

CIRCULAR DATED 12 APRIL 2016

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

If you are in any doubt as to the action you should take, you should consult your stockbroker, solicitor, accountant or other professional adviser immediately.

If you have sold or transferred all your ordinary shares in the capital of Hi-P International Limited (the “**Company**”), you should immediately forward this Circular and the enclosed Proxy Form to the purchaser or the transferee, or to the stockbroker or agent through whom the sale or transfer was effected for onward transmission to the purchaser or the transferee.

The SGX-ST assumes no responsibility for the accuracy of the statements made, opinions expressed or reports contained in this Circular.



HI-P INTERNATIONAL LIMITED

Company Registration No. 198004817H
(Incorporated in the Republic of Singapore)

CIRCULAR TO SHAREHOLDERS

IN RELATION TO

- (1) THE PROPOSED RENEWAL OF THE SHARE PURCHASE MANDATE; AND**
- (2) THE PROPOSED RENEWAL OF THE INTERESTED PERSON TRANSACTIONS MANDATE.**

IMPORTANT DATES AND TIMES

Last date and time for lodgment of Proxy Form	:	Tuesday, 26 April 2016 at 3.00 p.m.
Date and time of Extraordinary General Meeting	:	Thursday, 28 April 2016 at 3.00 p.m. (or immediately after the conclusion of the Annual General Meeting to be held on the same day prior to the Extraordinary General Meeting)
Place of Extraordinary General Meeting	:	Ficus Room 3, Level 2 Jurong Country Club 9 Science Centre Road Singapore 609078

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DEFINITIONS

In this Circular, the following definitions apply throughout unless the context otherwise requires or otherwise stated:

- “2015 EGM”** : The extraordinary general meeting of the Company held on 28 April 2015
- “2015 IPT Mandate”** : Has the meaning ascribed thereto in Section 3.1
- “2015 Mandate”** : Has the meaning ascribed thereto in Section 2.1
- “Affected Group” or “Affected Group companies”** : Has the meaning ascribed thereto in paragraph 3.2 of Appendix I of this Circular
- “AGM”** : The annual general meeting of the Company
- “Associate”** : (a) in relation to any Director, chief executive officer, Substantial Shareholder or Controlling Shareholder (being an individual) means:
- (i) his immediate family;
 - (ii) the trustees of any trust of which he or his immediate family is a beneficiary or, in the case of a discretionary trust, is a discretionary object; and
 - (iii) any company in which he and his immediate family together (directly or indirectly) have an interest of thirty per cent. (30%) or more;
- (b) in relation to a Substantial Shareholder or a Controlling Shareholder (being a company) means any other company which is its subsidiary or holding company or is a subsidiary of such holding company or one in the equity of which it and/or such other company or companies taken together (directly or indirectly) have an interest of thirty per cent. (30%) or more
- “associated company”** : A company in which at least twenty per cent. (20%) but not more than fifty per cent. (50%) of its shares are held by the Company or the Group
- “Audit Committee”** : The audit committee of the Company for the time being
- “Award”** : A contingent award of Shares granted under the HI-P ESAS
- “Board”** : The board of directors of the Company
- “CDP”** : The Central Depository (Pte) Limited
- “Circular”** : This Circular to Shareholders dated 12 April 2016
- “Companies Act”** : The Companies Act, Chapter 50 of Singapore, as amended or modified from time to time
- “Company”** : Hi-P International Limited

DEFINITIONS

“Controlling Shareholder”	:	A person who: (a) holds directly or indirectly fifteen per cent. (15%) or more of the total number of issued Shares excluding treasury shares in the Company. The SGX-ST may determine that a person who satisfies this paragraph is not a Controlling Shareholder; or (b) in fact exercises control over the Company
“Deputy CEO”	:	Deputy chief executive officer of the Company
“Director”	:	A person holding office as a director for the time being of the Company
“EGM”	:	The extraordinary general meeting of the Company to be convened on 28 April 2016, notice of which is given on pages N-1 to N-3 of this Circular
“Employee”	:	An employee of the Group (including any Executive Director and any part-time employee)
“Executive Director”	:	A director of the Company who performs executive functions within the Company
“Group”	:	The Company and its subsidiaries
“HI-P ESAS”	:	The Hi-P Employee Share Award Scheme as approved by Shareholders on 23 April 2009, and as may be modified or altered from time to time
“immediate family”	:	In relation to a person, means the person’s spouse, child, adopted child, step-child, sibling and parent
“Independent Directors”	:	The Directors who are considered to be independent in relation to the proposed renewal of the IPT Mandate, being, as at the Latest Practicable Date, Mr Yeo Tiong Eng, Mr Chester Lin Chien, Madam Leong Lai Peng and Mr Lim Thien Su Gerald
“Independent Shareholders”	:	Shareholders who are considered to be independent in relation to the proposed renewal of the IPT Mandate, comprising Shareholders other than Mr Yao Hsiao Tung, Madam Wong Huey Fang and their respective Associates
“Interested Persons”	:	Has the meaning ascribed thereto in Section 3.3 and paragraphs 3.1 and 4 of Appendix I of this Circular
“IPT Mandate”	:	The mandate pursuant to Rule 920 of the Listing Manual for interested person transactions of a recurrent or trading nature in the ordinary course of business, as modified or altered from time to time
“Latest Practicable Date”	:	The latest practicable date prior to the printing of this Circular, being 31 March 2016
“Listing Manual”	:	The listing rules of the SGX-ST, as may be amended, varied or supplemented from time to time

DEFINITIONS

“Mandated IPTs”	:	Has the meaning ascribed thereto in Section 3.4 and paragraphs 3.2 and 5 of Appendix I of this Circular
“Market Day”	:	A day on which the SGX-ST is open for trading of securities
“NTA”	:	Net tangible assets
“Registrar”	:	Accounting and Corporate Regulatory Authority of Singapore
“ROE”	:	Return on equity
“SGX-ST”	:	Singapore Exchange Securities Trading Limited
“Share Purchase Mandate”	:	The general and unconditional mandate to be given by Shareholders to authorise the Directors to purchase Shares in accordance with the terms set out in this Circular, the Companies Act and the Listing Manual
“Shareholders”	:	Registered holders of Shares, except that where the registered holder is CDP, the term “Shareholders” shall, where the context admits, mean the Depositors who have Shares entered against their names in the Depository Register
“Shares”	:	Ordinary shares in the capital of the Company
“SIC”	:	Securities Industry Council
“Substantial Shareholder”	:	A Shareholder who has an interest (directly or indirectly) of not less than five per cent. (5%) of the total voting Shares
“Take-over Code”	:	The Singapore Code on Take-overs and Mergers, as the same may be amended or modified from time to time
“S\$”, “\$” and “cents”	:	Singapore dollars and cents, respectively
“%” or “per cent”	:	Per centum or percentage

The terms “**Depositor**”, “**Depository**” and “**Depository Register**” shall have the meanings ascribed to them respectively in Section 81SF of the Securities and Futures Act, Chapter 289 of Singapore.

Words importing the singular shall, where applicable, include the plural and *vice versa*. Words importing the masculine gender shall, where applicable, include the feminine and neuter genders. References to persons shall include corporations.

Any reference in this Circular to any statute or enactment is a reference to that statute or enactment as for the time being amended or re-enacted. Any word defined under the Companies Act or any statutory modification thereof and not otherwise defined in this Circular shall have the same meaning assigned to it under the Companies Act or such statutory modification thereof, as the case may be.

Any reference to a time of day in this Circular is made by reference to Singapore time unless otherwise stated.

Any discrepancies in figures included in this Circular between the amounts listed and the totals thereof are due to rounding.

LETTER TO SHAREHOLDERS

HI-P INTERNATIONAL LIMITED

Company Registration No. 198004817H
(Incorporated in the Republic of Singapore)

Directors:

Yao Hsiao Tung
(Executive Chairman and Chief Executive Officer)
Wong Huey Fang
(Executive Director and Chief Administrative Officer)
Yeo Tiong Eng (Independent Director)
Chester Lin Chien (Independent Director)
Leong Lai Peng (Independent Director)
Lim Thien Su Gerald (Independent Director)

Registered Office:

11 International Business Park
Singapore 609926

To: The Shareholders of Hi-P International Limited

12 April 2016

Dear Sir/Madam

1. INTRODUCTION

The Board is convening an EGM to be held on 28 April 2016 to seek the approval of Shareholders for:

- (a) the proposed renewal of the Share Purchase Mandate; and
- (b) the proposed renewal of the IPT Mandate.

The purpose of this Circular is to set out information pertaining to, and the reasons for, the aforementioned proposals.

The SGX-ST assumes no responsibility for the accuracy of any statements made, opinions expressed or reports contained in this Circular.

2. THE PROPOSED RENEWAL OF THE SHARE PURCHASE MANDATE

2.1 Background

At the 2015 EGM, Shareholders had approved, *inter alia*, the renewal of a mandate empowering the Directors to exercise all the powers of the Company to purchase or otherwise acquire its issued Shares (the “**2015 Mandate**”).

The 2015 Mandate was expressed to take effect from the date of the passing of the ordinary resolution relating thereto at the 2015 EGM and will expire on the date of the forthcoming AGM to be held on 28 April 2016. Accordingly, Shareholders’ approval is being sought for the proposed renewal of the Share Purchase Mandate at the EGM to be held immediately after the AGM on 28 April 2016.

2.2 Rationale for the Proposed Renewal of the Share Purchase Mandate

The approval of the proposed renewal of the Share Purchase Mandate authorising the Company to purchase or acquire its Shares would give the Company flexibility to undertake purchases or acquisitions of Shares up to the ten per cent (10%) limit described in paragraph 2.3.1 of this Circular at any time, subject to market conditions, during the period when the Share Purchase Mandate is in force.

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

- (a) The Share Purchase Mandate will allow Directors to optimise the share capital structure of the Company by having greater flexibility in managing its dividend policy. The Company will have the flexibility to undertake share purchases and the option to cancel or hold the Shares as treasury shares at any time, subject to market conditions, during the period when the Share Purchase Mandate is in force.
- (b) In managing the business of the Group, management strives to increase Shareholders' value by improving, *inter alia*, the ROE of the Group. In addition to growth and expansion of the business, share purchases are one of the ways through which the ROE of the Group may be enhanced.
- (c) The Share Purchase Mandate will help to mitigate against short term market volatility and offset the effects of short term speculation and, in turn, bolster Shareholders' confidence and morale of Employees.
- (d) Insofar as it is permitted by law, the Share Purchase Mandate will permit the Directors to undertake buy-backs in order to satisfy options and awards granted or to be granted under any employee share scheme of the Company.

The purchase or acquisition of Shares will only be undertaken if it can benefit the Company and Shareholders. Shareholders should note that purchases or acquisitions of Shares pursuant to the Share Purchase Mandate may not be carried out to the full limit as authorised. No purchase or acquisition of Shares will be made in circumstances which would have or may have a material adverse effect on the liquidity, capital adequacy and financial position of the Group as a whole or which may affect the listing status of the Company.

