
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in doubt as to any aspect of this circular, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares of Kam Hing International Holdings Limited, you should at once hand this circular and the accompanying form of proxy to the purchaser or the transferee or to the bank, stockbroker or other agent through whom the sale or the transfer was effected for transmission to the purchaser or the transferee.

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KAM HING INTERNATIONAL HOLDINGS LIMITED **錦興國際控股有限公司**

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 02307)

- (1) PROPOSED GRANT OF GENERAL MANDATES TO ISSUE NEW SHARES AND REPURCHASE BY THE COMPANY OF ITS OWN SHARES;**
- (2) PROPOSED RE-ELECTION OF DIRECTORS;**
- (3) PROPOSED ADOPTION OF NEW SHARE OPTION SCHEME AND TERMINATION OF THE EXISTING SHARE OPTION SCHEME; AND**
- (4) NOTICE OF ANNUAL GENERAL MEETING**

A notice convening an annual general meeting of the Company to be held at Units 1-9, 8th Floor, Lucida Industrial Building, 43-47 Wang Lung Street, Tsuen Wan, New Territories, Hong Kong on Monday, 9 June 2014 at 11:00 a.m. is set out on pages 27 to 31 of this circular. A form of proxy for use at the annual general meeting is also enclosed with this circular. Such form of proxy is also published on the websites of The Stock Exchange of Hong Kong Limited at www.hkex.com.hk and the Company at www.kamhingintl.com.

Whether or not you are able to attend the annual general meeting, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and deposit the same at the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the annual general meeting or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the annual general meeting or any adjournment thereof should you so wish.

29 April 2014

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DEFINITIONS

In this circular, unless the context otherwise requires, the following expressions shall have the following meanings:

“Adoption Date”	the date on which the New Share Option Scheme becomes unconditional upon fulfillment of the conditions as set out in the paragraph headed “Conditions precedent of the New Share Option Scheme” in the section headed “Letter from the Board” of this circular
“AGM”	the annual general meeting of the Company to be convened and held to consider and, if thought fit, to approve, among other things, the proposed grant of the General Mandate and the Repurchase Mandate, and the proposed re-election of Directors
“Articles of Association”	the articles of association of the Company, and “ Article ” shall mean an article of the Articles of Association
“associate(s)”	has the meaning ascribed to this term under the Listing Rules
“Board”	the board of Directors
“Company”	Kam Hing International Holdings Limited, a company incorporated in the Cayman Islands with limited liability and the issued Shares of which are listed on the main board of the Stock Exchange
“connected person”	has the same meaning ascribed to it under the Listing Rules
“Directors”	the directors of the Company
“Eligible Participant(s)”	full time employees of the Group or any Invested Entity (including any directors, whether executive or non-executive and whether independent or not, of the Company or any Subsidiary or any Invested Entity); any holder of any securities issued by the Group; and any business or joint venture partners, contractors, agents or representatives, consultants, advisers, suppliers, producers or licensors, customers, licensees (including any sub-licensee) or distributors, landlords or tenants (including any sub-tenants) of the Group or any Invested Entity or any person who, in the sole discretion of the Board, has contributed or may contribute to the Group or any Invested Entity
“Existing Share Option Scheme”	the existing share option scheme of the Company adopted by the Company on 25 August 2004

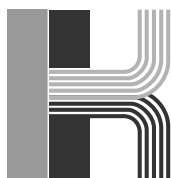
DEFINITIONS

“General Mandate”	the general mandate proposed to be granted to the Directors at the AGM to allot, issue and otherwise deal with additional Shares up to a maximum of 20% of the aggregate nominal share capital of the Company in issue at the date of the passing of such resolution
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Invested Entity”	any entity in which the Group holds an equity interest
“Latest Practicable Date”	24 April 2014, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“New Share Option Scheme”	the new share option scheme which is proposed to be adopted by the Company at the AGM, the principal terms of which are set out in Appendix III to this circular
“Offer”	an offer for the grant of an Option made in accordance with the New Share Option Scheme
“Offer Date”	the date on which an Offer is made to an Eligible Participant
“Option(s)”	any option(s) granted or to be granted to Eligible Participant(s) to subscribe for Share(s) under the Expired Share Option Scheme or, after its expiry, under the New Share Option Scheme
“Option holder(s)”	the relevant holder(s) of the Option(s)
“Offer Period”	in respect of any particular Option, the period to be determined and notified by the Directors to the grantee thereof at the time of making an Offer provided that such period shall not exceed the period of ten (10) years from the date of the grant of the particular Option but subject to the provisions for early termination thereof contained herein
“Personal Representative(s)”	the person or persons who, in accordance with the laws of succession applicable in respect of the death of a grantee, is or are entitled to exercise the Option granted to such grantee (to the extent not already exercised)

