

HOTUNG INVESTMENT HOLDINGS LIMITED

(Incorporated in Bermuda on 5 March 1997)

APPENDIX

Disclaimer: The Singapore Exchange Securities Trading Limited assumes no responsibility for the correctness of any of the statements made, reports contained or opinions expressed in this Appendix in respect of the proposed renewal of the share purchase mandate.

Directors:

Tsui-Hui Huang (Chairman, Managing Director and Executive Director)
Cheng-Wang Huang (Non-Executive Director)
Andy C. W. Chen (Non-Executive Director)
Fang-Chu Sun (Non-Executive Director and Independent Director)
Kazuyoshi Mizukoshi (Non-Executive Director and Independent Director)
Chun-Chen Tsou (Non-Executive Director)
Yang-Fu Kuo (Non-Executive Director)
Chang-Pang Chang (Non-Executive Director and Independent Director)
Ng-Chee Tan (Non-Executive Director and Independent Director)
Boon-Wan Tan (Non-Executive Director and Independent Director)
Yi-Sing Chan (Non-Executive Director and Independent Director)

Registered Office:

Clarendon House
2 Church Street
Hamilton HM11
Bermuda

To: The Shareholders of Hotung Investment Holdings Limited

ADDITIONAL INFORMATION IN RELATION TO PROPOSED RENEWAL OF SHARE PURCHASE MANDATE (RESOLUTION 10)

1. INTRODUCTION

Hotung Investment Holdings Limited (the “**Company**”) had in its last annual general meeting of the Company (the “**AGM**”) obtained the approval of the shareholders of the Company (the “**Shareholders**”) for the general mandate (the “**Share Purchase Mandate**”) to authorise the directors of the Company (the “**Directors**”) to purchase ordinary shares in the capital of the Company (the “**Shares**”), which Share Purchase Mandate will expire on April 29, 2014, being the date of the forthcoming AGM (the “**2014 AGM**”).

The Company has effected purchases of 1,139,000 of its own ordinary shares in on-market share purchases during the last twelve (12) months. The highest and lowest prices paid for such purchases are S\$0.148 and S\$0.144, respectively. The total consideration paid by the Company for such share purchases is S\$168,147.29. The said 1,139,000 Shares purchased by the Company are now held by the Company as treasury shares.

At the 2014 AGM, the Directors propose to seek the approval of the Shareholders for the renewal of the Share Purchase Mandate to authorise the Directors to purchase (the “**Share Purchase**”) Shares by way of on-market purchases (the “**On-Market Purchases**”) and off-market purchases (the “**Off-Market Purchases**”) in accordance with the terms and conditions set out in the Company’s circular dated December 19, 2008 (approved by the Shareholders on January 7, 2009), the key terms of which have been summarized in paragraph 4 of this Appendix, and subject to the terms below as well as the Memorandum of Association and the Amended and Restated Bye-laws of the Company (the “**Bye-laws**”), and the Companies Act 1981 of Bermuda (the “**Companies Act**”).

Upon renewal with the approval of the Shareholders, the Share Purchase Mandate shall continue in force from the period (the “**Relevant Period**”) commencing from the date the Share Purchase Mandate is approved by Shareholders at the 2014 AGM and expiring on the earliest of (i) the conclusion of the next AGM or the date by which it is required to be held; (ii) the date on which the Share Purchases are carried out to the full extent mandated; or (iii) the date the said mandate is revoked or varied by the Shareholders.

2. RATIONALE

Short term speculation may at times cause the market price of the Shares to be depressed below the true value of the Company and its subsidiaries (collectively the “**Group**”).

The proposed Share Purchase Mandate will provide the Directors with the means to restore investors’ confidence and to protect existing Shareholders’ investments in the Company in a depressed share price situation through judicious Share Purchases to enhance the earnings per Share and/or the net asset value per Share.

The proposed Share Purchase Mandate will also provide the Company with an expedient and cost-effective mechanism to facilitate the return of surplus cash reserves to the Shareholders, as and when the Directors are of the view that this would be in the best interests of the Company and the Shareholders.

The Directors will only make a Share Purchase as and when the circumstances permit and only if the Directors are of the view that such Share Purchase is in the best interests of the Company and the Shareholders.

3. SOURCES OF FUNDS

Purchases by the Company of its own Shares must be funded out of funds legally permitted for such purpose in accordance with the Bye-laws, and the relevant laws and regulations enacted or prescribed by the relevant competent authorities in Bermuda and Singapore.

