

CIRCULAR DATED 6 APRIL 2016

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. PLEASE READ IT CAREFULLY.

This Circular is issued by Manufacturing Integration Technology Ltd (the "Company"). If you are in doubt as to the action you should take, you should consult your stockbroker, bank manager, solicitor, accountant or other professional adviser immediately.

If you have sold or transferred all your shares in the capital of the Company, you should immediately forward this Circular and the Proxy Form to the Notice of Annual General Meeting (as defined herein) in the Annual Report (as defined below) to the purchaser or the transferee, or to the bank, stockbroker or agent through whom the sale or transfer was effected, for onward transmission to the purchaser or transferee.

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



MANUFACTURING INTEGRATION TECHNOLOGY LTD

(Incorporated in the Republic of Singapore with limited liability)

(Company Registration No. 199200075N)

CIRCULAR TO SHAREHOLDERS

IN RELATION TO

- (1) THE PROPOSED RENEWAL OF THE SHARE BUY BACK MANDATE; AND**
- (2) THE PROPOSED GRANT OF 900,000 OPTIONS UNDER THE MIT EMPLOYEE SHARE OPTION SCHEME 2009 TO MR. KWONG KIM MONE, A CONTROLLING SHAREHOLDER OF THE COMPANY.**

This Circular is issued to you together with the Group's (as defined herein) Annual Report for the financial year ended 31 December 2015 (the "Annual Report"). The resolutions proposed to be passed in relation to the above matters are set out in the Notice of Annual General Meeting attached to the Annual Report.

IMPORTANT DATES AND TIMES

Last date and time for lodgment of Proxy Form	:	20 April 2016 at 9.30 a.m.
Date and time of Annual General Meeting	:	22 April 2016 at 9.30 a.m.
Place of Annual General Meeting	:	Ficus Room 1, Level 2 Jurong Country Club 9 Science Centre Road Singapore 609078

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DEFINITIONS

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

- “2009 EGM”** : The extraordinary general meeting of the Company held on 28 April 2009.
- “2010 AGM”** : The annual general meeting of the Company held on 23 April 2010.
- “2011 AGM”** : The annual general meeting of the Company held on 26 April 2011.
- “2012 AGM”** : The annual general meeting of the Company held on 26 April 2012.
- “2013 AGM”** : The annual general meeting of the Company held on 26 April 2013.
- “2014 AGM”** : The annual general meeting of the Company held on 28 April 2014.
- “2015 AGM”** : The annual general meeting of the Company held on 28 April 2015.
- “2016 AGM”** : The annual general meeting of the Company to be held on 22 April 2016 at 9.30 a.m. (or any adjournment thereof).
- “ACRA”** : Accounting and Corporate Regulatory Authority.
- “Act”** : The Companies Act, Chapter 50 of Singapore, as may be amended, modified or supplemented from time to time.
- “Approval Date”** : The date of the last annual general meeting of the Company at which the Share Buy Back Mandate was approved.
- “Associate”** : a) In relation to any Director, chief executive officer, Substantial Shareholder or Controlling Shareholder (being an individual) means:-
- i. his immediate family;
 - ii. the trustees of any trust of which he or his immediate family is a beneficiary or, in the case of a discretionary trust, is a discretionary object; and
 - iii. any company in which he and his immediate family together (directly or indirectly) have an interest of 30% or more; and
- 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% or more.
- “Associated Company”** : A company in which at least 20% but not more than 50% of its shares are held by the Company, its subsidiaries and/or Associated Companies, and over which the Company has control.

DEFINITIONS

“Board”	:	The board of Directors of the Company as at the date of this Circular.
“CDP”	:	The Central Depository (Pte) Limited.
“Circular”	:	This Circular to Shareholders dated 6 April 2016.
“Committee”	:	A committee comprising the Directors duly authorised and appointed by the Board to administer the Scheme. As at the date of this Circular, the members of the Committee are Mr Pow Tien Tee, Mr Lee Yong Guan, Mr Kam Boon Cheong and Mr Lim Chin Hong.
“Constitution”	:	The Memorandum and Articles of Association of the Company.
“Controlling Shareholder”	:	A person who: <ul style="list-style-type: none">a) holds directly or indirectly 15% or more of all voting shares in the Company, unless determined by SGX-ST that such person is not a controlling shareholder; orb) in fact exercises control over the Company; orc) such other meaning as the SGX-ST may ascribe to this term from time to time.
“Date of Grant”	:	In relation to an Option, the date on which the Option is granted pursuant to the Scheme Rules.
“Director”	:	A person holding office as a director of the Company as at the date of this Circular.
“Employee”	:	A confirmed full-time employee of the Company, its subsidiaries or Associated Companies.
“Executive Director”	:	A director (excluding an alternate director) of the Company, who holds office in an executive capacity or who performs an executive function.
“EPS”	:	Earnings per Share.
“FY”	:	The financial year ended or ending 31 December.
“Grantee”	:	The person to whom an offer of an Option is made.
“Group”	:	The Company, its subsidiaries and Associated Companies. :
“immediate family”	:	In relation to a person, means the person’s spouse, child, adopted child, step-child, sibling and parent.

DEFINITIONS

“Latest Practicable Date”	: 30 March 2016, being the latest practicable date prior to the printing of this Circular.
“Listing Manual”	: The Listing Manual of the SGX-ST, as may be amended, modified or supplemented from time to time.
“Market Day”	: A day on which the SGX-ST is open for trading in securities.
“MIT” or the “Company”	: Manufacturing Integration Technology Ltd.
“month”	: A calendar month.
“New Shares”	: The new Shares which may be allotted and issued from time to time pursuant to the exercise of Options under the Scheme.
“Non-Executive Director”	: A director (excluding an alternate director) of the Company who is not an Executive Director.
“Notice of Annual General Meeting”	: The notice of annual general meeting dated 6 April 2016 attached to the Annual Report.
“NTA”	: Net tangible assets.
“Option”	: An option to subscribe for Shares granted under the Scheme.
“Plan”	: The performance share plan known as the “MIT Performance Share Plan”, adopted by the Company at the extraordinary general meeting of the Company held on 27 April 2007, as may be modified or altered from time to time.
“record date”	: The date fixed by the Company for the purposes of determining entitlements to dividends or other distributions to or rights of Shareholders.
“Remuneration Committee”	: The remuneration committee of the Company.
“Scheme”	: The share option scheme known as the “MIT Employee Share Option Scheme 2009”, adopted by the Company at the 2009 EGM, as may be modified or altered from time to time.
“Scheme Rules”	: The rules of the Scheme.
“Securities Account”	: A securities account maintained by a Depositor with CDP but does not include a securities sub-account maintained with a Depository Agent.
“SGX-ST”	: Singapore Exchange Securities Trading Limited.

DEFINITIONS

- “Share Buy Back Mandate”** : The general mandate to authorise the Directors to exercise all the powers of the Company to purchase or otherwise acquire its issued Shares upon and subject to the terms of such mandate.
- “Shareholders”** : Registered holders of Shares, except that where the registered holder is the CDP, the term “Shareholders” shall, in relation to such Shares, mean the Depositors into whose Securities Accounts those Shares are credited. Any reference to Shares held by Shareholders shall include Shares standing to the credit of the respective Shareholders’ Securities Accounts.
- “Shares”** : Ordinary shares in the capital of MIT.
- “Subscription Price”** : The price at which a Grantee shall subscribe for each Share upon the exercise of an Option as determined in accordance with the Scheme Rules.
- “Substantial Shareholder”** : A person who has an interest in the voting shares in the Company representing not less than 5% of all the voting shares.
- “Take-over Code”** : The Singapore Code on Take-overs and Mergers, and all practice notes, rules and guidelines thereunder, as may from time to time be issued or amended.
- “treasury shares”** : Issued Shares of the Company which were (or are treated as having been) purchased by the Company in circumstances in which Section 76H of the Act applies and have been held by the Company continuously since the treasury share was so purchased.
- “S\$” and “cents”** : Singapore dollars and cents respectively, unless otherwise stated.
- “%” or “per cent.”** : Per centum or percentage.