2.3 Authority and Limits of the Share Purchase Mandate

The authority and limitations placed on purchases or acquisitions of Shares by the Company under the Share Purchase Mandate are summarised below:

2.3.1 Maximum number of Shares

Only Shares which are issued and fully paid-up may be purchased or acquired by the Company. The total number of Shares which may be purchased or acquired by the Company is limited to that number of Shares representing not more than 10% of the issued Shares as at the date of the EGM at which the proposed renewal of the Share Purchase Mandate is approved. Any Shares which are held as treasury shares will be disregarded for the purpose of computing the 10% limit.

In exercising the Share Purchase Mandate, the Company has to ensure that it does not purchase Shares in a manner and to such an extent that would cause it to breach its obligations under any contracts, undertakings and/or lending agreements to which it is a party, or which would result in the Company not being in compliance with the Companies Act or the requirements of the Listing Manual in order for the Company to maintain its listing status. Therefore, the maximum number of Shares which the Company may purchase without breaching its obligations or to ensure its compliance with applicable law and regulation, may be less than 10% of the issued Shares.

Purely for illustration purposes, on the basis of 816,302,763 issued and paid-up Shares as at the Latest Practicable Date (excluding treasury shares), and assuming:

- (a) no further Shares are issued on or prior to the EGM;

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- (b) none of the 70,872,237 treasury shares of the Company held as at the Latest Practicable Date are or will be transferred on or prior to the EGM to fulfill the release of any awards or exercise of any options granted or to be granted under any share scheme of the Company; and
- (c) no further Shares are purchased or acquired by the Company on or prior to the EGM,

the proposed renewal of the Share Purchase Mandate if approved by Shareholders at the EGM, would authorize the Company to purchase or acquire a maximum limit of 81,630,276 Shares, being 10% of the resultant total number of 816,302,763 issued Shares (excluding treasury Shares) as at the date of the EGM.

Following the EGM, the following Awards are expected to be vested:

- (a) on 7 May 2016, an aggregate of 90,152 Shares, being the balance subsisting Awards granted under the HI-P ESAS on 7 May 2014 to entitled Employees (including Mr Yao Hsiao Tung, Madam Wong Huey Fang and Mr Yao Hsiao Kuang), pursuant to the terms of the grant of the Awards; and
- (b) on 12 May 2016, an aggregate of 74,083 Shares, being 50% of the subsisting Awards granted under the HI-P ESAS on 12 May 2015 to entitled Employees (including Madam Wong Huey Fang and Mr Yao Hsiao Kuang), pursuant to the terms of the grant of the Awards.

To maintain its listing status, the Company is required under the Listing Manual to ensure that at least 10% of the total number of issued Shares are at all times held by the public.

Purely for illustration purposes, on the basis of the assumed 816,302,763 total number of issued Shares (excluding treasury shares) as at the date of the EGM, and further assuming:

- (a) no further Shares are issued on or prior to the expiry of the renewed Share Purchase Mandate;
- (b) none of the Awards to be vested on 7 May 2016 and 12 May 2016 as aforesaid has lapsed pursuant to the terms of the HI-P ESAS and an aggregate of 164,235 treasury shares are transferred to entitled Employees to satisfy the terms of the Awards granted on 7 May 2014 and 12 May 2015 as aforesaid;
- (c) out of the 70,872,237 treasury shares of the Company assumed to be held as at the date of the EGM, save for the aforesaid 164,235 treasury shares to be transferred, none of the balance 70,708,002 treasury shares are or will be transferred prior to the expiry of the renewed Share Purchase Mandate to fulfill the release of any awards or exercise of any options granted or to be granted under any share scheme of the Company; and
- (d) no further Shares are purchased or acquired by the Company on or prior to the expiry of the renewed Share Purchase Mandate,

the purchase of the maximum limit of 81,630,276 Shares would result in the number of Shares held by public Shareholders falling below 10% of the total issued Shares in the capital of the Company after the exercise of the Share Purchase Mandate proposed to be renewed. To maintain its listing status, the Company would only be able to purchase a maximum 59,562,475 Shares from public Shareholders, which represents approximately 7.30% of the total number of issued Shares (excluding treasury shares) as at the Latest Practicable Date. Please refer to Section 2.9 of this Circular for further details.

LETTER TO SHAREHOLDERS

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 date of the EGM, at which the Share Purchase Mandate is to be approved for renewal, up to:

- (a) the date on which the next AGM is held or required by law to be held;
- (b) the date on which the renewed Share Purchase Mandate is carried out to the full extent mandated; or
- (c) the date on which the authority conferred by the renewed Share Purchase Mandate is revoked or varied,

whichever is the earliest.

2.3.3 Manner of purchases or acquisitions of Shares

Purchases or acquisitions of Shares may be made by way of:

- (a) on-market purchases ("**Market Purchases**") transacted through the SGX-ST's trading system or, as the case may be, any another stock exchange on which the Shares may for the time being be listed, through one or more duly licensed stockbrokers appointed by the Company for the purpose; and/or
- (b) off-market purchases ("**Off-Market Purchases**") in accordance with an equal access scheme as defined in Section 76C of the Companies Act.

The Directors may impose such terms and conditions which are not inconsistent with the Share Purchase Mandate, the Listing Manual and the Companies Act as they consider fit in the interests of the Company in connection with or in relation to any equal access scheme or schemes. An equal access scheme must, however, satisfy all the following conditions:

- (i) offers for the purchase or acquisition of Shares shall be made to every person who holds Shares to purchase or acquire the same percentage of their Shares;
- (ii) all of the abovementioned persons shall be given a reasonable opportunity to accept the offers made; and
- (iii) the terms of all the offers are the same, except that there shall be disregarded (1) differences in consideration attributable to the fact that offers may relate to Shares with different accrued dividend entitlements; (2) differences in consideration attributable to the fact that offers relate to Shares with different amounts remaining unpaid (if applicable); and (3) differences in the offers introduced solely to ensure that each person is left with a whole number of Shares.

If the Company wishes to make an Off-Market Purchase in accordance with an equal access scheme, it will issue an offer document containing at least the following information:

- (1) the terms and conditions of the offer;
- (2) the period and procedures for acceptances; and
- (3) the information required under rules 883(2), (3), (4), (5) and (6) of the Listing Manual.

LETTER TO SHAREHOLDERS

2.3.4 Maximum Purchase price

The purchase price (excluding related brokerage, commission, applicable goods and services tax, clearance fees and other related expenses) to be paid for a Share will be determined by the Directors. The purchase price to be paid for the Shares as determined by the Directors must not exceed:

- (a) in the case of a Market Purchase, 105% of the Average Closing Price of the Shares; and
- (b) in the case of an Off-Market Purchase, 110% of the Average Closing Price of the Shares,

in each case, excluding related expenses of the purchase or acquisition (the “**Maximum Price**”).

For the above purposes:

“**Average Closing Price**” means the average of the closing market prices of the Shares over the last five Market Days on which transactions in the Shares on the SGX-ST were recorded or, as the case may be, such securities exchange on which the Shares are listed or quoted, immediately preceding the date of the Market Purchase by the Company or, as the case may be, the date of the making of the offer pursuant to the Off-Market Purchase, and deemed to be adjusted, in accordance with the rules of the SGX-ST, for any corporate action that occurs after the relevant five-day period; and

“**date of the making of the offer**” means the date on which the Company makes an offer for the purchase or acquisition of Shares from Shareholders, stating therein the relevant terms of the equal access scheme for effecting the Off-Market Purchase.

2.4 Source of Funds

The Company may utilize internal sources of funds or procure bank borrowings to finance its purchase or acquisition of the Shares. The Directors do not propose to exercise the Share Purchase Mandate in a manner and to such an extent that the liquidity and capital adequacy position of the Group would be materially and adversely affected.

2.5 Status of Purchased Shares

All Shares purchased or acquired by the Company are deemed cancelled immediately on purchase or acquisition (and all rights and privileges attached to the Shares will expire on such cancellation) unless such Shares are held by the Company as treasury shares. The total number of issued Shares will be diminished by the number of Shares purchased or acquired by the Company and which are not held as treasury shares.

All Shares purchased or acquired by the Company (other than treasury shares held by the Company to the extent permitted under the Companies Act) will be automatically de-listed by the SGX-ST, and certificates in respect thereof will be cancelled and destroyed by the Company as soon as reasonably practicable following settlement of any such purchase or acquisition.

2.6 Treasury Shares

Under the Companies Act, Shares purchased or acquired by the Company may be held or dealt with as treasury shares. Some of the provisions on treasury shares under the Companies Act are summarised below:

2.6.1 Maximum holdings

The number of Shares held as treasury shares cannot at any time exceed 10% of the total number of issued Shares.

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2.6.2 Voting and other rights

The Company cannot exercise any right in respect of treasury shares. In particular, the Company cannot exercise any right to attend or vote at meetings and for the purposes of the Companies Act, the Company shall be treated as having no right to vote and the treasury shares shall be treated as having no voting rights.

In addition, no dividend may be paid, and no other distribution of the Company's assets may be made, to the Company in respect of treasury shares. However, the allotment of Shares as fully paid bonus Shares in respect of treasury shares is allowed. A subdivision or consolidation of any treasury share into treasury shares of a smaller amount is also allowed so long as the total value of the treasury shares after the subdivision or consolidation is the same as before.

2.6.3 Disposal and cancellation

Where Shares are held as treasury shares, the Company may at any time (but subject always to the Take-over Code):

- (a) sell the treasury shares for cash;
- (b) transfer the treasury shares for the purposes of or pursuant to an employees share scheme;
- (c) transfer the treasury shares as consideration for the acquisition of shares in or assets of another company or assets of a person;
- (d) cancel the treasury shares; or
- (e) sell, transfer or otherwise use the treasury shares for such other purposes as may be prescribed by the Minister for Finance.

In addition, under the Listing Manual, an immediate announcement must be made of any sale, transfer, cancellation and/or use of treasury shares. Such announcement must include the following details:

- (a) date of the sale, transfer, cancellation and/or use;
- (b) purpose of such sale, transfer, cancellation and/or use;
- (c) number of treasury shares sold, transferred, cancelled and/or used;
- (d) number of treasury shares before and after such sale, transfer, cancellation and/or use;
- (e) percentage of the number of treasury shares against the total number of issued shares outstanding in a class that is listed before and after such sale, transfer, cancellation and/or use; and
- (f) value of the treasury shares if they are used for a sale or transfer, or cancelled.

2.7 Financial Effects

The financial effects on the Group arising from the purchases or acquisitions of Shares which may be made pursuant to the Share Purchase Mandate will depend on, *inter alia*, the aggregate number of Shares purchased or acquired, whether the Shares are purchased or acquired out of capital and/or retained profits of the Company, the consideration paid for such Shares and whether the Shares purchased or acquired are cancelled or held as treasury shares.

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2.7.1 Purchase or acquisition out of profits and/or capital

Under the Companies Act, purchases or acquisitions of Shares by the Company may be made out of the capital and/or retained profits of the Company.

Where the consideration paid by the Company for the purchase or acquisition of Shares is made out of capital, such consideration (excluding brokerage, commission, applicable goods and services tax and other related expenses) will not affect the amount available for distribution in the form of cash dividends by the Company.

