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**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

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This circular is issued by Hengxin Technology Ltd. (the “Company”). **If you are in any doubt** as to the action you should take, you should consult your licensed securities dealer, registered institution in securities, bank manager, solicitor, professional accountant or other professional adviser immediately.

**If you have sold or transferred** all your shares in the capital of the Company, you should at once hand this Circular, the notice of the annual general meeting (the “AGM”) and attached proxy form to the purchaser or to the stockbroker or to the bank or to the agent through whom you effected the sale for onward transmission to the purchaser or transferee.

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 circular.

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This circular appears for information purposes only and does not constitute an invitation or offer to acquire, purchase, or subscribe for securities of the Company.

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**HENGXIN TECHNOLOGY LTD.**  
**亨鑫科技有限公司\***

*(carrying on business in Hong Kong as HX Singapore Ltd.)*

*(Incorporated in Singapore with limited liability)*

*(Singapore Registration No.: 200414927H)*

**(Hong Kong Stock Code: 1085)**

**(Singapore Stock Code: I85)**

**RENEWAL OF SHARE ISSUE MANDATE,  
RENEWAL OF SHARE PURCHASE MANDATE,  
RE-ELECTION OF DIRECTORS  
AND  
NOTICE OF ANNUAL GENERAL MEETING**

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A letter from the board of directors of the Company is set out from pages 4 to 8 of this circular.

The notice convening the AGM of the Company to be held at The Fullerton Hotel Singapore, TDB Room (Lower Lobby), 1 Fullerton Square, Singapore 049178 on Thursday, 26 April 2012 at 9:00 a.m. or at any adjournment thereof is set out on pages 31–37 of this circular. If you are unable to attend the AGM, you are requested to complete and return the forms of proxy accompanying this circular in accordance with the instructions printed thereon to the Company’s Singapore Share Registrar, Boardroom Corporate & Advisory Services Pte. Ltd, at 50 Raffles Place, Singapore Land Tower #32-01, Singapore 048623 (for Singapore Shareholders), or to the Company’s Branch Share Registrar, Tricor Investor Services Limited, at 26th Floor, Tesbury Centre, 28 Queen’s Road East, Wanchai, Hong Kong (for Hong Kong Shareholders) as soon as possible and in any event not less than 48 hours before the time of the AGM. Completion and return of the forms of proxy shall not preclude you from attending and voting in person at the AGM or at any adjournment thereof should you so wish.

\* *for identification purpose only*

23 March 2012

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## DEFINITIONS

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

“Act” or “Companies Act”	The Companies Act (Chapter 50) of Singapore as amended, modified or supplemented from time to time
“AGM”	The annual general meeting of the Company to be convened on Thursday, 26 April 2012 at 9:00 a.m. at The Fullerton Hotel Singapore, TDB Room (Lower Lobby), 1 Fullerton Square, Singapore 049178, the notice of which is set out on pages 31–37 of this circular
“Annual Report”	The annual report of the Company for the financial year ended 31 December 2011
“Articles”	The articles of association of the Company as amended, modified or supplemented from time to time
“Board” or “Board of Directors”	The board of directors of the Company
“CDP”	The Central Depository (Pte) Limited
“Company”	Hengxin Technology Ltd., a company incorporated in Singapore with limited liability and the Shares of which are listed on the Main Board of SGX-ST and the Main Board of the SEHK
“Depositors”	The term “Depositors” shall have the meaning ascribed to it by section 130A of the Act
“Director”	A director for the time being of the Company
“Group”	The Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong Listing Rules”	The Rules Governing the Listing of Securities on the SEHK, as amended, modified or supplemented from time to time
“Latest Practicable Date”	22 February 2012, being the latest practicable date prior to the printing of this circular
“Listing Manual”	The listing manual of the SGX-ST, as amended, modified or supplemented from time to time
“Market Day”	A day on which the SGX-ST is open for trading of securities
“Memorandum”	The memorandum of association of the Company as amended, modified or supplemented from time to time
“M&A”	The Memorandum and Articles

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## DEFINITIONS

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“RMB”	Renminbi, the lawful currency of the People’s Republic of China
“Securities Accounts”	The securities account maintained with CDP, but not including the securities accounts maintained with a Depository Agent (as defined in Section 130A of the Act)
“SEHK”	The Stock Exchange of Hong Kong Limited
“SFO”	The Securities and Futures Ordinance (Chapter 571) of the Laws of Hong Kong, as amended, modified or supplemented from time to time
“SGX-ST”	Singapore Exchange Securities Trading Limited
“Share Issue Mandate”	The Share Issue Mandate granted to the Directors at the annual general meeting of the Company on 28 April 2011 to exercise all the powers of the Company to allot, issue and deal with not more than the sum of 50% of the total number of issued shares excluding treasury shares, of which the aggregate number of shares to be issued other than on a pro rata basis to shareholders of the Company shall not exceed 20% of total number of issued shares excluding treasury shares
“Share Purchase Mandate”	A general unconditional Share Purchase Mandate given to the Directors, at the annual general meeting of the Company on 28 April 2011, to exercise all the powers of the Company to purchase or acquire Shares with an aggregate nominal amount of not more than 10% of the total nominal amount of the Shares issued, in accordance with the terms and conditions thereof
“Shareholder(s)”	Registered holder(s) of Shares except that where the registered holder is CDP, the term “Shareholders” in relation to Shares held by CDP shall mean the persons named as Depositors in the Depository Register maintained by CDP and to whose securities accounts such Shares are credited
“Share(s)”	Ordinary shares in the capital of the Company
“Singapore Listing Rules”	Rules of the Listing Manual, as amended, modified or supplemented from time to time
“S\$”, “SGD” or “\$” and “cents”	Singapore dollars and cents respectively
“%”	Percentage and per centum

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

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## DEFINITIONS

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Any reference in this circular to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any word defined under the Companies Act, the Singapore Listing Rules, the Hong Kong Listing Rules, the SFO or any modification thereof and used in this Circular shall, where applicable, have the meaning assigned to it under the Companies Act, the Singapore Listing Rules, the Hong Kong Listing Rules, the SFO or any modification thereof, as the case may be.

Words importing the singular number shall include the plural number where the context admits and vice versa. Words importing the masculine gender shall include the feminine gender where the context admits. Reference to persons shall, where applicable, include corporations.

Any reference to a time of a day in this circular is a reference to Singapore time.

Any discrepancy with the tables in this circular between the listed amounts and the totals thereof is due to rounding.

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LETTER FROM THE BOARD

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**HENGXIN TECHNOLOGY LTD.**  
**亨鑫科技有限公司\***

*(carrying on business in Hong Kong as HX Singapore Ltd.)*

*(Incorporated in Singapore with limited liability)*

*(Singapore Registration No.: 200414927H)*

**(Hong Kong Stock Code: 1085)**

**(Singapore Stock Code: I85)**

**Directors:**

Cui Genxiang *(Executive Chairman  
and Executive Director)*

Xu Guoqiang *(Executive Director)*

Zhang Zhong *(Non-Executive Director)*

Tay Ah Kong Bernard  
*(Independent Non-executive Director)*

Chee Teck Kwong Patrick  
*(Independent Non-executive Director)*

Tam Chi Kwan Michael  
*(Independent Non-executive Director)*

**Registered Office:**

10 Anson Road, #15-07  
International Plaza,  
Singapore 079903

**Head office and principal place of  
business in Singapore**

7 Temasek Boulevard  
#04-02B, Suntec Tower One,  
Singapore 038987

Date: 23 March 2012

*To the Shareholders of Hengxin Technology Ltd.*

Dear Sir/Madam,

**RENEWAL OF SHARE ISSUE MANDATE,  
RENEWAL OF SHARE PURCHASE MANDATE,  
RE-ELECTION OF DIRECTORS  
AND  
NOTICE OF ANNUAL GENERAL MEETING**

**1. INTRODUCTION**

The purpose of this circular serves to provide you with information on the resolutions to be proposed at the AGM for the approval of the renewal of Share Issue Mandate, the renewal of Share Purchase Mandate, and the re-election of the retiring Directors.

\* *for identification purpose only*

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## LETTER FROM THE BOARD

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### 2. RE-ELECTION OF RETIRING DIRECTORS

In accordance with Article 88 and Article 89 of the Articles, Mr. Tay Ah Kong Bernard (Retiring under Article 89), Ms. Zhang Zhong (Retiring under Article 89) and Mr. Xu Guoqiang (Retiring under Article 88) shall retire at the AGM and, being eligible, offer themselves for re-election at the AGM. The information required to be disclosed under the Hong Kong Listing Rules in relation to the retiring Directors proposed for re-election are set out in Appendix I to this circular.

