to vote at the meeting is enclosed. **To be valid, the Form of Direction must be completed, signed and returned so as to be received by Capita IRG Trustees Limited at Capita Asset Services, PXS 1, 34 Beckenham Road, Beckenham, Kent, BR3 4ZF by not later than 5.00 p.m. SST on 14 April 2017 or 9.00 a.m. GMT on 14 April 2017.**

The distribution of this document in jurisdictions other than the United Kingdom may be restricted by law and therefore persons into whose possession this document comes should inform themselves about and observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction.

\* References to "SST" are to 'Singapore Standard Time' in Singapore and references to "GMT" are to 'Greenwich Mean Time' in the United Kingdom.

**XP Power Limited**  
(Incorporated in the Republic of Singapore)  
(Registration Number 200702520N)

**17 March 2017**

**NOTICE OF ANNUAL GENERAL MEETING 2017**

**NOTICE IS HEREBY GIVEN** that the Annual General Meeting of XP Power Limited (the “Company”) will be held at 401 Commonwealth Drive, Haw Par Technocentre, Lobby B, #02-02, Singapore 149598 on 19 April 2017 at 5.00 p.m. SST or 9.00 a.m. GMT on 19 April 2017 (the “AGM”) to transact the following business, of which resolutions 1 to 16 will be proposed as ordinary resolutions and resolutions 17 to 20 as special resolutions:

**ORDINARY BUSINESS**

**Ordinary Resolutions:**

- Resolution 1 To receive the report of the Directors and the audited accounts of the Company for the financial year ended 31 December 2016 together with the auditor’s report thereon.
- Resolution 2 To approve a final dividend for the financial year ended 31 December 2016 of 26 pence per Ordinary Share payable on 21 April 2017 to shareholders who are on the register of members of the Company at the close of business on 17 March 2017.
- Resolution 3 To re-elect James Edward Peters as a Director of the Company, who retires by rotation at the AGM in accordance with Article 87 of the Company’s Constitution.
- Resolution 4 To re-elect Andy Sng Seng Kok as a Director of the Company, who retires by rotation at the AGM in accordance with Article 87 of the Company’s Constitution.
- Resolution 5 To re-elect Terence Twigger as a Director of the Company, who retires by rotation at the AGM in accordance with Article 87 of the Company’s Constitution.
- Resolution 6 To re-elect Peter Alfred Bucher as a Director of the Company, who voluntarily retires at the AGM and offers himself for re-election.
- Resolution 7 To re-elect Mike R Laver as a Director of the Company, who voluntarily retires at the AGM and offers himself for re-election.
- Resolution 8 To re-elect Duncan John Penny as a Director of the Company, who voluntarily retires at the AGM and offers himself for re-election.
- Resolution 9 To re-elect Jonathan Simon Rhodes-Hole as a Director of the Company, who voluntarily retires at the AGM and offers himself for re-election.
- Resolution 10 To re-elect Polly Ann Williams as a Director of the Company, who voluntarily retires at the AGM and offers herself for re-election.
- Resolution 11 To reappoint PricewaterhouseCoopers LLP as auditors of the Company to hold office from the conclusion of the AGM until the conclusion of the next annual general meeting at which accounts are laid before the Company.
- Resolution 12 To authorise the Directors to determine the remuneration of the auditors of the Company.

## SPECIAL BUSINESS

### Ordinary Resolutions:

- Resolution 13 To receive and adopt the Remuneration Policy set out in the Company's Annual Report and Accounts for the year ended 31 December 2016, such Remuneration Policy to take effect from the date on which this resolution is passed.
- Resolution 14 To receive and adopt the Directors' Remuneration Report (other than the Remuneration Policy referred to in Resolution 13 above) contained within the Company's Annual Report and Accounts for the year ended 31 December 2016.
- Resolution 15 That the XP Power Limited Long Term Incentive Plan 2017 (the "Plan"), a draft of which is produced to this meeting and signed by the chairman of the meeting for the purposes of identification (the principal features of which are summarised in the Explanatory Notes to this Notice), be approved and adopted and the Directors of the Company be authorised:
- (a) to do all things necessary or expedient to carry the Plan into effect; and
  - (b) to adopt equivalent plans for employees of the Company and its subsidiaries located in overseas jurisdictions subject to such modifications to take into account local tax, exchange control or securities laws in such jurisdictions as they consider appropriate, provided that the shares made available under such equivalent plans are treated as counting towards the limits on participation.
- Resolution 16 That, in substitution for any equivalent authorities and powers granted to the Directors prior to the passing of this Resolution, the Directors be and they are hereby generally and unconditionally authorised to exercise all powers of the Company to allot and issue shares in the Company and to grant any right to subscribe for, or to convert any security into, any Equity Securities (as defined in the Company's Constitution from time to time), or sell treasury shares for cash in the Company (in aggregate, such shares not exceeding one-third in number of the ordinary shares in the capital of the Company in issue at 5.00 p.m. on the date of this Notice), this authority to expire on the earlier of the conclusion of the next annual general meeting of the Company or the expiration of the period within which the next annual general meeting of the Company is required by law to be held; but such authority may be revoked or varied by the Company in general meeting; and save that the Company may at any time before such expiry, revocation or variation make an offer or agreement which would or might require any shares in the Company to be allotted, issued or sold for cash after such expiry, revocation or variation and the Directors may allot, issue or cause the Company to sell for cash such shares in pursuance of the offer or agreement as if this authority had not expired, revoked or varied.