Where the consideration paid by the Company for the purchase or acquisition of Shares is made out of retained profits, such consideration (excluding brokerage, commission, applicable goods and services tax and other related expenses) will correspondingly reduce the amount available for distribution in the form of cash dividends by the Company.

2.7.2 Number of Shares acquired or purchased

Please refer to Sections 2.3.1 and 2.9 of this Circular for more details on the maximum number of Shares that the Company may purchase or acquire pursuant to the Share Purchase Mandate.

2.7.3 Maximum Price paid for Shares acquired or purchased

In the case of Market Purchases by the Company and assuming that the Company purchases or acquires 15,000,000 Shares at the Maximum Price of S\$0.4242 per Share (being the price equivalent to 105% of the Average Closing Price of the Shares over the last five Market Days on which transactions in the Shares on the SGX-ST were recorded immediately preceding the Latest Practicable Date), the maximum amount of funds required is S\$6,363,000 excluding brokerage, commission, applicable goods and services tax and other related expenses.

In the case of Off-Market Purchases by the Company and assuming that the Company purchases or acquires 15,000,000 Shares at the Maximum Price of S\$0.4444 per Share (being the price equivalent to 110% of the Average Closing Price of the Shares over the last five Market Days on which transactions in the Shares on the SGX-ST were recorded immediately preceding the Latest Practicable Date), the maximum amount of funds required is S\$6,666,000 excluding brokerage, commission, applicable goods and services tax and other related expenses.

2.7.4 Illustrative financial effects

For illustration purposes only, based on the assumptions set out in Section 2.7.3 above, and the audited financial statements of the Company and Group for the financial year ended 31 December 2015, and assuming that the purchase or acquisition of Shares is made out of distributable profits of the Company and is financed solely by internal sources of funds, the financial effects arising from the purchase or acquisition of such Shares by the Company, for both Market Purchase and Off-Market Purchase, on the audited financial statements of the Group for the financial year ended 31 December 2015 would be as follows:

LETTER TO SHAREHOLDERS

Market Purchases

As at 31 December 2015 (audited)	Group			
	Out of Distributable Profits and Held as Treasury Shares		Out of Distributable Profits and Cancelled	
	Before Share Purchase	After Share Purchase	Before Share Purchase	After Share Purchase
(S\$000)				
Shareholders' Funds	556,646	550,283	556,646	550,283
Current Assets	858,753	852,390	858,753	852,390
Current Liabilities	788,918	788,918	788,918	788,918
Total Borrowings	316,273	316,273	316,273	316,273
Cash and cash equivalents and short term deposits pledged	126,156	119,793	126,156	119,793
Net Tangible Assets	554,522	548,159	554,522	548,159
Loss After Tax	(45,423)	(45,423)	(45,423)	(45,423)
Number of Shares ('000)	816,303	801,303	816,303	801,303
Treasury shares ('000)	70,872	85,872	70,872	70,872
		887,175		872,175
Basic Loss per Share (cent)	(5.56)	(5.67)	(5.56)	(5.67)
Net Asset per Share (cent)	68.19	68.67	68.19	68.67
Net gearing (Borrowings less cash & cash equivalent and short term deposits pledged, divided by shareholders' funds)	34.2%	35.7%	34.2%	35.7%
Return on equity	-8.1%	-8.2%	-8.1%	-8.2%

LETTER TO SHAREHOLDERS

Off-Market Purchases

As at 31 December 2015 (audited)	Group			
	Out of Distributable Profits and Held as Treasury Shares		Out of Distributable Profits and Cancelled	
	Before Share Purchase	After Share Purchase	Before Share Purchase	After Share Purchase
(S\$000)				
Shareholders' Funds	556,646	549,980	556,646	549,980
Current Assets	858,753	852,087	858,753	852,087
Current Liabilities	788,918	788,918	788,918	788,918
Total Borrowings	316,273	316,273	316,273	316,273
Cash and cash equivalents and short term deposits pledged	126,156	119,490	126,156	119,490
Net Tangible Assets	554,522	547,856	554,522	547,856
Loss After Tax	(45,423)	(45,423)	(45,423)	(45,423)
Number of Shares ('000)	816,303	801,303	816,303	801,303
Treasury shares ('000)	70,872	85,872	70,872	70,872
		887,175		872,175
Basic Loss per Share (cent)	(5.56)	(5.67)	(5.56)	(5.67)
Net Asset per Share (cent)	68.19	68.64	68.19	68.64
Net gearing (Borrowings less cash & cash equivalent and short term deposits pledged, divided by shareholders' funds)	34.2%	35.8%	34.2%	35.8%
Return on equity	-8.1%	-8.2	-8.1%	-8.2%

Shareholders should note that the financial effects set out above are for illustration purposes only. Although the proposed renewal of the Share Purchase Mandate would authorise the Company to purchase or acquire up to 10% of its issued Shares, the Company may not necessarily purchase or acquire the entire 10% of the issued Shares. The Company will take into account both financial and non-financial factors (for example, share market conditions and the performance of the Shares) in assessing the relative impact of a share purchase or acquisition before execution. In particular, the Directors do not intend to exercise the Share Purchase Mandate up to the maximum limit and to such extent if such exercise would materially and adversely affect the liquidity and capital adequacy position of the Group as a whole, or which may affect the listing status of the Company. Please see Section 2.9 of this Circular for more details. 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. Where necessary, the Company will, to ensure compliance with the Companies Act, cancel such number of Shares repurchased so that the total number of treasury shares held by the Company will not at any time exceed 10% of the total number of issued Shares.

2.8 Listing Manual

The rules in the Listing Manual specify that a listed company shall report all purchases or acquisitions of its shares to the SGX-ST not later than 9.00 a.m. (a) in the case of a Market Purchase, on the Market Day following the day of purchase or acquisition of any of its shares and (b) in the case of an Off-Market Purchase under an equal access scheme, on the second Market Day after the close of acceptances of the offer. Such announcement must include, *inter alia*, details of the date of purchases, the total number of shares purchased, the number of shares cancelled, the number of shares held as treasury shares, the purchase price per share or the highest and

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lowest prices paid for such shares, the total consideration (including clearing charges etc.) paid or payable for the shares, cumulative number of shares purchased and the number of issued shares (excluding treasury shares) after purchase and the number of treasury shares held after purchase as set out in the form of Appendix 8.3.1 of the Listing Manual.

While the rules in the Listing Manual do not expressly prohibit any purchase or acquisition of shares by a listed company during any particular time or times, the Company will not purchase any Shares pursuant to the Share Purchase Mandate after a price-sensitive development has occurred or has been the subject of a consideration or decision of the Directors until such time the price-sensitive information has been publicly announced. In particular, in line with the best practices guide on securities dealings set out in the Listing Manual, the Company would not purchase or acquire any Shares through Market Purchases during the period of one month immediately preceding the announcement of the Company's annual results and the period of two weeks before the announcement of the Company's quarterly results. The Company's decision to purchase or acquire Shares would only be made with an arrangement that could reasonably be expected to ensure that information that is not generally available would not be communicated or informed to the person within the Company who makes the decision to transact.

2.9 Listing Status

The Listing Manual requires a listed company to ensure that at least 10% of its issued Shares (excluding treasury shares) are held by public Shareholders. The Company will ensure that any Share purchased or acquired by the Company will not result in a fall in the percentage of Shares held by the public to below 10% of the total number of issued Shares. "Public" means persons other than the Directors, chief executive officer of the Company, Substantial Shareholders or Controlling Shareholders or its subsidiaries, as well as the Associates of such persons.

As at the Latest Practicable Date, approximately 141,209,175 Shares, representing 17.30% of the issued Shares (excluding treasury shares) are held by the public.

Based on the total number of issued Shares of 816,302,763 as at the Latest Practicable Date, and after adjusting for (a) 90,152 Shares to be transferred to entitled Employees pursuant to the vesting of Awards on 7 May 2016; and (b) 74,083 Shares to be transferred to entitled Employees pursuant to the vesting of Awards on 12 May 2016, and assuming that there is no change in the shareholding of the Company from the Latest Practicable Date and before the expiry of the renewed Share Purchase Mandate proposed to be renewed (other than shareholding changes due to the vesting of the aforesaid Awards), the purchase or acquisition by the Company of up to 81,630,276 Shares, being the full 10% limit of the resultant total number of issued Shares (excluding treasury shares) as at the date of the EGM, would result in about 7.30% of the Shares being held in the hands of the public. Accordingly, the Company would not be able to undertake purchases of its Shares up to the full 10% limit pursuant to the proposed renewal of the Share Purchase Mandate without affecting the listing status of the Shares on the SGX-ST.

The Company will only be able to purchase a maximum of 59,562,475 Shares, representing approximately 7.30% of the total issued Shares at the Latest Practicable Date, in order for the public to hold not less than 10% of the total number of issued Shares (excluding treasury shares) on the basis of the above stated assumptions. Therefore, as at the Latest Practicable Date, the Company would not, pursuant to the Share Purchase Mandate, purchase or acquire more than 59,562,475 Shares or exercise the full 10% limit, to ensure that the public shall hold not less than 10% of the total number of issued Shares (excluding treasury shares).

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The Directors will at all times ensure that when purchasing any Shares pursuant to the proposed Share Purchase Mandate, at least 10% of its Shares will remain in the hands of the public in accordance with the Listing Manual without:

- (a) affecting the listing status of the Shares on the SGX-ST;
- (b) causing market illiquidity of the Shares; or
- (c) affecting adversely the orderly trading of the Shares.

2.10 Reporting Requirements of the Companies Act

Within 30 days of the passing of Shareholders' resolution to approve the proposed renewal of the Share Purchase Mandate, the Company shall lodge a copy of such resolution with the Registrar.

The Company shall notify the Registrar within 30 days of a purchase of Shares on the SGX-ST or otherwise. Such notification shall include details of the purchases, the total number of Shares purchased by the Company, the number of Shares cancelled, the number of Shares held as treasury shares, the total number of issued Shares before and after the purchase of Shares, the amount of consideration paid by the Company for the purchases, whether the Shares were purchased out of profits or the capital of the Company and such other particulars as may be required in the prescribed form.

2.11 Take-over Obligations

Appendix 2 of the Take-over Code contains the share buyback guidance note applicable as at the Latest Practicable Date. The take-over implications arising from any purchase or acquisition by the Company of its Shares are set out below:

2.11.1 Obligation to make a take-over offer

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 Rule 14 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 mandatory take-over offer for the Company under Rule 14 of the Take-over Code.