Under the Companies Act, the purchase by a company of its own shares may only be funded out of the capital paid up on the shares to be purchased, or out of the funds of the company which would otherwise be available for dividends or distribution, or out of the proceeds of a fresh issue of shares made for the purpose of the share purchase, and the premium payable on purchase (i.e. the amount paid in excess of the nominal value of the shares to be purchased) must be provided for out of the funds of the company which would otherwise be available for dividends or distribution, or out of the company’s share premium account before the shares are purchased.

Any amount due to a shareholder on a purchase by a company of its own shares may (i) be paid in cash; (ii) be satisfied by the transfer of any part of the undertaking or property of the company having the same value; or (iii) be satisfied partly under (i) and partly under (ii). Any purchase by the company of its own shares may be authorised by its board of directors or otherwise by or in accordance with the provisions of its bye-laws.

No purchase by a company of its own shares may be effected if, on the date on which the share purchase is to be effected, there are reasonable grounds for believing that the company is, or after the purchase would be, unable to pay its liabilities as they become due.

The Directors do not propose to exercise the proposed Share Purchase Mandate to such extent as would, in the circumstances, have a material adverse effect on the working capital requirements of the Company or the gearing levels which, in the opinion of the Directors, are from time to time appropriate for the Company.

The Company will make prompt public announcement of any Share Purchase.

4. AUTHORITY AND LIMITS ON SHARE PURCHASE MANDATE

(a) Duration of Authority

The Share Purchase Mandate shall continue in force during the Relevant Period.

(b) Maximum number of Shares

The maximum number of Shares which can be purchased pursuant to the Share Purchase Mandate is such number of Shares which represents up to a maximum of ten per cent (10%) of the issued ordinary share capital of the Company (excluding treasury shares) as at the date on which the Share Purchase Mandate is approved by the Shareholders.

As at the Latest Practicable Date (as defined in section 5 below), the Company has a total issued share capital comprising of 1,022,855,783 Shares (excluding treasury shares).

For illustrative purposes, on the basis of 1,022,855,783 Shares in issue (excluding treasury shares) as at the Latest Practicable Date, and assuming that no further Shares are issued on or prior to the 2014 AGM, not more than 102,285,578 Shares (representing ten per cent (10%) of the Shares in issue (excluding treasury shares) as at that date) (rounded to the nearest whole Share) may be purchased or acquired by the Company pursuant to the Share Purchase Mandate.

(c) Maximum Price

The maximum price (excluding brokerage, commission, applicable goods and services tax and other related expenses) at which the Shares can be purchased pursuant to the proposed Share Purchase Mandate (the "**Maximum Price**") shall not exceed:

- (i) in the case of an On-Market Purchase, the sum constituting five per cent (5%) above the Average Closing Price (or 105% of the Average Closing Price); and
- (ii) in the case of an Off-Market Purchase, the sum constituting thirty per cent (30%) above the Highest Last Dealt Price (or 130% of the Highest Last Dealt Price).

For the above purposes:

"**Average Closing Price**" means the average closing price of the Shares over the period of five (5) days on which the SGX-ST is open for securities trading (the "**Market Days**") in which transactions in the Shares on the SGX-ST were recorded before the day on which such On-Market Purchase is made and deemed to be adjusted for any corporate action which occurs after the relevant five (5) day period;

"**Highest Last Dealt Price**" means the highest price transacted for a Share on the Market Day on which the Shares were transacted on the SGX-ST immediately preceding the date of the making of the offer pursuant to the Off-Market Purchase; and

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

(d) Manner of Share Purchases

Share Purchases may be made by way of On-Market Purchases and/or Off-Market Purchases.

(e) Status of Purchased Shares

Shares which are purchased by a company shall (unless held as treasury shares if authorised to do so by its memorandum of association or bye-laws and to the extent permitted under the Companies Act) be deemed cancelled immediately on purchase, and all rights and privileges attached to such shares will expire on cancellation.

Where the purchased shares are cancelled and not held as treasury shares, the amount of the company's issued share capital shall be diminished by the nominal value of those shares, but the purchase of such shares shall not be taken as reducing the amount of the company's authorised share capital.

Pursuant to the current Bye-laws and the Companies Act, a Share purchased or acquired by the Company is treated as cancelled on purchase or acquisition (and all rights and privileges attached to the Share will expire on such cancellation) unless such Share is held by the Company as a treasury share. Accordingly, the total number of issued Shares will be diminished by the number of Shares purchased or acquired by the Company which are not held as treasury shares.