DEFINITIONS

“Repurchase Mandate”	the repurchase mandate proposed to be granted to the Directors at the AGM to repurchase up to a maximum of 10% of the aggregate nominal amount of the issued share capital of the Company at the date of passing such resolution
“Scheme Mandate Limit”	has the meaning ascribed to it under paragraph (e) of Appendix III set out on page 19 of this circular
“SFO”	the Securities and Futures Ordinance (Chapter 571 of Laws of Hong Kong)
“Share(s)”	ordinary share(s) of HK\$0.10 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“%”	per cent.

LETTER FROM THE BOARD



KAM HING INTERNATIONAL HOLDINGS LIMITED 錦興國際控股有限公司

(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 02307)

Executive Directors:

Mr. Tai Chin Chun
Mr. Tai Chin Wen
Ms. Cheung So Wan
Ms. Wong Siu Yuk
Mr. Chong Chau Lam
Mr. Wong Wai Kong, Elmen

Registered office:

Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

Independent non-executive Directors:

Ms. Chu Hak Ha, Mimi
Mr. Chan Yuk Tong, Jimmy
Mr. Ho Gilbert Chi Hang

*Head office and principal place of
business in Hong Kong:*

Units 1-9, 8th Floor
Lucida Industrial Building
43-47 Wang Lung Street
Tsuen Wan
New Territories
Hong Kong

29 April 2014

To the Shareholders

Dear Sir or Madam,

- (1) PROPOSED GRANT OF GENERAL MANDATES TO ISSUE NEW SHARES
AND REPURCHASE BY THE COMPANY OF ITS OWN SHARES;
(2) PROPOSED RE-ELECTION OF DIRECTORS; AND
(3) PROPOSED ADOPTION OF NEW SHARE OPTION SCHEME AND
TERMINATION OF THE EXISTING SHARE OPTION SCHEME**

INTRODUCTION

At the AGM to be held at Units 1-9, 8th Floor, Lucida Industrial Building, 43-47 Wang Lung Street, Tsuen Wan, New Territories, Hong Kong on Monday, 9 June 2014 at 11:00 a.m., resolutions will be proposed, among other matters:

LETTER FROM THE BOARD

- (a) to grant the General Mandate to the Directors;
- (b) to grant the Repurchase Mandate to the Directors;
- (c) to increase the number of Shares to be allotted and issued under the General Mandate by an additional number representing such number of Shares repurchased under the Repurchase Mandate;
- (d) to re-elect the Directors; and
- (e) to adopt the New Share Option Scheme and terminate the Existing Share Option Scheme.

The purpose of this circular is to provide you with information in relation to the resolutions to be proposed at the AGM for the grant of the General Mandate and the Repurchase Mandate, the re-election of Directors, the adoption of the New Share Option Scheme and termination of the Existing Share Option Scheme and to give you the notice of the AGM.

GENERAL MANDATE AND REPURCHASE MANDATE

The General Mandate and the Repurchase Mandate shall be effective until whichever is the earliest of:

- (a) the conclusion of the next annual general meeting of the Company; or
- (b) the expiration of the period within which the next annual general meeting of the Company is required by the Articles of Association, or any other applicable law of the Cayman Islands to be held; or
- (c) the passing of an ordinary resolution by the Shareholders in general meeting revoking or varying the authority given to the Directors.

General Mandate

The Company had in issue an aggregate of 869,919,000 Shares as at the Latest Practicable Date. Subject to the passing of the proposed resolution for the approval of the General Mandate and in accordance with the terms therein, the Company would be allowed to allot and issue up to a maximum of 173,983,800 Shares, representing 20% of the aggregate nominal amount of the issued Shares at the time of the passing of the resolution approving the General Mandate on the basis that no further Shares will be issued or repurchased by the Company prior to the AGM.

The Directors have no immediate plans to issue any new Shares other than Shares which may fall to be issued under the share option scheme of the Company or any scrip dividend scheme as may be approved by the Shareholders.

LETTER FROM THE BOARD

Repurchase Mandate

Under the Listing Rules, the Company is required to give to the Shareholders all information which is reasonably necessary to enable Shareholders to make an informed decision as to whether to vote for or against the resolution to renew the grant to the Directors of the Repurchase Mandate. The explanatory statement required by the Listing Rules to be included in this circular is set out in Appendix I.

