

## **CIRCULAR DATED 10 APRIL 2015**

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 or opinions made, 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;**
- (2) **THE PROPOSED GRANT OF OPTIONS TO MR YAO HSIAO TUNG (A CONTROLLING SHAREHOLDER OF THE COMPANY) AND MADAM WONG HUEY FANG (AN ASSOCIATE OF MR YAO HSIAO TUNG) UNDER THE HI-P EMPLOYEE SHARE OPTION SCHEME 2014;**
- (3) **THE PROPOSED GRANT OF AWARDS TO MADAM WONG HUEY FANG AND MR YAO HSIAO KUANG (BOTH ASSOCIATES OF MR YAO HSIAO TUNG) UNDER THE HI-P EMPLOYEE SHARE AWARD SCHEME; AND**
- (4) **THE PROPOSED ADOPTION OF THE INTERESTED PERSON TRANSACTIONS MANDATE.**

Independent Financial Adviser  
in relation to the Proposed Adoption of the Interested Person Transactions Mandate



### **UOB KAY HIAN PRIVATE LIMITED**

(Incorporated in Singapore)  
(Company Registration No: 197000447W)

#### **IMPORTANT DATES AND TIMES**

Last Date and Time for Lodgment of Proxy Form	:	Sunday, 26 April 2015 at 3.00 p.m.
Date and Time of Extraordinary General Meeting	:	Tuesday, 28 April 2015 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 3 Room, Level 2 Jurong Country Club 9 Science Centre Road Singapore 609078

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## DEFINITIONS

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

<b>“2014 EGM”</b>	:	The extraordinary general meeting of the Company held on 29 April 2014
<b>“2014 Mandate”</b>	:	Has the meaning ascribed thereto in Section 2.1
<b>“Affected Group” or “Affected Group companies”</b>	:	Has the meaning ascribed thereto in paragraph 3.2 of Appendix I of this Circular
<b>“AGM”</b>	:	The annual general meeting of the Company
<b>“Associate”</b>	:	(a) in relation to any Director, chief executive officer, Substantial Shareholder or Controlling Shareholder (being an individual) means: <ul style="list-style-type: none"><li>(i) his immediate family;</li><li>(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</li><li>(iii) any company in which he and his immediate family together (directly or indirectly) have an interest of 30 per cent. or more;</li></ul> (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 30 per cent. or more
<b>“associated company”</b>	:	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
<b>“Award”</b>	:	A contingent award of Shares granted under the HI-P ESAS
<b>“Board”</b>	:	The board of directors of the Company
<b>“CDP”</b>	:	The Central Depository (Pte) Limited
<b>“Circular”</b>	:	This Circular to Shareholders dated 10 April 2015
<b>“Committee”</b>	:	The Remuneration Committee of the Company for the time being, comprising Directors who are duly authorised and appointed by the Board to administer the HI-P 2014 and the HI-P ESAS
<b>“Companies Act”</b>	:	The Companies Act, Chapter 50 of Singapore, as amended or modified from time to time
<b>“Company” or “Hi-P”</b>	:	Hi-P International Limited

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## DEFINITIONS

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<b>“Controlling Shareholder”</b>	:	A person who: <ul style="list-style-type: none"><li>(a) holds directly or indirectly 15 per cent. 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</li><li>(b) in fact exercises control over the Company</li></ul>
<b>“Date of Grant”</b>	:	Depending on the context, the date on which an Option or an Award is granted to a Participant
<b>“Deputy CEO”</b>	:	Deputy chief executive officer of the Company
<b>“Director”</b>	:	A person holding office as a director for the time being of the Company
<b>“EGM”</b>	:	The extraordinary general meeting of the Company to be convened on 28 April 2015, notice of which is given on pages N1 to N4 of this Circular
<b>“Employee”</b>	:	An employee of the Group (including any Executive Director and any part-time employee)
<b>“EPS”</b>	:	Earnings per Share
<b>“Executive Director”</b>	:	A director of the Company who performs executive functions within the Company
<b>“Exercise Period”</b>	:	The period for the exercise of an Option, being a period commencing: <ul style="list-style-type: none"><li>(1) in the case of a Market Price Option, 50% at any time after the first anniversary of the Date of Grant and the balance 50% at any time after the second anniversary of the Date of the Grant, and expiring on (i) the fifth anniversary of such Date of Grant for Non-Executive Directors and (ii) the tenth anniversary of such Date of Grant for Group Employees; and</li><li>(2) in the case of an Incentive Option, 50% at any time after the second anniversary of the Date of Grant and the balance 50% at any time after the third anniversary of the Date of Grant, and expiring on (i) the fifth anniversary of such Date of Grant for Non-Executive Directors and (ii) the tenth anniversary of such Date of Grant for Group Employees,</li></ul> subject as provided in Rules 7 and 8 of the HI-P ESOS 2014 Rules and any other conditions as may be introduced by the Committee from time to time
<b>“Exercise Price”</b>	:	The price at which a Participant shall subscribe for each Share upon the exercise of an Option, as determined in accordance with the HI-P ESOS 2014 Rules
<b>“Group”</b>	:	The Company and its subsidiaries

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## DEFINITIONS

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<b>“Group Employee”</b>	:	Any confirmed employee of the Company and/or its subsidiaries, as the case may be, (including any Group Executive Director) selected by the Committee to participate in the HI-P ESOS 2014 and/or HI-P ESAS
<b>“Group Executive Director”</b>	:	A director of the Company and/or its subsidiaries, as the case may be, who performs an executive function within the Group
<b>“Hi-P Employee Share Award Scheme” or the “HI-P ESAS”</b>	:	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
<b>“Hi-P Employee Share Option Scheme 2003 ” or the “HI-P ESOS 2003”</b>	:	The Hi-P Employee Share Option Scheme as approved by Shareholders on 7 October 2003, and which expired on 6 October 2013
<b>“Hi-P Employee Share Option Scheme 2014” or the “HI-P ESOS 2014”</b>	:	The Hi-P Employee Share Scheme as approved by Shareholders on 29 April 2014, and as may be modified or altered from time to time
<b>“HI-P ESAS Rules”</b>	:	Rules of the Hi-P Employee Share Award Scheme
<b>“HI-P ESOS 2003 Rules”</b>	:	Rules of the Hi-P Employee Share Option Scheme 2003
<b>“HI-P ESOS 2014 Rules”</b>	:	Rules of the Hi-P Employee Share Option Scheme 2014
<b>“immediate family”</b>	:	In relation to a person, means the person’s spouse, child, adopted child, step-child, sibling and parent
<b>“Independent Directors”</b>	:	The Directors who are considered to be independent in relation to the Proposed Grant and the adoption of the Proposed 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
<b>“Independent Shareholders”</b>	:	Shareholders who are considered to be independent in relation to (a) the Proposed Grant, comprising Shareholders who are not Participants; and (b) the adoption of the Proposed IPT Mandate, comprising Shareholders other than Mr Yao Hsiao Tung, Madam Wong Huey Fang and their respective Associates
<b>“Interested Persons”</b>	:	Has the meaning ascribed thereto in Section 4.3 and paragraphs 3.1 and 4 of Appendix I of this Circular
<b>“IFA”</b>	:	UOB Kay Hian Private Limited
<b>“Latest Practicable Date”</b>	:	The latest practicable date prior to the printing of this Circular, being 27 March 2015
<b>“Listing Manual”</b>	:	The listing rules of the SGX-ST, as may be amended, varied or supplemented from time to time
<b>“Mandated IPTs”</b>	:	Has the meaning ascribed thereto in Section 4.4 and paragraphs 3.2 and 5 of Appendix I of this Circular
<b>“Market Day”</b>	:	A day on which the SGX-ST is open for trading of securities

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## DEFINITIONS

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<b>“Market Price”</b>	:	An amount equal to the average of the last dealt prices for the Shares, as determined by reference to the daily official list published by the SGX-ST over the five consecutive Market Days immediately preceding the Date of Grant of the Option, rounded to the nearest whole cent in the event of fractional prices provided that in the case of a Market Day on which the Shares were not traded on the SGX-ST, the last dealt price for Shares on such Market Day shall be deemed to be the last dealt price of the Shares on the immediately preceding Market Day on which the Shares were traded
<b>“Market Price Option”</b>	:	The right to subscribe for Shares to be granted pursuant to the HI-P ESOS 2014 and in respect of which the Exercise Price is at a price equal to the Market Price
<b>“New Shares”</b>	:	Depending on the context, new Shares to be issued by the Company following the exercise of Options under the HI-P ESOS 2003 or HI-P ESOS 2014, as the case may be, or new Shares to be issued by the Company due to the vesting of Awards under the HI-P ESAS
<b>“Non-Executive Director”</b>	:	A director of the Company and/or its subsidiaries, as the case may be, other than Group Executive Directors and including an Independent Director, who does not perform an executive function within the Group
<b>“NTA”</b>	:	Net tangible assets
<b>“Option”</b>	:	A right granted under the HI-P ESOS 2014 to subscribe for Shares in accordance with the HI-P ESOS 2014 Rules
<b>“2003 Option”</b>	:	A right granted under the HI-P ESOS 2003 to subscribe for Shares in accordance with the HI-P ESOS 2003 Rules
<b>“Participant”</b>	:	Depending on the context, a participant in the HI-P ESOS 2014 and/or HI-P ESAS
<b>“Proposed Grant”</b>	:	The proposed grant of (a) Options under the HI-P ESOS 2014 and/or (b) Awards under the HI-P ESAS, to the Controlling Shareholder, Mr Yao Hsiao Tung and his Associates, Madam Wong Huey Fang and Mr Yao Hsiao Kuang, as set out in Section 3.5 of this Circular
<b>“Proposed IPT Mandate”</b>	:	The proposed mandate pursuant to Rule 920 of the Listing Manual for recurrent interested person transactions of a revenue or trading nature in the ordinary course of business, as modified for altered from time to time
<b>“Record Date”</b>	:	The date fixed by the Company for the purposes of determining entitlements to dividends or other distributions to or rights of holders of Shares
<b>“Registrar”</b>	:	Accounting and Corporate Regulatory Authority of Singapore
<b>“Remuneration Committee”</b>	:	The Remuneration Committee of the Company from time to time.
<b>“ROE”</b>	:	Return on Equity

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## DEFINITIONS

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<b>“Rules”</b>	:	Depending on the context, the rules of the HI-P ESOS 2003, HI-P ESOS 2014 or the HI-P ESAS, as may be modified or amended from time to time and any reference to a particular Rule shall be construed accordingly
<b>“SGX-ST”</b>	:	Singapore Exchange Securities Trading Limited
<b>“Share Purchase Mandate”</b>	:	The general and unconditional mandate given by Shareholders to authorise the Directors to purchase on behalf of the Company, Shares in accordance with the terms set out in this Circular, the Companies Act and the Listing Manual
<b>“Shareholders”</b>	:	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
<b>“Shares”</b>	:	Ordinary shares in the capital of the Company
<b>“SIC”</b>	:	Securities Industry Council
<b>“Substantial Shareholder”</b>	:	A Shareholder who has an interest (directly or indirectly) of not less than 5 per cent. of the total voting shares of the Company
<b>“Take-over Code”</b>	:	The Singapore Code on Take-overs and Mergers, as the same may be amended or modified from time to time
<b>“S\$”, “\$” and “cents”</b>	:	Singapore dollars and cents, respectively
<b>“%” or “per cent”</b>	:	Per centum or percentage

For the purpose of this Circular, Mr Yao Hsiao Tung is also known as Mr Yao, Madam Wong Huey Fang is also known as Madam Wong, and Mr Yao Hsiao Kuang is also known as Mr HK Yao.