DEFINITIONS

In this Circular:

- (i) The expressions “acting in concert” and “associate” shall have the meaning ascribed to them respectively in the Take-over Code.
- (ii) The terms “Depositor”, “Depository Agent” and “Depository Register” shall have the meanings ascribed to them respectively in Section 81SF of the Securities and Futures Act, Chapter 289 of Singapore.
- (iii) Words importing the singular shall, where applicable, include the plural and vice versa and words importing the masculine gender shall, where applicable, include the feminine gender and the neuter gender and vice versa.
- (iv) References to persons shall include corporations.
- (v) 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 Act, the Listing Manual or any statutory modification thereof and used in this Circular shall have the meaning assigned to it under the Act, the Listing Manual or any statutory modification thereof, as the case may be, unless otherwise provided.
- (vi) Any reference to a time of day and date in this Circular is made by reference to Singapore time and date respectively, unless otherwise stated.
- (vii) Any discrepancies in figures included in this Circular between the amounts listed and the totals thereof are due to rounding. Accordingly, figures shown as totals in this Circular may not be an arithmetic aggregation of the figures that precede them.
- (viii) The headings in this Circular are inserted for convenience only and shall be ignored in construing this Circular.

LETTER TO SHAREHOLDERS

MANUFACTURING INTEGRATION TECHNOLOGY LTD

(Incorporated in the Republic of Singapore)
(Company Registration No. 199200075N)

Board of Directors:

Kwong Kim Mone (Chairman and Managing Director)
Lim Chin Tong (Executive Director)
Lee Yong Guan (Lead Independent Director)
Pow Tien Tee (Independent Director)
Kam Boon Cheong (Independent Director)
Lim Chin Hong (Independent Director)

Registered Office:

Blk 5004 Ang Mo Kio Ave 5
#03-12 TECHplace II
Singapore 569872

6 April 2016

To: The Shareholders of Manufacturing Integration Technology Ltd

Dear Sir/Madam

- (1) **THE PROPOSED RENEWAL OF THE SHARE BUY BACK MANDATE; AND**
(2) **THE PROPOSED GRANT OF OPTIONS UNDER THE MIT EMPLOYEE SHARE OPTION SCHEME 2009 TO MR. KWONG KIM MONE, A CONTROLLING SHAREHOLDER OF THE COMPANY.**

1. INTRODUCTION

1.1 2016 AGM

The Directors wish to refer to (i) the Notice of Annual General Meeting dated 6 April 2016, accompanying the Company's Annual Report to convene the 2016 AGM; (ii) Resolution 11 being the ordinary resolution for the proposed renewal of the Share Buy Back Mandate; and (iii) Resolution 12 being the ordinary resolution for the proposed grant of Options under the Scheme to Mr. Kwong Kim Mone, a Controlling Shareholder of the Company.

1.2 Circular

The purpose of this Circular is to provide Shareholders with the relevant information in relation to the above, and to seek the approval of Shareholders at the 2016 AGM for the matters set out in this Circular. The SGX-ST assumes no responsibility for the accuracy of any statements made or opinions expressed or reports contained in this Circular.

2. THE PROPOSED RENEWAL OF THE SHARE BUY BACK MANDATE

2.1 Background

At the 2015 AGM, the Shareholders had approved the renewal of a Share Buy Back Mandate to enable the Company to purchase or otherwise acquire Shares in the capital of the Company. The rationale for, the authority and limitations on, and the financial effects of, the Share Buy Back Mandate were set out in the Company's circular to Shareholders dated 13 April 2015.

The Share Buy Back Mandate was expressed to take effect on the date of the passing of the ordinary resolution approving the renewal of the Share Buy Back Mandate at the 2015 AGM and will expire on the date of the 2016 AGM, or until it is varied or revoked by an ordinary resolution of the Shareholders in general meeting (if so varied or revoked prior to the 2016 AGM). Accordingly, the Directors propose that the Share Buy Back Mandate be renewed at the 2016 AGM.

LETTER TO SHAREHOLDERS

2.2 Introduction

Any purchase or acquisition of Shares by the Company would have to be made in accordance with, and in the manner prescribed by, the Act, the Listing Manual and such other laws and regulations as may, for the time being, be applicable.

Under Rule 881 of the Listing Manual, a company which wishes to purchase or acquire its own shares should obtain approval of its shareholders to do so at a general meeting. Accordingly, approval is being sought from Shareholders at the 2016 AGM for a general and unconditional mandate to be given for the purchase or acquisition by the Company of its issued Shares.

If approved by Shareholders at the 2016 AGM, the authority conferred by the Share Buy Back Mandate will continue to be in force until the next annual general meeting of the Company (whereupon it will lapse, unless renewed at such meeting) or until it is varied or revoked by the Company in general meeting (if so varied or revoked prior to the next annual general meeting).

2.3 Rationale for the Share Buy Back Mandate

The proposed renewal of the Share Buy Back Mandate will give the Directors the flexibility to purchase or acquire the Shares of the Company if and when circumstances permit. The Directors believe that share buy backs provide the Company and its Directors with a mechanism to facilitate the return of any surplus cash over and above its ordinary capital requirements, in an expedient and cost-efficient manner. It also allows the Directors to exercise greater control over the Company's share capital structure, dividend payout and cash reserves.

The buy back of Shares may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the EPS of the Company, and will only be made when the Directors believe that such buy backs would benefit the Company and its Shareholders.

Shareholders should note that purchases or acquisitions of Shares pursuant to the Share Buy Back Mandate will only be made when the Directors believe that such purchases or acquisitions would be made in circumstances which would not have a material adverse effect on the financial position or listing status of the Company.

2.4 Authority and Limits on the Share Buy Back Mandate

The authority and limitations placed on purchases of Shares by the Company under the Share Buy Back Mandate are summarised below:

2.4.1 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 that may be purchased or acquired by the Company is limited to that number of Shares representing not more than 10% of the issued share capital of the Company, ascertained as at the Approval Date, unless the Company has effected a reduction of the share capital of the Company in accordance with the applicable provisions of the Act, at any time during the relevant period, in which event the total number of issued Shares of the Company shall be taken to be the total number of issued Shares of the Company as altered. For purposes of calculating the percentage of issued Shares above, any of the Shares which are held as treasury shares will be disregarded.

For illustrative purposes only, based on the existing issued and paid-up share capital of the Company as at the Latest Practicable Date comprising 223,346,870 Shares (excluding 1,666,000 treasury shares held by the Company as at the Latest Practicable Date) and assuming that no further Shares are issued on or prior to the 2016 AGM, not more than

LETTER TO SHAREHOLDERS

22,334,687 Shares (representing 10% of the issued and paid-up share capital of the Company as at that date) may be purchased or acquired by the Company pursuant to the proposed Share Buy Back Mandate.

2.4.2 Duration of Authority

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

- (a) the conclusion of the next annual general meeting or the date by which such annual general meeting is required by law to be held;
- (b) the date on which the buy backs of the Shares are carried out to the full extent mandated; or
- (c) the date on which the authority conferred in the Share Buy Back Mandate is varied or revoked by the Shareholders in a general meeting.

2.4.3 Manner of Purchase of Shares

Purchases of Shares may be made by way of, *inter alia*:

- (a) on-market purchases ("Market Purchase"), transacted on the SGX-ST through the SGX-ST's ready market trading system or, as the case may be, any other stock exchange on which the Shares may for the time being be listed and quoted, through one or more duly licensed stockbrokers appointed by the Company for the purpose; and/or
- (b) off-market purchases ("Off-Market Purchase") (if effected otherwise than on the SGX-ST) in accordance with any equal access scheme(s) as may be determined or formulated by the Directors as they may consider fit, which scheme(s) shall satisfy all the conditions prescribed by the Act and the Listing Manual.

