

HTL INTERNATIONAL HOLDINGS LIMITED
(Company Registration Number: 198904162H)
(Incorporated in the Republic of Singapore)

APPENDIX TO THE NOTICE OF ANNUAL GENERAL MEETING DATED 13 APRIL 2015 IN RELATION TO RESOLUTION 9 (RENEWAL OF SHARE BUY-BACK MANDATE)

HTL INTERNATIONAL HOLDINGS LIMITED

(Incorporated in the Republic of Singapore)

Directors:

Lee Kiam Hwee, Kelvin *(Independent non-executive Chairman)*
Phua Yong Pin *(Group Chairman)*
Phua Yong Sin *(Deputy Group Chairman)*
Phua Yong Tat *(Group Managing Director)*
Lee Ai Ming (Mrs.) *(Independent non-executive Director)*
Professor Wee Chow Hou *(Independent non-executive Director)*
Soh Yew Hock *(Independent non-executive Director)*
Dr Wee Keng Neo, Lynda *(Independent non-executive Director)*
Phua Boon Huat *(Alternate director to Phua Yong Sin)*

Registered Office:

11 Gul Circle,
Singapore 629567

13 April 2015

To: The Shareholders of HTL International Holdings Limited

Dear Sir/Madam,

PROPOSED RENEWAL OF SHARE BUY-BACK MANDATE

1. INTRODUCTION

The board (the "**Board**") of directors ("**Directors**") of HTL International Holdings Limited (the "**Company**") proposes to seek the approval of the shareholders of the Company (the "**Shareholders**") at the Annual General Meeting ("**AGM**") of the Company to be held at 11 Gul Circle, Singapore 629567 on 28 April 2015 at 9.30 a.m. (the "**2015 AGM**") for the renewal of the mandate (the "**Share Buy-back Mandate**"), originally approved by the Shareholders at an extraordinary general meeting of the Company held on 28 April 2008 (the "**2008 EGM**") and renewed pursuant to Shareholders' approvals at the AGMs of the Company held on 28 April 2009 (the "**2009 AGM**"), 29 April 2010 (the "**2010 AGM**"), 25 April 2011 (the "**2011 AGM**") and 26 April 2012 (the "**2012 AGM**"), an extraordinary general meeting of the Company held on 29 April 2013 (the "**2013 EGM**"), and the AGM of the Company held on 28 April 2014 (the "**2014 AGM**") respectively, authorising the Company to purchase or otherwise acquire its issued shares (the "**Shares**" and each a "**Share**").

We refer to the Notice of Annual General Meeting dated 13 April 2015 (the "**2015 AGM Notice**") accompanying the Annual Report of the Company for the financial year ended 31 December 2014 ("**FY2014**"). The authority and limitations of the Share Buy-back Mandate are set out in the proposed Resolution 9.

The purpose of this letter is to provide Shareholders with information relating to the proposed renewal of the Share Buy-back Mandate (the "**Renewed Share Buy-back Mandate**").

The Singapore Exchange Securities Trading Limited (the "**SGX-ST**") assumes no responsibility for the correctness of any of the statements made, reports contained or opinions expressed in this letter.

2. DETAILS OF THE PROPOSED RENEWED SHARE BUY-BACK MANDATE

2.1 Shareholders' Approval

The Share Buy-back Mandate was expressed to take effect from the date of the 2008 EGM (the "**Approval Date**") and continue in force until the date of the next annual general meeting of the Company or such date as the next annual general meeting is required by law to be held, unless prior thereto, share buy-backs are carried out to the full extent mandated or the Share Buy-back Mandate is

revoked or varied by the Company in general meeting. It was also provided that the Share Buy-back Mandate may be put to Shareholders for renewal at each subsequent annual general meeting of the Company. At the 2009 AGM, the 2010 AGM, the 2011 AGM, the 2012 AGM, the 2013 EGM, and the 2014 AGM, Shareholders approved the renewal of the Share Buy-back Mandate on the same terms.

As at the Latest Practicable Date (defined hereinafter), the Company has purchased 17,348,000 of its issued Shares pursuant to the Share Buy-back Mandate, since the Approval Date.

If approved by the Shareholders at the 2015 AGM, the authority conferred by the Renewed Share Buy-back Mandate will take effect from the date of the 2015 AGM (the "**Renewal Date**") and continue in force until the next annual general meeting of the Company or such date as the next annual general meeting is required by law to be held, unless prior thereto share buy-backs are carried out to the full extent mandated or the Renewed Share Buy-back Mandate is revoked or varied by the Company in general meeting.

2.2 Rationale

The rationale for the Company to undertake the purchase of its issued Shares is as follows:

(a) it is a principal mission of the Directors and the management to constantly increase the value of the Shares and to improve, *inter alia*, the return on equity of the Company and its subsidiaries (the "**Group**"). Carrying out share buy-backs at the appropriate price is one of the ways through which the return on equity of the Group may be enhanced;

(b) the Renewed Share Buy-back Mandate will provide the Company with a mechanism to facilitate the return of the Group's surplus funds which are in excess of the financial and possible investment needs of the Group. The adoption of the Renewed Share Buy-back Mandate creates an expedient, effective and cost-efficient way of returning surplus cash to Shareholders;

(c) the Renewed Share Buy-back Mandate will also provide the Directors with greater flexibility in altering the Company's share capital structure with a view to enhancing the earnings and/or net tangible asset ("**NTA**") value per Share; and

(d) the Directors further believe that the Renewed Share Buy-back Mandate will allow the Company to buffer short-term market volatility and offset the effects of short-term speculation.