The terms “Depositor”, “Depository” and “Depository Register” shall have the meanings ascribed to them respectively in Section 130A of the Companies Act.

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.

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## LETTER TO SHAREHOLDERS

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### 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

10 April 2015

Dear Sir/Madam

#### 1. INTRODUCTION

The Board of Hi-P is convening an EGM to be held on 28 April 2015 to seek the approval of Shareholders for:

- (a) the proposed renewal of the Share Purchase Mandate;
- (b) the proposed grant of Options to Mr Yao Hsiao Tung (a Controlling Shareholder) and Madam Wong Huey Fang (an Associate of Mr Yao Hsiao Tung) under the HI-P ESOS 2014;
- (c) the proposed grant of Awards to Madam Wong Huey Fang and Mr Yao Hsiao Kuang (both Associates of Mr Yao Hsiao Tung) under the HI-P ESAS; and
- (d) the adoption of the Proposed IPT Mandate.

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

#### 2. THE PROPOSED RENEWAL OF THE SHARE PURCHASE MANDATE

##### 2.1 Background

At the 2014 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 “2014 Mandate”).

The 2014 Mandate was expressed to take effect from the date of the passing of the ordinary resolution relating thereto at the 2014 EGM and will expire on the date of the forthcoming AGM to be held on 28 April 2015. Accordingly, Shareholders’ approval is being sought for the proposed renewal of the Share Purchase Mandate at the 2015 EGM to be held immediately after the AGM on 28 April 2015.



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## LETTER TO SHAREHOLDERS

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### 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.

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 Company 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 of the Company 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 of the Company.

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## LETTER TO SHAREHOLDERS

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Purely for illustration purposes, on the basis of 817,219,339 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;
- (b) an aggregate of 29,951 Shares, being the balance subsisting Awards granted under the HI-P ESAS on 12 April 2013 to entitled Employees, are vested on 12 April 2015 pursuant to the terms of the grant of the Awards;
- (c) none of the Awards to be vested on 12 April 2015 as aforesaid has lapsed pursuant to the terms of the HI-P ESAS and an aggregate of 29,951 treasury shares are transferred to entitled Employees before the date of the EGM to satisfy the terms of the Awards granted on 12 April 2013;
- (d) out of the 69,955,661 treasury shares of the Company held as at the Latest Practicable Date, save for the aforesaid 29,951 treasury shares to be transferred pursuant to the vesting on 12 April 2015, none of the balance 69,925,710 treasury shares 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
- (e) 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 81,724,929 Shares, being 10% of the resultant total number of 817,249,290 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 30 April 2015, an aggregate of 65,351 Shares, being the balance subsisting Awards granted under the HI-P ESAS on 30 April 2013 to Mr Yao Hsiao Tung, a Controlling Shareholder and his Associates, Madam Wong Huey Fang and Mr Yao Hsiao Kuang, pursuant to the terms of the grant of the Awards; and
- (b) on 7 May 2015, an aggregate of 104,602 Shares, being 50% of the 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.

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 817,249,290 resultant 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 30 April 2015 and 7 May 2015 as aforesaid has lapsed pursuant to the terms of the HI-P ESAS and an aggregate of 169,953 treasury shares are transferred to entitled Employees (including Mr Yao Hsiao Tung, Madam Wong Huey Fang and Mr Yao Hsiao Kuang) to satisfy the terms of the Awards granted on 30 April 2013 and 7 May 2014 as aforesaid;

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## LETTER TO SHAREHOLDERS

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- (c) out of the 69,925,710 treasury shares of the Company assumed to be held as at the date of the EGM, save for the aforesaid 169,953 treasury shares to be transferred, none of the balance 69,755,757 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 81,724,929 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 67,315,000 Shares from public Shareholders, which represents approximately 8.24 per cent. 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.

### 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 of the Company 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 Central Limit Order Book trading system or on another stock exchange on which the Shares are listed; 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

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## LETTER TO SHAREHOLDERS

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- (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.

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

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.

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## LETTER TO SHAREHOLDERS

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### 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.

#### 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.

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## LETTER TO SHAREHOLDERS

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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.

#### 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\$0.5891 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\$8,836,500 excluding brokerage, commission, applicable goods and services tax and other related expenses.

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## LETTER TO SHAREHOLDERS

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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\$0.6171 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\$9,256,500 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 audited financial statements of the Company and Group for the financial year ended 31 December 2014 and on the basis of the assumptions set out below:

- (a) the Maximum Price paid for Shares acquired or purchased is as stated in paragraph 2.7.3 above;
- (b) 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\$0.5891 for one 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 for the purchase or acquisition of 15,000,000 Shares (excluding commission, brokerage, applicable goods and services tax and other related expenses) is approximately S\$8,836,500;
- (c) 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\$0.6171 for one 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 for the purchase or acquisition of 15,000,000 Shares (excluding commission, brokerage, applicable goods and services tax and other related expenses) is approximately S\$9,256,500; and
- (d) 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 2014 would be as follows:

## LETTER TO SHAREHOLDERS

### Market Purchases

Open Market @ S\$ 0.5891	Group		Group	
As at 31 December 2014 (audited)	Out of Distributable Profits and Held as Treasury Shares		Out of Distributable Profits and Cancelled	
(S\$000)	Before Share Purchase	After Share Purchase	Before Share Purchase	After Share Purchase
Shareholders' Funds	605,919	597,082	605,919	597,082
Current Assets	818,496	809,659	818,496	809,659
Current Liabilities	635,575	635,575	635,575	635,575
Total Borrowings	215,262	215,262	215,262	215,262
Cash and cash equivalents and short term deposits pledged	213,104	204,267	213,104	204,267
Net Tangible Assets	602,398	593,561	602,398	593,561
Profit After Tax	10,469	10,469	10,469	10,469
Number of Shares ('000)	817,219	802,219	817,219	802,219
Treasury shares	69,956	84,956	69,956	69,956
		887,175		872,175
Basic Earnings per Share (cent)	1.28	1.30	1.28	1.30
Net Asset per Share (cent)	74.14	74.43	74.14	74.43
Net gearing [Borrowings less cash & cash equivalent and short term deposits pledged, divided by shareholders' funds]	0.4%	1.8%	0.4%	1.8%
Return on equity	1.7%	1.8%	1.7%	1.8%



## LETTER TO SHAREHOLDERS

### Off-Market Purchases

Off Market @ S\$0.6171	Group		Group	
As at 31 December 2014 (audited)	Out of Distributable Profits and Held as Treasury Shares		Out of Distributable Profits and Cancelled	
(S\$000)	Before Share Purchase	After Share Purchase	Before Share Purchase	After Share Purchase
Shareholders' Funds	605,919	596,662	605,919	596,662
Current Assets	818,496	809,239	818,496	809,239
Current Liabilities	635,575	635,575	635,575	635,575
Total Borrowings	215,262	215,262	215,262	215,262
Cash and cash equivalents and short term deposits pledged	213,104	203,847	213,104	203,847
Net Tangible Assets	602,398	593,141	602,398	593,141
Profit After Tax	10,469	10,469	10,469	10,469
Number of Shares ('000)	817,219	802,219	817,219	802,219
Treasury shares	69,956	84,956	69,956	69,956
		887,175		872,175
Basic Earnings per Share (cent)	1.28	1.30	1.28	1.30
Net Asset per Share (cent)	74.14	74.38	74.14	74.38
Net gearing [Borrowings less cash & cash equivalent and short term deposits pledged, divided by shareholders' funds]	0.4%	1.9%	0.4%	1.9%
Return on equity	1.7%	1.8%	1.7%	1.8%

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.

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## LETTER TO SHAREHOLDERS

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### 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 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 of the Company or its subsidiaries, as well as the Associates of such persons.

As at the Latest Practicable Date, approximately 142,246,490 Shares, representing 17.41 per cent. of the issued Shares (excluding treasury shares) are held by the public.

Based on the total number of issued Shares of 817,219,339 as at the Latest Practicable Date, and after adjusting for (a) 29,951 Shares to be transferred to entitled Employees pursuant to the vesting of Awards on 12 April 2015; (b) 65,351 Shares to be transferred to Mr Yao Hsiao Tung (a Controlling Shareholder) and Madam Wong Huey Fang and Mr Yao Hsiao Kuang (both Associates of Mr Yao Hsiao Tung) pursuant to the vesting of Awards on 30 April 2015; and (c) 104,602 Shares to be transferred to entitled Employees (including Mr Yao Hsiao Tung, Madam Wong Huey Fang and Mr Yao Hsiao Kuang) pursuant to the vesting of Awards on 7 May 2015, 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 81,724,929 Shares, being the full 10% limit of the resultant total number of issued Shares as at the date of the EGM, would result in about 8.23% 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 of the Company on the SGX-ST.

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## LETTER TO SHAREHOLDERS

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The Company will only be able to purchase a maximum of 67,315,000 Shares, representing approximately 8.24% 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 67,315,000 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).

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.

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## LETTER TO SHAREHOLDERS

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Unless the contrary is established, the Take-over Code presume, *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);
  - (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 of the Company (including Directors of the Company) 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.

