

**STARTECH ELECTRONICS LTD
(REGISTRATION NO. 199906220H)**

Notice of Extraordinary General Meeting

NOTICE IS HEREBY GIVEN that an Extraordinary General Meeting of Startech Electronics Ltd (the "Company") will be held at SAA City Campus, 1 Raffles Place, 27th Floor, OUB Centre, Singapore 048616 on 13 June 2006 at 10.00 a.m., for the purpose of considering and, if thought fit, passing the following resolutions, with or without amendment, Resolution 1 to 6 below which will be proposed as Ordinary Resolutions and Resolution 7 which will be proposed as a Special Resolution: -

ORDINARY RESOLUTIONS: -

THE APPROVAL OF THE FOLLOWING ORDINARY RESOLUTIONS IN RESPECT OF (1) TO (6) ARE INTER-CONDITIONAL. THIS MEANS THAT IF ANY OF THESE RESOLUTIONS IS NOT APPROVED, NONE OF THE OTHER RESOLUTIONS IN RESPECT OF (1) TO (6) WOULD BE TAKEN TO HAVE BEEN APPROVED.

RESOLUTION 1: THE RIGHTS ISSUE

That, contingent upon the passing of Resolution 2, Resolution 3, Resolution 4, Resolution 5 and Resolution 6, and the approval of the Singapore Exchange Securities Trading Limited (the "SGX-ST") for the listing and quotation of the Rights Shares (as defined herein), such approval being subject to any conditions as may be prescribed by the SGX-ST, a renounceable non-underwritten rights issue (the "Rights Issue") of between a minimum of 402,571,922 and a maximum of 595,576,664 new ordinary shares in the share capital of the Company (the "Rights Shares") at an issue price of S\$0.01 for each Rights Share, on the basis of two (2) Rights Shares for every one (1) existing ordinary share in the share capital of the Company ("Shares") held, fractional entitlements to be disregarded, be and is hereby approved and authority be and is hereby given to the Directors: -

- (a) to provisionally allot and issue a minimum of 402,571,922 Rights Shares and a maximum of 595,576,664 Rights Shares at an issue price of S\$0.01 for each Rights Share on the basis of two (2) Rights Share for every one (1) existing share held by shareholders of the Company (the "Shareholders") as at a date and time to be determined by the Directors (the "Books Closure Date"), fractional entitlements to be disregarded, and on such other terms and conditions as the Directors may determine, including, if the Directors think fit, the following terms: -
- (i) that the provisional allotments of the Rights Shares shall be made on a renounceable basis to Shareholders whose names appear in the Register of Members of the Company or the records of the Central Depository (Pte) Limited ("CDP") at the Books Closure Date with registered addresses in Singapore or who have, at least five (5) Market Days prior to the Books Closure Date, provided to the CDP or the Company, as the case may be, addresses in Singapore for the service of notices or documents;
 - (ii) no provisional allotment of the Rights Shares shall be made in favour of Shareholders with registered addresses outside Singapore as at the Books Closure Date or who have not, at least five (5) Market Days prior thereto, provided the Company or CDP, as the case may be, with addresses in Singapore for the service of notices and documents ("Foreign Shareholders");

- (iii) the entitlements to the Rights Shares which would otherwise accrue to Foreign Shareholders shall be disposed of by the Company in such manner and on such terms and conditions as the Directors deem fit for the purpose of renouncing the rights entitlements relating thereto to purchasers thereof and to pool and thereafter distribute the proceeds, if any, thereof (after deducting all expenses) proportionately among such Foreign Shareholders in accordance with their respective shareholdings as at the Books Closure Date provided that if the amount to be distributed to any single Foreign Shareholder is less than S\$10.00, such amount shall instead be retained or dealt with for the sole benefit of the Company;
 - (iv) any fractional entitlements disregarded in accordance with the terms of the Rights Issue and/or any Rights Shares not taken up may be aggregated and allotted and issued to satisfy excess applications for the Rights Shares or otherwise to such persons as the Directors may think fit or otherwise disposed of or dealt with in such manner as the Directors may think fit in the interests of the Company; and
 - (v) the Rights Shares when issued and fully paid-up will rank *pari passu* in all respects with the then existing ordinary shares in the share capital of the Company for any dividends, rights, allotments or other distribution, the record date for which falls on or after the date of issue of the Rights Shares.
- (b) to aggregate and allot the entitlements to the Rights Shares not taken up or allotted for any reason or which represent fractional entitlements disregarded in accordance with the terms of the Rights Issue to satisfy excess applications for the Rights Shares or otherwise to dispose of or to deal with such entitlements to the Rights Shares in such manner and on such terms and conditions as the Directors may, in their absolute discretion, deem fit;
 - (c) any Director be and is hereby authorised to prepare, finalise, approve and execute any instruments, announcements, notices or agreements as may be required in connection with or pursuant to the abovementioned matters, make such amendments to the terms and conditions of the Rights Issue (including the issue price of the Rights Shares respectively) and to do all such other acts, take such other steps and to exercise such discretion for and on behalf of the Company as he may deem necessary or desirable to implement, perfect or give effect to the above and to the transactions contemplated thereunder; and
 - (d) insofar as any documents referred in paragraph (c) above are required to be executed under seal, the Common Seal of the Company be affixed to such documents relating to the transaction herein referred to above in accordance with the provisions of the Articles of Association of the Company.