If and when circumstances permit, the Directors will decide whether to effect share buy-backs via Market Purchases or Off-Market Purchases (as defined hereinafter), after taking into account the amount of surplus cash available, the prevailing market conditions and the most cost-effective and efficient approach of carrying out such share buy-backs. The Directors do not propose to carry out share buy-backs to an extent that would, or in circumstances that might, result in a material adverse effect on the liquidity and/or the orderly trading of the Shares and/or the financial position of the Group.

2.3 Authority and Limits on the Mandate

The authority and limitations under the proposed Renewed Share Buy-back Mandate, if approved at the forthcoming 2015 AGM, are summarised below.

2.3.1 Maximum Number of Shares

Only Shares that are issued and fully paid may be purchased or acquired by the Company.

The total number of Shares which may be purchased or acquired by the Company pursuant to the proposed Renewed Share Buy-back Mandate is limited to that number of Shares representing not more than 10% of the issued ordinary share capital of the Company as at the date of the forthcoming

2015 AGM at which the Renewed Share Buy-back Mandate is approved. For purposes of calculating the percentage of issued Shares, any Shares which are held by the Company as treasury shares will be disregarded for the purposes of computing the 10% limit.

For illustration purposes only, based on the existing issued and paid-up share capital of the Company comprising 406,122,518 Shares (excluding treasury shares) as at 12 March 2015 being the latest practicable date prior to the printing of this letter (the "**Latest Practicable Date**"), and assuming that no further Shares are issued on or prior to the 2015 AGM, not more than 40,612,251 Shares (representing 10% of the issued share capital of the Company as at that date) may be bought by the Company pursuant to the proposed Renewed Share Buy-back Mandate.

2.3.2 Duration of Authority

Purchases or acquisitions of Shares may be made, at any time and from time to time, on and from the Renewal Date, up to the earlier of:

(a) the date on which the next annual general meeting is held or required by law to be held;

(b) the date on which the share buy-backs are carried out to the full extent mandated; or

(c) the date on which the authority contained in the Share Buy-back Mandate is varied or revoked by Shareholders in general meeting.

2.3.3 Manner of Share Buy-backs

Purchases of Shares may be made on the SGX-ST ("**Market Purchases**") and/or otherwise than on the SGX-ST, in accordance with an equal access scheme ("**Off-Market Purchases**").

Market Purchases refer to purchases of Shares by the Company transacted through the SGX-ST's trading system through one or more duly licensed stockbrokers appointed by the Company for the purpose.

Off-Market Purchases refer to purchases of Shares by the Company made under an equal access scheme or schemes for the purchase of Shares from Shareholders. The Directors may impose such terms and conditions which are consistent with the proposed Share Buy-back Mandate, the Listing Manual issued by the SGX-ST (the "**Listing Manual**") and the Companies Act (Chapter 50) of Singapore (as amended or modified from time to time) (the "**Companies Act**" or the "**Act**"), as they consider fit in the interests of the Company in connection with or in relation to an equal access scheme or schemes.

Under the Companies Act, an equal access scheme must satisfy all the following conditions:

(a) offers for the purchase or acquisition of issued Shares shall be made to every person who holds issued Shares to purchase or acquire the same percentage of their issued Shares;

(b) all of those persons shall be given a reasonable opportunity to accept the offers made; and

(c) the terms of all the offers shall be the same, except that there shall be disregarded:

(i) differences in consideration attributable to the fact that offers may relate to Shares with different accrued dividend entitlements;

(ii) (if applicable) differences in consideration attributable to the fact that the offers relate to Shares with different amounts remaining unpaid; and

(iii) differences in the offers introduced solely to ensure that each person is left with a whole number of Shares.

In addition, pursuant to the Listing Manual, in making an Off-Market Purchase, the Company must issue an offer document to all Shareholders which must contain at least the following information:

(a) the terms and conditions of the offer;

(b) the period and procedures for acceptances;

(c) the reasons for the proposed share buy-back;

(d) the consequences, if any, of share buy-backs by the Company that will arise under the Singapore Code on Take-overs and Mergers ("**Take-over Code**") or other applicable take-over rules;

(e) whether the share buy-backs, if made, would have any effect on the listing of the Shares on the SGX-ST;

(f) details of any share buy-backs made by the Company in the previous 12 months (whether Market Purchases or Off-Market Purchases), giving the total number of Shares purchased, the purchase price per Share or the highest and lowest prices paid for the purchase, where relevant, and the total consideration paid for the purchases; and

(g) whether the Shares purchased by the Company will be cancelled or kept as treasury shares.

2.3.4 Maximum Purchase Price

The purchase price (excluding brokerage, stamp duties, applicable goods and services tax and other related expenses) per Share to be paid for the Shares will be determined by the Directors. However, the purchase price must not exceed:

(a) in the case of a Market Purchase, 105% of the Average Closing Price (as defined hereinafter); and

(b) in the case of an Off-Market Purchase, 110% of the Average Closing Price (as defined hereinafter),

in either case, excluding related expenses of the purchase or acquisition (the "**Maximum Price**").