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## LETTER TO SHAREHOLDERS

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### 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, a Shareholder not acting in concert with the Directors of the Company 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 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 67,315,000 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:

## LETTER TO SHAREHOLDERS

	Before Share Purchase (No. of Shares)		Percentage (%) of Direct Interest	
	Direct Interest	Deemed Interest	Before Share Purchase <sup>3</sup>	After Share Purchase <sup>4</sup>
<b>Directors</b>				
Yao Hsiao Tung	492,576,144	6,597,289 <sup>1</sup>	60.27	65.67
Wong Huey Fang	1,358,751	853,828 <sup>1</sup>	0.17	0.18
Yeo Tiong Eng	500,000	–	0.06	0.07
Chester Lin Chien	2,000,000	–	0.24	0.27
Leong Lai Peng	300,000	–	0.04	0.04
Lim Thien Su Gerald	–	–	–	–
<b>Substantial Shareholders (who are not Directors)</b>				
Molex International Inc	178,236,020	–	21.81	23.76
Molex Incorporated Molex Connectors, LLC Molex Electronic Technologies, LLC Molex Electronic Technologies Holdings, LLC Koch Industries, Inc. Charles G. Koch David H. Koch	–	178,236,020 <sup>2</sup>	21.81	23.76

**Notes:**

- Mr Yao Hsiao Tung's deemed interest arises by virtue of the Options to subscribe for an aggregate of 6,445,309 Shares and Awards of 151,980 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 834,091 Shares and Awards of 19,737 Shares held by her as at the Latest Practicable Date.
- Molex International Inc holds 178,236,020 Shares.
  - Molex Incorporated 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 Incorporated.
  - Molex Electronic Technologies, LLC has a deemed interest in the 178,236,020 Shares held by Molex International Inc. by reason of its 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 817,219,339 as at the Latest Practicable Date (excluding treasury shares).
- The percentage shareholdings are computed based on the resultant total number of 750,104,243 issued Shares remaining assuming the Company purchases or acquires the maximum number of 67,315,000 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 12 April 2015, 30 April 2015 and 7 May 2015. 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 2014 Mandate

The Company has in the last twelve months preceding the Latest Practicable Date, purchased 1,107,000 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 <sup>1</sup> Paid (S\$)
16 October 2014	204,000	0.625	0.610	126,642.46
18 November 2014	108,000	0.630	0.625	67,912.08
19 November 2014	138,000	0.655	0.650	90,060.52
27 November 2014	316,000	0.715	0.705	225,525.65
1 December 2014	241,000	0.705	0.695	169,129.04
3 December 2014	100,000	0.710	0.710	71,170.40

**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 GRANT

### 3.1 Summary of the HI-P ESOS 2014

The HI-P ESOS 2003 was approved and adopted by the Company at an extraordinary general meeting of the Company held on 7 October 2003 and expired on 6 October 2013. Following the expiry of the HI-P ESOS 2003, the adoption of the HI-P ESOS 2014 was proposed and approved by Shareholders at the extraordinary general meeting of the Company held on 29 April 2014. The HI-P ESOS 2014 applies to Directors (including Non-Executive Directors) and Group Employees (including Controlling Shareholders and their Associates who are Group Employees).

At the extraordinary general meeting of the Company held on 29 April 2014, Shareholders approved also the participation of Mr Yao Hsiao Tung, a Controlling Shareholder, and his Associates Madam Wong Huey Fang and Mr Yao Hsiao Kuang in the HI-P ESOS 2014.

The HI-P ESOS 2014 is administered by the Remuneration Committee, comprising Madam Leong Lai Peng (Chairman), Mr Chester Lin Chien and Mr Lim Thien Su Gerald.

A summary of the HI-P ESOS 2014 Rules is set out below.

#### 3.1.1 Administration

The HI-P ESOS 2014 is administered by the Committee consisting of Directors (including Directors or persons who may be Participants of the HI-P ESOS 2014) with powers to determine, *inter alia*, persons to be granted Options, number of and terms of any Options to be offered and recommendations for modifications to the HI-P ESOS 2014. A member of the Committee who is also a Participant of the HI-P ESOS 2014 must not be involved in its deliberation in respect of Options granted or to be granted to him.

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## LETTER TO SHAREHOLDERS

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### 3.1.2 Eligibility

Subject to the absolute discretion of the Committee, the following persons shall be eligible to participate in the HI-P ESOS 2014:

- (a) Full-time or part-time confirmed Group Employee (including Group Executive Directors); and
- (b) Non-Executive Directors,

provided that, as at the Date of Grant, such persons have attained the age of 21 years, are not undischarged bankrupts and have not entered into any composition(s) with their respective creditors.

Subject to the absolute discretion of the Committee, Controlling Shareholders and their Associates who meet the criteria as set out above are eligible to participate in the HI-P ESOS 2014, provided that the participation of each Controlling Shareholder or his Associate and each grant of an Option to any of them may only be effected with the specific prior approval of Independent Shareholders in general meeting by a separate resolution.

### 3.1.3 Entitlement of Participants

Options are personal to the Participants to whom they are granted and shall not be transferred (other than to a Participant's personal representative on the death of that Participant), charged, assigned, pledged or otherwise disposed of, in whole or in part, except with the prior approval of the Committee.

### 3.1.4 Size of the HI-P ESOS 2014

The aggregate number of Shares over which the Committee may grant Options under the HI-P ESOS 2014, when added to the number of Shares issued and issuable and/or transferred and transferable in respect of all options and awards granted under the HI-P ESOS 2003, HI-P ESAS and any other share-based incentive schemes of the Company (as the case may be) shall not exceed fifteen per cent. (15%) of the total number of issued Shares excluding treasury shares on the day preceding the relevant date of grant of the Options.

The total number of Shares over which Options may be granted under the HI-P ESOS 2014 to Controlling Shareholders and their Associates shall not exceed twenty five per cent. (25%) of the Shares available under the HI-P ESOS 2014, and the number of Shares over which an Option may be granted to each Controlling Shareholder or his Associate shall not exceed ten per cent. (10%) of the Shares available under the HI-P ESOS 2014.

### 3.1.5 Exercise Price

Subject to any adjustment pursuant to the HI-P ESOS 2014 Rules, the Exercise Price for each Share in respect of which an Option is exercisable shall be determined by the Committee at its absolute discretion, on the Date of Grant, at:

- (a) a price equal to the Market Price; or
- (b) a price which is set at a discount to the Market Price, provided that:
  - (i) the maximum discount shall not exceed twenty (20) per cent. of the Market Price; and
  - (ii) the Shareholders in general meeting shall have authorised, in a separate resolution, the making of offers and grants of Options under the HI-P ESOS 2014 at a discount not exceeding the maximum discount as aforesaid.



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### 3.1.6 Exercise Period

The period during which an Option is exercisable is:

- (a) in the case of a Market Price Option, 50% at any time after the first anniversary of the Date of Grant and the balance 50% at any time after the second anniversary of the Date of the Grant, and expiring on (i) the fifth anniversary of such Date of Grant for Non-Executive Directors and (ii) the tenth anniversary of such Date of Grant for Group Employees; and
- (b) in the case of an Incentive Option, 50% at any time after the second anniversary of the Date of Grant and the balance 50% at any time after the third anniversary of the Date of Grant, and expiring on (i) the fifth anniversary of such Date of Grant for Non-Executive Directors and (ii) the tenth anniversary of such Date of Grant for Group Employees,

subject to the HI-P ESOS 2014 Rules and any other conditions as may be introduced by the Committee from time to time.

### 3.1.7 Grant of Options

Under the HI-P ESOS 2014 Rules, there are no fixed periods for the grant of Options. As such, offers of the grant of Options may be made at any time and from time to time at the discretion of the Committee. However, in the event that an announcement on any matter of an exceptional nature involving unpublished price sensitive information is imminent, offers may only be made after the second market day from the date on which the aforesaid announcement is made.

### 3.1.8 Acceptance of Options

An Option offered to a Participant shall be accepted by the Participant within thirty (30) days after the Date of Grant and not later than 5.00 p.m. on the 30th day of such Date of Grant. Offers of Options made to Participants, if not accepted before the closing date, will lapse. Upon acceptance of the offer, the Participant must complete and provide to the Committee the relevant form of acceptance together with a consideration of S\$1.00.

### 3.1.9 Delivery of Shares

Subject to such consents or other required action of any competent authority under any regulations or enactment for the time being in force as may be necessary and subject to compliance with the terms of the HI-P ESOS 2014 and the Memorandum and Articles of Association of the Company, the Company will have the flexibility to, within ten (10) Market Days after the exercise of an Option, deliver Shares to Participants upon exercise of their Options by way of: -

- (a) an issue of New Shares; and/or
- (b) the transfer of existing Shares to the Participant, whether such existing Shares are held as treasury shares or otherwise.

### 3.1.10 Variation of Capital

If a variation in the number of issued Shares of the Company (whether by way of a capitalisation of profits or reserves or rights issue or reduction, subdivision, consolidation or distribution or otherwise howsoever) should take place, then:

- (a) the Exercise Price in respect of the Shares, class and/or number of Shares comprised in the Options to the extent unexercised and the rights attached thereto; and/or

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- (b) the class and/or number of Shares over which Options may be granted under the HI-P ESOS 2014,

may be adjusted in such manner as the Committee may determine to be appropriate. For the avoidance of doubt, (a) no adjustment shall be made if as a result, the Participant receives a benefit that a Shareholder does not receive; and (b) any adjustment (except in relation to a capitalisation issue) must be confirmed in writing by the auditors (acting only as experts and not as arbitrators) to be in their opinion, fair and reasonable.

### 3.1.11 Modifications to the HI-P ESOS 2014

Any or all the provisions of the HI-P ESOS 2014 may be modified and/or altered at any time and from time to time by resolution of the Committee, except that:

- (a) no modification or alteration shall in the opinion of the Committee materially alter adversely the rights attaching to any Option granted prior to such modification or alteration except with the consent in writing of such number of Participants who, if they exercised their Options in full, would thereby become entitled to not less than three-quarters of the total voting rights of the Shares which would fall to be allotted upon exercise in full of all outstanding Options;
- (b) any modification or alteration which would be to the advantage of Participants under the HI-P ESOS 2014 shall be subject to the prior approval of Shareholders in general meeting whereby Shareholders who are also holders of Options shall be required to abstain from voting in respect of any resolution relating to such modification or alteration; and
- (c) any modification or alteration shall be subject to the prior approval of the SGX-ST (if required) and such other regulatory authorities as may be necessary.

For the purposes stated in sub-paragraph (a) above, the opinion of the Committee as to whether any modification or alteration would alter adversely the rights attaching to any Option shall be final and conclusive.

### 3.1.12 Duration of the HI-P ESOS 2014

The HI-P ESOS 2014 shall continue to be in force at the discretion of the Committee, subject to a maximum period of ten (10) years, commencing on the date the HI-P ESOS 2014 is adopted by the Company in general meeting, provided always that the HI-P ESOS 2014 may be extended with the approval of Shareholders by ordinary resolution in a general meeting and of any relevant authorities which may then be required.

The HI-P ESOS 2014 may be terminated at any time by the Committee or by resolution of the Shareholders at general meeting subject to all other relevant approvals which may be required and if the HI-P ESOS 2014 is so terminated, no further Options shall be offered by the Company. Notwithstanding the expiry or termination of the HI-P ESOS 2014, any Options granted to and accepted by Participants prior to such expiry or termination will continue to remain valid.

### 3.1.13 Rights of New Shares

Shares arising from the exercise of Options are subject to the provisions of the Memorandum and Articles of Association of the Company. The Shares so allotted will upon issue rank in full for all entitlements, including dividends or other distributions declared or recommended in respect of the then existing Shares, the Record Date for which is on or after the relevant date upon which such exercise occurred, and shall in all other respects rank *pari passu* with other existing Shares then in issue.

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### 3.1.14 Termination of Options

Certain provisions in the HI-P ESOS 2014 Rules deal with the lapse or earlier exercise of Options in circumstances which include the termination of the Participant's employment in the Group, the bankruptcy of the Participant, the death of the Participant and a take-over of the Company.

### 3.2 Summary of the HI-P ESAS

The HI-P ESAS was approved and adopted at the Company's extraordinary general meeting held on 23 April 2009. The HI-P ESAS applies to Executive Directors, Group Employees (including Controlling Shareholders and their Associates who are Group Employees).