### 3. RENEWAL OF SHARE ISSUE MANDATE

- 3.1 At the annual general meeting of our Company held on 28 April 2011, the Directors have been granted a Share Issue Mandate to allot and issue Shares not more than the sum of 50% of the total number of issued Shares excluding treasury shares, of which the aggregate number of Shares (including Shares to be issued in pursuance of instruments (as defined in the Company's resolutions dated 28 April 2011) made or granted pursuant to the resolution) to be issued other than on a pro rata basis to Shareholders of the Company shall not exceed 20% of the total number of issued Shares excluding treasury shares. The 50% limit in the foregoing sentence may be increased to 100% for issues of Shares and/or instruments by way of a renounceable rights issue where Shareholders of the Company are entitled to participate in the same on a pro rata basis.
- 3.2 The Share Issue Mandate will expire at the conclusion of our Company's AGM, or at the expiration of the period within which our Company is required by the rules of the SGX-ST or any applicable laws of Singapore to hold its next annual general meeting, whichever occurs first.
- 3.3 The Hong Kong Listing Rules provide that the Share Issue Mandate shall be subject to a restriction that the aggregate number of Shares allotted or agreed to be allotted under the Share Issue Mandate must not exceed 20% of the existing issued share capital of the Company. Going forward, we will comply with the requirements under the Hong Kong Listing Rules or the Listing Manual for matters relating to the Share Issue Mandate, whichever is more onerous.

### 4. RENEWAL OF SHARE PURCHASE MANDATE

- 4.1 At the annual general meeting of the Company held on 28 April 2011, the Directors have been granted a general unconditional Share Purchase Mandate to exercise all the powers of the Company to repurchase Shares with an aggregate nominal amount of not more than 10% of the total nominal amount of the Shares issued at the date of the last annual general meeting held before the resolution authorising such share purchase mandate is passed or as at the date of the resolution authorising the share purchase mandate is passed, whichever is higher, at such price or prices as may be determined by our Directors from time to time, up to the price (excluding brokerage, commissions, stamp duties, applicable goods and services tax and other related expenses) which shall not exceed (i) in the case of a market purchase, one hundred and five per cent. (105%) of the average

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## LETTER FROM THE BOARD

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closing market price of the Shares transacted on the SGX-ST over the last five (5) market days (on which transactions in the Shares are recorded) immediately preceding the date of the market purchase by the Company; and (ii) in the case of an off-market purchase, one hundred and twenty per cent. (120%) of the highest price a Share is transacted on the SGX-ST on the market day (when transactions in the Shares are recorded) immediately preceding the date on which the Company announces an off-market purchase offer stating the purchase price and the relevant terms of the equal access scheme.

- 4.2 The Share Purchase Mandate was made in accordance with the Listing Manual. In the event that the Company shall purchase its own shares, it is required to comply with the more onerous requirements under both the Hong Kong Listing Rules and the Listing Manual.
- 4.3 Unless revoked or varied by the Company in AGM, the Share Purchase Mandate shall continue in force until the conclusion of the Company's AGM or the date by which the next annual general meeting of the Company is required by law to be held, whichever is earlier.
- 4.4 As at the Latest Practicable Date, the number of Shares in issue was 388,000,000. Accordingly, the exercise of the Share Purchase Mandate in full would enable the Company to repurchase a maximum of 38,800,000 Shares. The renewal of the Share Purchase Mandate will provide flexibility to the Directors to purchase or acquire Shares when it is in the interest of the Company. An explanatory statement setting out the details of the Share Purchase Mandate is attached as Appendix 2 to this circular.

**IMPORTANT: Notwithstanding the renewal of the Share Issue Mandate and the Share Purchase Mandate, the Company shall from time to time comply with the relevant requirements under the Hong Kong Listing Rules in relation to issuance of securities, in particular Rules 7.19(6) and 13.36 thereof.**

### 5. DIRECTORS' RECOMMENDATIONS

- 5.1 The Board is pleased to recommend the retiring Directors, details of whom are set out in Appendix I to this circular, for re-election at the AGM.
- 5.2 The Board considers that the renewal of the Share Issue Mandate, the renewal of Share Purchase Mandate and the re-election of retiring Directors are in the interests of the Group and are not prejudicial to Shareholders as a whole. Accordingly, the Directors recommend that Shareholders vote in favour of the resolutions relating to the renewal of the Share Issue Mandate, the renewal of Share Purchase Mandate and the re-election of retiring Directors to be proposed at the AGM.



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## LETTER FROM THE BOARD

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### 6. ANNUAL GENERAL MEETING

The AGM, notice of which is circulated with this circular, is being convened at The Fullerton Hotel Singapore, TDB Room (Lower Lobby), 1 Fullerton Square, Singapore 049178 on Thursday, 26 April 2012 at 9:00 a.m. for the purpose of considering and, if thought fit, passing, with or without any modifications, the resolution in relation to the renewal of Share Issue Mandate, the renewal of the Share Purchase Mandate and the re-election of retiring Directors.

Pursuant to Rule 13.39(4) of the Listing Rules, any vote of the Shareholders at a general meeting of the Company must be taken by way of poll. Accordingly, the resolutions to be considered and, if thought fit, approved at the AGM will be voted by way of a poll by the Shareholders.

### 7. ACTION TO BE TAKEN BY SHAREHOLDERS

Shareholders who are unable to attend the AGM and wish to appoint a proxy to attend and vote at the AGM on their behalf will find attached to this circular a proxy form which they are requested to complete, sign and return in accordance with the instructions printed thereon as soon as possible and in any event so as to arrive at the Company's Singapore Principal Share Registrar, Boardroom Corporate & Advisory Services Pte. Ltd., 50 Raffles Place, Singapore Land Tower #32-01, Singapore 048623 (for Singapore Shareholders), or to the Company's Branch Share Registrar, Tricor Investor Services Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong (for Hong Kong Shareholders) as soon as possible and in any event not less than 48 hours before the time fixed for the AGM. The sending of a proxy form by a Shareholder does not preclude him from attending and voting in person at the AGM if he finds that he is able to do so. In such event, the relevant proxy form will be deemed to be revoked.

### 8. DIRECTORS' RESPONSIBILITY STATEMENT

This circular includes particulars given in compliance with the Hong Kong Listing Rules for the purpose of giving information with regard to the Company. The Directors collectively and individually accept full responsibility for the accuracy of the information contained in this circular and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, there are no other facts, the omission of which would make any statement in this circular misleading. Where information contained in this circular has been extracted from published or otherwise publicly available sources, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from these sources.

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## LETTER FROM THE BOARD

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### 9. GENERAL INFORMATION

Your attention is drawn to the information set out in Appendix I and Appendix II to this circular.

Yours faithfully,  
For and on behalf of  
the Board of Directors  
**Hengxin Technology Ltd.**  
**Cui Genxiang**  
*Executive Chairman*

Set out below are particulars of the Directors proposed to be re-elected at the AGM.

**MR. TAY AH KONG BERNARD**

**Mr. Tay Ah Kong Bernard**, aged 62, was appointed as one of our independent non-executive Directors on 18 January 2007. He is currently the Non-Executive Chairman of Crowe Horwath First Trust LLP, which is a Certified Public Accountants firm and Chairman of the Risk Management Committee of RHT Capital Pte Ltd (“RHT”). RHT is an approved SGX (Catalist) Continuing Sponsor’s Company. Mr. Tay is an Independent Director of several public companies listed on the SGX Mainboard and Catalist, including China Hongxing Sports Limited, Juken Technology Limited, Oakwell Engineering Limited, China Yongsheng Limited, Ramba Energy Limited and Asia Water Technology Ltd. Mr. Tay was also a director of several listed companies including Man Wah Holdings Limited and Reyoung Pharmaceutical Holdings Limited.

He is the President of the Automobile Association of Singapore and Chairman of Singapore Road Safety Council. Mr. Tay is also the Vice-President of the Singapore Productivity Association and a Member of Ministry of Home Affairs — Community Involvement Steering Committee. He was appointed, Senior Advisor to the Government of Huzhou City, Zhejiang Province of the People’s Republic of China.

He is a recipient of the Service to Education Award and Community Service Medal and was conferred the Pingat Bakti Masyarakat (Public Service Medal) by the President of Republic of Singapore.

In addition, he was a Member of the Resource Panel of the Government Parliamentary Committees for Home Affairs and Communications. He had also sat on several committees under the Accounting and Corporate Regulatory Authority which includes the Complaints and Disciplinary Panel — Public Accountants Oversight Committee, Standing Law Review Focus Group and Directors’ Duties Study Team. He was also a Member of the Singapore Corporate Awards Judging Panel for the Best Annual Report Award.