2.11.2 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), cooperate, 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 Take-over Code presumes, *inter alia*, the following individuals and companies to be persons acting in concert with each other:

- (a) the following companies:
 - (i) a company;
 - (ii) the parent company of (i);
 - (iii) the subsidiaries of (i);
 - (iv) the fellow subsidiaries of (i);

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- (v) the associated companies of any of (i), (ii), (iii) or (iv);
 - (vi) companies whose associated companies include any of (i), (ii), (iii), (iv) or (v); and
 - (vii) any person who has provided financial assistance (other than a bank in the ordinary course of business) to any of the above for the purchase of voting rights; and
- (b) 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);
 - (c) a company with any of its pension funds and employee share schemes;
 - (d) a person with any investment company, unit trust or other fund whose investment such person manages on a discretionary basis, but only in respect of the investment account which such person manages;
 - (e) a financial or other professional adviser, including a stockbroker, with its client in respect of the shareholdings of the adviser and the persons controlling, controlled by or under the same control as the adviser and all the funds which the adviser manages on a discretionary basis, where the shareholdings of the adviser and any of those funds in the client total 10% or more of the client's equity share capital;
 - (f) directors of a company, together with their close relatives, related trusts and companies controlled by any of them, which is subject to an offer or where they have reason to believe a *bona fide* offer for their company may be imminent;
 - (g) partners; and
 - (h) an individual, his close relatives, his related trusts, and any person who is accustomed to act according to his instructions, companies controlled by any of the above persons, and any person who has provided financial assistance (other than a bank in the ordinary course of business) to any of the above for the purchase of voting rights.

The circumstances under which Shareholders (including Directors) and persons acting in concert with them respectively will incur an obligation to make a take-over offer under Rule 14 after a purchase or acquisition of Shares by the Company are set out in Appendix 2 of the Take-over Code.

2.11.3 Effect of Rule 14 and Appendix 2 of the Take-over Code

In general terms, the effect of Rule 14 and Appendix 2 of the Take-over Code is that, unless exempted, Directors and persons acting in concert with them will incur an obligation to make a takeover offer for the Company under Rule 14 of the Take-over Code if, as a result of the Company purchasing or acquiring its Shares, the voting rights of such Directors and their concert parties would increase to 30% or more, or 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 would increase by more than 1% in any period of six months.

Under Appendix 2 of the Take-over Code, a Shareholder not acting in concert with the Directors will not be required to make a take-over offer under Rule 14 of the Take-over Code if, as a result of the Company purchasing or acquiring its Shares, the voting rights of such Shareholder in the Company would increase to 30% or more, or, if such

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Shareholder holds between 30% and 50% of the Company's voting rights, the voting rights of such Shareholder would increase by more than 1% in any period of six (6) months. Such Shareholder need not abstain from voting in respect of the resolution authorising the proposed renewal of the Share Purchase Mandate.

To the best of their knowledge, the Directors are not aware of any fact(s) or factor(s) which suggest or imply that any particular person(s) and/or Shareholder(s) are, or may be regarded as, parties acting in concert such that their respective interests in voting shares in the capital of the Company should or ought to be consolidated, and consequences under the Take-over Code would ensue as a result of a purchase of Shares by the Company pursuant to the Share Purchase Mandate.

Shareholders are advised to consult their professional advisers and/or the SIC and/or the relevant authorities at the earliest opportunity as to whether an obligation to make a take-over offer would arise by reason of any Share purchases or acquisitions by the Company pursuant to the Share Purchase Mandate.

2.11.4 Illustrative Impact of Share Purchases on Shareholding of Directors and Substantial Shareholders

Based on information recorded in the Register of Directors and Register of Substantial Shareholders as at the Latest Practicable Date and on the basis that (i) the Company purchases or acquires the maximum of 59,562,475 Shares (please see Section 2.9 for details), (ii) there is no change in the number of Shares in which the Directors and Substantial Shareholders have an interest as at the Latest Practicable Date other than changes arising from a vesting of Awards in favour of Mr Yao Hsiao Tung and Madam Wong Huey Fang as set out in Sections 2.3.1 and 2.9, (iii) there is no further issue of Shares, and (iv) there is no change in the shareholding structure of the Company as at the Latest Practicable Date other than changes arising from share purchases made pursuant to the Share Purchase Mandate and the vesting of Awards as set out in Sections 2.3.1 and 2.9, the interests of the Directors and Substantial Shareholders in the Shares of the Company before and after the proposed Share Purchase Mandate is implemented to the maximum extent possible in order to maintain the public float of 10% of the Shares, are illustrated as follows:

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	Before Share Purchase (No. of Shares)		Percentage (%) of Direct Interest	
	Direct Interest	Deemed Interest	Before Share Purchase ⁽³⁾	After Share Purchase ⁽⁴⁾
Directors				
Yao Hsiao Tung	492,679,966	6,940,540 ⁽¹⁾	60.36	65.09
Wong Huey Fang	1,372,495	873,303 ⁽¹⁾	0.17	0.18
Yeo Tiong Eng	500,000	–	0.06	0.07
Chester Lin Chien	2,000,000	–	0.25	0.26
Leong Lai Peng	300,000	–	0.04	0.04
Lim Thien Su Gerald	–	–	–	–
Substantial Shareholders (who are not Directors)				
Molex International, Inc.	178,236,020	–	21.83	23.55
Molex, LLC Molex Connectors, LLC Molex Electronic Technologies, LLC Molex Electronic Technologies Holdings, LLC Koch Industries, Inc. Charles G. Koch David H. Koch	–	178,236,020 ⁽²⁾	21.83	23.55

Notes:

- Mr Yao Hsiao Tung's deemed interest arises by virtue of the options to subscribe for an aggregate of 6,892,382 Shares and Awards of 48,158 Shares held by him as at the Latest Practicable Date. Madam Wong Huey Fang's deemed interest arises by virtue of the options to subscribe for an aggregate of 858,816 Shares and Awards of 14,487 Shares held by her as at the Latest Practicable Date.
- Molex International Inc holds 178,236,020 Shares.
 - Molex, LLC has a deemed interest in the 178,236,020 Shares held by Molex International Inc. by reason of its controlling interest in Molex International Inc.
 - Molex Connectors, LLC has a deemed interest in the 178,236,020 Shares held by Molex International Inc. by reason of its controlling interest in Molex, LLC.
 - Molex Electronic Technologies, LLC has a deemed interest in the 178,236,020 Shares held by Molex International Inc. by reason of its a controlling interest in Molex Connectors, LLC.
 - Molex Electronic Technologies Holdings, LLC has a deemed interest in the 178,236,020 Shares held by Molex International Inc. by reason of its controlling interest in Molex Electronic Technologies, LLC.
 - Koch Industries, Inc. has a deemed interest in the 178,236,020 Shares held by Molex International Inc. by reason of its controlling interest in Molex Electronic Technologies Holdings, LLC.
 - Charles G. Koch has a deemed interest in the 178,236,020 Shares held by Molex International Inc. by reason of his interest in 25% or more of the total number of issued and outstanding voting common shares of Koch Industries, Inc.
 - David H. Koch has a deemed interest in the 178,236,020 Shares held by Molex International Inc. by reason of his interest in 25% or more of the total number of issued and outstanding voting common shares of Koch Industries, Inc.
- The percentage shareholdings are computed based on the Company's total issued Shares of 816,302,763 as at the Latest Practicable Date (excluding treasury shares).
- The percentage shareholdings are computed based on the resultant total number of 756,904,523 issued Shares remaining assuming the Company purchases or acquires the maximum number of 59,562,475 Shares which can be purchased by the Company under the proposed Share Purchase Mandate in order to maintain the public float of 10% of the Shares, and after taking into account the anticipated vesting of Awards on 7 May 2016 and 12 May 2016. Please see Section 2.3.1 for details.

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Shareholders are advised to consult their professional advisers and/or the SIC at the earliest opportunity as to whether an obligation to make a take-over offer would arise by reason of any Share purchases by the Company.

2.12 Share Purchases under the 2015 Mandate

The Company has in the last twelve months preceding the Latest Practicable Date, purchased 1,115,200 Shares by way of Market Purchases which are held as treasury shares. Details of such Market Purchases are set out below:

Date of Purchase	Number of Shares Purchased	Highest Price Paid per Share (S\$)	Lowest Price Paid per Share (S\$)	Total Consideration ⁽¹⁾ Paid (S\$)
14 May 2015	453,300	0.54	0.535	245,101.38
18 May 2015	120,100	0.57	0.565	68,120.47
19 May 2015	300,000	0.575	0.57	172,411.79
20 May 2015	100,000	0.575	0.575	57,638.00
29 May 2015	82,300	0.555	0.545	45,487.48
4 June 2015	59,500	0.55	0.545	32,735.54

Note:

(1) Consideration includes brokerage, commission and other related expenses.

2.13 Shareholders' approval

For the reasons set out above, the Company is proposing to seek the approval of Shareholders for the proposed renewal of the Share Purchase Mandate, which will be proposed as an ordinary resolution ("**Resolution 1**") at the EGM.

3. THE PROPOSED RENEWAL OF THE IPT MANDATE

3.1 Background

At the 2015 EGM, Shareholders had approved, *inter alia*, the adoption of the IPT Mandate (the "**2015 IPT Mandate**"), for the Company, its subsidiaries and associated companies which are considered to be "entities at risk" to enter into certain types of transactions with specified classes of the Company's "interested persons" in the ordinary course of business, provided that such transactions are made on normal commercial terms and in accordance with the established guidelines and review procedures for such transactions.

The 2015 IPT Mandate was expressed to take effect from the date of the passing of the ordinary resolution relating thereto at the 2015 EGM and will expire on the date of the forthcoming AGM to be held on 28 April 2016. Accordingly, Shareholders' approval is being sought for the proposed renewal of the IPT Mandate at the EGM to be held immediately after the AGM on 28 April 2016.

3.2 Rationale and Benefit to Shareholders

It is envisaged that the Group may, from time to time, in the normal course of its business, enter into recurrent transactions for the provision to, or the obtaining of products and services from or through, the Interested Persons. The entry into of such recurrent commercial transactions with the Interested Persons will present an additional source of revenue and income for the Group.

Due to the time-sensitive and recurrent nature of commercial transactions, the obtaining of the IPT Mandate pursuant to Chapter 9 of the Listing Manual will enable Affected Group companies or any of them, to enter into the Mandated IPTs provided that such Mandated IPTs are made on normal commercial terms and are not prejudicial to the interests of the Company and its minority Shareholders.

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The IPT Mandate (and its subsequent renewal thereafter on an annual basis) will enhance the ability of the Affected Group companies, or any of them, to pursue business opportunities which are time-sensitive in nature, and will eliminate the need for the Company to announce, or to announce and convene separate general meetings, on each occasion to seek Shareholders' prior approval for the entry into of such transactions by the relevant Affected Group company with the Interested Persons. This will substantially reduce the expenses associated with the convening of general meetings on an ad hoc basis, improve administrative efficacy considerably, and allow manpower resources and time to be channeled towards attaining corporate objectives without compromising the corporate objectives of the Group and/or adversely affecting the business opportunities available to the Group.

3.3 Classes of Interested Persons

The IPT Mandate will apply to Mandated IPTs which are carried out with the following Interested Persons:

- (a) Mr Yao Hsiao Tung, a Director and Controlling Shareholder of the Company who, as at the Latest Practicable Date, has an interest of approximately 60.36% in the issued share capital of the Company;
- (b) Madam Wong Huey Fang, a Director of the Company and an associate of Mr Yao Hsiao Tung who, as at the Latest Practicable Date, has an interest of approximately 0.17% in the issued share capital of the Company; and
- (c) VSN Mobil, Inc. (formerly known as VSN Technologies, Inc.) ("**VSN**") and Top Holdings Limited and its subsidiaries (collectively "**Top**"). VSN is an associate of Mr Yao Hsiao Tung and Madam Wong Huey Fang while Top is an associate of Mr Yao Hsiao Tung. The principal business activities of VSN are the design and development, marketing and sale of electronic products. Top is formed with the primary objective of engaging in the design and development, marketing and sale of electronics products.