At the extraordinary general meeting held on 23 April 2009, Shareholders approved also the participation of Mr Yao Hsiao Tung, a Controlling Shareholder, and Madam Wong Huey Fang, an Associate of Mr Yao Hsiao Tung, in the HI-P ESAS. At the extraordinary general meeting held on 29 April 2013, Shareholders approved the participation of Mr Yao Hsiao Kuang, an Associate of Mr Yao Hsiao Tung, in the HI-P ESAS.

The HI-P ESAS is administered by the Remuneration Committee, comprising Madam Leong Lai Peng (Chairman), Mr Chester Lin Chien and Mr Lim Thien Su Gerald.

A summary of the HI-P ESAS Rules is set out below.

#### 3.2.1 Administration

The HI-P ESAS is administered by the Committee with such powers and duties as are conferred on it by the Board including *inter alia*, power to impose restrictions on the number of Awards that may be vested within each financial year and amending conditions of any Award. No member of the Committee shall participate in any deliberation or decision in respect of Awards to be granted to him.

#### 3.2.2 Eligibility

The following persons (provided that such persons are not un-discharged bankrupts at the relevant time) are eligible to participate in the HI-P ESAS at the absolute discretion of the Committee:

- (a) Group Employees in Level 6 (i.e. Senior Manager) and above who have been employed for a minimum of at least 12 months or such shorter period as the Committee may determine and have attained the age of 21 years on or before the date of commencement of the HI-P ESAS;
- (b) Executive Directors; and
- (c) any other Group Employees who have attained the age of 21 years on or before the date of commencement of the HI-P ESAS as the Committee may, in its absolute discretion, include to participate in the HI-P ESAS.

Group employees who are Controlling Shareholders or their Associates who (a) have attained the age of 21 years on or before the relevant date of grant of an Award and (b) hold such rank as may be designated by the Committee, shall be eligible to participate in the HI-P ESAS provided that:

- (i) clear justifications have been provided to Shareholders for their participation and the terms of the Award to be granted to them;
- (ii) their participation in the HI-P ESAS and the terms of the Award to be granted to them are specifically approved by Independent Shareholders in a general meeting in separate resolutions for each such individual; and

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- (iii) all conditions for their participation in the HI-P ESAS as may be required by the regulations of the SGX-ST from time to time are satisfied.

### 3.2.3 Entitlement of Participants

Awards are personal to the Participant to whom it is given and shall not be transferred (other than to a Participant's personal representative on the death of that Participant), charged, assigned, pledged or otherwise disposed of, in whole or in part, unless with the prior approval of the Committee.

### 3.2.4 Size of the HI-P ESAS

The total number of Shares which may be issued or issuable pursuant to Awards granted under the HI-P ESAS, when added to the aggregate number of Shares that are issued or issuable pursuant to the exercise of Options granted under the HI-P ESOS 2003, HI-P ESOS 2014 and all other share award schemes and share option schemes, shall not exceed fifteen per cent. (15%) of the total number of issued Shares of the Company on the day preceding the date of grant of any Award.

The aggregate number of Shares available to Controlling Shareholders and their Associates shall not exceed twenty five per cent. (25%) of the total number of Shares available under the HI-P ESAS, and the number of Shares available to each Controlling Shareholder or his Associate shall not exceed ten per cent. (10%) of the total number of Shares available under the HI-P ESAS.

### 3.2.5 Grant of Awards

The selection of a Participant (i.e. a person selected by the Committee to participate in the HI-P ESAS), the approved proportion of Shares comprising the Award which shall not exceed fifty per cent (50%) of the annual bonus of the Participant, and other conditions of the Award shall be determined at the absolute discretion of the Committee.

Once an Award is finalized by the Committee, the Committee shall issue a letter of award to the Participant specifying *inter alia*, his annual bonus, the Shares comprised in the Award and the latest date by which the Participant can confirm his acceptance of the Award.

### 3.2.6 Vesting of the Awards

Subject to compliance with the following conditions:

- (i) the Participant has accepted the Award within the date specified by the Committee;
- (ii) the Participant has continued to be in employment with, and has continued serving in his appointed capacity, with the Group from the date of acceptance of the Award; and
- (iii) the Award is still subsisting,

the Award shall vest and the Committee will release to the Participant the Shares comprised in the Award. The Committee shall have absolute discretion to set, alter or waive any conditions imposed. Any such modification, alteration or waiver is not a modification of the HI-P ESAS Rules for the purposes of Rule 14 of the HI-P ESAS Rules.

### 3.2.7 Delivery of Shares

Subject to such consents or other required action of any competent authority under any regulations or enactments for the time being in force as may be necessary and subject to compliance with the terms of the HI-P ESAS and the Memorandum and Articles of Association of the Company, the Company shall, within ten (10) Market Days after the vesting of an Award, allot the relevant Shares and despatch to CDP the relevant share certificates by ordinary post or such other mode as the Committee may deem fit.

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### 3.2.8 Variation of Capital

If a variation in the issued shares of the Company (whether by way of a capitalisation of profits or reserves or rights issue, reduction, subdivision, consolidation, distribution or otherwise) shall take place, then:

- (a) the class and/or number of Shares comprised in an Award; and/or
- (b) the class and/or number of Shares which may be granted under the Scheme,

shall be adjusted by the Committee to give each Participant the same proportion of the equity capital of the Company as that to which he was previously entitled and, in doing so, the Committee shall determine at its own discretion the manner in which such adjustment shall be made. Notwithstanding the foregoing, (a) the adjustment must be made in such a way that a Participant will not receive a benefit that a Shareholder does not receive; and (b) any determination by the Committee as to whether to make any adjustment and if so, the manner in which such adjustment should be made, must (except in relation to a capitalization issue) be confirmed in writing by the auditors (acting only as experts and not as arbitrators) to be in their opinion, fair and reasonable.

### 3.2.9 Modifications to the HI-P ESAS

Any or all of the HI-P ESAS Rules may be modified and/or altered at any time and from time to time by resolution of the Committee, except that:

- (a) any modification or alteration which would be to the advantage of Participants under the HI-P ESAS shall be subject to the prior approval of Shareholders in general meeting;
- (b) no modification or alteration shall adversely alter the rights attached to Awards granted prior to such modification or alteration, except with the written consent of such number of Participants who, if the Shares comprised in the Awards granted to them have vested, would thereby become entitled to not less than three quarters in number of all the Shares which would be available under the HI-P ESAS; and
- (c) no modification or alteration shall be made without due compliance with the Listing Manual and such other regulatory authorities as may be necessary.

For the purposes stated in sub-paragraph (b) above, the opinion of the Committee as to whether any modification or alteration would adversely affect the rights attached to any Award shall be final, binding and conclusive.

### 3.2.10 Duration of the HI-P ESAS

The HI-P ESAS shall continue to be in force at the discretion of the Committee, subject to a maximum period of ten (10) years commencing on the date the HI-P ESAS was adopted by the Company in general meeting, provided always that the HI-P ESAS may be extended with the approval of Shareholders by ordinary resolution in general meeting and of any relevant authorities which may then be required. The HI-P ESAS may be terminated at any time by the Committee or by resolution of the Company in general meeting subject to all relevant approvals, which may be required and if the HI-P ESAS is so terminated, no further Awards shall be vested thereunder. The termination of the HI-P ESAS shall not affect Awards, which have been vested, whether such Shares have been delivered or not.

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### 3.2.11 Rights of Shares

Shares issued and allotted upon the vesting of an Award shall be subject to all the provisions of the Memorandum and Articles of Association of the Company, and shall rank in full for all entitlements, excluding dividends or other distributions declared or recommended in respect of the then existing Shares, the Record Date for which falls on or before the relevant vesting date of the Award, and shall in all other respects rank *pari passu* with other Shares then in issue.

### 3.2.12 Lapsing of Awards

Certain provisions in the HI-P ESAS deal with the lapsing of Awards in circumstances which include the bankruptcy of the Participant, a Participant's misconduct and a take-over of the Company.

## 3.3 Financial Effects

### 3.3.1 Financial Effects of the HI-P ESOS 2014

Details of the costs to the Company of granting Options under the HI-P ESOS 2014 and the allotment and issue or transfer of Shares pursuant thereto are as follows:

#### Share Capital

The HI-P ESOS 2014 will result in an increase in the number of issued Shares of the Company to the extent that New Shares are allotted and issued upon the exercise of the Options. This number of New Shares issued will in turn depend on, *inter alia*, the number of Shares comprised in the Options granted, the number of Options that are exercised and whether the Company chooses to deliver treasury shares or allot and issue New Shares to holders of Options.

As such, there would be no impact on the number of issued Shares if the relevant Options are not exercised or if treasury shares are delivered to holders of Options instead of an allotment and issue of New Shares.

#### NTA

The issue of New Shares upon the exercise of an Option will increase the Company's consolidated NTA by the aggregate Exercise Price of the New Shares issued. On a per Share basis, the effect on the NTA of the Company is accretive if the Exercise Price is above the NTA per Share but dilutive otherwise.

If treasury shares, instead of New Shares, are delivered upon the exercise of an Option, there will be no impact to the NTA but there will be a dilutive impact on the NTA per Share.

#### EPS

The HI-P ESOS 2014 will have a dilutive impact on the Company's consolidated EPS, whether pursuant to an increase in the number of issued Shares of the Company to the extent that New Shares are allotted and issued pursuant thereto, or the delivery of treasury shares. As the monetary cost of granting Options with a discounted Exercise Price is borne by the Company, in a case where Options are granted with an Exercise Price pegged at a discount to the market price, the earnings of the Company would effectively be reduced by an amount corresponding to the reduced interest earnings that the Company would otherwise have received from the difference in proceeds from the Exercise Price with no discount versus the discounted Exercise Price. Such reduction would, accordingly, result in the dilution of the Company's consolidated EPS. For further understanding of the impact on the Company's consolidated EPS arising from the HI-P ESOS 2014 under FRS 102, please refer to the paragraph below "Potential Cost of Options". However, the impact arising from the HI-P ESOS 2014 on the Company's consolidated EPS is not expected to be material in any given financial year.

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### Potential Cost of Options

Any Options granted under the HI-P ESOS 2014 would have a fair value. In the event that such Options are granted at prices below the fair value of the Options, there will be a cost to the Company. The amounts of such costs may be more significant in the case of Options granted with Exercise Prices set at a discount to the Market Price of the Shares. In addition to the impact on the Company's consolidated EPS and consolidated NTA as described above, the cost to the Company of granting Options under the HI-P ESOS 2014 would be as follows:

- (i) the exercise of an Option at the Exercise Price which is set at a discount to the Market Price would translate into lower proceeds from the exercise of such Option, as compared to the proceeds that the Company would have received from such exercise had the exercise been made at the prevailing market price of the Shares; and
- (ii) the grant of Options under the HI-P ESOS 2014 will have an impact on the Company's reported profit under FRS as share-based payment requires the recognition of an expense in respect of Options granted under the HI-P ESOS 2014. The expense will be based on the fair value of the Options at the date of grant (as determined by an option pricing model) and will be recognized over the vesting period. The requirement to recognise an expense in respect of Options granted to employees as set out in FRS 102 is effective for financial period beginning on or after 1 January 2005.