Mr. Tay is a Fellow of the Association of Chartered Certified Accountants (U.K.), the Institute of Certified Public Accountants of Singapore, the Taxation Institute of Australia and the Singapore Institute of Directors. He is also a Chartered Accountant of Malaysia.

Mr. Tay has a wide range of experience, from having worked in public accounting firms in the United Kingdom and Singapore, the Inland Revenue Authority of Singapore and companies in commerce, industry and management consulting for a period over 30 years.

Save as disclosed above, Mr. Tay is not connected with any directors, senior management or substantial shareholders of the Company and did not hold any directorships in any other listed companies on the SEHK and SGX-ST and any other stock exchange during the three years preceding the date of this circular.

As at the Latest Practicable Date, Mr. Tay was deemed to be interested in 0 Shares, representing approximately 0% of the Company’s entire issued share capital. Mr. Tay was appointed as an independent non-executive Director for 3 years commencing from 10

December 2010 pursuant to the Letter of Appointment entered into between the Company and Mr. Tay, which is renewable automatically after the expiry of the initial term for successive terms or amended by way of subsequent written agreement between Mr. Tay and the Company. Mr. Tay is subject to retirement by rotation and eligible for re-election at the AGM in accordance with the Articles.

As at the Latest Practicable Date, Mr. Tay is entitled to an annual Director's fee of S\$115,000 which was determined with reference to his roles and responsibilities and the prevailing market conditions, subject to the approval by shareholders at the forthcoming AGM.

As far as the Directors are aware, there is no information of Mr. Tay to be disclosed pursuant to any of the requirements under paragraphs 13.51(2)(h) to 13.51(2)(v) of the Hong Kong Listing Rules; and there are no other matters concerning Mr. Tay that need to be brought to the attention of the Shareholders.

#### **MS. ZHANG ZHONG**

**Ms. Zhang Zhong (張鍾)**, aged 57, is our non-executive Director and was appointed on 23 June 2005. Ms. Zhang is one of the founders and directors of Jiangsu Hengxin Technology Co., Ltd. since its establishment in June 2003.

Currently, Ms. Zhang is also the consultant of Sichuan Jiawei Materials Co., Ltd., a company engaged in the sales of metals and construction materials, machinery and electronics equipment, which had no business activities with our Group. From 1988 to 2004, she was the manager of the metals branch at Sichuan Science and Industrial Trade Agricultural Machinery Co. Ltd and was responsible for sales and marketing in the company.

Prior to that, between 1982 and 1988, she was the manager of the metals branch at Sichuan Agricultural Machinery Supply and Sales Co. Ltd and was responsible for market development and sales in the company. Between 1972 and 1982, she worked at Sichuan Chain Factory.

Save as disclosed above, Ms. Zhang is not connected with any directors, senior management or substantial shareholders of the Company and did not hold any directorships in any other listed companies on the SEHK and SGX-ST and any other stock exchange during the three years preceding the date of this circular.

As at the Latest Practicable Date, Ms. Zhang was deemed to be interested in 28,082,525 Shares, representing approximately 7.24% of the Company's entire issued share capital, through Wellahead Holdings Limited which is wholly owned by her. Please refer to paragraph 1.13 of Appendix II of this circular for further detail. Ms. Zhang has entered into a letter of appointment with the Company on 10 December 2010, pursuant to which Ms. Zhang agreed to act as a non-executive Director for an initial term of three (3) years commencing on 10 December 2010, which may be terminated by either party giving not less

than three (3) months' prior notice in writing to the other, or in accordance with other terms thereof. Ms. Zhang is subject to retirement by rotation and eligible for re-election at the AGM in accordance with the Articles.

As at the Latest Practicable Date, Ms. Zhang is entitled to an annual Director's fee of S\$50,000 which was determined with reference to her roles and responsibilities and the prevailing market conditions.

As far as the Directors are aware, there is no information of Ms. Zhang to be disclosed pursuant to any of the requirements under paragraphs 13.51(2)(h) to 13.51(2)(v) of the Hong Kong Listing Rules; and there are no other matters concerning Ms. Zhang that need to be brought to the attention of the Shareholders.

### **MR. XU GUOQIANG**

**Mr. Xu Guoqiang (徐國強)**, aged 39, was appointed as our executive Director and General Manager of Jiangsu Hengxin on 20 December 2011, and assists Mr. Cui in respect of the business development of our Group. Prior to his appointment, Mr. Xu was the Senior Deputy General Manager of Production and Technical of Jiangsu Hengxin and was responsible for planning, implementing and overseeing the production of our products and technical related matters.

Mr. Xu obtained a Bachelor of Business Administration from Shanghai Jiaotong University in 2005 and an EMBA from Sichuan University in 2010. From 1994 to 1999, Mr. Xu was working in Wujiang Miao Du Cable Co., Ltd. as Workshop Supervisor. From 1999 to May 2006, he was working in Jiangsu Hengtong Photoelectric Co. Ltd. (a company listed on the Shanghai Stock Exchange, Stock Code: 600487) and held various positions including Quality Control Supervisor, Quality Control Assistant Manager and Production Manager. Prior to joining Jiangsu Hengxin in August 2010, Mr. Xu was working at Chengdu Hengtong Optic Communications Co. Ltd. as General Manager since 2006.

Mr. Xu has received several awards for his production and technical achievements, including an International Professional Manager Award and nomination as National Enterprise Midlevel Management Talent in 2004.

Save as disclosed above, Mr. Xu does not have any relationship with any directors, senior management or substantial or controlling shareholders of the Company. Mr. Xu has not held any directorship in the last three years in other public companies the securities of which are listed on the securities market in Hong Kong and overseas.

As at the Latest Practicable Date, Mr. Xu was deemed to be interested in 0 Shares, representing approximately 0% of the Company's entire issued share capital. Mr. Xu has entered into a service contract with the Company for a term of three years commencing on 20 December 2011, pursuant to which Mr. Xu agreed to act as an executive Director for an initial term of three (3) years commencing on 20 December 2011. Mr. Xu is subject to retirement by rotation and eligible for re-election at the AGM in accordance with the Articles.

As at the Latest Practicable Date, Mr. Xu is entitled to an annual salary of S\$60,000 pursuant to his service contract, which was determined with reference to his roles and responsibilities and the prevailing market conditions. Pursuant to the said service contract, Mr. Xu shall be entitled, to management bonus in such sum as the Board may in its absolute discretion decide.

Save as disclosed above, Mr. Xu has confirmed that there are no other matters that need to be brought to the attention of the shareholders in connection with his appointment and there is no other information that should be disclosed pursuant to paragraph 13.51(2)(h) to 13.51(2)(v) of the Hong Kong Listing Rules; and there are no other matters concerning Mr. Xu that need to be brought to the attention of the Shareholders.

**PROPOSED RENEWAL OF THE SHARE PURCHASE MANDATE (“SHARE PURCHASE MANDATE”)****1. The Share Purchase Mandate***1.1 Background*

At the annual general meeting of the Company held on 28 April 2011 (“**2011 AGM**”), the shareholders of the Company (“**Shareholders**”) had approved the grant of a mandate (“**Share Purchase Mandate**”) to enable the Company to purchase or to otherwise acquire ordinary shares in the capital of the Company (“**Shares**”).

The authority contained in the aforesaid Share Purchase Mandate was expressed to continue in force until the next annual general meeting (“**AGM**”) of the Company, and as such, would be expiring on 26 April 2012, being the date of the forthcoming AGM of the Company.

As the Share Purchase Mandate will expire on the date of the forthcoming AGM of the Company on 26 April 2012 at 9:00 a.m., the Directors of the Company propose that the Share Purchase Mandate be renewed at the forthcoming AGM.

*1.2 Rationale*

The Companies Act (Cap. 50) of Singapore, as amended, supplemented or modified from time to time (“**Companies Act**”) allows a Singapore-incorporated company to purchase or otherwise acquire its issued shares, stocks and preference shares if it is expressly permitted to do so by the company’s articles of association. Any purchase or acquisition of shares by the company would have to be made in accordance with, and in the manner prescribed by the Companies Act, the Listing Manual of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”), as amended, supplemented or modified from time to time (“**Listing Manual**”) the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“**SEHK**”), as amended, supplemented or modified from time to time (“**Listing Rules**”), and such other laws and regulations as may, for the time being, be applicable.