3.4 Types of Mandated IPTs

The IPT Mandate covers transactions entered into by any company within the Affected Group relating to the provision to, or the obtaining from or through, Interested Persons, or the joint transacting with Interested Persons for products and services in the normal course of business of the Affected Group and the Interested Persons (but not in respect of the purchase or sale of assets, undertakings or businesses), including:-

- (a) provision of product design and/or development services;
- (b) supply of precision tooling and molds;
- (c) provision of precision plastic injection molding, precision metal stamping services, surface mount technology, precision metal CNC machining and surface finishing;
- (d) supply and/or purchase of electro-mechanical parts and components, including flexible printed circuits and LDS antenna;
- (e) provision of sub-product and full product assembly integration and testing services;
- (f) supply and/or purchase of completed products for distribution;
- (g) obtaining of licences and/or other rights to make and/or distribute products;
- (h) after-sale services; and

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- (i) provision and/or obtaining of such other products and/or services which are incidental to or in connection with the Affected Group's principal and ancillary activities in the normal course of its business and on normal commercial terms.

3.5 Details of the IPT Mandate

Details of the IPT Mandate, including applicable provisions under Chapter 9 of the Listing Manual and the guidelines and review procedures for such transactions under the IPT Mandate are set out in Appendix I of this Circular.

3.6 Audit Committee's Statement

In connection with the proposed renewal of the IPT Mandate, the Audit Committee confirms that:

- (a) the methods or procedures for determining the transaction prices have not changed since last Shareholders' approval; and
- (b) the methods or procedures referred to in (a) above are sufficient to ensure that the transactions will be carried out on normal commercial terms and will not be prejudicial to the interests of the Company and its minority Shareholders.

In view of the above, an independent financial adviser's opinion is not required for the proposed renewal of the IPT Mandate under Rule 920(1)(c) of the Listing Manual.

3.7 Shareholders' Approval

For the reasons as set out above, the Company is proposing to seek the approval of Shareholders for the proposed renewal of the IPT Mandate, which will be proposed as an ordinary resolution ("**Resolution 2**") at the EGM.

4. DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' INTERESTS

4.1 Shareholding Interests

Based on information recorded in the Register of Directors and Register of Substantial Shareholders as at the Latest Practicable Date, the Directors' and Substantial Shareholders' interests in the Company are as follows:

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	Direct Interest		Deemed Interest	
	Number of Shares	% ⁽³⁾	Number of Shares	% ⁽³⁾
Directors				
Yao Hsiao Tung	492,679,966	60.36	6,940,540 ⁽¹⁾	0.85
Wong Huey Fang	1,372,495	0.17	873,303 ⁽¹⁾	0.11
Yeo Tiong Eng	500,000	0.06	–	–
Chester Lin Chien	2,000,000	0.25	–	–
Leong Lai Peng	300,000	0.04	–	–
Lim Thien Su Gerald	–	–	–	–
Substantial Shareholders (who are not Directors)				
Molex International, Inc.	178,236,020	21.83	–	–
Molex, LLC Molex Connectors, LLC Molex Electronic Technologies, LLC Molex Electronic Technologies Holdings, LLC Koch Industries, Inc. Charles G. Koch David H. Koch	–	–	178,236,020 ⁽²⁾	21.83

Notes:

- Mr Yao Hsiao Tung's deemed interest arises by virtue of the options to subscribe for an aggregate of 6,892,382 Shares and Awards of 48,158 Shares held by him as at the Latest Practicable Date. Madam Wong Huey Fang's deemed interest arises by virtue of the options to subscribe for an aggregate of 858,816 Shares and Awards of 14,487 Shares held by her as at the Latest Practicable Date.
- Molex International Inc holds 178,236,020 Shares.
 - Molex, LLC has a deemed interest in the 178,236,020 Shares held by Molex International Inc. by reason of its controlling interest in Molex International Inc.
 - Molex Connectors, LLC has a deemed interest in the 178,236,020 Shares held by Molex International Inc. by reason of its controlling interest in Molex, LLC.
 - Molex Electronic Technologies, LLC has a deemed interest in the 178,236,020 Shares held by Molex International Inc. by reason of its a controlling interest in Molex Connectors, LLC.
 - Molex Electronic Technologies Holdings, LLC has a deemed interest in the 178,236,020 Shares held by Molex International Inc. by reason of its controlling interest in Molex Electronic Technologies, LLC.
 - Koch Industries, Inc. has a deemed interest in the 178,236,020 Shares held by Molex International Inc. by reason of its controlling interest in Molex Electronic Technologies Holdings, LLC.
 - Charles G. Koch has a deemed interest in the 178,236,020 Shares held by Molex International Inc. by reason of his interest in 25% or more of the total number of issued and outstanding voting common shares of Koch Industries, Inc.
 - David H. Koch has a deemed interest in the 178,236,020 Shares held by Molex International Inc. by reason of his interest in 25% or more of the total number of issued and outstanding voting common shares of Koch Industries, Inc.
- The percentage shareholdings are computed based on the Company's total issued Shares of 816,302,763 as at the Latest Practicable Date (excluding treasury shares).

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4.2 Interest in the proposed renewal of the IPT Mandate

The Directors, Mr Yao Hsiao Tung and Madam Wong Huey Fang and their respective Associates are interested persons under the proposed renewal of the IPT Mandate. Mr Yao Hsiao Tung and Madam Wong Huey Fang are therefore deemed to be interested in the proposed renewal of the IPT Mandate.

5. DIRECTORS' RECOMMENDATIONS

5.1 Proposed Renewal of the Share Purchase Mandate

The Directors, having considered the terms of, the rationale for, and the financial effects of the proposed renewal of the Share Purchase Mandate, are of the view that the Share Purchase Mandate is in the best interests of the Company and Shareholders. Accordingly, the Directors recommend that Shareholders vote in favour of Resolution 1 to be proposed at the EGM.

5.2 Proposed Renewal of the IPT Mandate

The Directors who are considered independent for the proposed renewal of the IPT Mandate are Mr Yeo Tiong Eng, Mr Chester Lin Chien, Madam Leong Lai Peng and Mr Lim Su Thien Gerald. Mr Yao Hsiao Tung and Madam Wong Huey Fang are not considered independent for the purposes of the proposed renewal of the IPT Mandate.

Having considered, *inter alia*, the terms, rationale and benefits of the proposed renewal of the IPT Mandate as set out in Appendix I of this Circular and the confirmation of the Audit Committee as set out in Section 3.6 of this Circular, the Independent Directors are of the opinion that the renewal of the IPT Mandate is in the best interests of the Company. Accordingly, they recommend that Independent Shareholders vote in favour of Resolution 2 in relation to the renewal of the IPT Mandate as set out in the Notice of EGM.

The Independent Directors, in rendering their recommendation, and the Audit Committee, in rendering their confirmation, have not had regard to the specific investment objectives, financial situation, tax position or unique needs and constraints of any Shareholder. As different Shareholders would have different investment objectives, the Independent Directors recommend that any individual Shareholder who is unsure as to the action he/she should take should consult his/her legal, financial, tax or other professional advisers.

6. ABSTENTION FROM VOTING

6.1 Proposed renewal of the IPT Mandate

In accordance with Rule 920(1)(b)(viii) of the Listing Manual, Shareholders who are Interested Persons shall abstain and undertake that their Associates shall abstain from voting on Resolution 2 relating to the proposed renewal of the IPT Mandate. Furthermore, such Interested Persons and their Associates shall not accept nomination as proxy or otherwise vote at the EGM in respect of Resolution 2 unless Shareholders appointing them as proxies shall have given specific instructions in the relevant proxy forms on the manner in which they wish their votes to be cast for Resolution 2.

Accordingly, Mr Yao Hsiao Tung and Madam Wong Huey Fang will abstain, and will procure that each of their Associates will abstain, from voting in respect of each of their shareholdings in the Company on Resolution 2 in relation to the proposed renewal of the IPT Mandate as set out in the Notice of EGM.

7. EXTRAORDINARY GENERAL MEETING

The EGM, notice of which is set out on pages N-1 to N-3 of this Circular, will be held at Ficus Room 3, Level 2, Jurong Country Club, 9 Science Centre Road, Singapore 609078 on Thursday, 28 April 2016 at 3.00 p.m. (or immediately after the conclusion of the AGM to be held on the same day prior to the EGM) for the purpose of considering and, if thought fit, passing with or without any modifications, the ordinary resolutions set out in the Notice of EGM.

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8. ACTION TO BE TAKEN BY SHAREHOLDERS

If a Shareholder is unable to attend the EGM and wishes to appoint a proxy to attend and vote on his behalf, he should complete, sign and return the attached Proxy Form in accordance with the instructions printed thereon as soon as possible and, in any event, so as to reach the registered office of the Company at 11 International Business Park, Singapore 609926 not later than 3.00 p.m. on 26 April 2016.

The completion and return of the Proxy Form by a Shareholder will not prevent him from attending and voting at the EGM in person if he so wishes. In such event, the relevant Proxy Form will be deemed to be revoked.

9. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this Circular, and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, this Circular constitutes full and true disclosure of all material facts about the proposed renewal of the Share Purchase Mandate, the proposed renewal of the IPT 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 Circular misleading. Where information in this Circular 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 this Circular in its proper form and context.

10. INSPECTION OF DOCUMENTS

Copies of the following documents are available for inspection at the registered office of the Company at 11 International Business Park, Singapore 609926 during normal business hours from the date of this Circular up to and including the date of the EGM:

- (a) the Company's Annual Report for the financial year ended 31 December 2015; and
- (b) the Constitution of the Company.

Yours faithfully

Yao Hsiao Tung
Executive Chairman and Chief Executive Officer
Hi-P International Limited

APPENDIX I

THE IPT MANDATE

1. Chapter 9 of the Listing Manual

1.1 Under Chapter 9 of the Listing Manual, where a listed company or any of its subsidiaries or associated companies (each, an “**entity at risk**” as more particularly defined in paragraph 1.6 of this Appendix I) proposes to enter into a transaction with an interested person of the listed company (an “**interested person transaction**” as more particularly defined in paragraph 1.6 of this Appendix I) and the value of the transaction alone or in aggregation with other transactions conducted with the same interested person during the financial year reaches or exceeds the financial thresholds described in paragraph 1.2 of this Appendix I, the listed company is required to make an immediate announcement, or to make an immediate announcement and seek its shareholders’ approval for the interested person transaction.