It should be noted that the financial effects discussed in (i) above will materialise only upon the exercise of the relevant Options. The cost of granting Options discussed in (ii) above will be recognised in the financial statements even if the Options are not exercised in (ii).

### **3.3.2 Financial Effects of the HI-P ESAS**

Details of the costs to the Company of granting Awards under the HI-P ESAS 2014 and the allotment and issue or transfer of Shares pursuant thereto are as follows:

#### Share capital

The HI-P ESAS will result in an increase in the number of issued Shares to the extent that New Shares are allotted and issued upon the vesting of the Awards. The number of New Shares issued will depend on, *inter alia*, the size of the Awards granted under the HI-P ESAS. If treasury shares are transferred to Participants there will be no impact on the Company's total number of issued Shares.

#### NTA

The HI-P ESAS will result in a charge to the Company's and Group's income statements, which is equal to the fair value of the Awards over the period from the date of grant of the Awards to the vesting date.

If existing Shares are purchased for delivery to Participants, the NTA would be impacted by the cost of the Shares purchased. If New Shares are issued under the HI-P ESAS, it will result in a charge to the Company's profit and loss account equal to the fair value at each grant date and will have no impact to the consolidated NTA of the Company. There will be no impact to the NTA if treasury Shares are delivered.

#### EPS

The HI-P ESAS will result in a charge to earnings equivalent to the fair value of the Awards at the date of grant over the period from the date of grant of the Awards to the vesting date.

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### Potential Cost of Awards

As Participants are not required to pay for the grant of the Awards, such grant of Awards will have a financial effect on the Company.

IFRS 2 is effective for the financial statements of the Company for the financial year beginning 1 January 2005. IFRS 2 requires the recognition of an expense in respect of Awards granted under the HI-P ESAS with a corresponding increase in the reserve account over the vesting period. The expenses will be based on the fair value of the Awards at the date of the grant and will be recognised over the expected vesting period. As at each financial year ended, the Company will revise its estimated number of Shares under the Awards that are expected to become exercisable on the vesting date and recognise the effect of the revision of estimates in the income statement with a corresponding adjustment to the reserve account over the remaining vesting period. After the vesting date, no adjustment to the charge to the income statement will be made.

The expense recognised in the income statement depends on whether or not the performance target attached to an Award is measured by reference to the market price of the Shares. This is known as a “market condition”. If the performance target is a market condition, the probability of the performance target being met is taken into account in estimating the fair value of the Award granted at the date of grant, and no adjustments to the amounts charged to the income statement are made whether or not the market condition is met.

However, if the performance target is not a market condition, the fair value per Share of the Awards granted at the date of grant is used to compute the expense to be recognized in the income statement at the end of each financial year, based on an assessment at that date of whether the non-market conditions would be met to enable the Awards to vest. Thus, where the vesting conditions do not include a market condition and if the Awards do not ultimately vest, the amount charged to the income statement would be reversed at the end of the vesting period.

### 3.4 Previous Grants

#### 3.4.1 2003 Options granted under the expired HI-P ESOS 2003

As at the Latest Practicable Date, there are 138 participants under the HI-P ESOS 2003.

Details of the 2003 Options as at the Latest Practicable Date are as follows:

<b>Number of Shares allotted and issued or transferred pursuant to past exercise of the 2003 Options</b>	<b>Number of Shares issuable or transferable upon the exercise of outstanding 2003 Options</b>	<b>Total number of Shares which would have been issuable or transferable under lapsed 2003 Options</b>
3,402,500	20,032,776	16,650,624

The aggregate number of Shares which are allotted and issued or transferred pursuant to past exercise of the 2003 Options and Shares issuable or transferable upon the exercise of outstanding 2003 Options granted, as a percentage of the existing total number of issued Shares (excluding treasury Shares) as at the Latest Practicable Date, is approximately 2.87%.



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As at the Latest Practicable Date, details of the 2003 Options granted under the HI-P ESOS 2003 to the Controlling Shareholder, Mr Yao Hsiao Tung and his Associates, Madam Wong Huey Fang and Mr Yao Hsiao Kuang (excluding those 2003 Options which have lapsed), are as follows:

Name	Aggregate number of Shares issued and issuable or transferred and transferable pursuant to exercise of the 2003 Option(s) granted			
	During the financial year ended 31 December 2014	Since commencement of the HI-P ESOS 2003 to its expiry	Exercised since commencement of the HI-P ESOS 2003 to its expiry	Outstanding as at 31 December 2014
<b>Controlling Shareholder</b>				
Yao Hsiao Tung	Nil	7,745,309	Nil	6,445,309 <sup>(1)</sup>
<b>Associates</b>				
Wong Huey Fang	Nil	1,485,091	351,000	834,091 <sup>(2)</sup>
Yao Hsiao Kuang	Nil	262,622	Nil	262,622

**Notes:**

- (1) An option granted to Mr Yao Hsiao Tung on 19 July 2004 to subscribe for 1,300,000 Shares lapsed on 18 July 2014.
- (2) An option granted to Madam Wong Huey Fang on 18 July 2004 to subscribe for 300,000 Shares lapsed on 18 July 2014.

Save as disclosed above, no other Director, Controlling Shareholder and/or their Associates have been granted any 2003 Options under the HI-P ESOS 2003.

### 3.4.2 Options granted under the HI-P ESOS 2014

As at the Latest Practicable Date, there is one Participant under the HI-P ESOS 2014.

Details of the Options granted under the HI-P ESOS 2014 as at the Latest Practicable Date are as follows:

Number of Shares allotted and issued or transferred pursuant to past exercise of the Options	Number of Shares issuable or transferable upon the exercise of outstanding Options	Total number of Shares which would have been issuable or transferable under lapsed Options
Nil	3,000,000	Nil

As at the Latest Practicable Date, no Director, Controlling Shareholder and/or their Associates have been granted Options under the HI-P ESOS 2014.

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### 3.4.3 Awards granted under the HI-P ESAS

As at the Latest Practicable Date, there are 22 Participants under the HI-P ESAS.

Details of the Awards granted under the HI-P ESAS are as follows:

Number of Shares issued or transferred pursuant to vesting of Awards granted	Number of Shares issuable or transferable pursuant to vesting of outstanding Awards	Total number of Shares which would have been released under lapsed Awards
104,839	304,518	Nil

As at the Latest Practicable Date, details of the Awards granted under the HI-P ESAS to the Controlling Shareholder, Mr Yao Hsiao Tung and his Associates, Madam Wong Huey Fang and Mr Yao Hsiao Kuang, are as follows:

Name	Aggregate number of Shares issued and issuable or transferred and transferable pursuant to vesting of Awards granted			
	During the financial year ended 31 December 2014	Since commencement of the HI-P ESAS to 31 December 2014	Vested since commencement of the HI-P ESAS to 31 December 2014	Outstanding as at 31 December 2014
<b>Controlling Shareholder</b>				
Yao Hsiao Tung	96,315	207,644	55,664	151,980
<b>Associates</b>				
Wong Huey Fang	11,986	27,488	7,751	19,737
Yao Hsiao Kuang	2,476	6,345	1,934	4,411

Save as disclosed above, as at the Latest Practicable Date, no other Director, Controlling Shareholder and/or their Associates have been granted Awards under the HI-P ESAS.

### 3.4.4 Total Outstanding Options and Awards Granted to Controlling Shareholder and his Associates

As at the Latest Practicable Date, the total number of Shares which are issued or issuable or transferred and transferable pursuant to Awards granted under the HI-P ESAS, and the aggregate number of Shares that are issued or issuable or transferred and transferable pursuant to the exercise of Options granted under the HI-P ESOS 2003 (excluding Options which have lapsed), to the Controlling Shareholder, Mr Yao Hsiao Tung and his Associates, Madam Wong Huey Fang and Mr Yao Hsiao Kuang are as follows:-

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	(A) Aggregate number of Shares issued and issuable or transferred and transferable pursuant to exercise of the 2003 Option(s) granted	(B) Aggregate number of Shares issued and issuable or transferred and transferable pursuant to vesting of Awards granted	Total of (A) and (B)	%( <sup>1</sup> )
Yao Hsiao Tung	6,445,309	207,644	6,652,953	5.42
Wong Huey Fang	1,185,091	27,488	1,212,579	0.99
Yao Hsiao Kuang	262,622	6,345	268,967	0.22

Note:

- (1) As a percentage of the total number of Shares (122,582,900) available under the HI-P ESAS, HI-P ESOS 2013 and HI-P ESOS 2014, based on 15% of 817,219,339 total issued Shares, excluding treasury shares, as at the Latest Practicable Date.

As at the Latest Practicable Date, no Option has been granted to Mr Yao Hsiao Tung, Madam Wong Huey Fang and Mr Yao Hsiao Kuang under the HI-P ESOS 2014.

### 3.5 Terms of Proposed Grant

The following Options and/or Awards are proposed to be granted to Mr Yao Hsiao Tung, a Controlling Shareholder and his Associates, Madam Wong Huey Fang and Mr Yao Hsiao Kuang:

Name	Number of Shares issuable or transferable upon exercise of Options	Number of Shares issuable or transferable upon vesting of Awards
Yao Hsiao Tung	447,073	Nil
Wong Huey Fang	24,725	8,494
Yao Hsiao Kuang	Nil	4,258

Under the HI-P ESAS, eligible Employees may, if so determined by the Committee, be awarded fully-paid Shares free of charge up to 50% of their annual bonus amount. The above proposed Awards form part of the last annual bonus awarded to Mr Yao Hsiao Tung, Madam Wong Huey Fang and Mr Yao Hsiao Kuang and they are to be granted free of payment.

Madam Wong Huey Fang is an Executive Director and Chief Administrative Officer of the Company and wife of Mr Yao Hsiao Tung. Mr Yao Hsiao Kuang is the director of Supply Chain Management of the Group and brother of Mr Yao Hsiao Tung.

#### 3.5.1 Proposed Grant of an Option to Mr Yao Hsiao Tung (a Controlling Shareholder)

Main terms of the proposed grant of an Option to Mr Yao Hsiao Tung are as follows:

- (a) Date of Grant: Any time within two (2) weeks from the date of the EGM;
- (b) Number of Shares issuable or transferable upon exercise of Option: 447,073 Shares (comprising approximately 0.05% of the issued Shares (excluding treasury shares) as at the Latest Practicable Date);
- (c) Exercise Price per Share: Market Price; and
- (d) Exercise Period: 50% of the Option is exercisable at any time after the expiry of 12 months from the Date of Grant and the remaining 50% of the Option is exercisable after 24 months from the Date of Grant, such Option to expire at the end of 10 years from the Date of Grant.

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### Existing Remuneration

The current annual basic salary of Mr Yao Hsiao Tung for the financial year ended 31 December 2014 is within the band of S\$1,200,000 to S\$1,300,000. This remuneration includes his performance bonus that is generally applicable to Group Employees, Directors' fees and other benefits-in-kind such as the use of company cars.

### Existing Shareholding Interests

As at the Latest Practicable Date, Mr Yao holds 492,576,144 Shares, representing approximately 60.27% of the total issued Shares. Please refer to Section 3.4 for details of the 2003 Options and Awards held by Mr Yao.