For the above purposes:

"**Average Closing Price**" means (a) the average of the closing market prices of a Share over the last five Market Days on which transactions in the Shares were recorded, preceding either the date of the Market Purchase or, as the case may be, the day of the making of the offer pursuant to the Off-Market Purchase; and (b) deemed to be adjusted for any corporate action that occurs after the relevant five-day period; and

"**day of the making of the offer**" means the day on which the Company announces its intention to make an offer for the purchase of Shares from Shareholders, stating the purchase price (which shall not be more than the Maximum Price calculated on the foregoing basis) for each Share and the relevant terms of the equal access scheme for effecting the Off-Market Purchase.

2.3.5 Status of Purchased Shares

Any Share which is purchased by the Company is deemed cancelled immediately on purchase (and all rights and privileges attached to that Share will expire on cancellation) unless such Share is held by the Company as a treasury share.

Some of the key provisions on treasury shares under the Companies Act are as follows:

(a) **Maximum Holdings** – The number of Shares held as treasury shares cannot at any time exceed 10% of the total number of issued Shares.

(b) **Voting and Other Rights** – The Company will not have the right to attend or vote at meetings and or to receive any dividends in respect of treasury shares. However, the allotment of treasury shares as fully paid bonus shares is allowed. Also, a subdivision or consolidation of any treasury share into treasury shares of a smaller amount is allowed so long as the total value of the treasury shares after the subdivision or consolidation is the same as before such subdivision or consolidation, as the case may be.

(c) **Disposal and Cancellation** – The Company may dispose of treasury shares at any time in the following ways:

(i) sell the treasury shares for cash;

(ii) transfer the treasury shares (or any of them) for the purposes of or pursuant to an employees' share scheme;

(iii) transfer the treasury shares (or any of them) as consideration for the acquisition of shares in or assets of another company or assets of a person;

(iv) cancel the treasury shares (or any of them); or

(v) sell, transfer or otherwise use the treasury shares for such other purposes as may be prescribed by the Minister for Finance.

2.3.6 Source of Funds

The Companies Act permits the Company to purchase its own Shares from both capital as well as distributable profits, as long as the Company is solvent.

Pursuant to section 76F(4) of the Companies Act, the Company is solvent if:

(a) the Company is able to pay its debts in full at the time it purchases the Shares and will be able to pay its debts as they fall due in the normal course of business in the 12 months immediately following the date of the purchase; and

(b) the value of the Company's assets is not less than the value of its liabilities (including contingent liabilities) and will not after the purchase of Shares become less than the value of its liabilities (including contingent liabilities).

In determining that the Company is solvent, the Directors must have regard to the most recent audited consolidated financial statements and all other relevant circumstances, and may rely on valuations or estimates of assets or liabilities. In determining the value of contingent liabilities, the Directors may take into account the likelihood of the contingency occurring, as well as any counter-claims by the Company.

The Company will use internal resources or external borrowings or a combination of both to fund a purchase of Shares pursuant to the Renewed Share Buy-back Mandate. It is not possible for the Company to realistically calculate or quantify the impact of a share buy-back made pursuant to the Renewed Share Buy-back Mandate on the NTA and earnings per Share ("**EPS**") as the resultant effect would depend on factors such as the aggregate number of Shares purchased, the purchase

price paid at the relevant time, the amount (if any) borrowed by the Company to fund the purchases, whether the purchase is made out of capital of the Company, and whether the Shares purchased or acquired are held in treasury or cancelled.

2.3.7 Financial Effects

The financial effects arising from purchases or acquisitions of Shares which may be made pursuant to the Renewed Share Buy-back Mandate will depend on, *inter alia*, whether the Shares are purchased or acquired, the price paid for such Shares and whether the Shares purchased or acquired are held in treasury or cancelled. The financial effects on the Group as illustrated hereafter, are based on the assumptions set out below:

(a) Purchase or acquisition out of capital or profits

Under the Companies Act, purchases or acquisitions of Shares by the Company may be made out of the Company's capital or profits.

Where the consideration paid by the Company for the purchase or acquisition of Shares is made out of profits, such consideration (excluding related brokerage, goods and services tax, stamp duties and clearance fees) will correspondingly reduce the amount available for the distribution of cash dividends by the Company.

Where the consideration paid by the Company for the purchase or acquisition of Shares is made out of capital, the amount available for the distribution of cash dividends by the Company will not be reduced.

(b) Information as at the Latest Practicable Date

As at the Latest Practicable Date, the issued capital of the Company comprised 406,122,518 ordinary Shares. In addition, as at the Latest Practicable Date, there were outstanding and remaining unexercised options (the "**Options**") granted pursuant to the HTL International Holdings Limited Share Option Plan 2002 to subscribe for an aggregate of 177,500 Shares. Except in respect of Shares which are issuable on exercise of these outstanding Options, no Shares are reserved for issue by the Company as at the Latest Practicable Date. As at the Latest Practicable Date, no Options have been exercised pending issuance of Shares.