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

- (i) the 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 those persons shall be given a reasonable opportunity to accept the offers made to them; and
- (iii) the terms of all the offers shall be the same, except that there shall be disregarded:
 - (a) differences in consideration attributable to the fact that the offers relate to Shares with different accrued dividend entitlements;
 - (b) (if applicable) differences in consideration attributable to the fact that the offers relate to Shares with different amounts remaining unpaid; and

LETTER TO SHAREHOLDERS

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

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

- (a) the terms and conditions of the offer;
- (b) the period and procedures for acceptances;
- (c) the reasons for the proposed Share buy back;
- (d) the consequences, if any, of Share buy backs by the Company that will arise under the Take-over Code or other applicable take-over rules;
- (e) whether the Share buy back, if made, would have any effect on the listing of the Shares on the SGX-ST;
- (f) details of any Share buy back made by the Company in the previous 12 months (whether Market Purchases or Off-Market Purchases in accordance with an equal access scheme), giving the total number of Shares purchased, the purchase price per Share or the highest and lowest prices paid for the purchases, where relevant, and the total consideration paid for the purchases; and
- (g) whether the Shares purchased by the Company will be cancelled or kept as treasury shares.

2.4.4 **Maximum Purchase Price**

The purchase price per Share (excluding brokerage, stamp duties, applicable goods and services tax and other related expenses) to be paid for the Shares will be determined by the Directors.

However, the purchase price to be paid for a Share as determined by the Directors must not exceed:

- (a) in the case of a Market Purchase, 105% of the Average Closing Price (as defined hereinafter); and
- (b) in the case of an Off-Market Purchase pursuant to an equal access scheme, up to 120% of the Average Closing Price (as defined hereinafter),

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

For the above purposes:

"**Average Closing Price**" means the average of the closing market prices of a Share over the last five (5) Market Days, on which the Shares are transacted on the SGX-ST 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 (5) day period; and

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

2.5 Status of Shares Purchased by the Company

2.5.1 Cancellation

Any Share which is purchased or acquired by the Company shall, unless held as treasury shares to the extent permitted under the Act, be deemed cancelled immediately on purchase or acquisition, and all rights and privileges attached to that Share will expire on cancellation. The total number of 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 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.

2.5.2 Treasury Shares

Under the 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 Act are summarised below:

(i) Maximum Holdings

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

(ii) 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 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 (whether in cash or otherwise) of the Company’s assets (including any distribution of assets to members on a winding up) 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.

(iii) Disposal and Cancellation

Where Shares are held as treasury shares, the Company may at any time:

- (a) sell the treasury shares for cash;
- (b) transfer the treasury shares for the purposes of or pursuant to an employees’ share scheme;

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- (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.

Rule 704(28) of the Listing Manual requires that the Company immediately announce any sale, transfer, cancellation and/or use of treasury shares stating the following:

- (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 shares before and after such sale, transfer, cancellation and/or use;
- (e) 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
- (f) value of the treasury shares if they are used for a sale or transfer, or cancelled.

2.6 Source of Funds for the Share Buy Back

In buying back Shares, the Company may only apply funds legally available for such purchase or acquisition in accordance with its Constitution, and the applicable laws in Singapore. The Company may not buy Shares on the SGX-ST for a consideration other than cash or for settlement otherwise than in accordance with the trading rules of the SGX-ST. The buy back of Shares by the Company may be made out of the Company's profits or capital so long as the Company is solvent.

Pursuant to Section 76F(4) of the Act, the Company is solvent if (a) there is no ground on which the Company could be found to be unable to pay its debts; (b) the Company will be able to pay its debts as they fall due during the period of 12 months immediately after the date of payment; and (c) the value of the Company's assets is not less than the value of its liabilities (including contingent liabilities) and will not, after any purchase of Shares become less than the value of its liabilities (including contingent liabilities).

When Shares are purchased or acquired, and cancelled:

- (a) if the Shares are purchased or acquired entirely out of the capital of the Company, the Company shall reduce the amount of its share capital by the total amount of the purchase price paid by the Company for the Shares (excluding brokerage, stamp duties, applicable goods and services tax, clearance fees and other related expenses) (the "Purchase Price");
- (b) if the Shares are purchased or acquired entirely out of profits of the Company, the Company shall reduce the amount of its profits by the total amount of the Purchase Price; or
- (c) where the Shares are purchased or acquired out of both the capital and the profits of the Company, the Company shall reduce the amount of its share capital and profits proportionately by the total amount of the Purchase Price.

LETTER TO SHAREHOLDERS

The Company may use internal resources and/or external borrowings to finance purchases of its Shares pursuant to the Share Buy Back Mandate.

The Directors do not propose to exercise the Share Buy Back Mandate in a manner and to such extent that the liquidity and capital adequacy position of the Group would be materially adversely affected.

2.7 Take-over Implications under the Singapore Code on Take-overs and Mergers

Appendix 2 of the Take-over Code contains the Share Buy-Back 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.

2.7.1 Obligation to make a Take-over Offer

If, as a result of any purchase or acquisition by the Company of the Shares, the proportionate interest in the voting capital of the Company of a Shareholder and persons acting in concert with him increases, such increase will be treated as an acquisition for the purposes of Rule 14 of the Take-over Code. Consequently, a Shareholder or a group of Shareholders acting in concert with a Director could obtain or consolidate effective control of the Company and become obliged to make an offer under Rule 14 of the Take-over Code.

2.7.2 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), co-operate, through the acquisition by any of them of shares in a company, to obtain or consolidate effective control of the company. Unless the contrary is established, the following persons, inter alia, will be presumed to be acting in concert, namely:

- (a) a company with its parent company, subsidiaries, its fellow subsidiaries, any associated companies of the above companies, any company whose associated companies include any of the above companies and any person who has provided financial assistance (other than a bank in its ordinary course of business) to any of the above companies for the purchase of voting rights;
- (b) a company with any of its directors, together with their close relatives, related trusts and any 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 in respect of the investment account which such person manages on a discretionary basis;
- (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

LETTER TO SHAREHOLDERS

- (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 its ordinary course of business) to any of the above for the purchase of voting rights.

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

2.7.3 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 take-over offer under Rule 14 if, as a result of the Company purchasing or acquiring Shares, the voting rights of such Directors and their concert parties would increase to 30% or more, or in the event that such Directors and their concert parties hold between 30% and 50% of the Company's voting rights, if the voting rights of such Directors and their concert parties would increase by more than one per cent. (1%) in any period of six (6) months.

Under Appendix 2 of the Take-over Code, a Shareholder not acting in concert with the Directors will not be required to make a take-over offer under Rule 14 if, as a result of the Company purchasing or acquiring its Shares, the voting rights of such Shareholder 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 one per cent. (1%) in any period of six (6) months. Such Shareholder need not abstain from voting in respect of the resolution authorising the Share Buy Back Mandate.

Based on the shareholdings of the Directors in the Company as at the Latest Practicable Date, none of the Directors and parties acting in concert with them will become obligated to make a mandatory offer by reason only of the buy back of 22,334,687 Shares by the Company pursuant to the Share Buy Back Mandate.

The Directors are not aware of any facts or factors 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 Buy Back Mandate.

Shareholders who are in doubt as to their obligations, if any, to make a mandatory take-over offer under the Take-over Code as a result of any purchase or acquisition of Shares by the Company should consult the Securities Industry Council and/or their professional advisers at the earliest opportunity.

2.8 Financial Impact

2.8.1 General

Shareholders should note that the financial effects illustrated below are for illustration purposes only. In particular, it is important to note that the financial analyses set out below are based on the audited financial statements of the Company for FY2015 and are not necessarily representative of the future financial performance of the Group. Although the proposed Share Buy Back Mandate would authorise the Company to buy back up to 10% of the Company's issued Shares, the Company may not necessarily buy back or be able to buy back 10% of the issued Shares in full.

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2.8.2 Financial Effects of the Share Buy Back Mandate

It is not possible for the Company to realistically calculate or quantify the financial effects of purchases or acquisitions that may be made pursuant to the Share Buy Back Mandate, as it would depend on factors such as the aggregate number of Shares purchased or acquired, the purchase prices paid at the relevant time, the amount (if any) borrowed by the Company to fund the purchases, whether the purchase or acquisition is made out of profits or capital, and whether the Shares purchased are held in treasury or cancelled.

The Directors do not propose to exercise the Share Buy Back Mandate to such an extent that it would have a material adverse effect on the working capital requirements of the Company. The purchase of the Shares will only be effected after considering relevant factors such as the working capital requirement, availability of financial resources, the expansion and investment plans of the Company, and the prevailing market conditions. The proposed Share Buy Back Mandate will be exercised with a view to enhance the earnings and/or NTA value per Share of the Company. The financial effects presented in this Section of this Circular are based on the assumptions set out below.