### Special Resolutions:

- Resolution 17 The provisions of the existing Article 96.1 of the Company's Constitution be and they are hereby deleted in their entirety and replaced with the following new Article 96.1:

#### **96 Directors' Fees**

##### **96.1 Fees**

The Directors (other than alternate Directors and other than any Director who for the time being is appointed to hold any employment or executive office in accordance with this Constitution) shall be entitled to receive by way of fees for their services as Directors such sum as the Board may from time to time determine (not exceeding £300,000 per annum or such other sum as the Company in general meeting shall from time to time determine). Such sum (unless otherwise directed by the resolution of the Company by which it is voted) shall be divided among the Directors in such proportions and in such manner as the Board may determine or in default of such determination, equally (except that in such event any Director holding office for less than the whole of the relevant period in respect of which the fees are paid shall only rank in such division in proportion to the time during such period for which he holds office). Any fees payable pursuant to this Article shall be distinct from any salary, remuneration or other amounts payable to a Director pursuant to any other provisions of this Constitution and shall accrue from day to day.

Resolution 18 The provisions of the existing Article 5 of the Company's Constitution are hereby deleted in their entirety and replaced with the following new Article 5:

## **5 Pre-emption Rights**

- 5.1** Subject to Articles 5A.1 to 5A.4 the Company shall not allot or issue any Equity Securities for cash or sell any treasury shares for cash to a person:
- (a) unless it has made an offer which comprises a Rights Issue or an Open Offer (each as defined in Article 5.7) to each person who holds Ordinary Shares (other than the Company in respect of any holding of treasury shares) at a time and date specified in accordance with Article 5.8; and
  - (b) unless the period during which such offer may be accepted has expired, and Equity Securities or treasury shares which the Company has offered to allot or sell for cash to a holder of Ordinary Shares may be allotted, issued and/or sold, without contravening this Article 5.1, to him, or anyone in whose favour he has renounced, assigned or sold his right to their allotment, issuance and/or sale.
- 5.2** Article 5.1 does not apply to a particular allotment of Equity Securities or sale of treasury shares if those Equity Securities or treasury shares are, or are to be, wholly or partly paid for otherwise than in cash. For these purposes, "paid for otherwise than in cash" means paid for otherwise than by cash received by the Company (including by means of an electronic bank transfer to it or to its receiving agent) or by a cheque received by the Company (which the Directors have no reason to suspect will not be paid), a release of a liability of the Company for a liquidated sum or an undertaking to pay cash to the Company at a future date, and "cash" includes currency other than sterling.
- 5.3** Article 5.1 does not apply to any allotment, issue or sale of Equity Securities which would, apart from a renunciation, sale or assignment of the right to their allotment, issue and/or sale, be allotted, issued and/or sold so as to be held under any Employee Share Scheme.
- 5.4** Any offer made in order to comply with Article 5.1 will be made in such manner as the Directors may determine subject to compliance with the Listing Rules.
- 5.5** Any Rights Issue and any Open Offer must remain open for acceptance for at least 10 Business Days and shall not be withdrawn before the end of that period.
- 5.6** The requirements of Article 5.1 will be deemed to be satisfied by the making of an offer which comprises a Rights Issue or an Open Offer notwithstanding that it is subject to such exclusions and/or other arrangements as the Directors consider necessary or expedient on account of the laws or regulatory requirements of any overseas territory, to deal with fractional entitlements, on account of any Equity Securities and/or treasury shares which are the subject of the offer being represented by depositary interests or on account of the requirements of any regulatory body or stock exchange.
- 5.7** For the purpose of Articles 5 and 5A:
- (a) "Equity Security" means (i) equity shares and (ii) securities convertible into equity shares;
  - (b) "equity share" means shares comprised in a company's issued share capital excluding any part of that capital which, neither as respects dividends nor as respects capital, carries any right to participate beyond a specified amount in a distribution;
  - (c) "Listing Rules" means the listing rules made under Part VI of the Financial Services and Markets Act 2000, as amended from time to time;
  - (d) "Business Day" means (i) (in relation to anything done or to be done in (including to be submitted to a place in) any part of the United Kingdom), any day which is not a Saturday or Sunday, Christmas Day, Good Friday or a bank holiday in that part of the United Kingdom; or (ii) (in relation to anything done or to be done by reference to a market outside the United Kingdom) any day on which that securities market is normally open for business;
  - (e) "treasury shares" means shares which were (or are treated as having been) purchased by the Company and have been held by the Company continuously since they were so purchased (or treated as purchased);
  - (f) "Rights Issue" means an offer which complies with Article 5.5 made to persons who are holders of Ordinary Shares at a time and date selected by the Directors in accordance with Article 5.8 to subscribe for Equity Securities in cash and/or purchase

treasury shares for cash in proportion to their holdings of Ordinary Shares at such time and date which is made by means of the issue or grant of a renounceable or transferable entitlement to subscribe for such Equity Securities in cash and/or purchase such treasury shares for cash which may be traded nil paid for a specified period before payment is due for the Equity Securities and/or treasury shares so offered; and