The Share Purchase Mandate will give the Directors the flexibility to purchase or acquire Shares if and when circumstances permit. Share purchases or acquisitions provide the Company and its Directors with an easy mechanism to facilitate the return of surplus cash over and above its ordinary capital requirements in an expedient and cost-efficient manner. The purchases or acquisitions of Shares may, depending on market conditions and funding arrangements, lead to an enhancement of the Earnings per Share (“**EPS**”) and/or Net Tangible Assets (“**NTA**”) per Share, and will only be made when the Directors believe that such purchases or acquisitions of Shares will benefit the Company and the Shareholders as a whole.

Share purchases or acquisitions also allow the Directors to exercise control over the Company’s share capital structure with a view to enhance the EPS and/or NTA per Share. The Share Purchase Mandate will further give the Company the opportunity to

purchase or acquire Shares when such Shares are undervalued and help to buffer short-term share price volatility and offset the effects of share price speculation, thereby boosting Shareholders' confidence and employees' morale.

If and when circumstances permit, the Directors will decide whether to effect the Share purchases or acquisitions via Market Purchases or Off-Market Purchases (as defined below), after taking into account the amount of surplus cash available, the then prevailing market conditions and the most cost effective and efficient approach.

The Directors will only make purchases or acquisitions of Shares pursuant to the Share Purchase Mandate when they consider it to be in the interests of the Company and the Shareholders as a whole, and in circumstances which they believe from time to time will not result in any material adverse effect on the working capital or gearing position or financial position of the Company or the Group as compared with the positions disclosed in the audited consolidated financial statements set out in the annual report of the Company for the year ended 31 December 2011 in the event that the Share Purchase Mandate is to be exercised in full at any time during the proposed share purchase period, or result in the Company being delisted from the SGX-ST or SEHK or any other securities exchange or being insolvent. It should be noted that the purchases pursuant to the Share Purchase Mandate may not be carried out to the full limit as mandated.

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's shares during the twelve months preceding the Latest Practicable Date.

### *1.3 Authority and Limits of the Share Purchase Mandate*

The authority and limits placed on the Share Purchase Mandate are summarised as follows:

#### *1.3.1 Maximum Number of Shares*

Only Shares which are issued and fully paid-up may be purchased or acquired by the Company. The total number of Shares that may be purchased or acquired by the Company pursuant to the Share Purchase Mandate shall not exceed ten per cent. (10%) of the issued Shares of the Company as at the date of the last AGM held before the resolution authorising the Share Purchase Mandate is passed or as at the date of the resolution authorising the Share Purchase Mandate is passed ("**Approval Date**"), whichever is higher.

For illustration purposes only, on the basis of 388,000,000 Shares in issue as at the latest practicable date, being 22 February 2012 ("**Latest Practicable Date**"), not more than 38,800,000 Shares (representing 10% of the Shares in issue as at that date) may be purchased by the Company pursuant to the Share Purchase Mandate.



### *1.3.2 Duration of Authority*

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

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

whichever is the earliest.

The Share Purchase Mandate may be renewed at each subsequent AGM or other general meeting of the Company.

### *1.3.3 Manner of Purchases or Acquisitions of Shares*

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

- (a) on-market purchases (“**Market Purchases**”), transacted on the SGX-ST or on any other securities exchange on which the Shares are listed and/or through one or more duly licensed dealers appointed by the Company for that purpose; and/or
- (b) off-market purchases (“**Off-Market Purchases**”), in accordance with an equal access scheme for the purchase or acquisition of Shares from Shareholders.

The Directors may impose such terms and conditions which are not inconsistent with the Share Purchase Mandate, the Listing Manual and the Companies Act as they consider fit in the interests of the Company in connection with or in relation to any equal access scheme(s).

Under Section 76C of the Companies Act, an equal access scheme must satisfy all the following conditions:

- (a) offers under the scheme must be made to every person who holds Shares to purchase or acquire the same percentage of their Shares;
- (b) all of those persons shall be given a reasonable opportunity to accept the offers made to them; and

- (c) the terms of all the offers are the same, except that there shall be disregarded:
  - (i) differences in consideration attributable to the fact that the offers relate to Shares with different accrued dividend entitlements;
  - (ii) differences in consideration attributable to the fact that the offers relate to Shares with different amounts remaining unpaid; and
  - (iii) differences in the offers introduced solely to ensure that each member is left with a whole number of Shares.

In addition, under the Listing Manual, in making an Off-Market Purchase in accordance with an equal access scheme, the Company must issue an offer document to all Shareholders containing 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 purchases;
- (d) the consequences, if any, of the Share purchases by the Company that will arise under the Singapore Code on Take-overs and Mergers (“**Take-over Code**”) or other applicable take-over rules;
- (e) whether the Share purchases, if made, could affect the listing of the Shares on the SGX-ST; and
- (f) details of any Share purchases made by the Company in the previous twelve (12) months (whether Market Purchases or Off-Market Purchases), 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.

#### *1.3.4 Maximum Purchase Price*

The purchase price (excluding brokerage, stamp duties, commission, applicable goods and services tax and other related expenses) to be paid for Shares purchased or acquired pursuant to the Share Purchase Mandate will be determined by the Directors.

However, the purchase price to be paid for the Shares purchased or acquired pursuant to the Share Purchase Mandate as determined by the Directors must not exceed:

- (a) in the case of a Market Purchase, one hundred and five per cent. (105%) of the Average Closing Price (as defined below) of the Shares; and

- (b) in the case of an Off-Market Purchase, one hundred and twenty per cent. (120%) of the Average Closing Price (as defined below) of the Shares,

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

For the above purposes:

“**Average Closing Price**” means the average of the closing market prices of the Shares over the last five (5) Market Days, on which transactions in the Shares were recorded, 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 pursuant to the equal access scheme, and deemed to be adjusted for any corporate action that occurs after the relevant five (5) Market Days period; and

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

#### *1.4 Source of Funds*

In purchasing or acquiring Shares pursuant to the Share Purchase Mandate, the Company may only apply funds legally available for such purchase or acquisition in accordance with the Company’s articles of association (“**Articles**”), Listing Manual, Listing Rules and any other applicable laws and regulations. Under the Companies Act, any payment made by the Company in consideration of the purchase or acquisition of its own Shares may be made out of the Company’s capital and/or retained profits, so long as the Company is solvent. For this purpose, a company is “solvent” if:

- (i) the company is able to pay its debts in full at the time of payment for the purchase of Shares and will be able to pay its debts as they fall due in the normal course of business during the period of twelve (12) months immediately following the date of the purchase; and
- (ii) the value of the company’s assets, at the time of the purchase of shares and after such purchase, is not less than the value of its liabilities (including contingent liabilities), having regard to the most recent financial statements of the company and all other circumstances that the directors or managers of the company know or ought to know affect, or may affect, such values.

The Company intends to use internal resources, or external borrowings, or a combination of both to fund purchases of Shares pursuant to the Share Purchase Mandate. However, in considering the option of external financing, the Directors will consider particularly the prevailing gearing level of the Group. The Directors will only

make purchases or acquisitions of Shares pursuant to the Share Purchase Mandate in circumstances which they believe will not result in any material adverse effect to the financial position of the Company or the Group.

### *1.5 Status of Purchased Shares*

Under the Companies Act, the Company may choose to hold the purchased Shares as treasury shares or to cancel them. The Articles also allows the Company to hold purchased Shares as treasury shares. Accordingly, the Company has the discretion to hold the purchased Shares as treasury shares or to cancel them.

However, as the Company also has a primary listing on the SEHK, it has to comply with the Listing Rules. Under Rule 10.06(5) of the Listing Rules, the listing of all shares which are purchased by the Company (whether on the SEHK or otherwise) shall be automatically cancelled upon purchase and the Company must apply for listing of any further issues of that type of shares in the normal way. The Company shall ensure that the documents of title of purchased shares are cancelled and destroyed as soon as reasonably practicable following settlement of any such purchase. Shares purchased or acquired by the Company are deemed cancelled immediately on purchase or acquisition (and all rights and privileges attached to the Shares will expire on such cancellation). The total number of issued Shares will be diminished by the number of Shares purchased or acquired by the Company.

Any Shares purchased or acquired by the Company and cancelled will be automatically delisted by the SGX-ST. Certificates in respect of purchased or acquired Shares that are cancelled by the Company will be cancelled by the Company as soon as reasonably practicable following settlement of any purchase or acquisition of such Shares.