For illustrative purposes only, and on the basis of the following assumptions:

(a) the Renewed Share Buy-back Mandate had been effective from 1 January 2014 and the Company has purchased 40,612,251 Shares (representing 10% of its issued share capital as at the Latest Practicable Date);

(b) in the case of Market Purchases, the Company will purchase or acquire Shares at the Maximum Price of US$0.180 (or S$0.244 - converted at the rate of US$1.00:S$1.3539) for each Share (being the on-market Average Closing Price before the Latest Practicable Date) and the maximum amount of funds required for the share buy-back is approximately US$7.3 million. The purchase of Shares was financed by internal funds of US$5.1 million and bank borrowings of US$2.2 million;

(c) in the case of Off-Market Purchases, the Company will purchase or acquire Shares at the Maximum Price of US$0.188 (or S$0.255 - converted at the rate of US$1.00:S$1.3539) for each Share (being the on-market Average Closing Price before the Latest Practicable Date) and the maximum amount of funds required for the share buy-back is approximately US$7.6 million. The purchase of Shares was financed by internal funds of US$5.3 million and bank borrowings of US$2.3 million; and

(d) the interest expense on the additional bank borrowings amounted to US$75,000 for the Market Purchases and US$78,000 for the Off-Market Purchases,

the financial effects of the share buy-back (whether pursuant to Market Purchases or Off-Market Purchases) on the audited financial statements of the Group for the financial year ended 31 December 2014 would have been as follows:

(a) Purchases made entirely out of capital and held as treasury shares

	Group		
	Before Share buy-back	Market Purchase After Share buy-back	Off -Market Purchase After Share buy-back
US$'000			
Share capital	67,982	67,982	67,982
Non-distributable reserves	29,786	29,786	29,786
Retained earnings	79,301	79,226	79,223
Treasury shares	(3,945)	(11,255)	(11,580)
Equity attributable to owners of the Company	173,124	165,739	165,411
Non-controlling interest	852	852	852
Total equity	173,976	166,591	166,263
Net tangible assets (NTA) [(1)]	165,054	157,669	157,341
Current assets	248,268	243,076	242,845
Current liabilities	129,547	131,740	131,837
Working capital	118,721	111,336	111,008
Total borrowings [(2)]	36,064	38,257	38,354
Cash and cash equivalents	35,815	30,623	30,392
Net profit attributable to owners of the Company	5,257	5,182	5,179
Number of Shares outstanding as at 31 December 2014 ('000)	406,122	365,510	365,510
Weighted average number of Shares outstanding during the financial year ended 31 December 2014 ('000)	406,071	365,459	365,459
Financial Ratios			
NTA per share (cents) [(3)]	40.4	42.9	42.8
Gearing [(4)]	0.1%	4.6%	4.8%
EPS (cents) [(5)]	1.3	1.4	1.4
Return on Shareholders' equity [(6)]	3.0%	3.1%	3.1%

Notes:

(1) NTA equals to total equity less intangible assets.

(2) Total borrowings represents short term and long term loans.

(3) NTA per share equals to equity attributable to owners of the Company less intangible assets divided by the number of Shares outstanding as at 31 December 2014.

(4) Gearing equals to total borrowings net of cash and cash equivalents divided by equity attributable to owners of the Company.

(5) EPS equals to net profit attributable to owners of the Company divided by the weighted average number of Shares outstanding during the financial year ended 31 December 2014.

(6) Return on Shareholders' equity is calculated based on net profit attributable to owners of the Company and equity attributable to owners of the Company.

(b) Purchases made entirely out of capital and cancelled

	Group		
	Before Share buy-back	Market Purchase After Share buy-back	Off -Market Purchase After Share buy-back
US$'000			
Share capital	67,982	60,672	60,347
Non-distributable reserves	29,786	29,786	29,786
Retained earnings	79,301	79,226	79,223
Treasury shares	(3,945)	(3,945)	(3,945)
Equity attributable to owners of the Company	173,124	165,739	165,411
Non-controlling interest	852	852	852
Total equity	173,976	166,591	166,263
Net tangible assets (NTA) [(1)]	165,054	157,669	157,341
Current assets	248,268	243,076	242,845
Current liabilities	129,547	131,740	131,837
Working capital	118,721	111,336	111,008
Total borrowings [(2)]	36,064	38,257	38,354
Cash and cash equivalents	35,815	30,623	30,392
Net profit attributable to owners of the Company	5,257	5,182	5,179
Number of Shares outstanding as at 31 December 2014 ('000)	406,122	365,510	365,510
Weighted average number of Shares outstanding during the financial year ended 31 December 2014 ('000)	406,071	365,459	365,459
Financial Ratios			
NTA per share (cents) [(3)]	40.4	42.9	42.8
Gearing [(4)]	0.1%	4.6%	4.8%
EPS (cents) [(5)]	1.3	1.4	1.4
Return on Shareholders' equity [(6)]	3.0%	3.1%	3.1%

Notes:

(1) NTA equals to total equity less intangible assets.

(2) Total borrowings represents short term and long term loans.

(3) NTA per share equals to equity attributable to owners of the Company less intangible assets divided by the number of Shares outstanding as at 31 December 2014.

(4) Gearing equals to total borrowings net of cash and cash equivalents divided by equity attributable to owners of the Company.

(5) EPS equals to net profit attributable to owners of the Company divided by the weighted average number of Shares outstanding during the financial year ended 31 December 2014.

(6) Return on Shareholders' equity is calculated based on net profit attributable to owners of the Company and equity attributable to owners of the Company.