- (g) "Open Offer" means an offer which complies with Article 5.5 made to persons who are holders of Ordinary Shares at a time and date selected by the Directors in accordance with Article 5.8 to subscribe for Equity Securities in cash and/or purchase treasury shares for cash in proportion to their holdings of Ordinary Shares at such time and date which is made otherwise than as specified in sub-paragraph (f) of this Article 5.7.

**5.8** In relation to an offer comprising a Rights Issue or Open Offer, all references in Articles 5.1 to 5.7 (inclusive) to a holder of Ordinary Shares are to the person who was the holder of such Ordinary Shares at the close of business on a date specified by the Directors which falls not more than 28 days before the date on which the offer is made.

Resolution 19 That, for the period ending at the conclusion of the next annual general meeting of the Company or the expiration of the period within which the next annual general meeting of the Company is required by law to be held, whichever is the earlier, the Directors be and they are hereby authorised to allot and issue Equity Securities (as defined in the Company's Constitution from time to time), and/or to sell treasury shares for cash up to an aggregate amount of 962,114 Ordinary Shares (being 5 per cent of the Ordinary Shares in issue at 5.00 p.m. on the date of this Notice), on the basis that Articles 5.1 to 5.8 (inclusive) of the Company's Constitution from time to time shall not apply to any such allotment, issue or sale.

Resolution 20 That the Company be and is hereby generally and unconditionally authorised for the purposes of Article 14 of the Constitution of the Company and Sections 76B and 76E of the Companies Act, Cap 50 of Singapore, to make one or more market purchases of Ordinary Shares in the capital of the Company ("Ordinary Shares") on such terms and in such manner as the Directors may from time to time determine provided that:

- (a) the maximum number of Ordinary Shares hereby authorised to be purchased shall not exceed 10 per cent of the Ordinary Shares in issue at 5.00 p.m. on the date of this Notice;
- (b) the minimum price which may be paid for an Ordinary Share is an amount equal to 1 pence;
- (c) the maximum price (excluding expenses) which may be paid for an Ordinary Share is an amount equal to 105 per cent of the average of the middle market closing price for an Ordinary Share as derived from the London Stock Exchange Official Daily List for the five business days immediately preceding the day on which the Ordinary Share is contracted to be purchased; and
- (d) such authority shall continue in force until the conclusion of the next annual general meeting of the Company, or the expiration of the period within which the next annual general meeting of the Company is required by law to be held, whichever is the earlier; and such authority may from time to time be revoked or varied by the Company in general meeting.

By Order of the Board

Duncan Penny  
Chief Executive  
17 March 2017

XP Power Limited  
401 Commonwealth Drive  
Haw Par Technocentre  
Lobby B, #02-02  
Singapore 149598