### *1.6 Reporting Requirements*

- 1.6.1 Within thirty (30) days of the passing of the Shareholders' ordinary resolution to approve any purchase or acquisition of Shares by the Company, the Company shall lodge a copy of such ordinary resolution with the Accounting & Corporate Regulatory Authority ("ACRA").
- 1.6.2 The Company shall notify ACRA within thirty (30) days of a purchase or acquisition of Shares on the SGX-ST or otherwise. Such notification shall include details of the date of the purchase or acquisition, the total number of Shares purchased or acquired by the Company, the number of Shares cancelled, the Company's issued share capital before the purchase or acquisition of Shares, the Company's issued share capital after the purchase or acquisition of Shares, the amount of consideration paid by the Company for the purchase or acquisition, whether Shares were purchased or acquired out of profits or capital of the Company, and such other particulars as may be required by ACRA.

1.6.3 The Listing Manual 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 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. The notification of such purchases or acquisitions to the SGX-ST shall be in such form and shall include such details as may be prescribed by the SGX-ST in the Listing Manual. The Company shall make arrangements with its stockbrokers to ensure that they provide the Company in a timely fashion with the necessary information which will enable the Company to make the notifications to the SGX-ST.

1.6.4 For an Off-Market Purchase, the Listing Manual requires that the listed company issue an offer document to all shareholders containing the information as set out in section 1.3.3 above.

### ***1.7 Financial Effects***

The financial effects on the Group arising from the purchases or acquisitions of Shares which may be made pursuant to the Share Purchase Mandate will depend on, *inter alia*, whether the Shares are purchased or acquired out of capital and/or retained profits of the Company, the number of Shares purchased or acquired, the consideration paid for such Shares and the number of Shares purchased or acquired which are to be cancelled. It is therefore not possible to realistically calculate or quantify the impact at this point of time.

#### *1.7.1 Purchase or Acquisition out of Profits and/or Capital*

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

Where the purchased Shares are cancelled, a reduction by the total amount of the purchase price paid by the Company for the Shares cancelled will be made to:

- (a) the share capital of the Company where the Shares were purchased out of the capital of the Company;
- (b) the profits of the Company where the Shares were purchased out of the retained profits of the Company; or
- (c) the share capital and profits of the Company proportionately where the Shares were purchased out of both the capital and profits of 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, stamp duties, commission, applicable goods and services tax and other related expenses) will correspondingly reduce the amount available for the distribution of cash dividends by the Company.

Where the consideration paid by the Company for the purchase or acquisition of Shares is made out of capital, the amount available for the distribution of cash dividends by the Company will not be reduced.

#### *1.7.2 Number of Shares Acquired or Purchased*

Purely for illustration purposes only, on the basis of 388,000,000 issued and paid-up Shares as at the Latest Practicable Date, and assuming no further Shares are issued or repurchased by the Company, on or prior to the AGM, the purchase or acquisition by the Company of up to the maximum limit of ten per cent. (10%) of its issued Shares will entail a purchase or acquisition of 38,800,000 Shares.

#### *1.7.3 Maximum Price Paid for Shares Acquired or Purchased*

In the case of Market Purchases by the Company, based on the existing issued and paid-up capital of the Company as at the Latest Practicable Date and the assumption that, pursuant to the Share Purchase Mandate, the Company purchases the maximum number of 38,800,000 Shares at the Maximum Price of S\$0.28 per Share (being the price equivalent to five per cent. (5%) above the average of the closing market prices of the Shares for the five (5) Market Days on which the Shares were traded on the SGX-ST immediately preceding the Latest Practicable Date), the maximum amount of funds required for the purchase of 38,800,000 Shares is approximately S\$10,864,000, excluding brokerage, stamp duties, commission, applicable goods and services tax and other related expenses.

In the case of Off-Market Purchases by the Company, based on the existing issued and paid-up capital of the Company as at the Latest Practicable Date and the assumption that, pursuant to the Share Purchase Mandate, the Company purchases the maximum number of 38,800,000 Shares at the Maximum Price of S\$0.32 per Share (being the price equivalent to twenty per cent. (20%) above the average of the closing market prices of the Shares for the five (5) Market Days on which the Shares were traded on the SGX-ST immediately preceding the Latest Practicable Date), the maximum amount of funds required for the purchase of 38,800,000 Shares is approximately S\$12,416,000, excluding brokerage, stamp duties, commission, applicable goods and services tax and other related expenses.

### 1.7.4 Illustrative Financial Effects

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

- (a) the Share Purchase Mandate had been effective on the Latest Practicable Date and the Company had purchased the maximum of 38,800,000 Shares representing ten per cent. (10%) of the Shares in issue as at the Latest Practicable Date out of capital and cancelled;
- (b) the consideration for the purchase or acquisition of the Shares is funded by external borrowings;
- (c) the SGD:RMB exchange rate as at 31 December 2011 is 4.85 and the average SGD:RMB exchange rate for the 2011 financial year (“FY2011”) is 5.15,

an illustration of the financial impact of Share purchases or acquisitions by the Company pursuant to the Share Purchase Mandate on the Group and the Company’s audited financial statements for FY2011 is set out below:

#### (A) Purchases made entirely out of external borrowings and cancelled

	Group (S\$ '000)		Company (S\$ '000)	
	Before Share Purchase	After Share Purchase	Before Share Purchase	After Share Purchase
<b>As at 31 Dec 2011</b>				
Shareholders’ Funds	193,603	182,739	87,802	76,938
NTA <sup>(1)</sup>	193,083	182,219	87,802	76,938
Total Liabilities	109,809	120,809	438	11,438
Current Assets	263,075	263,211	15,086	15,222
Current Liabilities	<u>109,274</u>	<u>120,274</u>	<u>438</u>	<u>11,438</u>
Working Capital	<u>66,744</u>	<u>66,826</u>	<u>13,007</u>	<u>13,089</u>
<b>Number of Shares ('000)</b>	388,000	349,200	388,000	349,200
<b>Financial Ratios</b>				
EPS (cents)	5.43	6.04	0.79	0.88
NTA per Share (cents)	49.76	52.18	22.63	22.03
Gearing (times) <sup>(2)</sup>	0.57	0.66	0.005	0.15
Current Ratio (times) <sup>(3)</sup>	2.41	2.19	34.44	1.33

**(B) Off-Market Purchases**

	Group (S\$ '000)		Company (S\$ '000)	
	Before Share Purchase	After Share Purchase	Before Share Purchase	After Share Purchase
<b>As at 31 Dec 2011</b>				
Shareholders' Funds	193,603	181,187	87,802	75,386
NTA <sup>(1)</sup>	193,083	180,667	87,802	75,386
Total Liabilities	109,809	122,809	438	13,438
Current Assets	263,075	263,659	15,086	15,670
Current Liabilities	<u>109,274</u>	<u>122,274</u>	<u>438</u>	<u>13,438</u>
Working Capital	<u>66,744</u>	<u>67,328</u>	<u>13,007</u>	<u>13,591</u>
<b>Number of Shares ('000)</b>	388,000	349,200	388,000	349,200
<b>Financial Ratios</b>				
EPS (cents)	5.43	6.04	0.79	0.88
NTA per Share (cents)	49.76	51.74	22.63	21.59
Gearing (times) <sup>(2)</sup>	0.57	0.68	0.005	0.18
Current Ratio (times) <sup>(3)</sup>	2.41	2.16	34.44	1.17

*NOTES:*

- (1) NTA equals Shareholders' funds less intangible assets.
- (2) Gearing equals total liabilities divided by Shareholders' funds.
- (3) Current ratio equals current assets divided by current liabilities.

**Shareholders should note that the financial effects set out above, based on the respective aforementioned assumptions, are for illustration purposes only. In particular, it is important to note that the above analysis is based on the historical numbers of FY2011 (save for the number of Shares, which are based on the number of Shares as at the Latest Practicable Date), and is not necessarily representative of future financial performance.**

The Company will take into account both financial and non-financial factors (for example, share market conditions and the performance of the Shares) in assessing the relative impact of a Share purchase or acquisition before execution. Although the Share Purchase Mandate would authorise the Company to purchase or acquire up to ten per cent (10%) of its issued Shares, the Company may not necessarily purchase or acquire or be able to purchase or acquire the entire ten per cent. (10%) of its issued Shares



### *1.8 Taxation*

Section 10J of the Income Tax Act 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 its Shareholders from whom the Shares are purchased.

**Shareholders who are in doubt as to their respective tax positions or tax implications of Share purchases by the Company, or who may be subject to tax whether in or outside Singapore, should consult their own professional advisers.**

### *1.9 Listing Status*

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 under the Listing Manual, are persons other than (a) the directors, chief executive officer, substantial shareholders, or controlling shareholders of the Company or its subsidiaries, and (b) the associates of such persons named in (a).