RE-ELECTION OF DIRECTORS

According to Article 87(1), one-third of the Directors for the time being, or, if their number is not a multiple of three, then the number nearest to but not less than one-third, shall retire from office by rotation at every annual general meeting of the Company. A retiring Director shall be eligible for re-election.

In accordance with Article 87(1), Mr. Chong Chau Lam, Mr. Wong Wai Kong, Elmen and Mr. Chan Yuk Tong, Jimmy shall retire from their offices as Director. Being eligible, Mr. Chong Chau Lam and Mr. Wong Wai Kong, Elmen would offer themselves for re-election as executive Directors, and Mr. Chan Yuk Tong, Jimmy would offer himself for re-election as independent non-executive Director. At the AGM, an ordinary resolution will be proposed to re-elect Mr. Chong Chau Lam and Mr. Wong Wai Kong, Elmen as executive Directors and Mr. Chan Yuk Tong, Jimmy as independent non-executive Director.

Mr. Chan Yuk Tong, Jimmy has served on the Board for more than nine years. During his term as an independent non-executive Director, Mr. Chan has demonstrated that he has the required character, integrity and experience to perform his duties by providing objective views and independent guidance to the Board. The Nomination Committee of the Company has assessed and reviewed his annual confirmation of independence based on the independence criteria set out in Rule 13.13 of the Listing Rules, and affirmed that he remains independent. The Board considers that with his past experience, his in-depth understanding with the operations and business of the Group, the long service of Mr. Chan would not affect his exercise of independent judgment. As such, the Board considers that the re-election of Mr. Chan Yuk Tong, Jimmy as an independent non-executive Director is in the best interest of the Company and the Shareholders as a whole.

Particulars relating to Mr. Chong Chau Lam, Mr. Wong Wai Kong, Elmen and Mr. Chan Yuk Tong, Jimmy are set out in Appendix II to this circular.

ADOPTION OF THE NEW SHARE OPTION SCHEME AND TERMINATION OF THE EXISTING SHARE OPTION SCHEME

The Existing Share Option Scheme

The Existing Share Option Scheme was adopted by the Company on 25 August 2004. The Existing Share Option Scheme was valid and effective for a period of ten years from its date of adoption and shall expire on 24 August 2014. As at the Latest Practicable Date, 1,280,000 Options granted under the Existing Share Option Scheme entitling the holders thereof to subscribe for Shares was still outstanding.

LETTER FROM THE BOARD

Termination of the Existing Share Option Scheme

Under the terms of the Existing Share Option Scheme, the Company may by ordinary resolution in general meeting or the Board may at any time terminate the operation of the Existing Share Option Scheme. It is proposed by the Directors that at the AGM, an ordinary resolution will be proposed for the Company to terminate the operation of the Existing Share Option Scheme (such that no further Options could thereafter be offered under the Existing Share Option Scheme but in all other respects the provisions of the Existing Share Option Scheme shall remain in full force and effect) and to approve and adopt the New Share Option Scheme, which will take effect on the date of its adoption at the AGM subject to the Stock Exchange granting approval for the listing of and dealing in the Shares fall to be allotted and issued upon the exercise of Options in accordance with the terms and conditions of the New Share Option Scheme.

There will be no material difference between the terms of the Existing Share Option Scheme and the New Share Option Scheme. At the AGM, an ordinary resolution will be proposed for the Company to approve and adopt the New Share Option Scheme, details of which are set out in ordinary resolution numbered 8 in the notice convening the AGM, which will take effect on the date of its adoption at the AGM subject to the Stock Exchange granting approval for the listing of and dealing in the shares to be issued and allotted pursuant to the exercise of Options in accordance with the terms and conditions of the New Share Option Scheme.

New Share Option Scheme

The purpose of the New Share Option Scheme is to replace the Existing Share Option Scheme and to provide incentive and/or reward to Eligible Participants for their contribution to, and continuing efforts to promote the interests of, the Company. Eligible Participants to whom Options shall be granted, are entitled to subscribe for the number of Shares at a subscription price specified in each Option granted under the New Share Option Scheme. The basis for determining the subscription price is also specified precisely in the rules of the New Share Option Scheme. There is no performance target specified in the New Share Option Scheme and there is no specified minimum period under the New Share Option Scheme for which an Option must be held pursuant to the terms of the New Share Option Scheme. The Directors consider that the aforesaid criteria and rules will serve to preserve the value of the Company and encourage Eligible Participants to acquire proprietary interests in the Company.