## Notes:

1. A member is entitled to attend, speak and vote if they hold registered ordinary shares in the Company and do not hold their ordinary shares as Depository Interests through CREST. Persons holding Depository Interests representing ordinary shares in XP Power Limited that wish to attend the AGM should contact the Depository, **Capita Asset Services at PXS 1, 34 Beckenham Road, Beckenham, Kent BR3 4ZF by not later than 5.00 p.m. SST on 14 April 2017 or 9.00 a.m. GMT on 14 April 2017.**
2. Members holding registered ordinary shares in the Company that do not hold their ordinary shares as Depository Interests through CREST may appoint a proxy to attend, speak and vote instead of him. A proxy need not also be a member of the Company but must attend the AGM in order to represent such member. A member who may appoint a proxy may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares (so a member must have more than one share to be able to appoint more than one proxy). A Form of Proxy is enclosed. The notes to the Form of Proxy include instructions on how to appoint the Chairman of the AGM or another person as proxy and how to appoint a proxy electronically or by using the CREST proxy appointment service. **To be effective the Form of Proxy must reach the registrars of the Company, Capita Asset Services, PXS 1 34 Beckenham Road, Beckenham, Kent, BR3 4ZF, United Kingdom by not later than 5.00 p.m. SST on 17 April 2017 or 9.00 a.m. GMT on 17 April 2017.**
3. If you are a holder of Depository Interests representing ordinary shares in XP Power Limited you can direct the Depository, Capita IRG Trustees Limited, to vote your ordinary shares in accordance with your voting instructions. Voting instructions must be lodged using the Form of Direction enclosed with this Notice of AGM or electronically through CREST. The Form of Direction should be completed in accordance with the instructions as detailed thereon. To be valid, the Form of Direction must be completed and returned, together, if applicable, with the power of attorney or other authority under which it is signed (or a copy of such authority certified by a notary), and **must reach the Depository, Capita Asset Services, PXS 1, 34 Beckenham Road, Beckenham, Kent, BR3 4ZF by not later than 5.00 p.m. SST on 14 April 2017 or 9.00 a.m. GMT on 14 April 2017.**
4. Any corporation which is a member can appoint one or more corporate representatives who may exercise on its behalf all of its powers as a member provided that they do not do so in relation to the same shares.
5. The Company specifies that only those shareholders entered on the Company's register of members as at 5.00 p.m. SST on 17 April 2017 or 9.00 a.m. GMT on 17 April 2017 (or if the AGM is adjourned, at 5.00 p.m. SST or 9.00 a.m. GMT two working days before the time fixed for the adjourned AGM) shall be entitled to attend in person or by proxy and vote at the AGM in respect of the number of Ordinary Shares registered in their name at that time. Any changes to entries on the Company's register of members after such time (including any registered transfers of shares) shall be disregarded in determining the rights of any person to attend or vote at the AGM.
6. Please note that the AGM is a private meeting for shareholders, proxies and duly authorised representatives. Non-shareholders, including spouses and partners, are not entitled to attend the AGM. A disabled shareholder may, however, be accompanied by a carer who need not be a shareholder.
7. Any member attending the meeting has the right to ask questions. The Company must cause to be answered any question relating to the business being dealt with at the meeting but no such answer need be given if (i) to do so would interfere unduly with the preparation for the meeting or involve disclosure of confidential information (ii) the answer has already been given on a website in the form of an answer to a question (iii) it is undesirable in the interests of the Company or the good order of the meeting that the question be answered.
8. Copies of the Directors' service contracts and letters of appointment with the Company and any of its subsidiary undertakings are available for inspection at the registered office of the Company during the usual business hours on any weekday (Saturday, Sunday or public holidays excluded) from the date of this Notice until the conclusion of the AGM and will also be available for inspection at the place of the AGM from 9.00 a.m. SST or 1.00 a.m. GMT on the day of the AGM until its conclusion.
9. As at 16 March 2017 (being the last business day prior to the publication of this Notice) the Company's issued share capital consists of 19,242,296 Ordinary Shares (excluding treasury shares which comprise 7,500 Ordinary Shares). Therefore, the total voting rights in the Company as at 16 March 2017 are 19,234,796.
10. Shareholders are advised that, unless otherwise stated, any telephone number, website or email address set out in this Notice of AGM, Form of Proxy, Form of Direction, or Chairman's letter should not be used for the purpose of serving information on the Company (including the service of documents or information relating to the proceedings at the AGM).

## DIRECTORS' RECOMMENDATION

The Directors of the Company consider that all the proposals to be considered at the AGM are in the best interests of the Company and its shareholders as a whole and are most likely to promote the success of the Company for the benefit of its shareholders as a whole. The Directors unanimously recommend that you vote in favour of all the proposed resolutions as they intend to do in respect of their own beneficial holdings.

## EXPLANATORY NOTES

At this year's AGM there are 20 resolutions which the members are asked to approve. An explanation of those resolutions is given below.

### Resolution 1 ANNUAL ACCOUNTS AND REPORTS

The Directors must lay the Company's financial statements, the Directors' report and the Auditor's report before the Members at a general meeting after the Directors have approved the financial statements and the Auditor has prepared their report.

### Resolution 2 DIVIDEND

A final dividend for the financial year ended 31 December 2016 of 26 pence per Ordinary Share is recommended by the Directors for payment to shareholders who are on the register of members of the Company at the close of business on 17 March 2017. If approved, the date of payment of the final dividend will be 21 April 2017.

### Resolutions 3, 4, 5, 6, 7, 8, 9 and 10 RE-ELECTION OF DIRECTORS

The Company's Constitution requires that all Directors retire at least every three years. At the AGM, James Edward Peters, Andy Sng Seng Kok and Terence Twigger will retire by rotation and stand for re-election as Directors. Peter Alfred Bucher, Mike R. Laver, Duncan John Penny, Jonathan Simon Rhodes-Hole and Polly Ann Williams voluntarily retire and offer themselves for re-election. Short biographies of these Directors are set out below. Having formally considered the performance of and contribution made by each of the Directors standing for re-election the Board remains satisfied that the performance of each of the relevant Directors continues to be effective and to demonstrate commitment to the role and, as such, recommends their re-election.

#### **James Edward Peters (age 58)**

Non-Executive Chairman

James has over 35 years' experience in the power converter industry, originally training as an electronics engineer with Marconi Space and Defence Systems, prior to joining TDK-Lambda, a global power converter company. He joined Powerline Electronics shortly after its formation in 1980 and was involved in all aspects of their power business. In November 1988, he founded XP Power. In April 2000, he was appointed European Managing Director and was responsible for the development of the Group's European business. In February 2003, James was appointed as Deputy Chairman and having moved to a non-executive role in May 2012 became Non-Executive Chairman on 30 June 2014.

James is Chairman of the Nomination Committee.

#### **Sng Seng Kok ("Andy") (age 46)**

Executive Vice President, Asia

Andy joined the Group in July 2005 as General Manager for Asia to start and head up our Shanghai operations. He joined the Board in April 2007.