1.2 An immediate announcement is required for an interested person transaction where:

- (a) the value of the proposed transaction is equal to or exceeds 3% of the listed company’s latest audited consolidated NTA; or
- (b) the value of the proposed transaction, when aggregated with the values of all other interested person transactions entered into with the same interested person (as such term is construed under Chapter 9 of the Listing Manual) during the same financial year, is equal to or exceeds 3% of the listed company’s latest audited consolidated NTA. An announcement will have to be made immediately of the latest transaction and all future transactions entered into with that same interested person during the financial year.

Shareholders’ approval (in addition to an immediate announcement) is required for an interested person transaction where:

- (a) the value of the proposed transaction is equal to or exceeds 5% of the listed company’s latest audited consolidated NTA; or
- (b) the value of the proposed transaction, when aggregated with the values of all other interested person transactions entered into with the same interested person (as such term is construed under Chapter 9 of the Listing Manual) during the same financial year, is equal to or exceeds 5% of the listed company’s latest audited consolidated NTA. The aggregation will exclude any interested person transaction that has been approved by Shareholders previously, or is the subject of aggregation with another interested person transaction that has been previously approved by Shareholders.

1.3 The above requirements for immediate announcement and/or for shareholders’ approval do not apply to any transaction which is below S\$100,000 in value and certain transactions which, by reason of the nature of such transactions, are not considered to put the entity at risk to its interested person and hence excluded from the ambit of Chapter 9.

1.4 For illustration purposes, based on the latest audited consolidated financial statements of the Group for the financial year ended 31 December 2015, the consolidated NTA of the Group was S\$554.5 million. Accordingly, in relation to the Company, for the purposes of Chapter 9 of the Listing Manual, in the current financial year and until such time as the audited consolidated financial statements of the Group for the financial year ending 31 December 2016 are published, Shareholders’ approval is required where:

- (a) the interested person transaction is of a value equal to, or more than S\$27.7 million, being 5% of the Group’s latest audited NTA as at 31 December 2015; or

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- (b) the interested person transaction, when aggregated with other transactions entered into with the same interested person during the same financial year, is of a value equal to, or more than, S\$27.7 million. The aggregation will exclude any transaction that has been approved by Shareholders previously or is the subject of aggregation with another transaction that has been approved by Shareholders.
- 1.5 Chapter 9 of the Listing Manual allows a listed company to seek a mandate from its shareholders for recurrent transactions of a revenue or trading nature or those necessary for its day-to-day operations such as the purchase and sale of supplies and materials (but not for the purchase or sale of assets, undertakings or businesses) which may be carried out with the listed company's interested persons. Transactions conducted under such a general mandate are not separately subject to the financial thresholds in paragraph 1.2 of this Appendix I. A general mandate is subject to annual renewal.
- 1.6 For the purposes of Chapter 9 of the Listing Manual, the following terms as used in this Appendix I shall have the meanings defined below.
- (a) an “**entity at risk**” means:
- (i) the listed company;
 - (ii) a subsidiary of the listed company (other than a subsidiary that is listed on the SGX-ST or an approved exchange); or
 - (iii) an associated company of the listed company (other than an associated company that is listed on the SGX-ST or an approved exchange) provided that the listed company and/or its subsidiaries (the “**listed group**”), or the listed group and its interested person(s), has control over the associated company;
- (b) an “**interested person**” means a director, chief executive officer or controlling shareholder of the listed company or an associate of such director, chief executive officer or controlling shareholder;
- (c) an “**associate**” in relation to an interested person who is a director, chief executive officer or controlling shareholder, includes an immediate family member (that is, the spouse, child, adopted child, step-child, sibling or parent) of such director, chief executive officer or controlling shareholder, the trustees of any trust of which the director/his immediate family, the chief executive officer/his immediate family or the controlling shareholder/his immediate family is a beneficiary, or in the case of a discretionary trust, is a discretionary object, and any company in which the director/his immediate family, the chief executive officer/his immediate family or the controlling shareholder/his immediate family has or have an aggregate interest (directly or indirectly) of 30% or more, and, where a controlling shareholder is a corporation, its subsidiary or holding company or fellow subsidiary or a company in which it and/or they have (directly or indirectly) an interest of 30% or more;
- (d) an “**approved exchange**” means a stock exchange that has rules which safeguard the interests of shareholders against interested person transactions according to similar principles as Chapter 9;
- (e) an “**interested person transaction**” means a transaction between an entity at risk and an interested person; and
- (f) a “**transaction**” includes the provision or receipt of financial assistance; the acquisition, disposal or leasing of assets; the provision or receipt of services; the issuance or subscription of securities; the granting of or being granted options; and the establishment of joint ventures or joint investments, whether or not entered into in the ordinary course of business, and whether entered into directly or indirectly.

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2. Principal Business Activities of the Group

The Group is an integrated contract manufacturer which provides a whole range of products and services, including product design and development, design and fabrication of molds, precision plastic injection molding, precision metal stamping, precision metal CNC machining, surface finishing, flexible printed circuits, surface mount technology, LDS antenna, assembly of full and sub-products and testing, product distribution and after-sale services.

The Group's customers are mainly original equipment manufacturers in various industries such as telecommunications, consumer electronics, computing and peripherals, lifestyle, industrial and medical. The customers' end products include smartphones, tablets, wearables, electric shavers, electric toothbrushes, coffee-makers, hand blenders, robotic vacuum cleaners, bank note recyclers, cameras and other lifestyle products, hard disk drives and medical devices.

3. Rationale and Benefit to Shareholders

- 3.1 It is envisaged that the Group may, from time to time, in the normal course of its business, enter into recurrent transactions for the provision to, or the obtaining of products and services from or through, the specified classes of interested persons set out in paragraph 4 of this Appendix I ("**Interested Persons**"). The entry into of such recurrent commercial transactions with the Interested Persons will present an additional source of revenue and income for the Group.
- 3.2 Due to the time-sensitive and recurrent nature of commercial transactions, the obtaining of the IPT Mandate pursuant to Chapter 9 of the Listing Manual will enable the companies within the Group (which are deemed to be an entity at risk within the meaning of Chapter 9) ("**Affected Group**" or "**Affected Group companies**"), or any of them, to enter into the categories of transactions set out in paragraph 5 of this Appendix I ("**Mandated IPTs**"), provided that such Mandated IPTs are made on normal commercial terms and are not prejudicial to the interests of the Company and its minority Shareholders.
- 3.3 The IPT Mandate (and its subsequent renewal thereafter on an annual basis) will enhance the ability of the Affected Group companies, or any of them, to pursue business opportunities which are time-sensitive in nature, and will eliminate the need for the Company to announce, or to announce and convene separate general meetings, on each occasion to seek Shareholders' prior approval for the entry into of such transactions by the relevant Affected Group company with the Interested Persons. This will substantially reduce the expenses associated with the convening of general meetings on an ad hoc basis, improve administrative efficacy considerably, and allow manpower resources and time to be channelled towards attaining corporate objectives without compromising the corporate objectives of the Group and/or adversely affecting the business opportunities available to the Group.

4. Classes of Interested Persons

The IPT Mandate will apply to Mandated IPTs which are carried out with the following Interested Persons:

- (a) Mr Yao Hsiao Tung, a Director and Controlling Shareholder of the Company who, as at the Latest Practicable Date, has an interest of approximately 60.36% in the issued share capital of the Company;
- (b) Madam Wong Huey Fang, a Director of the Company and an associate of Mr Yao Hsiao Tung who, as at the Latest Practicable Date, has an interest of approximately 0.17% in the issued share capital of the Company; and

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- (c) VSN Mobil, Inc. (formerly known as VSN Technologies, Inc.) (“**VSN**”) and Top Holdings Limited and its subsidiaries (collectively “**Top**”). VSN is an associate of Mr Yao Hsiao Tung and Madam Wong Huey Fang while Top is an associate of Mr Yao Hsiao Tung. The principal business activities of VSN are the design and development, marketing and sale of electronic products. Top is formed with the primary objective of engaging in the design and development, marketing and sale of electronics products.

5. Types of Mandated IPTs

The IPT Mandate covers transactions entered into by any company within the Affected Group relating to the provision to, or the obtaining from or through, Interested Persons, or the joint transacting with Interested Persons for products and services in the normal course of business of the Affected Group and the Interested Persons (but not in respect of the purchase or sale of assets, undertakings or businesses), including:-

- (a) provision of product design and/or development services;
- (b) supply of precision tooling and molds;
- (c) provision of precision plastic injection molding, precision metal stamping services, surface mount technology, precision metal CNC machining and surface finishing;
- (d) supply and/or purchase of electro-mechanical parts and components, including flexible printed circuits and LDS antenna;
- (e) provision of sub-product and full product assembly integration and testing services;
- (f) supply and/or purchase of completed products for distribution;
- (g) obtaining of licences and/or other rights to make and/or distribute products;
- (h) after-sale services; and
- (i) provision and/or obtaining of such other products and/or services which are incidental to or in connection with the Affected Group’s principal and ancillary activities in the normal course of its business and on normal commercial terms.

6. Scope of the IPT Mandate

6.1 The IPT Mandate covers Mandated IPTs entered into with each Interested Person during the validity period of such IPT Mandate. The IPT Mandate will not apply to any transaction by any company within the Affected Group with an Interested Person that:

- (a) is below S\$100,000 in value, as the threshold and aggregation requirements contained in Chapter 9 of the Listing Manual would not apply to such a transaction; or
- (b) is equal to or exceeds S\$100,000 in value, but qualifies as an excepted transaction for the purposes of Chapter 9 of the Listing Manual and is thus exempted from the threshold and aggregation requirements contained in Chapter 9 of the Listing Manual.

6.2 Transactions with interested persons (including the Interested Persons) that do not fall within the ambit of either of the exceptions in paragraph 6.1(a) or (b) of this Appendix I, or the scope of the IPT Mandate, will be subject to the relevant provisions of Chapter 9 of the Listing Manual and/or other applicable provisions of the Listing Manual.

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7. Validity Period of the IPT Mandate

The IPT Mandate will take effect from the date of the passing of the Ordinary Resolution relating thereto and will (unless revoked or varied in general meeting) continue in force until the next AGM or the date by which such AGM is required by law to be held. Thereafter, approval from Shareholders for a renewal of the IPT Mandate will be sought at each subsequent AGM, subject to the satisfactory review by the Audit Committee of its continued application to the Mandated IPTs.

8. Guidelines and Review Procedures for Mandated IPTs under the IPT Mandate

8.1 Specific Review Procedures

The Company has established procedures to ensure that Mandated IPTs are undertaken by the Affected Group on normal commercial terms, consistent with the Affected Group's usual business practices and policies, and on terms which are generally no more favourable to the Interested Persons than those extended to, or by unrelated third parties. In particular, the following review procedures have been put in place to ensure that Mandated IPTs are undertaken at arm's length and on normal commercial terms, and will not be prejudicial to the interests of the Company and its minority Shareholders.

Provision of Services and/or Supply of Products

- (a) The sale of products or supply of services to Interested Persons will be carried out at the prevailing market rates or prices of the service or product providers and on terms which are no more favourable to the Interested Person than the usual commercial terms extended by the Affected Group to unrelated third party customers (including, where appropriate, preferential rates/ prices/ discounts accorded for high volume purchases) or otherwise in accordance with applicable industry norms.