(c) Purchases made entirely out of distributable profits and cancelled

	Group		
	Before Share buy-back	Market Purchase After Share buy-back	Off -Market Purchase After Share buy-back
US$'000			
Share capital	67,982	67,982	67,982
Non-distributable reserves	29,786	29,786	29,786
Retained earnings	79,301	71,916	71,588
Treasury shares	(3,945)	(3,945)	(3,945)
Equity attributable to owners of the Company	173,124	165,739	165,411
Non-controlling interest	852	852	852
Total equity	173,976	166,591	166,263
Net tangible assets (NTA) (1)	165,054	157,669	157,341
Current assets	248,268	243,076	242,845
Current liabilities	129,547	131,740	131,837
Working capital	118,721	111,336	111,008
Total borrowings (2)	36,064	38,257	38,354
Cash and cash equivalents	35,815	30,623	30,392
Net profit attributable to owners of the Company	5,257	5,182	5,179
Number of Shares outstanding as at 31 December 2014 ('000)	406,122	365,510	365,510
Weighted average number of Shares outstanding during the financial year ended 31 December 2014 ('000)	406,071	365,459	365,459
Financial Ratios			
NTA per share (cents) (3)	40.4	42.9	42.8
Gearing (4)	0.1%	4.6%	4.8%
EPS (cents) (5)	1.3	1.4	1.4
Return on Shareholders' equity (6)	3.0%	3.1%	3.1%

Notes:

(1) NTA equals to total equity less intangible assets.

(2) Total borrowings represents short term and long term loans.

(3) NTA per share equals to equity attributable to owners of the Company less intangible assets divided by the number of Shares outstanding as at 31 December 2014.

(4) Gearing equals to total borrowings net of cash and cash equivalents divided by equity attributable to owners of the Company.

(5) EPS equals to net profit attributable to owners of the Company divided by the weighted average number of Shares outstanding during the financial year ended 31 December 2014.

(6) Return on Shareholders' equity is calculated based on net profit attributable to owners of the Company and equity attributable to owners of the Company.

Shareholders should note that the financial effects set out above are for illustrative purposes only, based on the aforementioned assumptions. In particular, it is important to note that the above analysis is based on the latest audited accounts of the Group as at 31 December 2014, and is not necessarily representative of the future financial performance of the Group. Although the proposed Renewed Share Buy-back Mandate would authorise the Company to buy back up to 10% of the Company's issued Shares, the Company may not necessarily buy back or be able to buy back all 10% of the issued Shares in full. In addition, the Company may cancel all or part of the Shares repurchased or hold all or part of the Shares repurchased as treasury shares.

2.4 Listing Rules

2.4.1 Reporting Requirements

The Companies Act and the Listing Manual require the Company to make the following reports in relation to the Renewed Share Buy-back Mandate:

(a) Within thirty days of the passing of a Shareholders' resolution to approve the buy-back of Shares, the Company is required to lodge a copy of such resolution with the Registrar of Companies and Businesses;

(b) The Company must notify the Registrar of Companies and Businesses, within thirty days of its purchase or acquisition of Shares pursuant to the Renewed Share Buy-back Mandate, whether on the SGX-ST or otherwise, setting out details of, *inter alia*, the date of the purchase or acquisition, the number of Shares purchased or acquired by the Company, the number of Shares cancelled, the number of Shares held as treasury shares, the Company's issued share capital before the purchase or acquisition, the Company's issued share capital after the purchase or acquisition, the amount of consideration paid by the Company for the purchase of the Shares and whether the Shares were purchased or acquired out of the profits or the capital of the Company; and

(c) The Company must report all purchases or acquisitions of its Shares to the SGX-ST not later than 9.00 a.m.: (i) in the case of a Market Purchase, on the market day following the day of purchase or acquisition of any of its Shares; and (ii) in the case of an Off-Market Purchase under an equal access scheme, by 9.00 a.m. on the second market day after the close of acceptances of the offer. Such announcement currently requires the inclusion of, *inter alia*, details of the total number of Shares purchased, the purchase price per Share or the highest and lowest prices paid for such Shares, as applicable.

2.4.2 Best Practices

While the Listing Manual does not expressly prohibit any purchase of shares by a listed company during any particular time(s), because the Company would be regarded as an "insider" in relation to any proposed purchase or acquisition of its issued Shares, the Company will not undertake any purchase of Shares pursuant to the Renewed Share Buy-back Mandate at any time after any matter or development of a price sensitive nature has occurred or has been the subject of consideration and/or a decision of the Board until such price-sensitive information has been publicly announced. In particular, in line with the best practices policy on securities dealings adopted by the Company, the Company will not purchase or acquire any Shares through Market Purchases during the period of one month immediately preceding the announcement of the Company's interim results and the annual (full-year) results.

2.5 Listing Status

2.5.1 Minimum Free Float

The Company is required under Rule 723 of the Listing Manual to ensure that at least 10% of its Shares are in the hands of the public. The "public", as defined in the Listing Manual, are persons other than the Directors, chief executive officer, substantial Shareholders or controlling Shareholders of the Company and its subsidiaries, as well as the associates of such persons.

As at the Latest Practicable Date, there are 161,370,610 Shares in the hands of the public (as defined above), representing approximately 39.7% of the issued share capital of the Company. Accordingly, the Company is of the view that there is a sufficient number of Shares in issue held by public Shareholders which would permit the Company to undertake purchases or acquisitions of its Shares through Market Purchases up to the full 10% limit pursuant to the Renewed Share Buy-back Mandate without adversely affecting the listing status of the Shares on the SGX-ST, and that the number of Shares remaining in the hands of the public will not fall to such a level as to cause market illiquidity or to adversely affect orderly trading.