As at the Latest Practicable Date, the Company had 869,919,000 Shares in issue. Assuming that there is no change in the issued share capital between the period from the Latest Practicable Date and the Adoption Date, the number of Shares issuable pursuant to the New Share Option Scheme on the Adoption Date will be 86,991,900 Shares represents approximately 10% of the existing issued share capital of the Company. The Directors consider that it is not appropriate to state the value of all Options that can be granted pursuant to the New Share Option Scheme as if they had been granted on the Latest Practicable Date as a number of variables which are crucial for the calculation of the Option value have not been determined. Such variables include but are not limited to the exercise price, exercise period, lock-up period (if any), and predetermined performance targets (if any). The Directors believe that any calculation of the value of the Options as at the Latest Practicable Date based on a number of speculative assumptions would not be meaningful and would be misleading to Shareholders.

LETTER FROM THE BOARD

None of the Directors is trustee of the New Share Option Scheme or has a direct or indirect interest in the trustee. With respect to the operation of the New Share Option Scheme, the Company will, where applicable, comply with the relevant requirements under Chapter 17 of the Listing Rules.

Conditions precedent of the New Share Option Scheme

The adoption of the New Share Option Scheme is conditional upon:

- (a) the Listing Committee of the Stock Exchange granting the listing of and permission to deal in any Shares which may fall to be issued by the Company pursuant to the exercise of Options in accordance with the terms and conditions of the New Share Option Scheme; and
- (b) the passing of an ordinary resolution to adopt the New Share Option Scheme by the shareholders at general meeting.

Subject to the obtaining of Shareholders' approval with respect to the adoption of the New Share Option Scheme at the AGM, the total number of Shares which may be issued upon exercise of all Options to be granted under the New Share Option Scheme and any other schemes must not in aggregate exceed 10% of the total issued capital of the Company as at the Adoption Date unless the Company obtains a fresh approval from Shareholders to renew the 10% limit on the basis that the maximum number of Shares in respect of which Options may be granted under the New Share Option Scheme together with any Options outstanding and yet to be exercised under the New Share Option Scheme and any other share option schemes must not exceed 30% of the issued share capital of the Company from time to time.

A summary of the principal terms of the New Share Option Scheme which is proposed to be approved and adopted by the Company at the AGM is set out in Appendix III to this circular from pages 17 to 26. A copy of the New Share Option Scheme is available for inspection at the Company's principal place of business in Hong Kong at Units 1-9, 8th Floor, Lucida Industrial Building, 43-47 Wang Lung Street, Tsuen Wan, New Territories, Hong Kong during normal business hours from the date hereof up to and including the date of the AGM.

Application for listing

Application will be made to the Listing Committee of the Stock Exchange for the approval of the listing of, and permission to deal in, the Shares to be issued pursuant to the exercise of the Options granted under the New Share Option Scheme.

As at the date of this circular, no option has been agreed to be granted under the New Share Option Scheme.

LETTER FROM THE BOARD

ACTION TO BE TAKEN

A form of proxy for use at the AGM is enclosed with this circular and such form of proxy is also published at the website of the Stock Exchange at www.hkex.com.hk. Whether or not you intend to attend the AGM, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and deposit the same at the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for holding the AGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting at the AGM or adjournment thereof in person if you so wish.

All the resolutions proposed to be approved at the AGM will be taken by poll and an announcement will be made by the Company after the AGM on the results of the AGM.

RECOMMENDATION

The Directors believe that the proposed grant of the General Mandate and the Repurchase Mandate, the extension of the General Mandate, the proposed re-election of Directors and the proposed adoption of the New Share Option Scheme and the termination of the Existing Share Option Scheme are in the best interests of the Company and the Shareholders as a whole and recommend the Shareholders to vote in favour of all the resolutions to be proposed at the AGM.

GENERAL

No Shareholder is required under the Listing Rules to abstain from voting on the ordinary resolution to approve the New Share Option Scheme. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, no Shareholder is required to abstain from voting on any resolutions to be proposed at the AGM. The Board confirm that to the best of their knowledge, information and belief having made all reasonable enquiries, as at the Latest Practicable Date, there was no voting trust or other agreement or arrangement or understanding (other than an outright sale) entered into by or binding upon any Shareholder and there was no obligation or entitlement of any Shareholder whereby he has or may have temporarily or permanently passed control over the exercise of the voting right in respect of his Shares to a third party, either generally or on a case-by-case basis.

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

Your attention is drawn to the information set out in the appendices to this Circular.