Prior to such sales of products or supply of services to an Interested Person, the terms of at least two other sale transactions to unrelated third party customers for similar products and/or quantities will be used as comparison, wherever possible, to determine whether the price and terms offered to the Interested Person are fair and reasonable and comparable to those offered to other unrelated third parties for the same or substantially similar type of products and/or quantities. In determining whether the price and terms offered to the Interested Persons are fair and reasonable, factors such as, but not limited to, quantity, volume, consumption, product requirements, specifications and strategic purposes of the transaction, creditworthiness, delivery schedules, payment terms and where applicable, preferential rates or prices or discounts accorded for bulk purchase will be taken into account.

- (b) Where the prevailing market rates or prices are not available due to the nature of the service to be provided or the product to be sold, the Affected Group's pricing and other terms for such services to be provided or products to be sold to Interested Persons shall be determined in accordance with the Group's usual business practices, consistent with the usual margin and/or key terms to be obtained by the Group for the same or substantially similar type of services to be provided or products to be sold to unrelated third party customers taking into consideration pertinent factors such as, but not limited to, quantity, volume, consumption, product requirements, specifications and strategic purposes of the transaction, creditworthiness, delivery schedules, payment terms and where applicable, preferential rates or prices or discounts accorded for bulk purchase.

Obtaining of Services and/or Purchase of Products

- (c) The purchase of products or obtaining of services from Interested Persons will be carried out at prices and on terms not less favourable than those offered by unrelated third parties to the Affected Group for the same or substantially the same products or services, taking into account the quantity and quality of the products and services to be obtained and other qualitative factors such as, but not limited to, delivery schedules, specification compliance,

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track record, experience and expertise, and where applicable, preferential rates, rebates or discounts accorded for bulk purchases. The relevant Affected Group company shall (wherever possible or available) obtain the quotations of at least two unrelated third parties for the same or substantially similar quantities and/or quality of products or services which will be used as a basis for comparison to determine whether the price and terms offered by the Interested Persons to the Affected Group company are fair and reasonable and not less favourable than those offered by the unrelated third parties. Other qualitative factors such as, but not limited to, delivery schedules, specification compliance, track record, experience and expertise, and where applicable, preferential rates, rebates or discounts accorded for bulk purchases, will also be taken into account in deciding whether or not to accept a particular quotation for comparison.

- (d) In circumstances where it would not be appropriate to use the comparative methods stipulated above (for instance, if there are no unrelated third party vendors of similar products or services, or if the product is proprietary to the Interested Person), both the head of relevant business units and the Deputy CEO (or such other senior executive(s) of the Company designated by the Audit Committee from time to time for such purpose) will determine whether the price and terms offered by the Interested Person are fair and reasonable and on normal commercial terms in accordance with or not more adverse to the Affected Group than industry norms, and will not be prejudicial to the interests of the Company and its minority Shareholders taking into account the costs and benefits of entering into the transactions, the commercial rationale and strategic purposes as well as factors such as, but not limited to, delivery schedules, specifications, compliance, track record, experience and expertise, and where applicable, preferential rates, rebates or discounts accorded for bulk purchases.

If any one of the above persons has an interest in the transactions, whether direct or indirect, the reasonableness of the price shall be determined by the Audit Committee.

8.2 Approval Limits

- 8.2.1 For the purposes of sub-paragraphs (a), (b), (c), and (d) below, the “**Financial Limit**” shall be the amount equivalent to 5% of the Group’s audited consolidated net tangible assets for the time being, as determined by reference to the Company’s latest announced audited consolidated financial statements.

In addition to the review procedures, the following review and approval procedures will be implemented:

- (a) Mandated IPTs equal to or exceeding S\$100,000 but less than the Financial Limit (as defined above) each in value, will be reviewed and approved by (aa) the relevant unrelated officer(s) of the Affected Group according to the Group’s existing constitution of internal approving authorities; and (bb) the head of the relevant business unit or such other senior executive(s) of the Company designated by the Audit Committee from time to time for such purpose;
- (b) Mandated IPTs equal to or exceeding the Financial Limit each in value will be reviewed and approved by (aa) the Deputy CEO (or such other senior executive(s) of the Company designated by the Audit Committee from time to time for such purpose) and (bb) the Audit Committee prior to their entry;
- (c) Any Mandated IPT, when aggregated with previous Mandated IPTs entered into with the same Interested Person during the same financial year, equals to or exceeds the Financial Limit in value, will be reviewed and approved by the Deputy CEO (or such other senior executive(s) of the Company designated by the Audit Committee from time to time for such purpose) and the Audit Committee. However, a Mandated IPT which has been approved by the Deputy CEO (or such other senior executive(s) of the Company designated by the Audit Committee from time to time for such purpose)

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and Audit Committee, or is the subject of aggregation with another Mandated IPT that has been approved by the Deputy CEO (or such other senior executive(s) of the Company designated by the Audit Committee from time to time for such purpose) and Audit Committee, need not be included in any subsequent aggregation.

- (d) Where required, the head of the relevant business unit or other senior executive(s) of the Company designated by the Audit Committee from time to time for such purpose, and the Audit Committee, may, as he/it deem fit, request for additional information pertaining to the transaction under review from independent sources or advisers, including the obtaining of valuations from independent professional valuers.

If any person specified above (other than the Audit Committee) has an interest in the Mandated IPT falling within the category of Mandated IPT to be reviewed and approved by him, he will abstain from any review or any decision-making in respect of that Mandated IPT and such review and approval process shall be undertaken by such other senior executive of the Company (who do not have any interest in the Mandated IPT) as designated by the Audit Committee from time to time for such purpose.

If a member of the Audit Committee has an interest in a Mandated IPT, he shall abstain from participating in the review and approval process of the Audit Committee in relation to that transaction. The review and approval process will be undertaken by the remainder members of the Audit Committee.

All Mandated IPTs will be tabled for review by the Audit Committee on a quarterly basis.

- 8.2.2 References to the “same Interested Person” shall bear the meaning set out in Rule 908 of the Listing Manual. For the purpose of this IPT Mandate, individual transactions of a value less than S\$100,000 do not require review and approval and will not be taken into account in the aggregation referred to in sub-paragraph (c) above. Mandated IPTs entered into with the same Interested Person in previous financial years will not be taken into account in the aggregation of transactions for the purpose of the IPT Mandate under sub-paragraph (c) above.

8.3 IPT Register

- 8.3.1 The Company will maintain a register of Interested Persons (“**IPT Register**”). Such register will be updated quarterly and sent to the designated persons of the relevant Affected Group companies appointed by the Deputy CEO (or such other senior executive(s) of the Company designated by the Audit Committee from time to time for such purpose) for this purpose. The purpose of this register is to enable the designated persons in the relevant Affected Group companies to identify the Interested Persons and record details of all Mandated IPTs carried out by the relevant Affected Group companies. An appointed staff from the corporate finance department of the Company will maintain a register of transactions carried out with Interested Persons pursuant to the IPT Mandate, recording the details of, and basis on which they were entered into, as compiled from the information and documents submitted by the designated persons from the relevant Affected Group pursuant to paragraph 8.3.2 of this Appendix I.
- 8.3.2 On a quarterly basis, the designated persons are required to submit details of all Mandated IPTs entered into with the Interested Persons pursuant to the IPT Mandate, including those entered into during the previous calendar quarters, to the appointed staff from the corporate finance department of the Company. The details to be recorded include the nature and value of the transactions, the basis for the price and other key terms of the transactions and relevant supporting documents to support such basis, such as third party quotations or terms of comparable transactions entered into by the Affected Group with other unrelated third party customers or suppliers (if available), usual business terms or practices of the Affected Group adopted and other factors that have been taken into consideration in the evaluation of the terms of the transactions. A “nil” return is expected if there is no Mandated IPT for the current and previous calendar quarters.

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8.4 Review by Internal Auditors

The Company's internal auditors shall review the IPT Register on a quarterly basis to ascertain that the guidelines and review procedures established to monitor the Mandated IPTs entered by any of the Affected Group companies with the Interested Persons pursuant to the IPT Mandate, have been complied with.

The annual internal audit plan shall also incorporate a review of all the Mandated IPTs entered into by the Affected Group with the Interested Persons, including a report to be submitted to the Audit Committee for its review.

8.5 Review by Audit Committee

8.5.1 The Company shall, on a quarterly basis, report to the Audit Committee all transactions entered into with the Interested Person and such transactions shall also be reviewed at the Audit Committee's meetings to ascertain that they are carried out at arm's length and the established guidelines and review procedures in place have been complied with. The Audit Committee may, as it deems fit, request for additional information pertaining to the transactions entered by any of the companies within the Affected Group with the Interested Persons from independent sources or advisers.

The Audit Committee has the overall responsibility for determining the review procedures with the authority to delegate responsibility to individuals within the Company as it deems appropriate.

8.5.2 The Audit Committee shall also review from time to time the guidelines and review procedures to determine if they are adequate and/or commercially practicable in ensuring that the transactions between the Affected Group and the Interested Persons are conducted on normal commercial terms. If the Audit Committee is of the view that the established guidelines and review procedures have become inappropriate or insufficient in view of changes to the nature of, or the manner in which the business activities of the Affected Group are conducted so as to ensure that the Mandated IPTs will be conducted on normal commercial terms and not prejudicial to the interests of the Company and its minority Shareholders, it will in consultation with the Board, take such actions as it deems appropriate and/or institute additional procedures as necessary to ensure that future transactions of a similar nature are conducted on normal commercial terms and not prejudicial to the interests of the Company and its minority Shareholders. The Company will seek a fresh mandate from the Shareholders based on the new guidelines and review procedures for transactions with the Interested Persons. All subsequent transactions with the Interested Persons shall be reviewed and approved by at least one member of the Audit Committee prior to its entry while a fresh mandate is being sought from Shareholders.

9. **Disclosures**

In accordance with the requirements of Chapter 9 of the Listing Manual, the Company will:

- (a) disclose in the Company's Annual Report the aggregate value of transactions conducted with Interested Persons pursuant to the IPT Mandate during the financial year (as well as in the Annual Reports for subsequent financial years that the IPT Mandate continues in force); and
- (b) announce the aggregate value of transactions conducted with Interested Persons pursuant to the IPT Mandate for the financial periods that it is required to report on pursuant to Rule 705 of the Listing Manual (which relates to quarterly reporting by listed companies) within the time required for the announcement of such report.