2.6 Implications under the Take-over Code

2.6.1 Increases in Percentage Shareholdings deemed to be Acquisitions

Pursuant to Appendix 2 of the Takeover Code ("**Appendix 2**"), when a company buys back its shares, any resulting increase in the percentage of voting rights held by a shareholder and persons acting in concert with him will be treated as an acquisition for the purposes of Rule 14 of the Takeover Code ("**Rule 14**").

Accordingly, if, as a result of any purchase or acquisition by the Company of its Shares, a Shareholder's proportionate interest in the voting capital of the Company increases, such increase will be treated as an acquisition for the purposes of the Take-over Code.

If such increase results in a change of effective control, or, as a result of such increase, a Shareholder or group of Shareholders acting in concert obtains or consolidates effective control of the Company, such Shareholder or group of Shareholders acting in concert could become obliged to make a take-over offer for the Company under Rule 14.

2.6.2 Definition of "Persons Acting in Concert"

Under the Take-over Code, 'persons acting in concert' comprise individuals or companies who, pursuant to an agreement or understanding (whether formal or informal) co-operate, through the acquisition by any of them of shares in a company to obtain or consolidate effective control of that company.

Unless the contrary is established, the following persons, *inter alia*, will be presumed to be acting in concert:

(a) a company with any of its directors (together with their close relatives, related trusts as well as companies controlled by any of the directors, their close relatives and related trusts); and

(b) a company, its parent, subsidiaries and fellow subsidiaries, and their associated companies, and companies of which such companies are associated companies, all with each other.

Mr. Phua Yong Pin, Mr. Phua Yong Sin and Mr. Phua Yong Tat are siblings and are deemed to be concert parties under the Take-over Code. Mr. Phua Jing Hong, Mr. Phua Boon Huat and Mr. Phua Bo Wen, the sons of Mr. Phua Yong Pin, Mr. Phua Yong Sin and Mr. Phua Yong Tat respectively, are also deemed to be concert parties of each of Mr. Phua Yong Pin, Mr. Phua Yong Sin and Mr. Phua Yong Tat. In addition, BEM Holdings Pte Ltd and its wholly-owned subsidiary, BEM Investment Pte Ltd, both of which are family investment holding companies, are also deemed to be concert parties vis-à-vis each of Mr. Phua Yong Pin, Mr. Phua Yong Sin and Mr. Phua Yong Tat.

2.6.3 Obligation to make a Takeover Offer

Under Appendix 2 of the Take-over Code, the Directors and persons acting in concert with them are exempted, subject to certain conditions (as described in Paragraph 2.6.5 below), from the obligation to make a take-over offer for the Company under Rule 14 if, as a result of the Company purchasing or acquiring its Shares, the voting rights in the Company of such Directors and their concert parties:

(a) increase to 30% or more; or

(b) if the voting rights of such Directors and their concert parties fall between 30% and 50% of the Company's voting rights, the voting rights of such Directors and their concert parties increase by more than 1% in any period of six months.

If the Company ceases to buy back its Shares, and the increase of the voting rights held by Mr. Phua Yong Pin, Mr. Phua Yong Sin, Mr. Phua Yong Tat and Mr. Phua Boon Huat and/or persons acting in concert with them as a result of share buy-backs as at the time of such cessation is less than 1%, they and/or persons acting in concert will be allowed to acquire voting Shares in the Company. However, any increase in the percentage of voting Shares as a result of the share buy-backs will be taken into account together with any Shares acquired in determining whether Mr. Phua Yong Pin, Mr. Phua Yong Sin, Mr. Phua Yong Tat and Mr. Phua Boon Huat and/or persons acting in concert have increased their voting rights by more than 1% in any six-month period.

2.6.4 Shareholders who are not "Acting in Concert"

A Shareholder not acting in concert with the Directors will not incur an obligation to make a take-over offer for the Company under Rule 14 if, as a result of the Company purchasing or acquiring its Shares, the voting rights of such Shareholder in the Company increase to 30% or more, or if the voting rights of such Shareholder fall between 30% and 50% of the Company's voting rights, the voting rights of such Shareholder increase by more than 1% in any period of six months.

Such Shareholder need not abstain from voting in respect of the resolution authorising the Renewed Share Buy-back Mandate.

Shareholders who are in any doubt as to whether they would incur any obligations to make a take-over offer as a result of any purchase of Shares by the Company pursuant to the proposed Renewed Share Buy-back Mandate are advised to consult their professional advisers and/or the Securities Industry Council before they acquire any Shares in the Company during the period when the proposed Renewed Share Buy-back Mandate is in force.

Based on the shareholdings of the Directors as at the Latest Practicable Date, details of which are set out in Section 3 below, with the exception of Mr. Phua Yong Pin, Mr. Phua Yong Sin, Mr. Phua Yong Tat and Mr. Phua Boon Huat, the Share Buy-back Mandate is not expected to result in any Director incurring an obligation to make a general offer for the Shares of the Company under Rule 14 or Appendix 2.