RESOLUTION 2: THE RENNACE RIGHTS SHARES ISSUE

That, contingent upon the passing of Resolution 1, Resolution 3, Resolution 4, Resolution 5 and Resolution 6, and the approval of the SGX-ST for the listing and quotation of the Rights Shares, such approval being subject to any conditions as may be prescribed by the SGX-ST, authority be and is hereby given to the Directors to issue and allot up to 200,000,000 Rights Shares which remain unsubscribed by shareholders under the Rights Issue to Rennace Investments Limited

RESOLUTION 3: THE MAYBANK DEBT-EQUITY SWAP

That, contingent upon the passing of Resolution 1, Resolution 2, Resolution 4, Resolution 5 and Resolution 6, and the approval of the SGX-ST for the listing and quotation of the Maybank Swap Shares (as defined in herein), such approval being subject to any conditions as may be prescribed by the SGX-ST: -

- (a) approval be and is hereby given for the capitalisation of the aggregate amount of S\$4,000,000 owing by the Company to Malayan Banking Berhad ("Maybank") into 400,000,000 new ordinary shares in the share capital of the Company ("Maybank Swap Shares") at an issue price of S\$0.01 per Maybank Swap Share in accordance with the terms and subject to the conditions of the Subscription Agreement dated 20 April 2006 and the Credit Agreement between the Company and Maybank in relation to the New Maybank Facility (as defined in the Circular);
- (b) authority be and is hereby given to the Directors to issue and allot the Maybank Swap Shares to Maybank pursuant to the Maybank Debt-Equity Swap in accordance with the terms of the Subscription Agreement dated 20 April 2006; and
- (c) the Directors of the Company and each of them be and are hereby authorised to complete and to do all such acts and things (including executing all such documents as may be required) as they or he may consider necessary, desirable or expedient to give effect to this Resolution.

RESOLUTION 4: THE INTERESTED PERSON TRANSACTION

That, contingent upon the passing of Resolution 1, Resolution 2, Resolution 3, Resolution 5 and Resolution 6, approval be and is hereby given to the issuance of Maybank Swap Shares Option by Maybank to Mr Tan Meng Dong, a Director and Executive Chairman of the Group for the acquisition of 90,000,000 Maybank Swap Shares by Mr Tan Meng Dong at S\$0.01 for each Maybank Swap Shares from Maybank.

RESOLUTION 5: THE GRANT OF INVESTORS CALL OPTIONS AND THE OPTION SHARES ISSUE

That, contingent upon the passing of Resolution 1, Resolution 2, Resolution 3, Resolution 4 and Resolution 6,

- (a) the grant of call options ("Investors Call Options") to each of Rennace Investments Limited, Messrs Chan Fook Meng and Ong Buek Lee @ Ong Bink Lee (the "Investors") by the Company, for the issuance of up to a collective aggregate of 200,000,000 new ordinary shares ("Option Shares") to the Investors at an issue price of S\$0.01 for each Option Share for cash ("Grant of Investors Call Options"), subject to, and in accordance with the terms of the Call & Put Options Deeds (as defined in the Circular) be and is hereby confirmed, approved and ratified;
- (b) authority be and is hereby given to the Directors to issue and allot the Option Shares to the Investors upon the exercise of the Investors Call Options and/or the Investors Put Options (as defined in the Circular), as the case may be, in accordance with the terms of the Call & Put Options Deeds; and
- (c) the Directors and each of them be and hereby authorised to complete and to do all such acts and things (including executing all such documents as may be required) as they or they may consider necessary, desirable or expedient to give effect to this Resolution.

RESOLUTION 6: THE MAYBANK WHITEWASH RESOLUTION

In the event that Resolution 3 is not passed, the following Resolution 6 will not be voted on.

That, contingent upon the passing of Resolution 1, Resolution 2, Resolution 3, Resolution 4 and Resolution 5, the Independent Shareholders, hereby (on a poll taken) unconditionally and irrevocably waive their right under Rule 14 of the Code to receive a mandatory general offer from Maybank and all

persons acting in concert with it as a result of the issue and allotment of 400,000,000 new ordinary shares to Maybank pursuant to the Maybank Debt-Equity Swap.

SPECIAL RESOLUTION: -

RESOLUTION 7: THE CAPITAL REDUCTION EXERCISE

That, the reduction of the share capital of the Company as set out below be and is hereby approved: -

- (a) the paid up share capital of the Company be reduced by canceling the issued and paid-up share capital which has been lost or unrepresented by available assets to the extent of S\$22,500,000, that forthwith upon the reduction of the issued and paid-up share capital of the Company as aforesaid taking effect, an amount which is equal to S\$22,500,000, being the credit arising from the Capital Reduction Exercise be applied in writing off the accumulated losses of the Company as at 31 December 2005; and
- (b) the Directors and each of them be authorised and empowered to complete, and do and execute all such acts and things as they or he may consider necessary or expedient to give effect to this Resolution, with such modifications thereto (if any) as they or he shall think fit in the interests of the Company.

By Order of the Board

Tan Meng Dong
Executive Chairman
22 May 2006

Notes: -

- (1) A member of the Company entitled to vote at the above Extraordinary General Meeting may appoint not more than two proxies to attend and vote on his behalf. Such proxy need not be a member of the Company.
- (2) The instrument appointing a proxy or proxies must be deposited at the Company's registered office not less than 48 hours before the time appointed for holding the Extraordinary General Meeting.
- (3) A member of the Company which is a corporation is entitled to appoint its authorised representative or proxies to vote on its behalf. If the member is a corporation, the instrument appointing the proxy must be executed under seal or the hand of an officer or attorney duly authorized.
- (4) The instrument appointing a proxy or proxies must be under the hand of the appointor or his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorised.
- (5) Unless otherwise defined herein, capitalised terms in the Ordinary Resolutions set out in this Notice of Extraordinary General Meeting shall bear the same meanings as in the Circular to Shareholders dated 22 May 2006.