(f) Treasury Shares

Under the Companies Act, a company may, if authorised by its memorandum of association or bye-laws, purchase its own shares to be held as treasury shares or for cancellation. The shares so purchased may either be cancelled (in which event, the company's issued, but not its authorised, capital will be diminished accordingly) or may be held as treasury shares. Pursuant to the current Bye-laws, the Company may purchase its own Shares on such terms as the Board shall think fit, either for cancellation or to be held as treasury shares in accordance with the Companies Act.

Under the laws of Bermuda, if a company holds shares as treasury shares, the company shall be entered in the register of members as the member holding the shares but the company is not permitted to exercise any rights in respect of those shares (including any right to attend and vote at meetings) and no dividend or other distribution (whether in cash or otherwise) shall be paid or made to the company in respect of such treasury shares. The company may make an allotment of shares as fully paid bonus shares in respect of shares held by it as treasury shares. But any shares allotted by the company as fully paid bonus shares in respect of treasury shares shall be treated for the purposes of the Companies Act as if the said bonus shares had been acquired by the company at the time they were allotted. A subdivision or consolidation of any treasury share into treasury shares of a smaller amount or of a larger amount, as the case may be, is allowed so long as the total value of the treasury shares after subdivision or consolidation is the same as before.

No acquisition by a company of its own shares whether to be held as treasury shares or for cancellation may be effected if, on the date on which the acquisition is to be effected, there are reasonable grounds for believing that the company is, or after the acquisition would be, unable to pay its liabilities as they become due.

A company that acquires its own shares to be held as treasury shares may:

- (i) hold all or any of the shares;
- (ii) dispose of or transfer all or any of the shares for cash or other consideration; or
- (iii) cancel all or any of the shares.

(g) SGX-ST Listing Manual

Under Rule 704(28) of the Listing Manual of the SGX-ST (the "**Listing Manual**"), the Company must immediately announce any sale, transfer, cancellation and/or use of treasury shares, stating the following:

- (i) Date of the sale, transfer, cancellation and/or use;
- (ii) Purpose of such sale, transfer, cancellation and/or use;
- (iii) Number of treasury shares sold, transferred, cancelled and/or used;
- (iv) Number of treasury shares before and after such sale, transfer, cancellation and/or use;
- (v) Percentage of the number of treasury shares against the total number of shares outstanding in a class that is listed before and after such sale, transfer, cancellation and/or use; and
- (vi) Value of the treasury shares if they are used for a sale or transfer, or cancelled.

(h) Suspension of Purchase

Share Purchases are prohibited after any price sensitive development has occurred or has been the subject of a decision until such time as the price sensitive information has been publicly announced.

In particular, the Company may not purchase Shares on the SGX-ST during the period commencing one (1) month (or such other period as the SGX-ST may prescribe) before the announcement of the annual financial results or two (2) weeks (or such other period as the SGX-ST may prescribe) before the interim quarterly financial results, as the case may be, and ending on the date of the public release of the relevant results.

5. FINANCIAL EFFECTS

The financial effects on the Company and the Group arising from a Share Purchase will depend on, *inter alia*, whether the Shares are purchased out of funds otherwise available for dividends or distribution, or out of capital paid up on those Shares, or out of the share premium account of the Company, the aggregate number of Shares purchased, the price at which such Shares are purchased at the relevant time and whether the purchased Shares are held in treasury or cancelled.

The impact of the Share Purchase by the Company pursuant to the proposed Share Purchase Mandate on the Company's and the Group's financial positions is illustrated below.

Based on the existing issued and paid-up ordinary share capital of the Company of 1,022,855,783 Shares (excluding treasury shares) as at March 31, 2014 (the "**Latest Practicable Date**"), the exercise in full of the Share Purchase Mandate would result in the purchase of 102,285,578 Shares.