Prior to joining XP Power, Andy has worked in the power supply industry for eight years in various technical and commercial roles with companies such as Silicon Systems (Singapore) and Advanced Micro Devices (Singapore).

#### **Terence Twigger ("Terry") (age 67)**

Senior Non-Executive Director

Terry joined the Board on 1 January 2015 and has a wealth of public company experience.

Terry joined Meggitt PLC, the FTSE100 global engineering group specialising in extreme environment components and smart sub-systems for aerospace, defence and energy markets, in July 1993 and spent 20 years with the group, the last 12 as Chief Executive. During his tenure

as Chief Executive, Meggitt grew its revenues from £0.4bn to £1.6bn through a combination of organic growth and numerous successful acquisitions. He retired from Meggitt in May 2013 and is currently a Non-Executive Director of Essentra plc, the supplier of specialist plastic, fibre, foam and packaging products.

Terry is the Senior Non-Executive Director and Chairman of the Audit Committee. Terry is also a member of the Nomination Committee and the Remuneration Committee.

**Peter Alfred Bucher (age 73)**

Non-Executive Director

Peter joined the board on 1 January 2014; he is well known within the power converter industry and spent his entire career at Traco Electronic AG ("Traco") in Zurich, Switzerland. Peter joined Traco in 1967 and in 1985 was appointed managing director, a position he held until his retirement in 2009. Under Peter's leadership Traco was built into a highly respected company with revenues in excess of US\$100m.

Peter is a member of the Remuneration Committee and the Audit Committee.

**Mike R. Laver (age 54)**

President, World Wide Sales and Marketing

Mike has 28 years' experience in the power converter industry. After completing his degree in Electrical Engineering at UC Santa Barbara, Mike held sales and technical positions with Power Systems Distributors, Compumech and Delta Lu Research. He joined ForeSight Electronics in 1991 and held various senior roles prior to their acquisition by XP Power in 2000.

Mike is currently responsible for global sales and marketing. He joined the Board on 20 August 2002.

**Duncan John Penny (age 54)**

Chief Executive

Between October 1998 and March 2000, Duncan was the Controller for the European, Middle Eastern and African regions for Dell Computer Corporation, prior to which he spent eight years working for LSI Logic Corporation where he held senior financial positions in both Europe and Silicon Valley. From 1985 to 1990, Duncan spent five years at Coopers & Lybrand in general practice and corporate finance.

He joined XP Power in April 2000 as Group Finance Director. On 3 February 2003, he was appointed as Chief Executive.

**Jonathan Simon Rhodes-Hole (age 45)**

Finance Director

Jonathan joined the finance team of XP Power in July 2008 as European Controller. Prior to joining the Group, Jonathan spent nine years with JCDcaux in various senior financial positions including Head of Financial Reporting and worked in both its UK and North American operations. Prior to that, he spent three years with Mills & Allen.

Jonathan was appointed Finance Director in December 2011.

**Polly Ann Williams (age 51)**

Non-Executive Director

Polly joined the Board on 1 January 2016. Polly is a chartered accountant and a former Partner at KPMG LLP. She resigned from her partnership in 2003 and since then has held a number of Non-Executive Directorship roles, including at APS Financial Limited, Z Group plc, National Counties Building Society (as Chairman) and Scotiabank Ireland Limited. She is currently a Non-Executive Director at Jupiter Fund Management plc, TSB Group plc and Daiwa Capital Markets Europe Ltd. She is also a Trustee of the Guide Dogs for the Blind Association.

Polly is Chair of the Remuneration Committee and a member of the Audit Committee and Nomination Committee.

Resolution 11 REAPPOINTMENT OF AUDITORS

This resolution proposes the reappointment of PricewaterhouseCoopers LLP as auditors of the Company.

Resolution 12 AUDITOR'S REMUNERATION

This resolution authorises the Directors to set the remuneration of the auditors.

Resolution 13 REMUNERATION POLICY

The Large and Medium-Sized Companies and Groups (Accounts and Reports) Regulations 2008 (as amended) which apply to UK companies require companies incorporated in the UK to set out the approach to all aspects of their directors' pay and how it supports the company's long term strategy and performance. Once approved by shareholders, a company is only able to make remuneration and loss of office payments which are permitted within the limits of the remuneration policy. Although not required by Singapore law, the Board is committed to ensuring that the Company's remuneration structures and procedures remain at the forefront of best practice and as a result the Company is seeking an advisory vote on the amended Directors' remuneration policy (which is set out in the annual report and accounts) for the year ended 31 December 2016.

The remuneration policy has been updated to add clarity and provide greater detail in all areas within the policy and to include the Long Term Incentive Plan (LTIP), proposed in Resolution 15, to replace the existing Share Option Plan which are now less commonly used by most public companies.