The Company is required under Rule 8.08 of the Listing Rules to ensure that at least twenty-five per cent. (25%) of its Shares are in the hands of the public. According to the Listing Rules, the SEHK will not regard any connected person of the Group as a member of “the public” or Shares held by a connected person as being “in public hands”. In addition the SEHK will not recognise as a member of “the public”: (a) any person whose acquisition of securities has been financed directly or indirectly by a connected person; and/or (2) any person who is accustomed to take instructions from a connected person in relation to the acquisition, disposal, voting or other disposition of securities of the Company registered in his/her name or otherwise held by him/her.

*Note:* The Company shall comply with both Listing Manual and Listing Rules. In the event of any conflict between them, the Company shall have to comply with the more onerous rules, subject to approvals from the relevant stock exchange(s) where is necessary.

As at the Latest Practicable Date, there are 269,622,813 Shares in the hands of the public, representing sixty-nine point forty-nine per cent. 69.49% of the issued Shares of the Company. Assuming that the Company purchases its Shares through Market Purchases up to the full ten per cent. (10%) limit pursuant to the Share Purchase Mandate, the number of Shares in the hands of the public would be reduced to 230,822,813 Shares, representing fifty-nine point forty-nine per cent. 59.49% of the remaining issued Shares of the Company (on the assumption that the purchased Shares are not cancelled).

In undertaking any purchases of its Shares, the Directors will use their best efforts to ensure that a sufficient number of Shares remain in public hands so that the Share purchases will not:

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

### ***1.10 Suspension of Purchase***

1.10.1 The Company may not effect or undertake any Share purchases or acquisitions prior to the announcement of any price-sensitive information by the Company, until such time as the price-sensitive information has been publicly announced or disseminated in accordance with the requirements of the Listing Manual.

1.10.2 The Company may not effect or undertake any Share purchases or acquisitions on the SGX-ST or SEHK during the period commencing one (1) month immediately preceding the earlier of (i) the date of the board meeting (as such date is first notified to the SGX-ST or SEHK) for the approval of the results announcement for the financial year, half-year, quarterly or any other interim period, and (ii) the deadline for the Company to publish an announcement of its results for any year or half-year or quarterly or any other interim period (whether or not required under the Listing Manual or the Listing Rules), and ending on the date of the results announcement.

### ***1.11 (A) Implications under the Take-over Code***

The resultant increase in the percentage of voting rights held by a Shareholder and persons acting in concert with him, following the purchase of Shares by the Company, will be treated as an acquisition for the purposes of Rule 14 of the Take-over Code (“**Rule 14**”). Consequently, depending on the number of Shares purchased by the Company and the total number of Shares in the capital of the Company at that time, a Shareholder or group of Shareholders acting in concert with each other could obtain or consolidate control of the Company and could become obliged to make an offer under Rule 14.

Under the Take-over Code, persons acting in concert comprise individuals or companies who, pursuant to an agreement or understanding (whether formal or informal), cooperate, through the acquisition by any of them of shares in a company, to obtain or consolidate effective control of that company. Unless the contrary is established, the following persons, *inter alia*, will be presumed to be acting in concert:

- (i) a company with any of its directors (together with their close relatives, related trusts as well as companies controlled by any of the directors, their close relatives and related trusts);
- (ii) a company, its parent, subsidiaries and fellow subsidiaries, and their associated companies and companies of which such companies are associated companies, all with each other;
- (iii) an individual with his close relatives, related trusts, any person who is accustomed to act in accordance with his instructions and companies controlled by these persons, all with each other; and
- (iv) any person who has provided financial assistance (other than a bank in the ordinary course of business) to any of the above for the purchase of voting rights.

For this purpose, ownership or control of twenty per cent. (20%) but not more than fifty per cent. (50%) of the voting rights of a company will be regarded as the test of associated company status.

The circumstances under which Shareholders (including Directors) and persons acting in concert with them respectively will incur an obligation to make a general offer under Rule 14 after a purchase or acquisition of Shares by the Company are set out in 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, the Directors and persons acting in concert with them will incur an obligation to make a general 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 thirty per cent. (30%) or more, or if the voting rights of such Directors and their concert parties fall between thirty per cent. (30%) and fifty per cent. (50%) of the Company's voting rights, 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 general offer under Rule 14 if, as a result of the Company purchasing or acquiring its Shares, the voting rights of such Shareholder in the Company would increase to thirty per cent. (30%) or more, or, if such Shareholder holds between thirty per cent. (30%) and fifty per cent. (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 proposed Share Purchase Mandate.

As at the Latest Practicable Date and to the best knowledge and belief of the Directors, Kingever Enterprises Limited (which is wholly owned by Mr. Cui Genxiang) has an interest in 90,294,662 shares, representing twenty-three point twenty-seven per cent. 23.27% of the issued capital of the Company, and Mr. Cui Genxiang is deemed to be a controlling Shareholder by reason of the 90,294,662 Shares held by Kingever Enterprises Limited. The entire Shares held by Kingever Enterprises Limited are registered in the Branch Register of Members in Hong Kong.

As at the Latest Practicable Date as set out in section 1.13 below, none of the substantial Shareholders would become obliged to make a take-over offer for the Company under Rule 14 as a result of the purchase by the Company of the maximum limit of 10% of its issued Shares as at the Latest Practicable Date.

**Shareholders who are in any doubt as to whether they would incur any obligations to make a take-over offer as a result of any purchase of Shares by the Company pursuant to the Share Purchase Mandate are advised to consult their professional advisers and/or the Securities Industry Council before they acquire any Shares in the Company during the period when the Share Purchase Mandate is in force.**

***(B) Implications under the Hong Kong Takeovers Code***

If, on the exercise of the power to purchase or acquire the Shares pursuant to the Share Purchase Mandate, a Shareholder's proportionate interest in the voting rights of the Company increases, such increase will be treated as an acquisition for the purpose of Rule 32 of the Hong Kong Code on Takeovers and Mergers ("**Hong Kong Takeovers Code**"). As a result, a Shareholder or a group of Shareholders acting in concert (as defined in the Takeovers Code), depending on the level of such increase, could obtain or consolidate control of the Company and may become obliged to make a mandatory offer in accordance with Rule 26 and Rule 32 of the Takeovers Code.

As at the Latest Practicable Date and to the best knowledge and belief of the Directors, Kingever Enterprises Limited (which is wholly owned by Mr. Cui Genxiang) has an interest in 90,294,662 Shares, representing twenty-three point twenty-seven per cent. 23.27% of the issued capital of the Company, and Mr. Cui Genxiang is deemed to be Controlling Shareholder by reason of the 90,294,662 Shares held by Kingever Enterprises Limited. In the event that the Directors should exercise in full the power to purchase or acquire Shares under the Share Purchase Mandate and if there is no other change in the issued share capital of the Company, the shareholding of Kingever Enterprises Limited in the Company will be increased to approximately 25.86% of the issued share capital of the Company.

The Directors are not aware of any consequence which may arise under the Hong Kong Takeovers Code as a result of any repurchases made under the Share Purchase Mandate.

The Directors do not have present intention to exercise the power to repurchase the Shares to the extent which will trigger off the mandating offer requirement pursuant to the rules of the Hong Kong Takeovers Code.

### ***1.12 Share Purchase made and Share Price on SEHK***

1.12.1 The Company has not made any Market Purchases on SGX-ST or SEHK or Off-Market Purchases in the twelve (12) months preceding the date of this circular.

1.12.2 Under the Listing Rule 10.06(1)(b)(x) of SEHK, the Company is required to state the share prices traded on SEHK during each of the previous twelve months in the Notice of Annual General Meeting which contains an ordinary resolution for Share Purchases. The highest and lowest prices at which the Shares were traded on the SEHK in each of the following months:

<b>Month</b>	<b>Price per month</b>	
	<b>Highest</b> <i>HK\$</i>	<b>Lowest</b> <i>HK\$</i>
<b>2011</b>		
March	2.14	2.10
April	2.20	1.99
May	2.15	1.99
June	2.09	1.97
July	2.05	1.60
August	2.19	1.80
September	1.98	1.52
October	1.85	1.36
November	2.00	1.65
December	1.84	1.57
<b>2012</b>		
January	1.77	1.60
February	1.74	1.65
March (up to 16 March 2012)	1.68	1.60

### 1.13 Directors' and Substantial Shareholders' Interests

As at the Latest Practicable Date, the shareholdings of the Directors and the substantial Shareholders in the Company before and after the purchase of Shares (assuming that the purchased Shares are cancelled) pursuant to the Share Purchase Mandate, based on the Register of Director's Shareholdings and the Register of Substantial Shareholders, are as follows:

	Before Share Purchase			After Share Purchase		
	Direct Interest (No. of Shares)	Deemed Interest (No. of Shares)	Total Interest (%)	Direct Interest (No. of Shares)	Deemed Interest (No. of Shares)	Total Interest (%)
<b>Directors</b>						
Cui Genxiang <sup>(1)</sup>	—	90,294,662	23.27	—	90,294,662	25.86
Xu Guoqiang	—	—	—	—	—	—
Zhang Zhong <sup>(2)</sup>	—	28,082,525	7.24	—	28,082,525	8.04
Tay Ah Kong Bernard	—	—	—	—	—	—
Chee Teck Kwong Patrick	—	—	—	—	—	—
Tam Chi Kwan Michael	—	—	—	—	—	—
<b>Substantial Shareholders</b>						
Kingever Enterprises Limited	90,294,662	—	23.27	90,294,662	—	25.86
Wellahead Holdings Limited	28,082,525	—	7.24	28,082,525	—	8.04

#### NOTES:

- (1) Mr. Cui Genxiang holds 100% of the total issued share capital of Kingever Enterprises Limited. Pursuant to section 7 of the Companies Act, Mr. Cui Genxiang is deemed interested in the Shares held by Kingever Enterprises Limited.
- (2) Ms. Zhang Zhong holds 100% of the total issued share capital of Wellahead Holdings Limited. Pursuant to section 7 of the Companies Act, Ms. Zhang Zhong is deemed interested in the Shares held by Wellahead Holdings Limited.

**Shareholders should note that the figures in the above table are set out for illustrative purposes only and calculated on the assumption that (i) the maximum amount of ten per cent. (10%) of the Shares of the Company purchased under the Share Purchase Mandate will be cancelled and (ii) there is no change in the number of Shares held or deemed to be held by the Directors and the substantial Shareholders.**

At the Latest Practicable Date, Kingever Enterprises Limited has an interest in 90,294,662 Shares, representing twenty-three point twenty-seven per cent. 23.27% of the issued capital of the Company. Mr. Cui Genxiang is deemed to be controlling Shareholder by reason of the 90,294,662 Shares held by Kingever Enterprises Limited. Wellahead Holdings Limited has an interest in 28,082,525 Shares, representing seven point twenty four per cent. 7.24% of the issued capital of the Company. Ms. Zhang Zhong is deemed to be a substantial Shareholder by reason of the 28,082,525 Shares held by Wellahead Holdings Limited. In the event that the Company purchases a maximum of 38,800,000 Shares, being ten per cent. (10%) of the total number of

Shares in issue, from Shareholders other than Kingever Enterprises Limited and Mr. Cui Genxiang, the resultant shareholding interest of Kingever Enterprises Limited and Mr. Cui Genxiang in the Company would increase from twenty-three point twenty-seven per cent. 23.27% to approximately twenty-five point eight-six per cent. 25.86% respectively. As such the Share Purchase Mandate, even if fully utilized, would not trigger the provisions of the Take-over Code requiring Kingever Enterprises Limited or Mr. Cui Genxiang to incur an obligation to make a take-over offer under Rule 14 of the Take-over Code.

Based on the above information, as at the Latest Practicable Date, none of the Directors will become obligated to make a general offer in the event that the Company purchases the maximum number of 38,800,000 Shares under the Share Purchase Mandate. Based on the Register of Substantial Shareholders of the Company as at the Latest Practicable Date, the Directors are not aware of any substantial Shareholder who may become obligated to make a mandatory offer in the event that the Company purchases the maximum number of 38,800,000 Shares.

#### ***1.14 Directors, substantial shareholders, their associates and connected persons***

None of the Directors nor substantial shareholders, to the best of their knowledge having made all reasonable enquiries, any of their associates, have any present intention, in the event that the Share Purchase Mandate is approved by the Shareholders at the AGM, to sell Shares to the Company under the Share Purchase Mandate.

No connected persons of the Company has notified the Company that he has a present intention to sell any Shares to the Company or its subsidiaries, or that he/she has undertaken not to sell any Shares held by him/her to the Company, in the event that the Share Purchase Mandate is granted by the Shareholders at the AGM.

#### ***1.15 Directors' Undertaking***

The Directors have undertaken to the SEHK and SGX-ST that they will exercise the power of the Company pursuant to the Share Purchase Mandate in accordance with the Listing Manual, the Listing Rules, the Articles, the Companies Act and the applicable laws of the Republic of Singapore so far as the same may be applicable.

#### ***1.16 Directors' Recommendation***

The Directors are of the opinion, for the reasons set out in paragraph 1.2 above, that the renewal of the Share Purchase Mandate is in the best interests of the Company. They accordingly recommend that Shareholders vote in favour of the renewal of the Share Purchase Mandate to be proposed at the AGM.

None of the Directors nor, to the best of their knowledge having made all reasonable enquiries, any of their associates currently intends to sell the Shares to the Company or its subsidiaries in the event that the Share Purchase Mandate is approved by the Shareholders.

No connected person has notified the Company that he or she or it has a present intention to sell his or her or its Shares to the Company, nor has he or she or it undertaken not to do so, in the event that the Company is authorised to make purchases of the Shares.

***1.17 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 adoption of 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 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 Directors  
**Cui Genxiang**  
*Executive Chairman*  
**Hengxin Technology Ltd.**



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## NOTICE OF ANNUAL GENERAL MEETING

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### HENGXIN TECHNOLOGY LTD. 亨鑫科技有限公司\*

*(carrying on business in Hong Kong as HX Singapore Ltd.)*

*(Incorporated in Singapore with limited liability)*

*(Singapore Registration No.: 200414927H)*

**(Hong Kong Stock Code: 1085)**

**(Singapore Stock Code: I85)**

### NOTICE OF ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that the Annual General Meeting (the “Annual General Meeting”) of Hengxin Technology Ltd. (“the Company”) will be held at The Fullerton Hotel Singapore, TDB Room (Lower Lobby), 1 Fullerton Square, Singapore 049178 on Thursday, 26 April 2012 at 9:00 a.m. for the following purposes:

#### AS ORDINARY BUSINESS

1. To receive and adopt the Directors’ Report and the Audited Financial Statements of the Company and its subsidiaries of the Company (the “Group”) for the year ended 31 December 2011 together with the Auditors’ Report thereon. **(Resolution 1)**
2. To re-elect the following directors (the “Directors”) of the Company retiring pursuant to the Articles of Association of the Company:  
  
Mr Tay Ah Kong Bernard (Retiring under Article 89) **(Resolution 2)**  
Ms Zhang Zhong (Retiring under Article 89) **(Resolution 3)**  
Mr Xu Guoqiang (Retiring under Article 88) **(Resolution 4)**  
**(See Explanatory Note (i))**
3. To approve the payment of Directors’ fees of S\$320,000 for the financial year ending 31 December 2012 to be paid quarterly in arrears (2011: S\$320,000). **(Resolution 5)**
4. To re-appoint Messrs Deloitte & Touche LLP as the Auditors of the Company and to authorise the Directors of the Company to fix their remuneration. **(Resolution 6)**
5. To transact any other ordinary business which may be properly transacted at an Annual General Meeting.

\* for identification purpose only

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## NOTICE OF ANNUAL GENERAL MEETING

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### AS SPECIAL BUSINESS

To consider and if thought fit, to pass the following resolutions as Ordinary Resolutions, with or without any modifications:

6. **Authority to issue shares in the capital of the Company pursuant to Section 161 of the Singapore Companies Act, Cap. 50 and Rule 806 of the Listing Manual of the Singapore Exchange Securities Trading Limited.**

That pursuant to Section 161 of the Singapore Companies Act, Cap. 50 and Rule 806 of the Listing Manual of the Singapore Exchange Securities Trading Limited, the Directors of the Company be authorised and empowered to:

- (a) (i) issue shares in the Company (“shares”) whether by way of rights, bonus or otherwise; and/or
- (ii) make or grant offers, agreements or options (collectively, “Instruments”) that might or would require shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) options, warrants, debentures or other instruments convertible into shares, at any time and upon such terms and conditions and for such purposes and to such persons as the Directors of the Company may in their absolute discretion deem fit; and
- (b) (notwithstanding the authority conferred by this Resolution may have ceased to be in force) issue shares in pursuance of any Instrument made or granted by the Directors of the Company while this Resolution was in force,

(the “Share Issue Mandate”)

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## NOTICE OF ANNUAL GENERAL MEETING

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provided that:

- (1) the aggregate number of shares (including shares to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution) and Instruments to be issued pursuant to this Resolution shall not exceed fifty per centum (50%) of the total number of issued shares (excluding treasury shares) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of shares and Instruments to be issued other than on a pro-rata basis to existing shareholders of the Company shall not exceed twenty per centum (20%) of the total number of issued shares (excluding treasury shares) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below);
- (2) (subject to such calculation as may be prescribed by the Singapore Exchange Securities Trading Limited) for the purpose of determining the aggregate number of shares and Instruments that may be issued under sub-paragraph (1) above, the percentage of issued shares and Instruments shall be based on the number of issued shares (excluding treasury shares) in the capital of the Company at the time of the passing of this Resolution, after adjusting for:
  - (a) new shares arising from the conversion or exercise of the Instruments or any convertible securities;
  - (b) new shares arising from exercising share options or vesting of share awards outstanding and subsisting at the time of the passing of this Resolution; and
  - (c) any subsequent consolidation or subdivision of shares;

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## NOTICE OF ANNUAL GENERAL MEETING

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- (3) in exercising the Share Issue Mandate conferred by this Resolution, the Company shall comply with the provisions of the Listing Manual of the Singapore Exchange Securities Trading Limited for the time being in force (unless such compliance has been waived by the Singapore Exchange Securities Trading Limited) and the Articles of Association of the Company; and
- (4) unless revoked or varied by the Company in a general meeting, the Share Issue Mandate shall continue in force (i) until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier or (ii) in the case of shares to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution, until the issuance of such shares in accordance with the terms of the Instruments, whichever is earlier.

**(See Explanatory Note (ii))**

**(Resolution 7)**

### **7. Renewal of Share Purchase Mandate**

That for the purposes of Sections 76C and 76E of the Singapore Companies Act, Cap. 50, the Directors of the Company be and are hereby authorised to make purchases or otherwise acquire issued shares in the capital of the Company from time to time (whether by way of market purchases or off-market purchases on an equal access scheme) of up to ten per centum (10%) of the total number of issued shares (excluding treasury shares) in the capital of the Company (as ascertained as at the date of Annual General Meeting of the Company) at the price of up to but not exceeding the Maximum Price as defined in paragraph 1.3.4 of the Company's Circular dated 23 March 2012 (the "Circular"), in accordance with the "Authority and Limits of the Share Purchase Mandate" set out in the Circular, and this mandate shall, unless revoked or varied by the Company in general meeting, continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier.

**(See Explanatory Note (iii))**

**(Resolution 8)**

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## NOTICE OF ANNUAL GENERAL MEETING

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8. **Authority to issue shares under the Hengxin Share Option Scheme**

That pursuant to Section 161 of the Singapore Companies Act, Cap. 50, the Directors of the Company be authorised and empowered to offer and grant options (“Options”) under the Hengxin Share Option Scheme (“the Scheme”) and to allot and issue from time to time such number of shares in the capital of the Company as may be required to be transferred or issued pursuant to the exercise of the Options granted by the Company under the Scheme, whether granted during the subsistence of this authority or otherwise, provided always that the aggregate number of additional ordinary shares to be issued pursuant to the Scheme shall not exceed fifteen per centum (15%) of the total number of issued shares (excluding treasury shares) in the capital of the Company from time to time and that such authority shall, unless revoked or varied by the Company in a general meeting, continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier.  
(See Explanatory Note (iv))

**(Resolution 9)**

By Order of the Board  
**Shirley Lim Guat Hua**  
*Company Secretary*  
Singapore, 23 March 2012

**Explanatory Notes:**

- (i) Mr Tay Ah Kong Bernard will, upon re-election as a Director of the Company, remains as the Chairman of the Audit Committee and a member of the Remuneration Committee and Nominating Committee and he will be considered independent.

Ms Zhang Zhong will, upon re-election as a Director of the Company, remains as a member of the Audit Committee, Remuneration Committee and Nominating Committee and she will be considered non-independent.

- (ii) The Ordinary Resolution 7 above, if passed, will empower the Directors of the Company from the date of the Annual General Meeting until the date of the next annual general meeting of the Company, or the date by which the next annual general meeting of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to issue shares, make or grant instruments convertible into shares and to issue shares pursuant to such

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## NOTICE OF ANNUAL GENERAL MEETING

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instruments, up to a number not exceeding, in total, 50% of the total number of issued shares (excluding treasury shares) in the capital of the Company, of which up to 20% may be issued other than on a pro-rata basis to existing shareholders of the Company.

For determining the aggregate number of shares that may be issued, the percentage of issued shares in the capital of the Company will be calculated based on the total number of issued shares (excluding treasury shares) in the capital of the Company at the time this Ordinary Resolution is passed after adjusting for new shares arising from the conversion or exercise of the Instruments or any convertible securities, the exercise of share options or the vesting of share awards outstanding or subsisting at the time when this Ordinary Resolution is passed and any subsequent consolidation or subdivision of shares.

- (iii) The Ordinary Resolution 8 above, if passed, will empower the Directors of the Company from the date of the Annual General Meeting until the next annual general meeting of the Company or the date by which the next annual general meeting of the Company is required by law to be held, whichever is the earlier, to repurchase ordinary shares of the Company by way of market purchases or off-market purchases of up to ten per centum (10%) of the total number of issued shares (excluding treasury shares) in the capital of the Company at the Maximum Price as defined in paragraph 1.3.4 of the Company's Circular. The rationale for, the authority and limitation on, the sources of funds to be used for the purchase or acquisition including the amount of financing and the financial effects of the purchase or acquisition of ordinary shares by the Company pursuant to the Share Purchase Mandate on the audited consolidated financial accounts of the Group for the financial year ended 31 December 2011 are set out in greater detail in the Circular.
- (iv) The Ordinary Resolution 9 above, if passed, will empower the Directors of the Company from the date of the Annual General Meeting until the next annual general meeting of the Company or the date by which the next annual general meeting of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to issue shares in the Company pursuant to the exercise of options granted or to be granted under the Scheme up to a number not exceeding in total (for the entire duration of the Scheme) fifteen per centum (15%) of the issued shares in the capital of the Company from time to time.

**IMPORTANT: Notwithstanding the passing of the Ordinary Resolution Nos. 7, 8 and 9, the Company shall from time to time comply with the relevant requirements under the Hong Kong Listing Rules in relation to issuance of securities, repurchase of shares and issuance of shares under share option scheme adopted by the Company.**

### Notes:

1. A member entitled to attend and vote at the Annual General Meeting is entitled to appoint more than one proxy to attend and vote in his/her stead. A proxy need not be a member of the Company.

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## NOTICE OF ANNUAL GENERAL MEETING

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2. The instrument appointing a proxy must be deposited at the Principal Share Registrar of the Company, Boardroom Corporate & Advisory Services Pte. Ltd. at 50 Raffles Place, Singapore Land Tower #32-01, Singapore 048623 (for Singapore Shareholders), or at the office of the Company's Branch Share Registrar, Tricor Investor Services Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong (for Hong Kong Shareholders), not less than forty-eight (48) hours before the time appointed for holding the Annual General Meeting.
3. If the member is a corporation, the instrument appointing a proxy must be executed under seal or the hand of its duly authorized officer or attorney.
4. A depositor whose name appears in the Depository Register (as defined in Section 130A of the Singapore Companies Act) of the Company and who is unable to attend personally but wishes to appoint a nominee to attend and vote on his behalf, or if such depositor is a corporation, should complete the depositor proxy form under seal or the hand of its duly authorized officer or attorney and lodge the same at the office of the Company's Singapore Principal Share Registrar, Boardroom Corporate & Advisory Services Pte. Ltd. at 50 Raffles Place, Singapore Land Tower #32-01, Singapore 048623, not later than 48 hours before the time appointed for the Annual General Meeting.
5. The Principal Share Registrar and Branch Share Registrar of the Company will be closed from 18 April 2012 to 26 April 2012 (both days, inclusive), during which period no transfer of Shares will be effected. In order to qualify for attending the Annual General Meeting, all transfers accompanied by the relevant share certificates and transfer forms must be lodged with the Principal Share Registrar of the Company, Boardroom Corporate & Advisory Services Pte. Ltd. at 50 Raffles Place, Singapore Land Tower #32-01, Singapore 048623 (for Singapore Shareholders), or at the office of the Company's Branch Share Registrar, Tricor Investor Services Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong (for Hong Kong Shareholders) not later than 4:30 p.m. on 17 April 2012.

*As at the date of this announcement, the executive Directors of the Company are Mr. Cui Genxiang and Mr. Xu Guoqiang; the non-executive Director of the Company is Ms. Zhang Zhong; and the independent non-executive Directors are Mr. Tay Ah Kong Bernard, Mr. Chee Teck Kwong Patrick and Mr. Tam Chi Kwan Michael.*

\* *For identification purpose only*