(a) *Information as at the Latest Practicable Date*

As at the Latest Practicable Date, the Company has 223,346,870 issued Shares (excluding 1,666,000 treasury shares).

(b) *Purchase or Acquisition out of Profits and/or Capital*

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.

(c) *Purchase or Acquisition out of Internal Resources and/or External Borrowing*

Where the purchase or acquisition of Shares is financed through internal resources, it will reduce the cash reserves, the current assets and shareholders' funds of the Group and the Company. This will result in an increase in the gearing ratios of the Group and the Company and a decline in the current ratios of the Group and the Company. The actual impact on the gearing and current ratios will depend on the number of Shares purchased or acquired and the prices at which the Shares are purchased or acquired.

Where the purchase or acquisition of Shares is financed through external borrowings or financing, there would also be a similar increase in the gearing ratios and a decline in the current ratios of the Group and the Company, with the actual impact dependent on the number of Shares purchased or acquired and the prices at which the Shares are purchased or acquired.

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The impact of purchases or acquisitions under the Share Buy Back Mandate on net asset value, EPS and gearing of the Company and the Group will depend, *inter alia*, on the number of Shares purchased or acquired, the price at which they are purchased or acquired and the manner in which the purchase or acquisition is funded. It is therefore not possible to realistically calculate or quantify the impact at this point of time.

(d) *Number of Shares Acquired or Purchased*

Based on the 223,346,870 issued and paid-up Shares as at the Latest Practicable Date, disregarding the 1,666,000 ordinary shares held in treasury, and assuming no further Shares are issued and no Shares are held by the Company as treasury shares on or prior to the 2016 AGM, the purchase or acquisition by the Company of up to the maximum limit of 10% of its issued Shares will entail a purchase or acquisition of 22,334,687 Shares.

(e) *Maximum Price Paid for Shares Purchased or Acquired*

In the case of Market Purchases by the Company and assuming that the Company purchases or acquires 22,334,687 Shares (representing 10% of its issued Shares) at the Maximum Price of S\$0.19 per Share (being the price equivalent to 105% of the Average Closing Price of the Shares traded on the SGX-ST for the five (5) consecutive Market Days immediately preceding the Latest Practicable Date), the maximum amount of funds required is S\$4,243,591, excluding brokerage, commission, applicable goods and services tax and other related expenses.

In the case of Off-Market Purchases by the Company and assuming that the Company purchases or acquires 22,334,687 Shares (representing 10% of its issued Shares) at the Maximum Price of S\$0.217 per Share (being the price equivalent to 120% of the Average Closing Price of the Shares traded on the SGX-ST for the five (5) consecutive Market Days immediately preceding the Latest Practicable Date), the maximum amount of funds required is S\$4,846,627, excluding brokerage, commission, applicable goods and services tax and other related expenses.

(f) *Illustrative Financial Effects*

For illustrative purposes only and on the basis of the assumptions set out above, the financial effects of:

- (i) the acquisition of 10% Shares by the Company in a Market Purchase or Off-Market Purchase pursuant to the Share Buy Back Mandate by way of purchases made entirely out of capital and held as treasury shares;
- (ii) the acquisition of 10% Shares by the Company in a Market Purchase or Off-Market Purchase pursuant to the Share Buy Back Mandate by way of purchases made entirely out of capital and cancelled; and
- (iii) the acquisition of 10% Shares by the Company in a Market Purchase or Off-Market Purchase pursuant to the Share Buy Back Mandate by way of purchases made entirely out of profits and cancelled,

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on the audited financial results of the Company for FY2015, are set out below:

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

Market Purchases

\$'000	Group		Company	
	Before Buyback	After Buyback	Before Buyback	After Buyback
Share Capital	46,682	46,682	46,682	46,682
Treasury Shares	(251)	(4,495)	(251)	(4,495)
Other Reserves	506	506	113	113
Retained Earnings	4,957	4,957	9,622	9,622
Total Shareholders' Equity	51,894	47,650	56,166	51,922
Intangible Assets	83	83	69	69
Net Tangible Assets	51,811	47,567	56,097	51,853
Cash & Cash Equivalents	20,434	16,190	13,032	8,788
Current Assets	58,377	54,133	45,131	40,887
Current Liabilities	15,684	15,684	10,470	10,470
No. of Shares ('000)	223,347	201,012	223,347	201,012
Financial Ratios				
Net Tangible Assets per Share (cts)	23.20	23.66	25.12	25.80
Debt Equity Ratio (times)	0.09	0.10	0.08	0.09
Working Capital Ratio (times)	3.72	3.45	4.31	3.91
Earnings per Share (cts)	6.97	7.75	9.70	10.79

NOTE: Earnings per Share on existing issued share capital is computed based on the weighted average number of Shares in issue during the year.

Off-Market Purchases

\$'000	Group		Company	
	Before Buyback	After Buyback	Before Buyback	After Buyback
Share Capital	46,682	46,682	46,682	46,682
Treasury Shares	(251)	(5,098)	(251)	(5,098)
Other Reserves	506	506	113	113
Retained Earnings	4,957	4,957	9,622	9,622
Total Shareholders' Equity	51,894	47,047	56,166	51,319
Intangible Assets	83	83	69	69
Net Tangible Assets	51,811	46,964	56,097	51,250
Cash & Cash Equivalents	20,434	15,587	13,032	8,185
Current Assets	58,377	53,530	45,131	40,284
Current Liabilities	15,684	15,684	10,470	10,470
No. of Shares ('000)	223,347	201,012	223,347	201,012
Financial Ratios				
Net Tangible Assets per Share (cts)	23.20	23.36	25.12	25.50
Debt Equity Ratio (times)	0.09	0.10	0.08	0.09
Working Capital Ratio (times)	3.72	3.41	4.31	3.85
Earnings per Share (cts)	6.97	7.75	9.70	10.79

NOTE: Earnings per Share on existing issued share capital is computed based on the weighted average number of Shares in issue during the year.

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(ii) Purchases made entirely out of capital and cancelled

Market Purchases

\$'000	Group		Company	
	Before Buyback	After Buyback	Before Buyback	After Buyback
Share Capital	46,682	42,438	46,682	42,438
Treasury Shares	(251)	(251)	(251)	(251)
Other Reserves	506	506	113	113
Retained Earnings	4,957	4,957	9,622	9,622
Total Shareholders' Equity	51,894	47,650	56,166	51,922
Intangible Assets	83	83	69	69
Net Tangible Assets	51,811	47,567	56,097	51,853
Cash & Cash Equivalents	20,434	16,190	13,032	8,788
Current Assets	58,377	54,133	45,131	40,887
Current Liabilities	15,684	15,684	10,470	10,470
No. of Shares ('000)	223,347	201,012	223,347	201,012
Financial Ratios				
Net Tangible Assets per Share (cts)	23.20	23.66	25.12	25.80
Debt Equity Ratio (times)	0.09	0.10	0.08	0.09
Working Capital Ratio (times)	3.72	3.45	4.31	3.91
Earnings per Share (cts)	6.97	7.75	9.70	10.79

NOTE: Earnings per Share on existing issued share capital is computed based on the weighted average number of Shares in issue during the year.

Off-Market Purchases

\$'000	Group		Company	
	Before Buyback	After Buyback	Before Buyback	After Buyback
Share Capital	46,682	41,835	46,682	41,835
Treasury Shares	(251)	(251)	(251)	(251)
Other Reserves	506	506	113	113
Retained Earnings	4,957	4,957	9,622	9,622
Total Shareholders' Equity	51,894	47,047	56,166	51,319
Intangible Assets	83	83	69	69
Net Tangible Assets	51,811	46,964	56,097	51,250
Cash & Cash Equivalents	20,434	15,587	13,032	8,185
Current Assets	58,377	53,530	45,131	40,284
Current Liabilities	15,684	15,684	10,470	10,470
No. of Shares ('000)	223,347	201,012	223,347	201,012
Financial Ratios				
Net Tangible Assets per Share (cts)	23.20	23.36	25.12	25.50
Debt Equity Ratio (times)	0.09	0.10	0.08	0.09
Working Capital Ratio (times)	3.72	3.41	4.31	3.85
Earnings per Share (cts)	6.97	7.75	9.70	10.79

NOTE: Earnings per Share on existing issued share capital is computed based on the weighted average number of Shares in issue during the year.