Assuming that the Company purchases or acquires the maximum number of 102,285,578 Shares at the Maximum Price applicable to On-Market Purchases or Off-Market Purchases, the maximum amount of funds required is approximately:

- (a) in the case of On-Market Purchases, S\$16,774,835 (approximately NT\$405,447,762 based on an exchange rate of S\$1 : NT\$24.17) on the basis of a Maximum Price of S\$0.164 (approximately NT\$3.964 based on an exchange rate of S\$1 : NT\$24.17) (being the price equivalent to 5% above the Average Closing Price of the Shares traded on the SGX-ST for the 5 consecutive Market Days immediately preceding the Latest Practicable Date); and
- (b) in the case of Off-Market Purchases, S\$20,866,258 (approximately NT\$504,337,456 based on an exchange rate of S\$1 : NT\$24.17) on the basis of a Maximum Price of S\$0.204 (approximately NT\$4.931 based on an exchange rate of S\$1 : NT\$24.17) (being the price equivalent to 30% above the Highest Last Dealt Price of the Shares traded on the SGX-ST on the Market Day immediately preceding the Latest Practicable Date).

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

- (a) the proposed Share Purchase Mandate is exercised in full;
- (b) the maximum amount of funds required for On-Market Purchases is S\$16,774,835 and for Off-Market Purchases is S\$20,866,258;
- (c) the Share Purchase had taken place on January 1, 2013;
- (d) in respect of On-Market Purchases, loss of interest income amounting to approximately NT\$5,494,000 (at 1.355% per annum) and savings on tax expense of approximately NT\$1,483,000 as a result of the lower interest income; and
- (e) in respect of Off-Market Purchases, loss of interest income amounting to approximately NT\$6,834,000 (at 1.355% per annum) and savings on tax expense of approximately NT\$1,845,000 as a result of the lower interest income,

the impact of the proposed Share Purchase Mandate on the Group's and the Company's unaudited financial statements for the financial period ended December 31, 2013 is as illustrated below:

On-Market Purchases

	GROUP			COMPANY		
	Before Share Purchase	After Share Purchase		Before Share Purchase	After Share Purchase	
		Purchased Shares Cancelled	Purchased Shares held as Treasury Shares		Purchased Shares Cancelled	Purchased Shares held as Treasury Shares
As at December 31, 2013						
Shareholders' equity (NT\$'000)	6,996,485	6,587,026	6,587,026	5,891,458	5,481,999	5,481,999
Net tangible assets (NTA) (NT\$'000) ⁽¹⁾	6,996,485	6,587,026	6,587,026	5,891,458	5,481,999	5,481,999
Current Assets (NT\$'000)	2,009,958	1,599,016	1,599,016	159,139	–	–
Current Liabilities (NT\$'000)	190,368	188,885	188,885	16,892	267,212	267,212
Working Capital (NT\$'000)	1,819,590	1,410,131	1,410,131	142,247	(267,212) ⁽⁴⁾	(267,212) ⁽⁴⁾
Total Liabilities (NT\$'000)	241,754	240,271	240,271	16,892	267,212	267,212
Number of Shares	1,022,855,783	920,570,205	1,022,855,783	1,022,855,783	920,570,205	1,022,855,783

Financial Ratios

NTA Per Share (NT\$)	6.84	7.16	7.16	5.76	5.96	5.96
Gearing (%) ⁽²⁾	3.46	3.65	3.65	0.29	4.87	4.87
Current ratio (%) ⁽³⁾	1,055.83	846.56	846.56	942.10	–	–

Notes:

- (1) Net tangible assets equal Shareholders' equity less intangible assets.
- (2) Gearing equals total liabilities divided by Shareholders' equity.
- (3) Current ratio equals current assets divided by current liabilities.
- (4) This is on the assumption that the proposed Share Purchase Mandate is exercised in full. The Directors do not propose to exercise the proposed Share Purchase Mandate to such extent as would result in the Company being in a negative working capital position.

As at December 31, 2013, the Group had cash balances of approximately S\$75,529,953. In order to effect On-Market Purchases of up to 102,285,578 Shares at the Maximum Price computed in the above illustration, cash reserves of S\$16,774,835 will be required.

As illustrated above, Share Purchases will have the effect of reducing the working capital and NTA of the Group and the Company by the dollar value of the Shares purchased, further compounded by the loss of interest income (net of tax).

Assuming that the On-Market Purchases had all taken place on January 1, 2013:

- (a) the consolidated NTA per Share of the Group as at December 31, 2013 will increase from S\$0.290 to S\$0.304 ; and
- (b) the consolidated basic EPS of the Group for the financial period ending December 31, 2013 would increase from S\$0.0135 per Share to S\$0.0149 per Share.