Resolution 14 REMUNERATION REPORT

All UK quoted companies are required to produce for each financial year a Directors' remuneration report which sets out the remuneration committee's policy in relation to Directors' remuneration, together with the remuneration and benefits paid to Directors during the year. The Company is also required to put the report to an advisory shareholder vote at the annual general meeting approving the report. Accordingly, this resolution proposes that the Directors' remuneration report (other than the remuneration policy referred to in Resolution 13 above) which is set out in the annual report and accounts for the year ended 31 December 2016 be approved, noting that as the vote is advisory it does not affect the remuneration of any individual directors.

Resolution 15 LONG TERM INCENTIVE PLAN (LTIP)

This resolution proposes that the XP Power Long Term Incentive Plan (the "Plan") be approved and adopted. The principal features of the Plan are summarised below.

**Eligibility**

All employees and executive directors will be eligible to participate in the Plan at the discretion of the remuneration committee (the "Committee").

**Type of Award**

Awards under the Plan may be granted in the form of conditional share awards, nil or nominal cost options, stock appreciation rights and restricted stock units. In certain circumstances, awards may be settled in cash or ordinary shares ("Shares") or a combination of the two.

**Grant of Awards**

Awards may be granted by the Committee during the period of 42 days starting:

- (a) on the date on which the Plan is approved by the shareholders of the Company;
- (b) immediately after the end of a closed period as defined in the Market Abuse Regulation (Regulation 596/2014); or
- (c) at any other time if the Committee considers that exceptional circumstances exist to justify the grant at such other time.

The Committee shall specify objective conditions or performance targets to be satisfied before an award shall vest. The Committee may amend or waive the conditions to ensure that they achieve their original purpose, provided that any amended conditions are no more difficult to achieve than those previously imposed.

### **Share capital Limits**

No award may be granted on any date if the number of Shares to be issued (or re-issued as treasury) when aggregated with the number of Shares issued (or re-issued), or remaining capable of issue (or re-issue) by virtue of awards, options or other rights granted during the preceding 10 years under the Plan and any other employees' share scheme adopted by the Company, would exceed 10% of the number of Shares in issue on that date.

No award may be granted on any date if the number of Shares to be issued (or re-issued as treasury) when aggregated with the number of Shares issued (or re-issued), or remaining capable of issue (or re-issue) by virtue of awards, options or other rights granted during the preceding 10 years under the Plan and any other discretionary share scheme adopted by the Company would exceed 5% of the number of Shares in issue on that date.

### **Individual Limits**

No award may be granted to an employee or executive director under the Plan if at the date of grant it would cause the market value of the Shares which that employee or director may acquire under the Plan in any financial year to exceed 100% of their annual base salary (or such higher amount as the Committee may determine, provided it shall not exceed 200% of their annual basic salary).

### **Vesting**

Awards will vest over a vesting period determined by the Committee which shall be not less than three years and not more than five years. For the initial awards to be granted under the Plan, it is intended that at the end of a three-year performance period, determination of the number of shares to vest will be made in accordance with the achievement of the performance conditions. 50% of such awards will vest immediately with the remaining 50% vesting after a further one year deferral period.

Early vesting of awards may occur where a participant ceases employment during the performance period due to death, redundancy, retirement, injury, disability, as a result of the transfer of the participant's employment out of the Group, or any other reason that the Committee may determine. The number of Shares vesting shall be calculated by the Committee by applying the relevant performance condition and applying a pro rata reduction to the number of Shares determined, based on the proportion of the performance period the participant was employed, unless the Committee decides that the reduction is inappropriate in any particular case.

Awards held by participants who leave employment for any other reason will lapse on the date of cessation.

Where Participant leaves during any deferral period, any remaining unvested awards shall vest in full on the date of cessation, other than in circumstances where the Company would be entitled to summarily dismiss the participant, in which case the awards shall lapse.

### **Changes of control**

In the event of a change of control of the Company during the performance period, the Committee shall determine the number of shares vesting by applying the relevant performance condition and applying a pro rata reduction to the number of Shares determined, based on the proportion of the performance period that has elapsed at the time of the change of control, unless the Committee decides the pro rata reduction is inappropriate.

Where a change of control of the Company occurs during any deferral period, any unvested awards shall vest in full on the date of change of control.

### **Consequences of Vesting**

On vesting of a conditional award or restricted stock unit, the Committee shall issue or transfer the relevant shares to the participant (or their cash equivalent) as soon as is practical. On the vesting of an option or stock appreciation right, the participant shall have a period of twelve months from the date of vesting in which to exercise their right (subject to any earlier lapse).

**Dividend equivalent**

Unless the Committee determines prior to the grant of awards, participants shall be entitled to payment determined by reference to the dividends which would have been paid on his or her vested Shares in respect of dividend record dates occurring between the grant date and vesting date of an award.

**Malus and Clawback**

Where the Committee acting fairly and reasonably determines within a period not exceeding three years from the determination of an award that:

- (a) as a result of a material misstatement of results of the Company or Group, or error in assessing the achievement of the performance conditions imposed pursuant to an award, which would or has given rise to a material overpayment in respect of a Participant's participation in the Plan;
- (b) a serious breach of the Company's code of ethics has arisen; or
- (c) a serious health and safety issue has occurred,

it may require any unvested awards held by the Participant to lapse in whole or in part immediately, and/or may require the Participant to repay to the Company the after-tax value of some or all of the vested awards received during that period, in such form as they may determine.