### 3.5.2 **Proposed Grant of an Option to Madam Wong Huey Fang (an Associate of a Controlling Shareholder, Mr Yao Hsiao Tung)**

Main terms of the proposed grant of an Option to Madam Wong Huey Fang are as follows:

- (a) Date of Grant: Any time within two (2) weeks from the date of the EGM;
- (b) Number of Shares issuable or transferable upon exercise of Option: 24,725 Shares (comprising an insignificant percentage of the total issued Shares as at the Latest Practicable Date);
- (c) Exercise Price per Share: Market Price; and
- (d) Exercise Period: 50% of the Option is exercisable at any time after the expiry of 12 months from the Date of Grant and the remaining 50% of the Option is exercisable after 24 months from the Date of Grant, such Option to expire at the end of 10 years from the Date of Grant.

### **Proposed Grant of an Award to Madam Wong Huey Fang (an Associate of a Controlling Shareholder, Mr Yao Hsiao Tung)**

Main terms of the proposed grant of an Award to Madam Wong Huey Fang are as follows:

- (a) Date of Grant: Any time within two (2) weeks from the date of the EGM;
- (b) Number of Shares issuable or transferable upon vesting of Award: 8,494 Shares (comprising an insignificant percentage of the total issued Shares as at the Latest Practicable Date); and
- (c) Vesting Period: 50 per cent. of the Award will vest upon the expiry of 12 months from the Date of Grant and the remaining 50 per cent. of the Award will vest upon the expiry of 24 months from the Date of Grant.

### Existing Remuneration

The current annual basic salary of Madam Wong Huey Fang for the financial year ended 31 December 2014 is within the band of S\$300,000 to S\$400,000. This remuneration includes her performance bonus that is generally applicable to Group Employees.

### Existing Shareholding

As at the Latest Practicable Date, Madam Wong holds 1,358,751 Shares, representing approximately 0.17% of the Company's total number of issued Shares. Please refer to Section 3.4 for details of the 2003 Options and Awards held by Madam Wong.

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## LETTER TO SHAREHOLDERS

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### 3.5.3 Proposed Grant of an Award to Mr Yao Hsiao Kuang (an Associate of a Controlling Shareholder, Mr Yao Hsiao Tung)

Main terms of the proposed grant of an Award to Mr Yao Hsiao Kuang are as follows:

- (a) Date of Grant: Any time within two (2) weeks from the date of the EGM;
- (b) Number of Shares issuable or transferable upon vesting of Award: 4,258 Shares (comprising an insignificant percentage of the total issued Shares as at the Latest Practicable Date); and
- (c) Vesting Period: 50 per cent. of the Award will vest upon the expiry of 12 months from the Date of Grant and the remaining 50 per cent. of the Award will vest upon the expiry of 24 months from the Date of Grant.

#### Existing Remuneration

The current annual basic salary of Mr Yao Hsiao Kuang for the financial year ended 31 December 2014 is within the band of S\$200,000 to S\$300,000. This remuneration includes his performance bonus that is generally applicable to Group Employees

#### Existing Shareholding

As at the Latest Practicable Date, Mr HK Yao holds 1934 Shares. Please refer to Section 3.4 for details of the 2003 Options and Awards held by Mr HK Yao.

### 3.6 Rationale and Justifications for the Grant of Options and/or Awards to Mr Yao Hsiao Tung, Madam Wong Huey Fang and Mr Yao Hsiao Kuang

#### **Mr Yao Hsiao Tung**

Mr Yao is the Executive Chairman and Chief Executive Officer of the Company. Mr Yao Hsiao Tung plays a major role in the overall management of the operations and business opportunities of the Group. Mr Yao is in charge of the Group's strategic and business development, overseeing the day-to-day management of the Group as well the effective management of business relations with the Group's suppliers and customers. Mr Yao has been instrumental in successfully implementing the expansion of the Group's business. The Group benefits much from his strategic directions and looks to him to continue leading the Group in its businesses.

#### **Madam Wong Huey Fang**

As Executive Director and Chief Administrative Officer, Madam Wong's responsibilities include managing the Group's administrative, legal, public relations and procurement functions. Madam Wong has played a major role in cost and facilities management through careful and conscientious negotiations with external suppliers. Under her management, the Group has successfully managed and controlled costs as the Group expanded its operations over the years.

#### **Yao Hsiao Kuang**

As Director of Supply Chain Management, Mr Yao Hsiao Kuang's responsibilities include conducting key commodities negotiations, and supplier and site sourcing audits for the Group. Under his management, the Group has successfully managed and controlled costs as the Group expanded its operations over the years.

The Directors are of the view that Mr Yao's, Madam Wong's and Mr HK Yao's experience and contributions towards the growth of the Group are invaluable. The grant of the Options and/or Awards to each of them would serve as an appropriate means of recognising and acknowledging the services and contributions made by them to the Group as well as an incentive to them to continue their dedication and commitment to the Group's business, thereby enhancing shareholders' value.

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In determining and proposing the number of Shares under the Options and/or Awards to be granted to each of Mr Yao Hsiao Tung, Madam Wong Huey Fang and Mr Yao Hsiao Kuang as set out in Section 3.5 of this Circular, the Committee has considered, amongst other things, the justification and rationale as set out in this Section 3.6, the financial performance of the Group, the grantees' performance, responsibilities and contributions, the years of service, appropriate forms of incentives and other factors which the Committee may deem relevant.

The Committee confirms that the Proposed Grant is in line with the grant of Options and Awards to other entitled Participants as part of the performance bonus scheme that is generally applicable to all Group Employees.

#### **4. THE PROPOSED IPT MANDATE**

##### **4.1 Proposed IPT Mandate**

The Company is proposing the implementation of the Proposed IPT Mandate, pursuant to Chapter 9 of the Listing Manual, to enable 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.

##### **4.2 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.

The Proposed 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.

##### **4.3 Classes of Interested Persons**

The Proposed 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 60.27% 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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## LETTER TO SHAREHOLDERS

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- (c) 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.

#### 4.4 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
- (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.

#### 4.5 Details of the Proposed IPT Mandate

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

#### 4.6 Independent Financial Adviser

UOB Kay Hian Private Limited has been appointed as Independent Financial Adviser (the “**IFA**”) to the Company pursuant to Rule 920(1)(b)(v) of the Listing Manual to opine on whether the review procedures for determining transaction prices of Mandated IPTs, set out in Section 8 of Appendix I of this Circular, are sufficient to ensure that the Mandated IPTs contemplated in Appendix I are on normal commercial terms and will not be prejudicial to the Company and its minority Shareholders.

Based on the analysis undertaken and subject to the qualifications and assumptions made in the letter from the IFA set out in Appendix II, the IFA is of the opinion that the review procedures set out in paragraph 8 of Appendix I of this Circular for determining transaction prices of Mandated IPTs, if adhered to, are sufficient to ensure that the Mandated IPTs will be carried out on normal commercial terms and will not be prejudicial to the interests of the Company and its minority Shareholders. The IFA’s letter dated 10 April 2015 to the Independent Directors is reproduced in Appendix II to this Circular.

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## LETTER TO SHAREHOLDERS

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### 4.7 IFA Consent

UOB Kay Hian Private Limited has given and has not withdrawn its written consent to the issue of this Circular with the inclusion of its name, its letter to the Independent Directors dated 10 April 2015 and all references thereto, in the form and context in which they appear in this Circular.

### 4.8 Audit Committee's View

The Audit Committee confirms that it does not take a different view to the IFA in relation to the review procedures for determining transaction prices as set out in Appendix I.

## 5. SHAREHOLDERS' APPROVAL

For the reasons as set out above, the Company is proposing to seek the approval of Shareholders for:

- (1) the proposed renewal of the Share Purchase Mandate ("**Resolution 1**");
- (2) the proposed grant of an Option to Mr Yao Hsiao Tung to subscribe for 447,073 Shares under the HI-P ESOS 2014, which will be proposed as an ordinary resolution ("**Resolution 2**") at the EGM;
- (3) the proposed grant of an Option to Madam Wong Huey Fang to subscribe for 24,725 Shares under the HI-P ESOS 2014, which will be proposed as an ordinary resolution ("**Resolution 3**") at the EGM;
- (4) the proposed grant of an Award of 8,494 Shares to Madam Wong Huey Fang under the HI-P ESAS, which will be proposed as an ordinary resolution ("**Resolution 4**") at the EGM;
- (5) the proposed grant of an Award of 4,258 Shares to Mr Yao Hsiao Kuang, under the HI-P ESAS which will be proposed as an ordinary resolution ("**Resolution 5**") at the EGM; and
- (6) the adoption of the Proposed IPT Mandate which will be proposed as an ordinary resolution ("**Resolution 6**") at the EGM.

## 6. DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' INTERESTS

### 6.1 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:

	Direct Interest		Deemed Interest	
	Number of Shares	% <sup>3</sup>	Number of Shares	% <sup>3</sup>
<b>Directors</b>				
Yao Hsiao Tung	492,576,144	60.27	6,597,289 <sup>1</sup>	0.81
Wong Huey Fang	1,358,751	0.17	853,828 <sup>1</sup>	0.10
Yeo Tiong Eng	500,000	0.06	–	–
Chester Lin Chien	2,000,000	0.24	–	–
Leong Lai Peng	300,000	0.04	–	–
Lim Thien Su Gerald	–	–	–	–



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	Direct Interest		Deemed Interest	
	Number of Shares	% <sup>3</sup>	Number of Shares	% <sup>3</sup>
<b>Substantial Shareholders (who are not Directors)</b>				
Molex International Inc	178,236,020	21.81	–	
Molex Incorporated Molex Connectors, LLC Molex Electronic Technologies, LLC Molex Electronic Technologies Holdings, LLC Koch Industries, Inc. Charles G. Koch David H. Koch	–		178,236,020 <sup>2</sup>	21.81

**Notes:**

1. Mr Yao Hsiao Tung's deemed interest arises by virtue of the Options to subscribe for an aggregate of 6,445,309 Shares and Awards of 151,980 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 834,091 Shares and Awards of 19,737 Shares held by her as at the Latest Practicable Date.
2. Molex International Inc holds 178,236,020 Shares.
  - Molex Incorporated 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 Incorporated.
  - 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.
3. The percentage shareholdings are computed based on the Company's total issued Shares of 817,219,339 as at the Latest Practicable Date (excluding treasury shares).

### 6.2 Interests in the HI-P ESAS and HI-P ESOS 2014

The Executive Directors, Mr Yao Hsiao Tung and Madam Wong Huey Fang and Mr Yao's associate, Mr Yao Hsiao Kuang are eligible to participate in the HI-P ESAS. Mr Yao Hsiao Tung and Madam Wong Huey Fang are therefore deemed to be interested in the HI-P ESAS.

All the Directors (including Non-Executive Directors) are eligible to participate in the HI-P ESOS 2014 and are therefore deemed to be interested in the HI-P ESOS 2014.

Save for Mr Yao Hsiao Tung, none of the other Substantial Shareholders are eligible to participate in the HI-P ESOS 2014 and HI-P ESAS.