Off-Market Purchases

	GROUP			COMPANY		
	Before Share Purchase	After Share Purchase		Before Share Purchase	After Share Purchase	
		Purchased Shares Cancelled	Purchased Shares held as Treasury Shares		Purchased Shares Cancelled	Purchased Shares held as Treasury Shares
As at December 31, 2013						
Shareholders' equity (NT\$'000)	6,996,485	6,487,159	6,487,159	5,891,458	5,382,132	5,382,132
Net tangible assets (NTA) (NT\$'000) ⁽¹⁾	6,996,485	6,487,159	6,487,159	5,891,458	5,382,132	5,382,132
Current Assets (NT\$'000)	2,009,958	1,498,787	1,498,787	159,139	–	–
Current Liabilities (NT\$'000)	190,368	188,523	188,523	16,892	367,079	367,079
Working Capital (NT\$'000)	1,819,590	1,310,264	1,310,264	142,247	(367,079) ⁽⁴⁾	(367,079) ⁽⁴⁾
Total Liabilities (NT\$'000)	241,754	239,909	239,909	16,892	367,079	367,079
Number of Shares	1,022,855,783	920,570,205	1,022,855,783	1,022,855,783	920,570,205	1,022,855,783
Financial Ratios						
NTA Per Share (NT\$)	6.84	7.05	7.05	5.76	5.85	5.85
Gearing (%) ⁽²⁾	3.46	3.70	3.70	0.29	6.82	6.82
Current ratio (%) ⁽³⁾	1,055.83	795.02	795.02	942.10	–	–

Notes:

- (1) Net tangible assets equal Shareholders' equity less intangible assets.
- (2) Gearing equals total liabilities divided by Shareholders' equity.
- (3) Current ratio equals current assets divided by current liabilities.
- (4) This is on the assumption that the proposed Share Purchase Mandate is exercised in full. The Directors do not propose to exercise the proposed Share Purchase Mandate to such extent as would result in the Company being in a negative working capital position.

As at December 31, 2013, the Group had cash balances of approximately S\$75,529,953. In order to effect Off-Market Purchases of up to 102,285,578 Shares at the Maximum Price computed in the above illustration, cash reserves of S\$20,866,258 will be required.

As illustrated above, the purchase by the Company of its own Shares will have the effect of reducing the working capital and NTA of the Group and the Company by the dollar value of the Shares purchased, further compounded by the loss of interest income (net of tax).

Assuming that the Off-Market Purchases had all taken place on January 1, 2013:

- (a) the consolidated NTA per Share of the Group as at December 31, 2013 will increase from S\$0.290 to S\$0.299; and
- (b) the consolidated basic EPS of the Group for the financial period ending December 31, 2013 would increase from S\$0.0135 per Share to S\$0.0149 per Share.

As illustrated above, both On-Market Purchases and Off-Market Purchases will reduce the cash reserves of the Group and the Company, there will be a corresponding reduction in the current assets and the shareholders' equity of the Group and the Company. The gearing ratios of the Group and the Company will thus be increased and the current ratios of the Group and the Company will decline. The actual impact of the gearing and current ratios will depend on the number of Shares purchased and the prices at which the Shares were purchased.

When undertaking any Share Purchase, the Directors will ensure that (i) the Company and the Group will at all times have adequate working capital to meet its operational requirements, (ii) any Share Purchase will be financed by the Company's funds legally available for such purpose and (iii) the Company will neither obtain nor incur any borrowings to finance any Share Purchase.

Shareholders should note that the financial effects illustrated above are for illustration purposes only. In particular, it is important to note that the above analysis is based on the latest unaudited accounts of the Company and the Group as at December 31, 2013, and is not representative of the future financial performance of the Company or the Group. Although the proposed Share Purchase Mandate would authorise the Company to purchase such number of Shares representing up to ten per cent (10%) of the Company's issued ordinary share capital (excluding treasury shares), the Company may not purchase or be able to purchase such number of Shares representing up to ten per cent (10%) of the Company's issued ordinary share capital (excluding treasury shares).

6. DISCLOSURE OF INTERESTS

None of the Directors or Substantial Shareholders (as defined in the Companies Act of Singapore) have notified the Company that they have a present intention to sell any Shares to the Company, or have undertaken not to do so, in the event that the Share Purchase Mandate is approved by the Shareholders and exercised.

7. OBLIGATION TO EXTEND TAKE-OVER OFFER

Following legislative amendments to the Securities and Futures Act (Chapter 289) of Singapore (the "**SFA**") with effect from October 15, 2005, we are subject to Sections 139 and 140 of the SFA and the Singapore Code on Take-overs and Mergers (the "**Take-over Code**") (collectively the "**Singapore Take-over and Merger Laws and Regulations**") notwithstanding that we are a company incorporated in Bermuda.