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(iii) **Purchases made entirely out of profits and cancelled**

Market Purchases

\$'000	Group		Company	
	Before Buyback	After Buyback	Before Buyback	After Buyback
Share Capital	46,682	46,682	46,682	46,682
Treasury Shares	(251)	(251)	(251)	(251)
Other Reserves	506	506	113	113
Retained Earnings	4,957	713	9,622	5,378
Total Shareholders' Equity	51,894	47,650	56,166	51,922
Intangible Assets	83	83	69	69
Net Tangible Assets	51,811	47,567	56,097	51,853
Cash & Cash Equivalents	20,434	16,190	13,032	8,788
Current Assets	58,377	54,133	45,131	40,887
Current Liabilities	15,684	15,684	10,470	10,470
No. of Shares ('000)	223,347	201,012	223,347	201,012
Financial Ratios				
Net Tangible Assets per Share (cts)	23.20	23.66	25.12	25.80
Debt Equity Ratio (times)	0.09	0.10	0.08	0.09
Working Capital Ratio (times)	3.72	3.45	4.31	3.91
Earnings per Share (cts)	6.97	7.75	9.70	10.79

NOTE: Earnings per Share on existing issued share capital is computed based on the weighted average number of Shares in issue during the year.

Off-Market Purchases

\$'000	Group		Company	
	Before Buyback	After Buyback	Before Buyback	After Buyback
Share Capital	46,682	46,682	46,682	46,682
Treasury Shares	(251)	(251)	(251)	(251)
Other Reserves	506	506	113	113
Retained Earnings	4,957	110	9,622	4,775
Total Shareholders' Equity	51,894	47,047	56,166	51,319
Intangible Assets	83	83	69	69
Net Tangible Assets	51,811	46,964	56,097	51,250
Cash & Cash Equivalents	20,434	15,587	13,032	8,185
Current Assets	58,377	53,530	45,131	40,284
Current Liabilities	15,684	15,684	10,470	10,470
No. of Shares ('000)	223,347	201,012	223,347	201,012
Financial Ratios				
Net Tangible Assets per Share (cts)	23.20	23.36	25.12	25.50
Debt Equity Ratio (times)	0.09	0.10	0.08	0.09
Working Capital Ratio (times)	3.72	3.41	4.31	3.85
Earnings per Share (cts)	6.97	7.75	9.70	10.79

NOTE: Earnings per Share on existing issued share capital is computed based on the weighted average number of Shares in issue during the year.

The above pro forma financial effects are for illustrative purposes only. Although the Share Buy Back Mandate would authorise the Company to purchase up to 10% of the issued Shares, the Company may not necessarily purchase or be able to purchase or acquire the entire 10% of the issued Shares. In addition, the Company may cancel all or part of the Shares repurchased or hold all or part of the Shares repurchased in treasury.

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2.9 Taxation

Section 10J of the Income Tax Act, Chapter 134 of Singapore, stipulates that when a company purchases or acquires its own shares from a shareholder using funds other than contributed capital of the company, the payment by the company shall be deemed to be a dividend paid by the company to the shareholder. Accordingly, the Company will, in repurchasing its own Shares out of profits, be deemed to have paid a dividend to the Shareholders from whom the Shares are purchased.

Shareholders who are in doubt as to their respective tax positions or any tax implications arising from the Share Buy Back Mandate or who may be subject to tax in a jurisdiction other than Singapore should consult their own professional advisers.

2.10 Interested Persons

The Company is prohibited from knowingly buying Shares on the SGX-ST from an interested person, that is, a Director, the chief executive officer or a Controlling Shareholder of the Company, or any of their Associates, and an interested person is prohibited from knowingly selling his Shares to the Company.

2.11 Reporting Requirements under the Companies Act

Within 30 days of the passing of a Shareholders' resolution to approve the purchases of Shares by the Company, the Company shall lodge a copy of such resolution with ACRA.

Within 30 days of a purchase of Shares on the SGX-ST or otherwise, the Company shall lodge with ACRA the notice of the purchase in the prescribed form, such notification including, inter alia, details of the purchase, the total number of Shares purchased by the Company, the total number of Shares cancelled, the number of Shares held as treasury shares, the Company's issued ordinary share capital before the purchase and after the purchase of Shares, the amount of consideration paid by the Company for the purchase, and whether the Shares were purchased out of the profits or the capital of the Company.

2.12 Applicable Rules of the Listing Manual

2.12.1 The Company is required under Rule 723 of the Listing Manual to ensure that at least 10% of the total number of issued Shares excluding treasury shares is at all times held by the public. The "public" is defined under "Definitions and Interpretation" of the Listing Manual as persons other than the directors, chief executive officer, substantial shareholders and controlling shareholders of the Company or its subsidiary companies, as well as the Associates of such persons.

As at the Latest Practicable Date, approximately 38.6% of the shares are held in the hands of the public. For illustrative purposes only, assuming that the Company repurchased the maximum of 10% of its issued share capital as at the Latest Practicable Date from members of the public by way of a Market Purchase, the percentage of Shares held by the public would be approximately 31.8%.

The Directors will use their best efforts to ensure that the Company does not effect buy backs of Shares if the buy back of Shares would result in the number of Shares remaining in the hands of the public falling to such a level as to cause market illiquidity or adversely affect the listing status and orderly trading of the Shares of the Company.

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2.12.2 Under Rule 884 of the Listing Manual, a listed company may only purchase or acquire shares by way of a market acquisition at a price per share which is not more than 5% above the average closing market price. The term “average closing market price” is defined as the average of the closing market prices of shares over the last five (5) Market Days, on which transactions in the shares were recorded, before the day on which purchases are made. The Maximum Price for a Share in relation to Market Purchases by the Company, referred to in Section 2.4.4 of this Circular, conforms to this restriction.

Additionally, Rule 886 of the Listing Manual also specifies 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 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 shall include, *inter alia*, details of the total number of shares authorised for purchase, the date of purchase, the total number of shares purchased, the purchase price per share or (in the case of Market Purchases), the purchase price per share or the highest price and lowest price per share, the total consideration paid for the shares and the number of issued shares after purchase, in the form prescribed under Appendix 8.3.1 of the Listing Manual.

While the Listing Manual does not expressly prohibit any purchase by a listed company of its shares during any particular time or times, because the listed company would be regarded as an “insider” in relation to any proposed purchase or acquisition of its issued shares, the Company will not undertake any purchase or acquisition of Shares pursuant to the Share Buy Back Mandate at any time after any matter or development of a price-sensitive nature has occurred or has been the subject of consideration and/or a decision of the Board until such price-sensitive information has been publicly announced.

Further, in conformity with Rule 1207(19) of the Listing Manual, the Company will observe the best practices on dealings in securities, such that the Company will not purchase or acquire any Shares during the period commencing one (1) month before the announcement of its half year and full year financial statements.

2.13 **Details of the Shares Bought by the Company in the Previous 12 Months**

No purchases of Shares have been made by the Company in the 12 months preceding the Latest Practicable Date.

3. **THE PROPOSED GRANT OF OPTIONS UNDER THE MIT EMPLOYEE SHARE OPTION SCHEME 2009 TO MR. KWONG KIM MONE, A CONTROLLING SHAREHOLDER OF THE COMPANY**

3.1 **Background**

The Company adopted the Scheme at the 2009 EGM.

At the 2010 AGM, Shareholders approved the participation of Mr. Kwong Kim Mone in the Scheme, and the grant of Options to Mr. Kwong Kim Mone to subscribe for 600,000 Shares (representing 0.28% of the then total number of issued Shares) on the terms set out in Resolution 8 of the Notice of the 2010 AGM. However, no Options were subsequently granted to Mr. Kwong Kim Mone.