**Lapse of awards**

Unexercised options and stock appreciation rights will normally lapse on the earliest to occur of: twelve months following the vesting date, the winding up of the Company, the bankruptcy of the participant or at the end of the period specified on cessation of employment or a change of control, unless options cannot be exercised during the last 90 days of the period due to regulatory reasons, in which case the Committee may extend the period for exercise.

**Variations in share capital**

The number of Shares comprised in an award and the option price (if relevant) may be adjusted in such manner as the Committee considers fair and reasonable in the event of a capitalisation issue, offer by way of rights (including an open offer) or on any sub-division, reduction, consolidation or other variation of the Company's share capital, or on the implementation by the Company of a demerger or the payment of a dividend in species or other transaction which the Committee determines would materially affect the value of any award.

**Rights attaching to shares**

If shares are listed on the official list maintained by the UK Financial Conduct Authority or traded on AIM, the Company shall apply to the UK Listing Authority or the London Stock Exchange (as the case may be) for any Shares issued to satisfy awards to be admitted to listing. Such shares will rank *pari passu* with all other issued shares of the Company except any rights determined by reference to a date preceding the date on which the award vests or the date on which an option or stock appreciation right is exercised.

**Amendments**

The Committee may at any time amend the Plan or the terms of any award provided that no amendment to the advantage of an individual to whom an award has been or may be granted shall be made to the provisions concerning eligibility, the individual limits on participation, the overall limits on the issue of Shares or the transfer of treasury Shares, the basis for determining a Participant's entitlement to, and the terms of, Shares or cash provided under the Plan, and the adjustments that may be made in the event of any variation of capital, without the prior approval by ordinary resolution of the members of the Company in general meeting (except for any minor amendment to benefit the administration of the Plan, to take account of a change in legislation or to obtain or maintain favourable tax, exchange control or regulatory treatment for Participants or any Group Company).

No amendment may be made which would adversely affect the subsisting rights of a participant unless a majority of participants consent to the making of that amendment.

## **General**

The Company may terminate the Plan at any time. Subject to such termination the Plan will terminate ten years from the date of its adoption by shareholders.

Participants under the Plan are required to indemnify the Group for any income tax, employee's national insurance contributions and, to the extent notified by the Committee at the date of the award, any employer's national insurance contributions which arise in respect of such awards, and to make such arrangement for the satisfaction of those liabilities as the Committee requires.

Benefits under the Plan shall not be pensionable.

The Schedule to the Plan deals with the grant of rights to US participants. At the discretion of the Committee the Plan may be extended to other overseas participants of the Group subject to such modifications as the directors shall consider appropriate to take into account local tax, exchange control or securities laws.

### **Resolution 16 AUTHORITY TO ALLOT SHARES**

Section 161 of the Companies Act, Chapter 50 of Singapore (the "Act") stipulates that Directors cannot issue relevant shares in the Company unless they are authorised to do so by the shareholders in general meeting. The authority granted at the last Annual General Meeting of the Company is due to expire at the conclusion of this year's AGM.

Accordingly, in accordance with the Pre-Emption Group's Statement of Principles, this resolution seeks to grant a new authority from shareholders for the Directors to allot Equity Securities or sell treasury shares in the Company up to a maximum aggregate amount not exceeding one-third of the issued ordinary share capital of the Company at 5.00 p.m. on the date of this Notice.

If given, the authority under this Resolution shall continue in force until the conclusion of the next annual general meeting or the expiration of the period within which the next annual general meeting of the Company is required by law to be held, whichever is the earlier; but any approval may be previously revoked or varied by the Company in general meeting.

This authority is subject to the provisions of Article 5.1 of the Company's Constitution from time to time subject to certain exceptions set out in Article 5.6 of the Company's Constitution from time to time and subject to the disapplication of this requirement to the extent provided for in Resolution 19 (as described below).

### **Resolution 17 AMENDMENT TO ARTICLE 96.1 OF THE CONSTITUTION OF THE COMPANY**

The existing Constitution currently provides that the total amount of non-executive Directors' fees shall not exceed £200,000 per annum. In view of monetary appreciation over time and to allow for greater flexibility with respect to fees, this resolution proposes that this maximum amount be increased to £300,000 per annum.

### **Resolution 18 AMENDMENTS TO ARTICLE 5 OF THE CONSTITUTION OF THE COMPANY**

The Directors propose to modify the existing pre-emption provisions in the Company's Constitution to align them with the prescribed provisions of the Listing Rules and the Pre-Emption Group's Statement of Principles for companies with a premium listing on the London Stock Exchange. These pre-emption requirements are subject to permitted exceptions to cater for, among other matters, overseas regulatory restrictions.

Resolution 19 AUTHORITY TO DISAPPLY PRE-EMPTION RIGHTS

In accordance with the Pre-Emption Group's Statement of Principles, the Directors are also seeking authority to allot Equity Securities and/or to sell treasury securities for cash up to 5 per cent of the ordinary shares of the Company in issue at 5.00 p.m. on the date of this Notice, without having to offer such shares to existing shareholders.