NOTICE OF EXTRAORDINARY GENERAL MEETING

HI-P INTERNATIONAL LIMITED

Company Registration No. 198004817H
(Incorporated in the Republic of Singapore)

NOTICE IS HEREBY GIVEN that an Extraordinary General Meeting of Hi-P International Limited (the “**Company**”) will be held at Ficus Room 3, Level 2, Jurong Country Club, 9 Science Centre Road, Singapore 609078 on Thursday, 28 April 2016 at 3.00 p.m. (or immediately after the conclusion of the Annual General Meeting to be held on the same day prior to the Extraordinary General Meeting) for the purpose of considering and, if thought fit, passing with or without modifications, the following resolutions, which will be proposed as Ordinary Resolutions:

*All capitalised terms in this Notice which are not defined herein shall have the same meanings ascribed to them in the Circular to Shareholders of the Company dated 12 April 2016 (the “**Circular**”).*

ORDINARY RESOLUTIONS

RESOLUTION 1: THE PROPOSED RENEWAL OF THE SHARE PURCHASE MANDATE

That:

(a) for the purposes of the Listing Manual of the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) and Sections 76C and 76E of the Companies Act, Chapter 50 (the “**Companies Act**”), the exercise by the Directors of the Company of all the powers of the Company to purchase or otherwise acquire fully paid issued ordinary shares in the capital of the Company (“**Shares**”) not exceeding in aggregate the Maximum Percentage (as hereafter defined), at such price or prices as may be determined by the Directors from time to time up to the Maximum Price (as hereafter defined), whether by way of:

- (i) on-market purchase(s) transacted through the SGX-ST’s trading system or, as the case may be, any other stock exchange on which the Shares may for the time being be listed and quoted (“**Other Exchange**”) through one or more duly licensed stockbrokers appointed by the Company for the purpose; and/or
- (ii) off-market purchase(s) (if effected otherwise than on the SGX-ST or, as the case may be, Other Exchange) in accordance with any equal access scheme(s) as may be determined or formulated by the Directors as they consider fit, which scheme(s) shall satisfy all the conditions prescribed by the Companies Act,

and otherwise in accordance with all other laws and regulations and rules of the SGX-ST or, as the case may be, Other Exchange as may for the time being be applicable, be and is hereby authorised and approved generally and unconditionally (the “**Share Purchase Mandate**”);

(b) the authority conferred on the Directors of the Company pursuant to the proposed renewal of the Share Purchase Mandate may be exercised by the Directors at any time and from time to time during the period commencing from the date of the passing of this Resolution and expiring on the earlier of:

- (i) the conclusion of the next annual general meeting of the Company (“**AGM**”) or the date by which such AGM is required by law to be held;
- (ii) the date on which the purchases or acquisitions of Shares by the Company pursuant to the Share Purchase Mandate are carried out to the full extent mandated; or
- (iii) the date on which the authority contained in the Share Purchase Mandate is varied or revoked by ordinary resolution of the Company in general meeting;

NOTICE OF EXTRAORDINARY GENERAL MEETING

(c) in this Resolution:

“Maximum Percentage” means that number of issued Shares representing 10% of the total number of issued Shares as at the date of the passing of this Resolution (excluding any Shares which are held as treasury shares as at that date); and

“Maximum Price” in relation to a Share to be purchased or acquired, means the purchase price (excluding brokerage, commission, applicable goods and services tax and other related expenses) which shall not exceed:

- (i) in the case of a market purchase of a Share, 105% of the Average Closing Price of the Shares; and
- (ii) in the case of an off-market purchase of a Share, 110% of the Average Closing Price of the Shares;

where:

“Average Closing Price” means the average of the closing market prices of the Shares over the last five market days on which transactions in the Shares on the SGX-ST or, as the case may be, Other Exchange, were recorded immediately preceding the date of the on-market purchase by the Company or, as the case may be, the date of the making of the offer pursuant to the off-market purchase, and deemed to be adjusted, in accordance with the listing rules of the SGX-ST, for any corporate action that occurs after the relevant five-day period; and

“date of the making of the offer” means the date on which the Company makes an offer for the purchase or acquisition of Shares from holders of Shares stating therein the relevant terms of the equal access scheme for effecting the off-market purchase;

- (d) the Directors of the Company be and are hereby authorised to deal with the Shares purchased by the Company, pursuant to the Share Purchase Mandate, in any manner as they think fit which is allowable under the Companies Act; and
- (e) the Directors of the Company be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) as they may consider expedient or necessary to give effect to the transactions contemplated by this Resolution.

RESOLUTION 2: THE PROPOSED RENEWAL OF THE INTERESTED PERSON TRANSACTIONS MANDATE

That:

- (a) approval be and is hereby given, for the purposes of Chapter 9 of the Listing Manual (**“Chapter 9”**) of the SGX-ST, for the Company, its subsidiaries and associated companies that are considered to be “entities at risk” under Chapter 9, or any of them, to enter into any of the transactions falling within the types of interested person transactions described in Appendix I to the Company’s Circular to Shareholders dated 12 April 2016 (the **“Circular”**), with any party who is of the class of interested persons described in Appendix I to the Circular, provided that such transactions are made on normal commercial terms and in accordance with the review procedures for such interested person transactions (the **“Proposed IPT Mandate”**);
- (b) the Proposed IPT Mandate shall, unless revoked or varied by the Company in general meeting, continue in force until the conclusion of the next AGM or the date by which such AGM is required by law to be held; and

NOTICE OF EXTRAORDINARY GENERAL MEETING

- (c) the Directors of the Company be and are hereby authorised to complete and do all such acts and things (including executing all such documents as may be required) as they may consider expedient or necessary or in the interests of the Company to give effect to the Proposed IPT Mandate and/or this Resolution.

By Order of the Board
Hi-P International Limited

Yao Hsiao Tung
Executive Chairman and Chief Executive Officer
12 April 2016

Notes:

1. A member of the Company entitled to attend and vote at the Extraordinary General Meeting is entitled to appoint not more than two proxies to attend and vote in his stead. A proxy need not be a member of the Company.
2. The instrument appointing a proxy or proxies must be deposited at the office of the Company's share registrar, Tricor Barbinder Share Registration Services (a division of Tricor Singapore Pte. Ltd.) at 80 Robinson Road, #11-02 Singapore 068898 not less than forty-eight (48) hours before the time for holding the Extraordinary General Meeting.

PERSONAL DATA PRIVACY:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Extraordinary General Meeting and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the Extraordinary General Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Extraordinary General Meeting (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "**Purposes**"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

HI-P INTERNATIONAL LIMITED

Company Registration No. 198004817H
(Incorporated in the Republic of Singapore)

IMPORTANT

1. For investors who have used their CPF monies to buy Hi-P International Limited shares, the Circular is forwarded to them at the request of their CPF Approved Nominees and is sent FOR INFORMATION ONLY.
2. Pursuant to Section 181(1C) of the Companies Act, Chapter 50 of Singapore, Relevant Intermediaries may appoint more than two proxies to attend, speak and vote at the Extraordinary General Meeting.
3. This Proxy Form is not valid for use by CPF investors and shall be ineffective for all intents and purposes if used or purported to be used by them.
4. CPF investors are requested to contact their respective Agent Banks for any queries they may have with regard to their appointment as proxies.

Personal Data Privacy

By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of Extraordinary General Meeting dated 12 April 2016.

PROXY FORM

I/We _____ (Name) _____ (NRIC / Passport Number)

of _____ (Address)

being a member/members of HI-P INTERNATIONAL LIMITED (the "Company") hereby appoint:

Name	Address	NRIC/ Passport Number	Proportion of Shareholdings (%)

and/or (delete as appropriate)

Name	Address	NRIC/ Passport Number	Proportion of Shareholdings (%)

or failing him/her, the Chairman of the Extraordinary General Meeting of the Company (the "Meeting") as my/our proxy/proxies to vote for me/us on my/our behalf, at the Meeting to be held at Ficus Room 3, Level 2, Jurong Country Club, 9 Science Centre Road, Singapore 609078 on Thursday, 28 April 2016 at 3.00 p.m. (or immediately after the conclusion of the Annual General Meeting to be held on the same day prior to the Meeting) and at any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against the Resolutions to be proposed at the Meeting as indicated hereunder. If no specific direction as to voting is given, the proxy/proxies will vote or abstain from voting at his/their discretion, as he/they will on any matter arising at the Meeting.

All resolutions put to the vote at the Meeting shall be decided by wall of poll.

No.	Ordinary Resolution	Number of votes for**	Number of votes against**
1.	To approve the proposed renewal of the Share Purchase Mandate		
2.	To approve the proposed renewal of the IPT Mandate		

** If you wish to exercise all your votes "For" or "Against". Please indicate with an "X" within the box provided. Alternatively, please indicate the number of votes as appropriate.

Dated this _____ day of _____ 2016

Total number of Shares	No. of Shares
In CDP Register	
In Register of Members	

Signature(s) of Member(s)
or, Common Seal of Corporate Member

[IMPORTANT: PLEASE READ NOTES OVERLEAF]



Notes:

1. A member (other than a Relevant Intermediary*) entitled to attend and vote at the Meeting is entitled to appoint not more than two proxies to attend and vote in his stead. A proxy need not be a member of the Company.
2. Where a member appoints more than one proxy, the appointments shall be invalid unless he specifies the proportion of his shareholding (expressed as a percentage of the whole) to be represented by each proxy.
3. A member of the Company having a share capital who is a Relevant Intermediary may appoint more than two proxies, but each proxy must be appointed to exercise the rights attached to a different share or shares held by him (which number and class of shares shall be specified). In such event, the Relevant Intermediary shall submit a list of its proxies together with the information required in this form of proxy including the number and class of shares in relation to which each proxy has been appointed, to the Company's share registrar, Tricor Barbinder Share Registration Services (a division of Tricor Singapore Pte. Ltd.) at its office at 80 Robinson Road, #11-02 Singapore 068898.

"Relevant Intermediary" has the meaning ascribed to it in Section 181 of the Companies Act, Chapter 50 of Singapore.

4. A member should insert the total number of shares held. If the member has shares entered against his name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act (Cap. 289) of Singapore), he should insert that number of shares. If the member has shares registered in his name in the Register of Members of the Company, he should insert that number of shares. If the member has shares entered against his name in the Depository Register and registered in his name in the Register of Members, he should insert the aggregate number of shares. If no number is inserted, this form of proxy will be deemed to relate to all shares held by the member.
5. The instrument appointing a proxy or proxies must be deposited at the office of the Company's share registrar, Tricor Barbinder Share Registration Services (a division of Tricor Singapore Pte. Ltd.) at 80 Robinson Road, #11-02 Singapore 068898, not less than 48 hours before the time set for the Meeting.
6. The instrument appointing a proxy or proxies must be under the hand of the appointor or of 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 common seal or under the hand of its attorney or a duly authorised officer.
7. Where an instrument appointing a proxy is signed on behalf of the appointor by an attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument of proxy, failing which the instrument may be treated as invalid.
8. An investor who holds shares under the Central Provident Fund Investment Scheme ("CPF Investor") and/or the Supplementary Retirement Scheme ("SRS Investor") (as may be applicable) may attend and cast his vote(s) at the Meeting in person. CPF Investors and SRS Investors who are unable to attend the Meeting but would like to vote, may inform their CPF and/or SRS Approved Nominees to appoint the Chairman of the Meeting to act as their proxy, in which case, the CPF and SRS Investors shall be precluded from attending the Meeting.

GENERAL:

The Company shall be entitled to reject a proxy form which is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified on the proxy form. In addition, in the case of shares entered in the Depository Register, the Company may reject a proxy form if the member, being the appointor, is not shown to have shares entered against his name in the Depository Register as at 48 hours before the time appointed for holding the Meeting, as certified by The Central Depository (Pte) Limited to the Company.