Rule 14 of the Take-over Code requires, inter alia, except with the consent of the Securities Industry Council (the "**Council**"), where

- (a) any person acquires whether by a series of transactions over a period of time or not, shares which (taken together with shares held or acquired by persons acting in concert with him) carry 30% or more of the voting rights of a company; or
- (b) any person who, together with persons acting in concert with him, holds not less than 30% but not more than 50% of the voting rights and such person, or any person acting in concert with him, acquires in any period of six (6) months additional shares carrying more than 1% of the voting rights,

such person must extend offers immediately, on the basis set out in Rule 14, to the holders of any class of share capital of the company which carries votes and in which such person, or persons acting in concert with him, hold shares. In addition to such person, each of the principal members of the group of persons acting in concert with him may, according to the circumstances of the case, have the obligation to extend an offer.

As at the Latest Practicable Date, the respective interests of the Company's Substantial Shareholders in the Shares are as set out below:

	Direct Interest	%	Deemed Interest	%
Tai Lung Capital Inc. ⁽¹⁾	174,151,008	17.03	18,944,774	1.85
Mega International Commercial Bank Co., Ltd.	60,252,554	5.89	–	–
Daiwa Corporate Investment Co., Ltd. ⁽²⁾	–	–	52,755,136	5.16

Notes:

- (1) Tai Lung Capital Inc. has a deemed interest in 18,944,774 Shares held by Chung Lung Investment Co., Ltd.
- (2) Daiwa Corporate Investment Co., Ltd. has a deemed interest in 52,755,136 Shares held by Daiwa Capital Markets Singapore Ltd.

In the event the Company undertakes Share Purchases within the Relevant Period of the maximum of ten per cent (10%) of the issued share capital of the Company (excluding treasury shares) as permitted by the Share Purchase Mandate, it is not expected that the shareholdings and/or voting rights of any of the Shareholders will be increased to thirty per cent (30%) or more, thereby triggering a requirement for any member to make a general offer to the other Shareholders under Rule 14 of the Take-over Code.

Accordingly, none of the Substantial Shareholders of the Company has sought approval from the Council to exempt them from the requirement to make a general offer to the other Shareholders under Rule 14 of the Takeover Code.

8. LISTING STATUS OF THE COMPANY'S SECURITIES

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

As at the Latest Practicable Date, there are 642,822,842 Shares in the hands of the public (as defined above), representing approximately 62.85% of the issued share capital of the Company (excluding treasury shares). The maximum number of Shares that may be purchased pursuant to the Share Purchase Mandate is 102,285,578 Shares (representing 10% of the total issued ordinary share capital (excluding treasury shares) as at the Latest Practicable Date). Assuming that the Company makes Share Purchases up to the full 10% limit pursuant to the Share Purchase Mandate from the public, the number of Shares in the hands of the public would be reduced to 540,537,264 Shares, representing approximately 58.72% of the issued share capital of the Company (excluding treasury shares) after such Share Purchases.

In undertaking any Share Purchases, the Directors will use their best efforts to ensure that a sufficient number of Shares remain in public hands so that the Share Purchase(s) will not:-

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

9. DIRECTORS' RESPONSIBILITY STATEMENT

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

10. BOARD'S RECOMMENDATION

The Board is of the opinion that the renewal of the Share Purchase Mandate is in the best interests of the Company and accordingly recommends that the Shareholders vote in favour of Ordinary Resolution No. 10 relating to the Share Purchase Mandate to be proposed at the 2014 AGM.

11. REPORTING REQUIREMENTS

Under Rule 886 of the Listing Manual, the Company shall notify the SGX-ST in respect of any Share Purchases from time to time, not later than 9.00 a.m. (a) in the case of an On-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 should be made in compliance with Appendix 8.3.1 of the Listing Manual and currently requires the inclusion of details, such as the total number of shares purchased, the purchase price per share or the highest and lowest prices paid for such shares, as applicable.

The Company shall make arrangements with its stockbrokers to ensure that they provide to the Company in a timely fashion the necessary information which will enable the Company to make the aforesaid notification to the SGX-ST.

Yours faithfully

Tsui-Hui Huang
Chairman and Managing Director
Hotung Investment Holdings Limited

April 14, 2014