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At the 2011 AGM, Shareholders approved the grant of Options to Mr. Kwong Kim Mone to subscribe for 600,000 Shares (representing approximately 0.28% of the then total number of issued Shares) on the terms set out in Resolution 11 of the Notice of the 2011 AGM. However, no Options were subsequently granted to Mr. Kwong Kim Mone.

At the 2012 AGM, Shareholders approved the grant of Options to Mr. Kwong Kim Mone to subscribe for 600,000 Shares (representing approximately 0.28% of the then number of issued Shares) on the terms set out in Resolution 11 of the Notice of the 2012 AGM. Such Options were granted to Mr. Kwong Kim Mone on 14 May 2012.

At the 2014 AGM, Shareholders approved the grant of Options to Mr. Kwong Kim Mone to subscribe for 600,000 Shares (representing approximately 0.28% of the then number of issued Shares) on the terms set out in Resolution 10 of the Notice of the 2014 AGM. Such Options were granted to Mr. Kwong Kim Mone on 9 June 2014.

Proposed Grant of Options at the 2016 AGM

For FY2015, the Remuneration Committee has recommended that Mr. Kwong Kim Mone be granted a further 900,000 Options. Such grant of Options is subject to Shareholders' approval at the 2016 AGM and the grant of the Options will be in accordance with the terms and conditions as set out in the Scheme.

As at the Latest Practicable Date, the total number of Shares available under the Scheme and the Plan is 33,502,030 Shares, being 15% of the total number of 223,346,870 issued Shares (excluding treasury shares), and the aggregate number of Shares available under the Scheme and the Plan to Controlling Shareholders and their Associates is 8,375,507 Shares, being 25% of the total number of Shares available under the Scheme and the Plan from time to time pursuant to Rule 845(2) of the Listing Manual and the Scheme Rules. Further, the total number of Shares available to Mr. Kwong Kim Mone under the Scheme and the Plan is up to 3,350,203 Shares, being 10% of the total number of Shares available under the Scheme and the Plan from time to time pursuant to Rule 845(3) of the Listing Manual and the Scheme Rules.

As at the Latest Practicable Date, the total number of Shares issued and issuable to Mr. Kwong Kim Mone under the Scheme and the Plan is up to 1,200,000 Shares (including Shares already issued pursuant to Options previously granted, and excluding the 900,000 Options currently proposed to be granted), which represent approximately 3.58% of the total number of Shares available under the Scheme and the Plan as at such date. No awards have been made or shares have been issued under the Plan.

As at the Latest Practicable Date, aside from Mr. Kwong Kim Mone, there are no other Controlling Shareholders and/or Associates of Controlling Shareholders to whom Shares are issued and/or issuable under the Scheme or the Plan. Accordingly, the total number of Shares issued and issuable to Controlling Shareholders and their Associates under the Scheme and the Plan is 1,200,000 Shares, which represent approximately 3.58% of the total number of Shares available under the Scheme and the Plan as at such date.

For further details in relation to the Options to be granted to Mr. Kwong Kim Mone, please refer to Section 3.5 of this Circular.

3.2 Summary of the Scheme Rules

The Scheme Rules in its entirety are set out in Appendix 1 to the Company's circular to Shareholders dated 19 April 2009, and a summary of the Scheme Rules is set out in Annex A.

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3.3 Rights of Shares

The New Shares issued and allotted, and existing Shares procured by the Company for delivery, shall, upon the exercise of an Option, be subject to all the provisions of the Constitution of the Company (including all provisions thereof relating to the voting, dividend, transfer and other rights attached to the Shares, including those arising from a liquidation of the Company), shall be eligible 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 vesting date, and shall in all other respects rank *pari passu* with other existing Shares then in issue.

3.4 Rationale and Justification for the Grant of Options to Controlling Shareholders

(i) Rationale and Justification

The Company understands that it needs to be able to retain qualified and experienced key personnel and recruit new personnel with capabilities and high performance standards in order for it to be effective and profitable and enhance Shareholders' value. The Scheme will give the Company added flexibility in structuring more competitive remuneration packages which are designed to reward and retain personnel whose services are vital to the well-being, growth and success of the Company.

In addition, the Company wants to create a sense of ownership amongst its Employees with a view to motivating them to take responsibility for the Group's performance. The Scheme aims to achieve this by allowing eligible Employees and Directors to participate in the equity of the Company.

Employees, Directors and Non-Executive Directors who are Controlling Shareholders or Associates of Controlling Shareholders are not excluded from participating in the Scheme. The Company believes that such persons, even though they already have shareholding interests in the Company, should be treated equally and remunerated for their services and contributions to the Group on the same basis as those executives, Directors and Non-Executive Directors who are not Controlling Shareholders or Associates of Controlling Shareholders. Allowing such persons to participate in the Scheme is a means of giving them due recognition and rewards for their valuable contributions to the Group. This will help to enhance their long-term commitment to the Group.

The terms of the Scheme do not differentiate between the Controlling Shareholders from other Group employees in determining the eligibility of such persons to be granted Options. They should not unduly favour the Controlling Shareholders. Likewise, the Controlling Shareholders should not be excluded from participating in the Scheme solely for the reason that they are Controlling Shareholders. In addition, to deny participation by the Controlling Shareholders may serve to de-motivate them and undermine the objectives of the Scheme.

In determining the quantum of the grant of Options to Controlling Shareholders and/or their Associates, the following factors, *inter alia*, will be taken into account:

- (a) designation;
- (b) capability;
- (c) experience;
- (d) scope of responsibility; and
- (e) years of service, as well as overall past and potential contributions to the growth and development of the Group.

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(ii) **Safeguards**

As a safeguard against abuse, all members of the Board (and not just members of the Remuneration Committee) who are neither Controlling Shareholders nor their Associates will be involved in deliberations in respect of Options to be granted to Controlling Shareholders and their Associates and the terms and conditions of such Options.

Specific approval of the independent Shareholders is required for the grant of Options to Controlling Shareholders and their Associates as well as the actual number of and terms of such Options. In seeking such independent Shareholders' approval, clear justification as to their participation, the number of new Shares and the terms of Options to be granted to the Controlling Shareholders and their Associates shall be provided.

The Company is of the view that there are sufficient safeguards against abuse resulting from the participation of the Controlling Shareholders and their Associates in the Scheme.

3.5 **Mr. Kwong Kim Mone**

(i) **Rationale and justification for the continuous participation of Mr. Kwong Kim Mone in the Scheme**

Mr. Kwong Kim Mone is the Company's Chairman and Managing Director, and the principal Controlling Shareholder. He is the Founder and Managing Director of the Company since its inception and became its Chairman on 1 November 1999. His experience in the semiconductor equipment industry spans more than 25 years. Mr. Kwong Kim Mone has been instrumental in envisioning and spearheading the strategic growth of the Group.

Given the cyclical nature of the semiconductor industry, Mr. Kwong Kim Mone has led the Group to venture into providing contract equipment manufacturing (CEM) services and building solar equipment. This broader industry coverage complements the current dominant semiconductor segment by helping to moderate the steep peaks and troughs in the Group's performance. The Group's extended customer base now covers the cleantech (LED, portable power, solar), textile and medical sectors. Barring emergence of new factors and with this strategy being implemented, there should be less cyclical nature in future results. Recent evidence suggests that this strategy is working as the Group achieved record sales and net profit after tax in FY2014 and FY2015. Group sales grew from S\$31.3 million in FY2013 to a record S\$64.3 million in FY2014 and to another new record of S\$90.4 million in FY2015. Likewise, net profit after tax rebounded from a loss of S\$6.5 million in FY2013 to a record of S\$10.2 million in FY2014 and to another record of S\$15.4 million in FY2015. The Company believes that Mr. Kwong Kim Mone has made and will continue to make invaluable contributions to the Group.

The rationale and justification for granting options to Mr. Kwong Kim Mone must be viewed in the context of the Company's overall executive remuneration framework, which is applicable to all senior executives in the Group. Under this framework, there are short term, medium term and long term incentives to motivate the Company's executives to meet short and long term goals. This gives the Remuneration Committee flexibility in devising the appropriate compensation strategies to motivate and reward deserving key executives.

