

TRADING RULES

1. Application of rules

1.1 These rules and any circulars establish, regulate and operate the set of rules and procedures of transactions effected through the market making activities of OTC Capital ("OTC").

1.2 The rules must be complied in accordance with the spirit, intention and purpose; and by looking beyond form and substance.

1.3 The rules may be amended or supplemented by the OTC Committee from time to time. OTC Committee may grant a waiver to the rules subject to such conditions as it considers appropriate.

2. Confidentiality and Integrity

2.1 The preservation of confidentiality and the maintenance of integrity at all times by a market maker is essential for the proper conduct of business in OTC securities. A market maker shall not, in any circumstances, commit any act that constitutes a breach of confidentiality, such as disclosing the name, size of transactions or profits/losses of a client/counterparty to a third party not relevant to the conduct of business of OTC.

3. Administration

3.1 The business of OTC is managed by the OTC Committee which may exercise all powers, discretions and authorities to regulate the market.

4. Delegation

4.1 The OTC Committee may delegate such of its powers, discretions and authorities as it may from time to time determine to such officers and persons, and to such committees, composed of directors or otherwise, as the OTC Committee may from time to time authorise.

5. Liability of OTC

5.1 OTC, its Directors, Officers, employees and agents are under no obligation nor liable to any of its Customers, including:

- 1) any loss or damage (including consequential loss or damage) which may be suffered or incurred or which may arise directly or indirectly in respect of goods or services;
- 2) a Customer's use or inability to use OTC;
- 3) a failure, error or omission on the part of OTC including any loss or damage in respect of:
 - a. the result of market-making provided by OTC, or the suspension, interruption, cancellation or closure of trading, on OTC,
 - b. any decision made by the OTC Committee

6. Market Maker Procedures

6.1 The market maker of OTC shall provide bid-ask quotes for OTC securities if the market maker believes it to be in its commercial interest to basis to do so. There is no guarantee that the market maker will make any quote at all.

6.2 The market maker may suspend or restrict its market making activities of any specified OTC security or securities in accordance to the instructions of the OTC Committee. Specified OTC securities with a trading halt shall have its market making ceased until the trading halt is lifted. Unless otherwise permitted by the OTC Committee, the market maker will not make a market in the specified securities.

7. Orders

7.1 A client may deal at the bid and offer prices quoted by a dealer or place an order to buy or to sell a security at the market price or at a price limit within a certain time period. All client orders are limit orders that can be accepted in part or in full.

8. Order size

8.1 The minimum order size is 1 share. Orders may be in multiples of 1 share although it is recommended that a board lot of 1,000 shares be used as a matter of convenience and practicable size. An order may be executed in any quantity of 1 share or more.

9. Bid size

9.1 The following bid sizes for OTC securities shall apply unless otherwise indicated:

Price (\$\$)	Minimum Bid Size (\$\$)
Below \$1.00	0.005
\$1.00 to \$2.99	0.01
\$3.00 to \$4.98	0.02
\$5.00 to \$9.95	0.05
\$10.00 and above	0.10

10. Trading Basis of Securities

10.1 Unless otherwise indicated, trading of securities is on a "cum" basis.

10.2 All Eligible Securities will be traded on an "ex" basis for 3 Market Days before and up to the book closing date for an entitlement. All other securities will be traded on an "ex" basis 5 Market days before and up to the book closing date for an entitlement.

10.3 A buyer (seller) of securities on an "ex" ("cum") basis has no right to that entitlement.

10.4 A buyer (seller) of securities on a "cum" ("ex") basis who has not received that entitlement may claim the entitlement from the seller (buyer).

11. Brokerage and Charges

11.1 Unless revised by the OTC Committee from time to time without prior notice, the following standard brokerage rate is applicable effective from 30 Jan 2007:

All OTC Capital Trades (Internet or Broker-assisted)
Flat Rate of 0.28% with No Minimum Brokerage

11.2 All charges and expenses like stamp fee and clearing fee if applicable, to be borne by the client and disclosed to the client and agreed between the client and Phillip Securities.

11.3 OTC securities custody charge is waived.

11.4 No deposit is required for OTC securities trading.

12. Contract Notes

12.1 Phillip Securities shall send a contract note to the client for the purchase or sale of securities by the next day.

12.2 The contract note shall state that the contract is subject to the OTC Rules if the trade is transacted through OTC.

12.3 The contract note will show, where applicable, the brokerage charged, clearing fee, stamp duty, Goods and Services Tax and other charges.

13. INVIOABILITY OF CONTRACTS

13.1 A contract made on OTC can be cancelled in any of the following circumstances:

- 1) the market maker has made an error and the OTC Committee is satisfied that the trade should be cancelled;
- 2) there is prima facie evidence of fraud or wilful misrepresentation in relation to the contract;
- 3) the OTC Committee considers it desirable to cancel the contract to protect the financial integrity, reputation or interests of the markets established or operated by OTC.

13.2 For the avoidance of doubt, a contract is not cancelled if delivery fails or payment is not made on delivery.

13.3 The OTC Committee may impose any conditions it thinks appropriate for the cancellation of a contract.

14. Mode of Orders

14.1 Clients who have been duly pre-qualified for OTC may submit such trading orders via

- 1) a restricted access page for OTC in POEMS or

- 2) calling their respective trading representatives, who will in turn enter the client orders through MSF.

15. Trading Platform Operation Hours

15.1 The OTC trading platform will operate from 9.00am to 12.30pm and 2.00pm to 5.00pm on full business days and will operate from 9.00am to 12.30pm on half business days. There is only one market phase with no pre-open or pre-close routine.