If given, the authority under this Resolution shall continue in force until the conclusion of the next annual general meeting or the expiration of the period within which the next annual general meeting of the Company is required by law to be held, whichever is the earlier; but any approval may be previously revoked or varied by the Company in general meeting.

This authority is separate to and in addition to the authority to effect a Rights Issue or Open Offer (each as defined in Resolution 18 in the Notice convening this meeting) with such exclusions as the Directors may determine to be appropriate or expedient on account of matters referred to in Article 5.6 of the Company's Constitution from time to time.

Resolution 20 AUTHORITY TO PURCHASE OWN SHARES

Under Article 14 of the Company's Constitution, authority is given to the Company to purchase its own shares, subject to the shareholders passing a special resolution giving the Directors the necessary authority and to the other requirements of the Act and of the Listing Rules of the UK Listing Authority.

This resolution seeks authority from shareholders for the Company to purchase its own shares through the London Stock Exchange for cancellation or holding in treasury. In seeking this authority the Board is not indicating any commitment to purchase Ordinary Shares. The Directors would use the share purchase authority with discretion and purchases would only be made from funds not required for other purposes. Any share buy back would be funded from the Company's cash resources or banking facilities. The amount of funding required for the Company to purchase or acquire the Ordinary Shares and the financial impact on the Company and the Group arising from such purchases or acquisitions of the Shares will depend on, *inter alia*, the aggregate number of Ordinary Shares purchased or acquired, the price of the Ordinary Shares at the relevant time, and the amount (if any) borrowed by the Company to fund the purchases or acquisitions.

It should be noted that although Resolution 20 would authorise the Company to purchase or acquire up to 10 per cent of the issued Ordinary Shares, the Company may not necessarily purchase or acquire or be able to purchase or acquire the entire 10 per cent of the issued Ordinary Shares. In reaching a decision to purchase any Ordinary Shares, the Directors would take account of the Company's cash resources and capital, the effect of such purchase on the Company's business, any impact on earnings per Ordinary Share or on net tangible assets per Ordinary Share. No announcement will be made by the Company in advance of market purchases. The authority is restricted to a maximum of 10 per cent of the existing issued ordinary share capital of the Company as at the date of this Notice. In the event of any purchase under this authority, the Directors would either hold the purchased Ordinary Shares in treasury or cancel them. The Company may only hold up to 10 per cent of the issued ordinary share capital of the Company in treasury.

The resolution specifies the minimum and maximum prices at which shares may be bought and when the authority will expire, reflecting the requirements of the Act and of the Listing Rules. The requirements of the Listing Rules also prevent the Company from purchasing its own shares during a close period or at a time when price-sensitive information is known to the Company but not released to the public.

If given, such authority shall continue in force until the next annual general meeting of the Company is or is required by law to be held, whichever is the earlier; and such authority may from time to time be revoked or varied by the Company in general meeting.

### **Financial effects**

The financial effects arising from purchases or acquisitions of Ordinary Shares pursuant to Resolution 20 depend on, *inter alia*, whether the Ordinary Shares are purchased or acquired out of capital and/or profits of the Company, the aggregate number of Ordinary Shares purchased or acquired, and the consideration (excluding brokerage, commission, applicable duties, taxes and other related expenses) paid ("**Consideration**").

Under the Act, purchases or acquisitions of Ordinary Shares by the Company may be made out of the Company's capital and/or profits so long as the Company is solvent. Where the Consideration is made out of profits, such Consideration (excluding brokerage, commission, applicable goods and services tax and other related expenses) will correspondingly reduce the amount available for the distribution of cash dividends.

When Ordinary Shares are purchased or acquired, and cancelled:

- (a) if the Ordinary Shares are purchased or acquired entirely out of the capital of the Company, the Company shall reduce the amount of its share capital by the total amount of the Consideration;
- (b) if the Ordinary Shares are purchased or acquired entirely out of profits of the Company, the Company shall reduce the amount of its distributable profits by the total amount of the Consideration; or
- (c) where the Ordinary Shares are purchased or acquired out of both the capital and the profits of the Company, the Company shall reduce the amount of its share capital and distributable profits proportionately by the total amount of the Consideration.

If the purchased or acquired Shares are not cancelled but held in treasury, there will be no change in the issued share capital of the Company.

Where the purchase of Ordinary Shares is financed through internal resources, it will reduce the cash reserves of the Group and the Company, and thus the current assets and shareholders' funds of the Group and the Company. This will result in an increase in the gearing ratios of the Group and the Company and a decline in the current ratios of the Group and the Company. The actual impact on the gearing and current ratios will depend on the number of Ordinary Shares purchased or acquired and the prices at which the Ordinary Shares are purchased or acquired. Where the purchase or acquisition of Ordinary Shares is financed through external borrowings or financing, there would be an increase in the gearing ratios of the Group and the Company and a decline in the current ratios of the Group and the Company, with the actual impact dependent on the number of Ordinary Shares purchased or acquired and the prices at which the Ordinary Shares are purchased or acquired.

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