

**HI-P INTERNATIONAL LIMITED**  
Company Registration No. 198004817H  
(Incorporated in the Republic of Singapore)

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**ARBITRATION BETWEEN HI-P ELECTRONICS PTE. LTD. AND YOTA DEVICES LIMITED**

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The Board of Directors (the “**Board**”) of Hi-P International Limited (the “**Company**”) wishes to announce that Hi-P Electronics Pte. Ltd. (“**Hi-P Electronics**”), its wholly-owned subsidiary, has commenced arbitration proceedings against Yota Devices Limited (“**Yota**”) for claims of a total sum of approximately USD126 million (the “**Claim**”) comprising substantially of finished goods in the possession of Hi-P Electronics.

Hi-P Electronics entered into agreements with Yota to develop, manufacture and supply the Yotaphone 2 dual screen smartphone. The Claim is in respect of Yota’s breaches of its agreements with Hi-P Electronics for amongst others, failure to take delivery of and make payment for the full minimum order quantity and firm forecast committed by Yota for the Yotaphone 2.

Hi-P Electronics intends to pursue the Claim strenuously, including obtaining release of a sum of USD15 million held in an escrow account. The Company is confident of Hi-P Electronics’ Claim.

The financial impact of the dispute on the Group’s financial statements for the financial year ending 31 December 2015 will depend on the outcome of the Claim, including appropriate measures that may be taken to sell the finished goods.

The Board will make further announcement(s) as and when there are material developments in the matter.

By Order of the Board

Yao Hsiao Tung  
Executive Chairman and Chief Executive Officer  
21 August 2015