16. Provision of Bid-Ask Quotes

16.1 At the start of each market day, the market maker will provide a bid-ask quotation for the OTC securities with a spread that generally ranges from 2-10%. The market maker may queue trading orders at different price levels in its order book concurrently.

17. Display of OTC Quotes

17.1 The OTC page in POEMS and MSF will show the bid-ask quotes as provided by the market maker on a best efforts basis. The number of shares available at the bid-ask quote is displayed to both client and trading representatives. However, market depth is not displayed to both client and trading representatives.

18. Order Priority and Execution

18.1 All client orders will be placed with the market maker as the counter party. The market maker will be prompted for execution when the buy/sell quote is hit. The orders may be executed, queued or rejected at the sole discretion of the market maker. For the same price level, orders of the same type will be done on a time priority. When the market maker rejects the execution of a matched trade, the market maker has the discretion to lapse the client trade or leave the client order on the queue. Trading orders can only be executed during market hours. Trading order may be filled in full or in part.

19. Order Management

19.1 Time

Client orders can be entered or withdrawn at any time on each trading day (unless orders are being executed by market maker) except between 5.01pm and 5.15pm on a full trading day and between 12.31pm and 12.45pm on a half-trading day. Orders that are not executed for that particular market day will expire. Orders can be submitted outside the market hours only after 5.15pm on each market day and it will be stored for the next market day.

19.2 Quantity

The quantity allowed for order submission is in accordance to the overall account trading limit and the risk management system (RMS). In addition, sell orders for quantities that exceed the bought quantities (whether paid or outstanding) will be rejected automatically to prevent short selling.

19.3 Order Algorithm

1. For a buy order, the order price that can be submitted must be equal to or up to 6 bids lower than the quoted buy price AND less than or equal to quoted sell price. For example, if the bid-ask quote is 0.700 - 0.705, the valid range to submit a buy order is 0.670 to 0.705.
2. For a sell order, the order price that can be submitted must be equal to or up to 6 bids greater than the quoted sell price AND equal to or greater than the quoted buy price. For example, if the bid-ask quote is 0.700 - 0.705, the valid range to submit a sell order is 0.700 to 0.735.

19.4 Order Amalgamation

All orders (same counters, same trade type, same action done on the same day) will be auto amalgamated. Contra is allowed within the settlement period.

20. Suspension of Counter

20.1 When an OTC counter is suspended, all existing outstanding orders will lapse. The market maker will insert and display a "SUSP" remark in the price page next to the suspended OTC security. No order submission is allowed. The period of suspension is usually prolonged and may last from a minimum of 15 minutes to a maximum of 1 month, unless otherwise extended at the discretion of the management of OTC. Upon lifting of the suspension, normal order submission and market making resumes.

20.2 A Trading Suspension is the only one form of trading stoppage for the securities of OTC.

21. Contingency Orders

21.1 In the event of technical faults, arising from the loss of electronic connection or any technical defects in any device, equipment, system or trading platform, a client may be unable to withdraw trading orders. The affected client may call by telephone, his or her trading representative, who in turn informs the market maker to effect order withdrawals. Such orders will be identified and recorded in accordance to the individual order ID number. The market maker will effect such order withdrawals on a reasonable efforts basis. The client agrees that the market maker has no liabilities for order withdrawals or other incidental activities performed on his or her behalf.

22. Private Deals

22.1 The market maker reserves the right to approve and execute private deals off OTC on a case-by-case basis, notwithstanding its suspended counter status of the OTC security.

23. Mode of Settlement

23.1 All delivery and settlement of trades are by book entry at OTC. Delivery of physical certificates is not accepted for trades for OTC securities. The settlement currency of the trades is in the currency of quotation at the exchange rate determined by Phillip on the date of settlement unless otherwise agreed by Phillip.

23.2 Relationship between client and Phillip

The selling customer looks to the market maker, who executes the trade, for the payment of sales proceeds. If a selling customer fails to deliver, buying-in procedures will be instituted against the customer according to the Clearing Rules.

23.3 The buying customer looks to the market maker, who executes the trade for the payment delivery of the OTC securities.

Clearing by Phillip Securities

Phillip Securities Pte Ltd ("Phillip") will clear all the trades of OTC securities transacted.

Settlement Dates

The normal timetable for settlement of trades is as follows:

Type of Trade	Delivery by selling customer	Payment to selling customer	Delivery to buying customer	Payment by buying customer	Force-sale against customer	Buying in against customer
Ready market	12.30pm on T + 3	T+ 4 or against delivery, whichever is later	3pm on T + 4	T + 4	T + 5	T + 4

where T is the trade date (and hence, T + 3 is the third market day after trade date)

23.4 Purchase Settlement

EPS: Payment is to be made latest T + 3 by 9 p.m.

GIRO: Payment will be automatically deducted 2 market days after due date (i.e. D + 2). Please ensure that there is sufficient funds in your account by D + 1.

Cheques/Cash: Payment is to be received latest T + 3 by 5 p.m.

23.5 Sales Settlement

Please refer to the POEMS website at www.poems.com.sg at Help Centre > FAQ.

23.6 Force sales

The following applies to force-sales for OTC securities:

1. Unpaid shares will be force-sold at Phillip's discretion with regards to the price, and volume put up for sale, at any time;
2. There is no requirement to give notice of force-sale to the buying client.
3. Phillip is not liable to the buying customer for any loss or damage arising out of the exercise of its discretion; and
4. Phillip may recover the losses and expenses incurred from the buying client in such a force-sale.