The short term rewards comprise mainly an annual bonus component under the Group's profit sharing scheme, the medium term rewards comprise the award of performance shares under the Plan, and the long term awards comprise the award of Options under the Scheme. The Scheme was designed to encourage key employees to take ownership in the Company and to motivate them to take a long term view of the business and help retain the necessary talents in the company, where experience and capability are key to its success.

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The extension of the Scheme to Mr. Kwong Kim Mone is in line with the objective of the Company's executive remuneration framework which is fair and reasonable compensation.

For the abovementioned reasons, the Company believes that Mr. Kwong Kim Mone deserves, and should be allowed, to continue to participate in the Scheme.

(ii) Proposed Grant of Options to Mr. Kwong Kim Mone

Approval for the participation of Mr. Kwong Kim Mone in the Scheme was obtained at the 2010 AGM. Pursuant to Rule 853 of the Listing Manual, a resolution must be passed by independent Shareholders of the Company to approve the actual number and the terms of the Option to be granted to Mr. Kwong Kim Mone, who is a Controlling Shareholder.

For the abovementioned reasons, the Company is proposing that approval be given for the Committee to grant Mr. Kwong Kim Mone such number of Options as set out below, so as to motivate, incentivise and reward him for his significant contributions to the Company.

It is proposed that approval be given to the Committee to grant Options to Mr. Kwong Kim Mone on the following terms:

- (a) Proposed Date of Grant of Option(s) : Any time within 1 month from the date of the 2016 AGM.
- (b) Number of Shares comprised in the proposed Option(s) : 900,000 Shares representing approximately 2.69% of the total number of Shares issued and issuable under the Scheme and the Plan as at the Latest Practicable Date. The total number of Shares available under the Scheme and the Plan will vary depending on the issued share capital of the Company from time to time.
- (c) Subscription Price per Share : To be determined at the discretion of the Committee to be calculated in accordance with Rule 8 of the Scheme Rules (a summary of which is provided in paragraph 5 of Annex A).
- (d) Exercise Period : For Market Price Option (as defined in the Scheme Rules): Exercisable at any time after the 1st anniversary of the date of grant and up to the 10th anniversary of the date of grant.

For Discounted Option (as defined in the Scheme Rules): Exercisable at any time after the 2nd anniversary of the date of grant and up to the 10th anniversary of the date of grant.

Should the proposed grant of Options to Mr. Kwong Kim Mone be approved by Shareholders and assuming that the Options granted by the Committee and subsequent thereto, are exercised in full, Mr. Kwong Kim Mone's direct interests in the Company will increase from 4,984,118 Shares (which includes 350,000 Shares issued from an exercise of Options previously granted) to 5,884,118 Shares. Based on the number of issued Shares as at the Latest Practicable Date and assuming there is no change in the share capital of the Company save for the exercise in full of the Options proposed to be granted to him, Mr. Kwong Kim Mone's direct shareholding interest in the Company will increase from approximately 2.23% to 3.02%.

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Please refer to Section 4 of this Circular for details on Mr. Kwong Kim Mone's shareholding interests in the Company.

(iii) Existing Remuneration of Mr. Kwong Kim Mone

For FY2015, Mr. Kwong Kim Mone received remuneration that fell within the band of S\$1,000,000 to S\$1,250,000 for his services to the Company. The remuneration includes fixed salary, performance-related income (cash bonus), and benefits-in-kind (inclusive of Options).

3.6 Potential Cost of Options

Under the Singapore Financial Reporting Standard (the "SFRS") 102 on Share-based Payments introduced by the Council of Corporate Disclosure and Governance in 2004, the cost of granting the Options will need to be recorded as an expense in financial statements which will result in the reduction of the Company's financial results. 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. However, until such Options are granted, there is no direct impact to the financial results and position of the Group.

Under the Scheme, Options are granted to grantees at a nominal consideration of S\$1.00 upon acceptance of the offer of the Options. Subject as aforesaid, as and when Options are exercised, the cash inflow will add to the NTA of the Company and its share capital will grow. Since Options may be granted with subscription prices set at a discount to the market price for the Shares prevailing at the time of the grant of such Options, the amount of cash inflow to the Company on the exercise of Options would be diminished by the quantum of the discount given, as compared with the cash inflow which would have been receivable by the Company had the Options been granted at the market price of the Shares prevailing at the time of grant.

In the event that discounted Options are granted, there will be a cost to the Company should the Options subsequently be exercised. On the assumption that all such discounted Options are exercised, the costs to the Company are anticipated to be as follows:

- (a) the subscription price of discounted Options would translate to a reduction of the proceeds from the exercise of such Options, as compared to the proceeds that the Company would have received from such exercise had the exercise been made at the market price. Such a reduction of the exercise proceeds would represent the monetary cost of granting Options;
- (b) as the monetary cost of granting Options is borne by the Company, the earnings of the Company would effectively be reduced by an amount corresponding to the reduced interest earnings that the Company would have received from the difference in proceeds from a subscription price with no discount versus the discounted subscription price. Such a reduction would, accordingly, result in the dilution of the Company's earnings per Share; and
- (c) the effect of the issue of new Shares upon the exercise of Options on the Company's NTA per Share is accretive if the subscription price is above the NTA per Share, but dilutive otherwise. The dilutive effect is greater if the subscription price is at a discount to the market price.

LETTER TO SHAREHOLDERS

4. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

4.1 The interests of the Directors in Shares as recorded in the Register of Directors' Shareholdings as at the Latest Practicable Date are set out below:

Before Buy Back:

Director	Direct		Deemed	
	No. of Shares	% of total issued Shares	No. of Shares	% of total issued Shares
Kwong Kim Mone	4,984,118	2.23	120,627,910	54.01
Lim Chin Tong	1,354,000	0.61	-	-
Lee Yong Guan	336,000	0.15	-	-
Pow Tien Tee	25,000	0.01	9,000	0.004
Kam Boon Cheong	-	-	1,145,000	0.51
Lim Chin Hong	-	-	-	-

After Buy Back:

Assuming that the Share Buy Back Mandate is utilised in full

Director	Direct		Deemed	
	No. of Shares	% of total issued Shares	No. of Shares	% of total issued Shares
Kwong Kim Mone	4,984,118	2.48	120,627,910	60.01
Lim Chin Tong	1,354,000	0.67	-	-
Lee Yong Guan	336,000	0.17	-	-
Pow Tien Tee	25,000	0.01	9,000	0.004
Kam Boon Cheong	-	-	1,145,000	0.57
Lim Chin Hong	-	-	-	-

Unexercised share options held by the Directors as at the Latest Practicable Date:

<u>Director</u>	<u>Number of Options</u>
Kwong Kim Mone	850,000
Lim Chin Tong	292,000
Lee Yong Guan	125,000
Pow Tien Tee	125,000
Kam Boon Cheong	125,000

LETTER TO SHAREHOLDERS

4.2 The interests of the Substantial Shareholders as at the Latest Practicable Date are set out below:

Name	Direct		Deemed		Total	
	No. of Shares	% of Total Issued Shares	No. of Shares	% of Total Issued Shares	No. of Shares	% of Total Issued Shares
MIT Technologies Pte Ltd	120,627,910	54.01	-	-	120,627,910	54.01
Kwong Kim Mone ⁽¹⁾	4,984,118	2.23	120,627,910	54.01	125,612,028	56.24
Kwong Kim Ho ⁽¹⁾	-	-	120,627,910	54.01	120,627,910	54.01

Notes:

(1) Mr Kwong Kim Mone and Ms Kwong Kim Ho are deemed to be interested in the 120,627,910 Shares held by MIT Technologies Pte Ltd by virtue of Section 7 of the Act.

5. DIRECTORS' RECOMMENDATIONS

5.1 Proposed Renewal of Share Buy Back Mandate

The Directors are of the opinion that the proposed renewal of the Share Buy Back Mandate is in the best interests of the Company. Accordingly, they recommend that Shareholders vote in favour of the resolution relating to the proposed renewal of the Share Buy Back Mandate to be proposed at the 2016 AGM.