### 6.3 Interest in the Proposed IPT Mandate

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

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## LETTER TO SHAREHOLDERS

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### 7. DIRECTORS' RECOMMENDATIONS

#### 7.1 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.

#### 7.2 Proposed Grant

Mr Yao Hsiao Tung and Madam Wong Huey Fang have refrained from making any recommendation in favour of Resolutions 2 to 5.

Apart from Mr Yao Hsiao Tung and Madam Wong Huey Fang, the other Directors, being eligible to participate in the HI-ESOS 2014, have also refrained from making any recommendation to Independent Shareholders in respect of Resolutions 2 and 3 in respect of the proposed grant of Options to subscribe for 447,073 and 24,725 Shares to Mr Yao Hsiao Tung and Madam Wong Huey Fang respectively.

The Directors (other than Mr Yao Hsiao Tung and Madam Wong Huey Fang) are of the opinion that the proposed grant of Awards of 8,494 and 4,258 Shares to Madam Wong Huey Fang and Mr Yao Hsiao Kuang respectively are in the best interest of the Company. The Directors (other than Mr Yao Hsiao Tung and Madam Wong Huey Fang) accordingly recommend that Independent Shareholders vote in favour of the Resolutions 4 and 5.

#### 7.3 Proposed IPT Mandate

The Directors who are considered independent for the Proposed 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 IPT Mandate.

Having considered, *inter alia*, the terms, rationale and benefits of the Proposed IPT Mandate as set out in Appendix I of this Circular and the advice of the IFA as set out in Appendix II of this Circular, the Independent Directors concur with the advice of the IFA and are of the opinion that the Proposed IPT Mandate is in the best interests of the Company. Accordingly, they recommend that Independent Shareholders vote in favour of Resolution 6 in relation to the Proposed 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.

### 8. ABSTENTION FROM VOTING

#### 8.1 Proposed Grant

The Company will ensure that Shareholders who are entitled to participate in the HI-P ESOS 2014 will abstain from voting at the EGM in respect of Resolutions 2 and 3 relating to the HI-P ESOS 2014 and that Shareholders who are entitled to participate in the HI-P ESAS will abstain from voting at the EGM in respect of Resolutions 4 and 5 relating to the HI-P ESAS. Such Shareholders should not accept nominations as proxies in respect of the aforesaid ordinary resolutions on which they should abstain from voting unless the Shareholder appointing them shall have given specific instructions in the proxy forms as to the manner in which his votes are to be cast for each of the ordinary resolutions contemplated.

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## LETTER TO SHAREHOLDERS

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Accordingly, each of Mr Yao Hsiao Tung and Madam Wong Huey Fang will abstain from voting in respect of Resolutions 2 to 5 and will not accept nomination as proxy or otherwise vote at the EGM in respect of Resolutions 2 to 5 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 each of the ordinary resolutions contemplated.

As the Independent Directors are eligible to participate in the HI-P ESOS 2014, they will abstain from voting in respect of Resolutions 2 and 3 and will also not accept nomination as proxy or otherwise vote at the EGM in respect of Resolutions 2 and 3 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 Resolutions 2 and 3.

### 8.2 Proposed 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 6 relating to the adoption of the Proposed 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 6 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 6.

Accordingly, Mr Yao Hsiao Tung will abstain, and will procure that each of his Associates will abstain, from voting in respect of each of their shareholdings in the Company on Resolution 6 in relation to the Proposed IPT Mandate as set out in the Notice of EGM.

### 9. EXTRAORDINARY GENERAL MEETING

The EGM, notice of which is set out on pages N1 to N4 of this Circular, will be held at Ficus 3 Room, Level 2, Jurong Country Club, 9 Science Centre Road, Singapore 609078 on Tuesday, 28 April 2015 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.

### 10. 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 2015.

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.

### 11. 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 Grant, the adoption of the Proposed 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.

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## LETTER TO SHAREHOLDERS

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### 12. 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 2014;
- (b) the Memorandum and Articles of Association of the Company;
- (c) the HI-P ESOS 2003 Rules;
- (d) the HI-P ESAS Rules;
- (e) the HI-P ESOS 2014 Rules;
- (f) the letter dated 10 April 2015 from the IFA; and
- (g) the consent letter of the IFA.

Yours faithfully

**Yao Hsiao Tung**

Executive Chairman and Chief Executive Officer  
Hi-P International Limited

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## APPENDIX I

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### 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 2014, the consolidated NTA of the Group was S\$602.4 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 2015 are published, Shareholders’ approval is required where:

- (a) the interested person transaction is of a value equal to, or more than S\$30.12 million, being 5% of the Group’s latest audited NTA as at 31 December 2014; or

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## APPENDIX I

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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\$30.12 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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## APPENDIX I

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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 60.27% 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 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.

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### 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.

### 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 of the Company. Thereafter, approval from Shareholders for a renewal of the IPT Mandate will be sought at each subsequent AGM of the Company, subject to the satisfactory review by the Audit Committee of its continued application to the Mandated IPTs.



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### 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, 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 those offered by the unrelated third parties. Other qualitative factors such as, but

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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) 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.

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- (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 Clause 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 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.

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## APPENDIX II

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10 April 2015

The Independent Directors

**Hi-P International Limited**  
11 International Business Park  
Jurong East  
Singapore 609926

Dear Sirs,

### THE PROPOSED GENERAL MANDATE FOR INTERESTED PERSON TRANSACTIONS

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*For the purpose of this letter, capitalised terms not otherwise defined shall have the meaning given to them in the Circular dated 10 April 2015.*

#### 1. INTRODUCTION

This letter (hereinafter referred to as the “**IFA Letter**”) has been prepared for inclusion in the Circular to the shareholders of the Company (“**Shareholders**”) dated 10 April 2015 in connection with the IPT Mandate.

The Company wishes to seek the approval of its Shareholders for the proposed adoption of a general mandate pursuant to Chapter 9 of the Listing Manual of the Singapore Exchange Securities Trading Limited (“**Listing Manual**”), to enable the Company, its subsidiaries and associated companies (collectively, the “**Group**”) which are considered to be “entities at risk” to enter into recurrent transactions of a revenue or trading nature or those necessary for its day-to-day operations such as the purchase or sale of supplies, materials and services (but not in respect of the purchase or sale of assets, undertakings or businesses) that may be carried out with specific classes of persons considered to be “interested persons” (the “**IPT Mandate**”). The IPT Mandate is subject to annual renewal.

It is envisaged that the Group, may from time to time, engage in recurrent interested person transactions in the ordinary course of their businesses with the Company’s interested persons. The recurrent interested person transactions would include the provision of goods and services of the Group to the Interested Persons or the obtaining of goods and services from them.

In view of 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 Group, in the ordinary course of their businesses, to enter into the categories of transactions (“**Interested Person Transactions**”) with the specified classes of the Company’s interested persons (“**Interested Persons**”), as set out in paragraph 3 below, provided that such Interested Person Transactions are made on normal commercial terms and are not prejudicial to the interests of the Company and its minority shareholders.

Based on the foregoing, UOB Kay Hian Private Limited (“**UOBKH**”) has been appointed as the independent financial adviser (“**IFA**”) to the directors of the Company who are considered to be independent in relation to the IPT Mandate, being Mr Yeo Tiong Eng, Mr Chester Lin Chien, Madam Leong Lai Peng and Mr Lim Thien Su Gerald (the “**Independent Directors**”), to express an opinion on whether the review procedures of the Group for determining the transaction prices under the IPT Mandate, if adhered to, are sufficient to ensure that the Interested Person Transactions will be carried out on normal commercial terms and will not be prejudicial to the interests of the Company and its minority Shareholders.

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### 2. TERMS OF REFERENCE

We have been appointed to express an opinion on whether the review procedures for determining the transaction prices under the IPT Mandate, if adhered to, are sufficient to ensure that the Interested Person Transactions will be carried out on normal commercial terms and will not be prejudicial to the interests of the Company and its minority Shareholders.

We were neither privy to, involved or responsible, in any aspect, of the discussions, negotiations and scope in relation to the IPT Mandate, including the Interested Person Transactions as contemplated under the IPT Mandate, nor were we involved in the deliberations leading up to the decision of the Directors to undertake the IPT Mandate or adopt the guidelines and review procedures for the Interested Persons Transactions to ensure that the IPT Mandate will be carried out on normal commercial terms and will not be prejudicial to the interests of the Company and its minority shareholders.

We have not conducted a comprehensive review of the business, operations or financial condition of the Group. Such evaluations or comments, if any, shall remain the sole responsibility of the Directors and the management of the Company (the "**Management**"), although we may draw upon their views or make such comments in respect thereof (to the extent deemed by us to be necessary or appropriate) in arriving at our opinion as set out in this letter.

For the purposes of arriving at our opinion in respect of the IPT Mandate, we have considered the review procedures of the Company for determining the transaction prices for the Interested Person Transactions. Our terms of reference do not require us to evaluate or to comment on the rationale, strategic, legal or commercial merits or risks of the IPT Mandate or the prospects or earnings potential of the Group after the implementation of the IPT Mandate. We were also not required or authorised to obtain, and we have not obtained, any quotation or transaction price from third parties for the sale, purchase, provision or supply of services and/or products similar to those which are to be covered by the IPT Mandate, and therefore are not able to, and will not compare the transactions with similar transactions with third parties.

In the course of our evaluation, we have held discussions with the Management. We have relied on, and assumed without independent verification, the accuracy, completeness or adequacy of such information, representation or assurance, whether written or verbal, provided to us by the Management, including information contained in the Circular. Accordingly, we cannot and do not make any warranty or representation, express or implied, in respect of, and do not accept any responsibility for the accuracy, completeness or adequacy of, such information and representations. Whilst care has been exercised in reviewing the information and representations upon which we have relied, we have not independently verified such information and representations, whether written or verbal, but nevertheless have made such reasonable enquiries and judgment as were deemed necessary on the reasonable use of such information and have found no reason to doubt the accuracy or reliability of the information and representations.

We noted that the Directors have collectively and individually accepted responsibility for the accuracy of the information given in the Circular as set out in the Directors' Responsibility Statements in Section 11 of the Circular.

Our opinion, as set out in this letter, is based upon the market, economic, industry, monetary and other applicable conditions prevailing, and the information made available to us as at the latest practicable date (the "**Latest Practicable Date**"), being 27 March 2015. Such conditions and information may change significantly over a relatively short period of time. We assume no responsibility to update, revise or reaffirm our opinion in light of any subsequent development after the Latest Practicable Date that may affect our opinion contained herein.

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The Company has been separately advised by its own advisers in the preparation of the Circular (other than this IFA Letter). We have had no role or involvement and have not provided any advice, financial or otherwise, in the preparation, review and verification of the Circular (other than this IFA Letter). Accordingly, we accept no responsibility for and express no views, expressed or implied, on the contents of the Circular (other than this IFA Letter).

**Our opinion in relation to the IPT Mandate should be considered in the context of the entirety of our advice as set out in this IFA Letter and the Circular, and is strictly limited to the matters stated herein and does not apply by implication to any other matter.**

### 3. THE IPT MANDATE

The rationale and benefits of the IPT Mandate is set out in Section 3 of Appendix I in the Circular. The Interested Person Transactions to which the IPT Mandate will apply are set out below (extracted from **Section 5 – “Types of Mandated IPTs”** of Appendix I in the Circular):

- (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 Group’s principal and ancillary activities in the normal course of its business and on normal commercial terms.