As at the Latest Practicable Date, each of Mr. Phua Yong Pin, Mr. Phua Yong Sin, Mr. Phua Yong Tat, their associate, BEM Holdings Pte Ltd, and Mr. Phua Jing Hong, Mr. Phua Boon Huat and Mr. Phua Bo Wen, the sons of Mr. Phua Yong Pin, Mr. Phua Yong Sin and Mr. Phua Yong Tat respectively, hold approximately 48.33, 48.04, 48.99, 47.90, 0.0116, 0.0064 and 0.0271 per cent. respectively of the issued share capital of the Company. Based on the existing issued share capital of 406,122,518 Shares as at the Latest Practicable Date, the exercise in full of the Renewed Share Buy-back Mandate would result in the purchase of 40,612,251 Shares. Consequently each of Mr. Phua Yong Pin's, Mr. Phua Yong Sin's, Mr. Phua Yong Tat's, BEM Holdings Pte Ltd's, Mr. Phua Jing Hong's, Mr. Phua Boon Huat's and Mr. Phua Bo Wen's interest in the Company may increase to approximately 53.70, 53.38, 54.43, 53.22, 0.0129, 0.0071 and 0.0301 per cent. respectively. If the Company's Share purchases result in the increase of each of Mr. Phua Yong Pin's, Mr. Phua Yong Sin's, Mr. Phua Yong Tat's, BEM Holdings Pte Ltd's, Mr. Phua Jing Hong's, Mr. Phua Boon Huat's and Mr. Phua Bo Wen's interest by more than 1% over a six-month period, Mr. Phua Yong Pin, Mr. Phua Yong Sin, Mr. Phua Yong Tat, BEM Holdings Pte Ltd, Mr. Phua Jing Hong, Mr. Phua Boon Huat and Mr. Phua Bo Wen would, unless exempted, be required to make a general offer for the Shares held by other Shareholders under Rule 14.

2.6.5 Conditional Exemption

Under Appendix 2, directors and their concert parties are exempt from the requirement to make a general offer under Rule 14, subject to the following conditions:

(a) that the circular to shareholders on the resolution to authorise the share buy-back mandate contains advice to the effect that by voting for the share buy-back mandate, shareholders are waiving their rights to a general offer at the required price from directors and/or their concert

parties who, as a result of the company buying back its shares, would increase their voting rights by more than 1% in any preceding six-month period; and the names of such directors and their concert parties, and their voting rights at the time of the AGM and after the proposed share buy-back, are disclosed in the circular;

(b) that the resolution to authorise the share buy-back mandate is approved by a majority of those shareholders present and voting at the meeting on a poll who could not become obliged to make an offer as a result of the share buy-back mandate;

(c) that the directors and/or persons acting in concert with them abstain from voting for and/or recommending shareholders to vote in favour of the resolution to authorise the share buy-back mandate;

(d) that each director, within seven (7) days after the passing of the resolution to authorise a share buy-back, submits to the SIC a duly signed form as prescribed by the SIC;

(e) that the directors and/or persons acting in concert with them have not acquired and will not acquire any shares between the date on which they know that the announcement of the share buy-back is imminent and the earlier of (i) the date the authority of the share buy-back mandate expires; and (ii) the date the company announces it has bought back such number of shares as authorised by the share buy-back mandate or it has decided to cease buying back its shares, as the case may be, if such acquisitions, taken together with those shares purchased by the company under the share buy-back mandate, would cause their aggregate voting rights to increase to 30% or more; and

(f) that the directors and/or persons acting in concert with them, together holding between 30% and 50% of the company's voting rights, have not acquired and will not acquire any shares between the date on which they know that the announcement of the share buy-back is imminent and the earlier of (i) the date the authority of the share buy-back mandate expires; and (ii) the date the company announces it has bought back such number of shares as authorised by the share buy-back mandate or it has decided to cease buying back its shares, as the case may be, if such acquisitions, taken together with those shares purchased by the company under the share buy-back mandate, would cause their aggregate voting rights to increase by more than 1% in the preceding six-month period.

It should be noted that approving the Renewed Share Buy-back Mandate will constitute a waiver by the Shareholders in respect of their right to a general offer by Mr. Phua Yong Pin, Mr. Phua Yong Sin, Mr. Phua Yong Tat, Mr. Phua Boon Huat and/or persons acting in concert with them, at the required price.

2.7 Tax Implications

Tax implications for the Company

There are no tax implications for the Company, irrespective of whether it uses distributable profits or its contributed capital for the share buy-back.

Tax implications for Shareholders

For Shareholders, the tax implications will depend on the tax payer's position as owners of the Shares.

Shareholders should note that the foregoing is not to be regarded as advice on the tax position of any Shareholder. Shareholders who are in doubt as to their respective tax positions or the tax implications of a share buy-back by the Company, or who may be subject to tax whether in or outside Singapore, should consult their own professional advisers.

2.8 Share Buy-backs in the previous 12 months

During the 12-month period preceding the Latest Practicable Date, the Company acquired a total of 7,000 Shares, all at the purchase price of S$0.27 per Share, through purchases on the SGX-ST. The total consideration paid for these purchases was S$1,933.76 (including applicable taxes, fees and other charges).

3. DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' INTERESTS

As at the Latest Practicable Date, the interests of Directors and Substantial Shareholders of the Company in the Shares, as recorded in the Company's register of Directors' shareholdings and register of Substantial Shareholders respectively, are as follows:

Interests of Directors

Name of Director	Shareholdings registered in the name of the Director		Shareholdings in which the Director is deemed to have an interest		Total Shareholdings	
	Number of Shares	Percentage of issued share capital of the Company (%)	Number of Shares	Percentage of issued share capital of the Company (%)	Number of Shares	Percentage of issued share capital of the Company (%)
Executive Directors						
Phua Yong Pin	141,000	0.03	196,143,530	48.30	196,284,530	48.33
Phua Yong Sin	588,000	0.14	194,515,530	47.90	195,103,530	48.04
Phua Yong Tat	4,142,000	1.02	194,811,530	47.97	198,953,530	48.99
Phua Boon Huat (alternate to Phua Yong Sin)	26,000	0.01	-	-	26,000	0.01
Non-Executive Directors						
Lee Kiam Hwee, Kelvin	40,000	0.01	-	-	40,000	0.01
Lee Ai Ming (Mrs)	60,000	0.01	-	-	60,000	0.01
Wee Chow Hou	480,000	0.12	-	-	480,000	0.12
Soh Yew Hock	-	-	-	-	-	-
Wee Keng Neo, Lynda	-	-	-	-	-	-

Interests of Substantial Shareholders

Name of substantial Shareholder	Shareholdings registered in the name of the substantial Shareholder		Shareholdings in which the substantial Shareholder is deemed to have an interest		Total Shareholdings	
	Number of Shares	Percentage of issued share capital of the Company (%)	Number of Shares	Percentage of issued share capital of the Company (%)	Number of Shares	Percentage of issued share capital of the Company (%)
Phua Yong Pin	141,000	0.03	196,143,530	48.30	196,284,530	48.33
Phua Yong Sin	588,000	0.14	194,515,530	47.90	195,103,530	48.04
Phua Yong Tat	4,142,000	1.02	194,811,530	47.97	198,953,530	48.99
BEM Holdings Pte Ltd	177,029,010	43.59	17,486,520	4.31	194,515,530	47.90
FMR LLC	-	-	40,000,500	9.85	40,000,500	9.85
Edward C. Johnson 3d	-	-	40,000,500	9.85	40,000,500	9.85

Notes:

(1) Deemed interest of BEM Holdings Pte Ltd includes the direct interest of BEM Investment Pte Ltd.

(2) Deemed interest of Mr. Phua Yong Pin comprises the total interests of BEM Holdings Pte Ltd and those of his wife, Mdm. Chua Xiu Chin.

(3) Deemed interest of Mr. Phua Yong Sin comprises the total interests of BEM Holdings Pte Ltd.

(4) Deemed interest of Mr. Phua Yong Tat comprises the total interests of BEM Holdings Pte Ltd and those of his wife, Mdm. Lim Yan Siu.

(5) Percentages are calculated based on the total number of issued shares, excluding treasury shares of the Company as at the Latest Practicable Date.

(6) Any discrepancies in the above tables between the respective percentages of registered/deemed shareholdings and the percentages of total shareholdings are due to rounding.

Save as disclosed in this letter, the Directors and the Substantial Shareholders of the Company do not have any interest, whether direct or indirect in the Shares.

4. DOCUMENTS FOR INSPECTION

Copies of the following documents are available for inspection at the registered office of the Company at 11 Gul Circle, Singapore 629567, during normal business hours on any weekday (public holidays excepted) from the date of this letter up to and including the date of the 2015 AGM:

(a) the Annual Report of the Company for the financial year ended 31 December 2014; and

(b) the Memorandum and Articles of Association of the Company.

5. DIRECTORS' RECOMMENDATIONS

The Directors (save for Mr. Phua Yong Pin, Mr. Phua Yong Sin and Mr. Phua Yong Tat who are required to abstain from making any recommendation) are of the opinion that the proposed renewal of the Share Buy-back Mandate is in the best interests of the Company. Accordingly, they recommend that Shareholders vote in favour of Resolution 9, being the ordinary resolution relating to the proposed renewal of the Share Buy-back Mandate to be proposed at the 2015 AGM.

6. ACTION TO BE TAKEN BY SHAREHOLDERS

6.1 Appointment of Proxies

Shareholders who are unable to attend the 2015 AGM and wish to appoint a proxy to attend and vote at the 2015 AGM on their behalf must complete, sign and return the proxy form attached to the 2015 AGM Notice in accordance with the instructions printed thereon as soon as possible and in any event so as to arrive at 11 Gul Circle, Singapore 629567 not less than 48 hours before the time appointed for the 2015 AGM. The completion and return of a proxy form by a Shareholder shall not preclude him from attending and voting in person at the 2015 AGM should he subsequently decide to do so, although the appointment of the proxy shall be deemed to be revoked by such attendance.

6.2 When Depositor regarded as Shareholder

A Depositor shall not be regarded as a Shareholder entitled to attend the 2015 AGM and to speak and vote thereat unless his name appears on the Depository Register as at 48 hours before the 2015 AGM.

6.3 Abstention from Voting

In light of the exemption of directors and/or their concert parties in accordance with Appendix 2 (as previously defined), Mr. Phua Yong Pin, Mr. Phua Yong Sin, Mr. Phua Yong Tat, BEM Holdings Pte Ltd, BEM Investment Pte Ltd, Mr. Phua Jing Hong, Mr. Phua Boon Huat, Mr. Phua Bo Wen, and Mdm. Chua Xiu Chin and Mdm. Lim Yan Siu, the wives of Mr. Phua Yong Pin and Mr. Phua Yong Tat respectively, will abstain from voting on the ordinary resolution to authorise the Renewed Share Buy-back Mandate.

7. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this letter and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, this letter constitutes full and true disclosure of all material facts about the proposed renewal of the Share Buy-back Mandate, the Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this letter misleading. Where information in the letter has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in the letter in its proper form and context.

Yours faithfully
HTL International Holdings Limited

For and on behalf of the Board of Directors
Mr. Phua Yong Tat
Group Managing Director

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