5.2 Proposed Grant of Options under the Scheme to Mr. Kwong Kim Mone, a Controlling Shareholder

As all the Directors are eligible to participate and are therefore interested parties in the Scheme, they have refrained from making any recommendations to Shareholders in respect of the resolution relating to the proposed grant of Options to Mr. Kwong Kim Mone, as set out in the Notice of Annual General Meeting.

The Directors who are also Shareholders shall abstain from voting in respect of the resolution relating to the proposed grant of Options to Mr. Kwong Kim Mone under the Scheme to be proposed at the 2016 AGM. All the Directors shall also decline to accept appointments as proxy for any Shareholder to vote in respect of the said resolution unless the Shareholder concerned has given specific instructions in his proxy form as to the manner in which his votes are to be cast in respect of such resolution.

In addition, all Shareholders who are eligible to participate in the Scheme shall abstain from voting on the said resolution. Such Shareholders shall also decline to accept appointment as proxies for any other Shareholder to vote in respect of each of the said resolutions unless the Shareholder concerned shall have given instructions in his proxy form as to the manner in which his votes are to be cast in respect of such resolutions.

6. INSPECTION OF DOCUMENTS

The following documents are available for inspection at the registered office of the Company at Blk 5004 Ang Mo Kio Ave 5, #03-12 TECHplace II, Singapore 569872 during normal business hours from the date of this Circular up to the date of the 2016 AGM:

- (a) the audited consolidated accounts of the Company for FY2015;
- (b) the Constitution of the Company; and
- (c) the Scheme Rules.

LETTER TO SHAREHOLDERS

7. 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 Buy Back Mandate, the proposed grant of options to Mr. Kwong Kim Mone, 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.

Yours faithfully
for and on behalf of the
Board of Directors of
Manufacturing Integration Technology Ltd

Kwong Kim Mone
Chairman and Managing Director

ANNEX A - SUMMARY OF THE RULES OF THE MIT EMPLOYEE SHARE OPTION SCHEME 2009

1. Eligibility

Confirmed full-time Employees, Executive Directors and Non-Executive Directors (including independent directors) who have attained the age of twenty-one on or before the Date of Grant and are not undischarged bankrupts will be eligible to participate in the Scheme. The employees of the Associated Companies (other than non-executive directors of such Associated Companies) will be eligible to participate in the Scheme.

The Company's Controlling Shareholders and their Associates who have contributed to the success and development of the Company are, subject to the absolute discretion of the Committee, eligible to participate in the Scheme provided that the participation by each such Controlling Shareholder and their Associate and each grant of Options to any one of them may only be effected with the specific prior approval of Shareholders at a general meeting in separate resolutions.

Specific approval of the independent Shareholders is required for the grant of Options to the Controlling Shareholders and their Associates, as well as disclosure of the actual number of and terms of such Options. In seeking such independent Shareholders' approval, clear justification as to their participation, quantum of Shares and terms to be granted to the Controlling Shareholders shall be provided.

2. Entitlement

The number of Shares comprised in Option(s) offered to a Grantee shall be determined at the absolute discretion of the Committee who shall take into account, where applicable, criteria such as rank, past performance, years of service and potential contribution of the Grantees.

3. Size of the Scheme

The aggregate number of Shares, when added with the number of New Shares that are issued or issuable in respect of such other share-based incentive schemes of the Company (if any) shall not exceed 15% of the total issued Shares (excluding treasury shares) on the date immediately preceding the Date of Grant. As at the Latest Practicable Date, 15% of the total issued Shares amounts to 33,502,030 Shares.

The aggregate number of Shares which the Committee may offer to grant Options to its Controlling Shareholders and their Associates shall not exceed 25% of the Shares available under the Scheme. Separately the number of shares available to each Controlling Shareholder or his Associate shall not exceed 10% of the shares available under the Scheme.

4. Grant and Acceptance of Options

The Committee may grant Option(s) at any time, provided that no Options shall be granted during any of the following periods:

- (a) the period commencing 30 days immediately preceding the date of announcement of the Company's annual financial results and expiring on the date of announcement of such results;
- (b) the period commencing 15 days immediately preceding the date of announcement of the Company's half-yearly financial results and expiring on the date of announcement of such results; or
- (c) any other period specified by the Board,

or in the event that an announcement on any matter of an exceptional nature involving unpublished price sensitive information is made, Options may only be granted on or after the 2nd Market Day from the date on which the aforesaid announcement is released.

ANNEX A - SUMMARY OF THE RULES OF THE MIT EMPLOYEE SHARE OPTION SCHEME 2009

An Option shall be personal to the Grantee to whom it is granted and shall not be sold, mortgaged, transferred (other than to a Grantee's personal representative on the death of that Grantee), charged, assigned, pledged or otherwise disposed of or encumbered, in whole or in part, unless with the prior approval of the Committee.

The grant of an Option must be accepted not later than 5.00 p.m. on the thirtieth (30th) day from such Date of Grant. The Grantee must complete, sign and return to the Company the acceptance form accompanied by payment of S\$1 as consideration.

5. Subscription Price

Subject to any adjustment pursuant to Rule 12 of the Scheme Rules, the Subscription Price for each Share in respect of which an Option is exercisable shall be determined by the Committee at its absolute discretion, and fixed by the Committee at:-

- (a) the price which is equal to the average of the last dealt prices for a Share, as determined by reference to the daily official list or any other publication published by the SGX-ST for the 3 consecutive Market Days immediately preceding the Date of Grant of that Option, provided always that in the case of a Market Day on which the Shares of the Company are not traded on the SGX-ST, the last dealt price for a Share 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, rounded up to the nearest whole cent in the event of fractional prices (the "Market Price"); and/or
- (b) a price which is set at a discount to the Market Price, the quantum of such discount to be determined by the Committee in its absolute discretion, provided that the maximum discount which may be given in respect of any Option shall not exceed 20% of the Market Price prior approval of the Shareholders in general meeting shall have been obtained.

6. Exercise Period

The period for the exercise of an Option shall be as follows:-

- (a) in the case of a Market Price Option which is:-
 - (i) granted to an Executive Director or an Employee, a period commencing after the 1st anniversary of the Date of Grant and expiring on the 10th anniversary of such Date of Grant;
 - (ii) granted to a Non-Executive Director, a period commencing after the 1st anniversary of the Date of Grant and expiring on the 5th anniversary of such Date of Grant; and
- (b) in the case of a Discounted Option which is:-
 - (i) granted to an Executive Director or an Employee, a period commencing after the 2nd anniversary of the Date of Grant and expiring on the 10th anniversary of such Date of Grant;
 - (ii) granted to a Non-Executive Director, a period commencing after the 2nd anniversary of the Date of Grant and expiring on the 5th anniversary of such Date of Grant.

ANNEX A - SUMMARY OF THE RULES OF THE MIT EMPLOYEE SHARE OPTION SCHEME 2009

7. Exercise of Options, Allotment and Listing of Shares

Subject to such consents or other action required by any competent authority under any regulations or enactments for the time being in force (including any approvals required from the SGX-ST) as may be necessary and subject to the compliance with the terms of the Scheme and the Constitution of the Company, the Company shall allot the relevant Shares to a Grantee in relation to the exercise of an Option.

Shares allotted and issued on the exercise of an Option, shall be subject to all the provisions of the Constitution of the Company, and shall 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. "Record Date" means the date fixed by the Company for the purposes of determining entitlements to dividends or other distributions to or rights of holders of Shares.

8. Duration of the Scheme

The Scheme shall continue to be in force at the discretion of the Committee, subject to a maximum period of 10 years, commencing on the date on which the Scheme is adopted by Shareholders in general meeting. Subject to compliance with any applicable laws and regulations in Singapore, the Scheme may be continued beyond the stipulated period with the approval of Shareholders by ordinary resolution at a general meeting and of any relevant authorities which may then be required.

The Scheme may be terminated at any time by the Committee or by resolution of the Shareholders at a general meeting subject to all other relevant approvals which may be required and if the Scheme is so terminated, no further Options shall be offered by the Company pursuant to the terms of the Scheme.

9. Administration of the Scheme

The Scheme shall be administered by the Committee in its absolute discretion with such powers and duties as are conferred on it by the Board. A Director shall not be involved in the deliberation in respect of Option(s) to be granted to him.