The IPT Mandate will apply to the following classes of interested persons (extracted from **Section 4 – “Classes of Interested Persons”** of Appendix I in the Circular):

- (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 60.27% 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 Yung, 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 Technologies Inc., (“VSN”) and Top Holdings Limited and its subsidiaries (collectively, “Top”). VSN is an associate of Mr Yao Hsiao Yung and Madam Wong Huey Fang while Top is an associate of Mr Yao Hsiao Tun. 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.

Transactions with interested persons which do not fall within the ambit of the IPT Mandate will be subject to the relevant provisions of Chapter 9 and/or other applicable provisions of the Listing Manual.

**Further details to the IPT Mandate are as set out in the Circular.**

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### 4. EVALUATION OF THE REVIEW PROCEDURES FOR THE IPT MANDATE

In our evaluation of the review procedures for the IPT Mandate, we have given due consideration to the following:

- (i) the rationale and benefits for the IPT Mandate as set out in Section 3 of Appendix I in the Circular;
- (ii) classes of the Interested Persons as set out in Section 4 of Appendix I in the Circular;
- (iii) categories or types of the Interested Person Transactions as set out in Section 5 of Appendix I in the Circular;
- (iv) scope of the IPT Mandate as set out in Section 6 of Appendix I in the Circular; and
- (v) the guidelines and the review procedures for Interested Person Transactions as set out in Section 8 of Appendix I in the Circular.

### 5. OPINION

Having regard to our terms of reference, in arriving at our opinion in respect of **whether the review procedures for determining the transaction prices under the IPT Mandate are sufficient to ensure that the Interested Person Transactions will be carried out on an arm's length basis and on normal commercial terms, and will not be prejudicial to the interests of the Company and its minority Shareholders**, we have considered various factors set out in paragraph 4 above of this IFA Letter, which we consider to be pertinent and to have a significant bearing on our assessment of the IPT Mandate.

**Having regard to the foregoing, we are of the opinion that the review procedures set out in Section 8 of Appendix 1 in the Circular for determining transaction prices of Mandated IPTs, if adhered to, are sufficient to ensure that the Mandated IPTs will be carried out on normal commercial terms and will not be prejudicial to the interests of the Company and its minority Shareholders.**

Our opinion contained in this IFA Letter is provided strictly to the Independent Directors for their benefit, in connection with and for the purpose of their consideration of the IPT Mandate. The recommendation made by the Independent Directors to the Shareholders remains the sole responsibility of the Independent Directors. Whilst a copy of this IFA Letter may be reproduced in the Circular, neither the Company nor the Directors may reproduce, disseminate or quote this letter (or any part thereof) for any purpose at any time and in any manner, other than for the purpose of this Circular and at the extraordinary general meeting of the Shareholders to be convened for the purpose of approving the IPT Mandate, without our prior consent in each specific case.

This IFA Letter is governed by, and construed in accordance with, the laws of Singapore, and is strictly limited to the matters stated herein and does not apply by implication to any other matter.

Yours faithfully,  
For and on behalf of  
UOB Kay Hian Private Limited

Ding Hock Chai  
Executive Director, Head of Corporate Finance

Alvin Soh  
Senior Vice President



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## NOTICE OF EXTRAORDINARY GENERAL MEETING

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### 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 3 Room, Level 2, Jurong Country Club, 9 Science Centre Road, Singapore 609078 on Tuesday, 28 April 2015 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 10 April 2015 (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 Central Limit Order Book trading system and/or any other securities 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;

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## NOTICE OF EXTRAORDINARY GENERAL MEETING

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(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 GRANT OF AN OPTION TO MR YAO HSIAO TUNG, A CONTROLLING SHAREHOLDER, TO SUBSCRIBE FOR 447,073 SHARES UNDER THE HI-P EMPLOYEE SHARE OPTION SCHEME 2014**

That the proposed grant to Mr Yao Hsiao Tung, a Controlling Shareholder, of an option under the Hi-P Employee Share Option Scheme 2014, on the following terms:

- (a) Date of Grant: Any time within two (2) weeks from the date of the EGM;
- (b) Number of Shares issuable or transferable upon the exercise of the option: 447,073 Shares;
- (c) Exercise Price per Share: the Market Price; and
- (d) Exercise Period: 50 per cent. of the Option is exercisable at any time after the expiry of 12 months from the date of grant and the remaining 50 per cent. of the Option is exercisable at any time 24 months after the Date of Grant, such options to expire at the end of 10 years from the Date of Grant,

be and is hereby approved.

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## **NOTICE OF EXTRAORDINARY GENERAL MEETING**

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“**Market Price**” for the purpose of this Resolution 2 and Resolution 3 below, shall mean an amount equal to the average of the last dealt prices for the Shares, as determined by reference to the daily official list published by the SGX-ST over the five consecutive market days immediately preceding the date of grant of the relevant Option, rounded to the nearest whole cent in the event of fractional prices provided that in the case of a market day on which the Shares were not traded on the SGX-ST, the last dealt price for Shares on such market day shall be deemed to be the last dealt price of the Shares on the immediately preceding market day on which the Shares were traded. A market day shall mean a day on which the SGX-ST is open for trading of securities.

### **RESOLUTION 3: THE PROPOSED GRANT OF AN OPTION TO MADAM WONG HUEY FANG, AN ASSOCIATE OF A CONTROLLING SHAREHOLDER, TO SUBSCRIBE FOR 24,725 SHARES UNDER THE HI-P EMPLOYEE SHARE OPTION SCHEME 2014**

That the proposed grant to Madam Wong Huey Fang, an Associate of a Controlling Shareholder, of an option under the Hi-P Employee Share Option Scheme 2014, on the following terms:

- (a) Date of Grant: Any time within two (2) weeks from the date of the EGM;
- (b) Number of Shares issuable or transferable upon the exercise of the option: 24,725 Shares;
- (c) Exercise Price per Share: Market Price; and
- (d) Exercise Period: 50 per cent. of the Option is exercisable at any time after the expiry of 12 months from the date of grant and the remaining 50 per cent. of the Option is exercisable at any time 24 months after the Date of Grant, such options to expire at the end of 10 years from the Date of Grant,

be and is hereby approved.

### **RESOLUTION 4: The PROPOSED GRANT OF AN AWARD OF 8,494 SHARES TO MADAM WONG HUEY FANG UNDER THE HI-P EMPLOYEE SHARE AWARD SCHEME**

That the proposed grant of an award to Madam Wong Huey Fang in accordance with the provisions of the Hi-P Employee Share Award Scheme, on the following terms:

- (a) Date of Grant: Any time within two (2) weeks from the date of the EGM;
- (b) Number of Shares issuable or transferable upon the vesting of Awards: 8,494 Shares; and
- (c) Vesting Period: 50 per cent. of the Award will vest upon the expiry of 12 months from the Date of Grant and the remaining 50 per cent. of the Award will vest upon the expiry of 24 months from the Date of Grant,

be and is hereby approved.

### **RESOLUTION 5: THE PROPOSED GRANT OF AN AWARD OF 4,258 SHARES TO MR YAO HSIAO KUANG UNDER THE HI-P EMPLOYEE SHARE AWARD SCHEME**

That the proposed grant of an award to Mr Yao Hsiao Kuang in accordance with the provisions of the Hi-P Employee Share Award Scheme, on the following terms:

- (a) Date of Grant: Any time within two (2) weeks from the date of the EGM;
- (b) Number of Shares issuable or transferable upon the vesting of Awards: 4,258 Shares; and
- (c) Vesting Period: 50 per cent. of the Award will vest upon the expiry of 12 months from the Date of Grant and the remaining 50 per cent. of the Award will vest upon the expiry of 24 months from the Date of Grant,

be and is hereby approved.

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## NOTICE OF EXTRAORDINARY GENERAL MEETING

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### RESOLUTION 6: THE PROPOSED ADOPTION 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 Singapore Exchange Securities Trading Limited, 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 10 April 2015 (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 Annual General Meeting of the Company; and
- (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  
10 April 2015

**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 registered office of the Company at **11 International Business Park, Singapore 609926** not less than 48 hours before the time appointed for 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 moneys to buy shares in the capital of Hi-P International Limited, the Circular to Shareholders dated 10 April 2015 is forwarded to them at the request of their CPF Approved Nominees and is sent for information only.
2. This Proxy Form is not valid for use by such CPF investors and shall be ineffective for all intents and purposes if used or purported to be used by them.

### 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 10 April 2015.

## PROXY FORM

I/We \_\_\_\_\_ (Name)

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 ("EGM") of the Company, as \*my/our \*proxy/proxies to attend and to vote for \*me/us on \*my/our behalf, at the EGM of the Company to be held at Ficus 3 Room, Level 2, Jurong Country Club, 9 Science Centre Road, Singapore 609078 on Tuesday, 28 April 2015 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 EGM), and at any adjournment thereof.

\*I/We direct \*my/our \*proxy/proxies to vote for or against the Resolution to be proposed at the EGM as indicated hereunder. If no specific direction as to voting is given, the \*proxy/proxies will vote or abstain from voting at \*his/her/their discretion, as \*he/she/they will on any other matter arising at the EGM and at any adjournment thereof.

\*delete as appropriate.

No.	Ordinary Resolution	For	Against
1.	To approve the proposed renewal of the Share Purchase Mandate		
2.	To approve the proposed grant of an Option to Mr Yao Hsiao Tung to subscribe for 447,073 Shares under the HI-P ESOS 2014		
3.	To approve the proposed grant of an Option to Madam Wong Huey Fang to subscribe for 24,725 Shares under the HI-P ESOS 2014		
4.	To approve the proposed grant of an Award of 8,494 Shares to Madam Wong Huey Fang under the HI-P ESAS		
5.	To approve the proposed grant of an Award of 4,258 Shares to Mr Yao Hsiao Kuang under the HI-P ESAS		
6.	To approve the proposed adoption of the Proposed IPT Mandate		

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2015

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 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. Where a member appoints two proxies, 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 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 130A of the Companies Act, Chapter 50 of Singapore), he should insert that number of Shares. If the member has Share 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, the instrument appointing a proxy or proxies shall be deemed to relate to all the Shares held by the member.
4. The instrument appointing a proxy or proxies must be deposited at the registered office of the Company at **11 International Business Park, Singapore 609926** not less than 48 hours before the time appointed for the Extraordinary General Meeting. Completion and return of the proxy form by a member will not prevent him from attending and voting at the Extraordinary General Meeting if he so wishes. In such event, the relevant proxy form will be deemed to be revoked.
5. 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 an officer or attorney duly authorised.
6. 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.

**GENERAL:**

The Company shall be entitled to reject the instrument appointing a proxy or proxies if it 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 instrument appointing a proxy or proxies. In addition, in the case of Shares entered in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged 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 Extraordinary General Meeting, as certified by The Central Depository (Pte) Limited to the Company.

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