Yours faithfully
For and on behalf of
the board of Directors of
Kam Hing International Holdings Limited
Tai Chin Chun
Chairman

This Appendix serves as an explanatory statement, as required by the Listing Rules, to provide requisite information to you for your consideration of the Repurchase Mandate.

1. REPURCHASE OF SECURITIES FROM CONNECTED PARTIES

The Listing Rules prohibit a company from knowingly purchasing securities on the Stock Exchange from a “connected person”, that is, a director, chief executive or substantial shareholder of the Company or any of its subsidiaries or their respective associates and a connected person is prohibited from knowingly selling his/her/its securities to the Company.

No connected person of the Company has notified the Company that he/she/it has a present intention to sell any Shares to the Company nor has any such connected person undertaken not to sell any of the Shares held by him/her/it to the Company in the event that the Repurchase Mandate is passed.

2. SHARE CAPITAL

As at the Latest Practicable Date, the issued share capital of the Company comprised 869,919,000 fully paid Shares.

Subject to the passing of the proposed resolution for the approval of the Repurchase Mandate and on the basis that no further Shares are to be issued or repurchased by the Company prior to the AGM, the Company will be allowed under the Repurchase Mandate to repurchase a maximum of 86,991,900 fully paid Shares.

3. REASONS FOR THE REPURCHASE

The Directors believe that the Repurchase Mandate is in the best interests of the Company and the Shareholders as a whole. An exercise of the Repurchase Mandate may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net assets per Share and/or earnings per Share and will only be made when the Directors believe that a repurchase will benefit the Company and the Shareholders as a whole.

4. FUNDING OF REPURCHASES

Pursuant to the Repurchase Mandate, repurchases would be funded entirely from the Company’s available cash flow or working capital facilities which will be funds legally available under the Cayman Islands law and the memorandum and articles of association of the Company for such purpose.

An exercise of the Repurchase Mandate in full could have a material adverse impact on the working capital and gearing position of the Company compared with that as at 31 December 2013, being the date of its latest published audited consolidated accounts. The Directors do not, however, intend to make any repurchase in circumstances that would have a material adverse impact on the working capital or gearing position of the Company.

5. SHARE PRICES

The highest and lowest prices at which the Shares have traded on the Stock Exchange in each of the previous twelve calendar months were as follows:

	Highest <i>HK\$</i>	Lowest <i>HK\$</i>
2013		
April	0.81	0.62
May	0.76	0.65
June	0.73	0.55
July	0.63	0.55
August	0.68	0.55
September	0.65	0.57
October	0.67	0.60
November	0.67	0.57
December	0.64	0.55
2014		
January	0.67	0.59
February	0.77	0.62
March	0.76	0.56
April (up to the Latest Practicable Date)	0.66	0.60

6. DISCLOSURE OF INTERESTS AND MINIMUM PUBLIC HOLDING

None of the Directors or, to the best of their knowledge having made all reasonable enquiries, their associates, have any present intention to sell to the Company or its subsidiaries any of the Shares in the Company if the Repurchase Mandate is approved at the AGM and exercised.

The Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the powers of the Company to make repurchases pursuant to the Repurchase Mandate in accordance with the Listing Rules and applicable laws of the Cayman Islands.

If a Shareholder's proportionate interest in the voting rights of the Company increases on the Company exercising its powers to repurchase Shares pursuant to the Repurchase Mandate, such increase will be treated as an acquisition for the purposes of Rule 32 of the Takeovers Code. As a result, a Shareholder or group of shareholders acting in concert could obtain or consolidate control of the Company and become obliged to make a mandatory general offer in accordance with Rules 26 and 32 of the Takeovers Code.

As at the Latest Practicable Date, the following Shareholders are interested in more than 10% of the Shares then in issue:

Name	Number of Shares as at the Latest Practicable Date	Percentage holding as at the Latest Practicable Date	Percentage holding if the Repurchase Mandate is exercised in full
Mr. Tai Chin Chun (<i>Note 1</i>)	335,600,000	38.58%	42.87%
Ms. Cheung So Wan (<i>Note 2</i>)	1,000,000	0.11%	0.12%
Mr. Tai Chin Wen (<i>Note 3</i>)	98,000,000	11.26%	12.51%
Ms. Wong Siu Yuk (<i>Note 4</i>)	1,000,000	0.12%	0.13%
Total	<u>435,600,000</u>	<u>50.07%</u>	<u>55.63%</u>

Notes:

- These Shares are held as to (i) 332,600,000 Shares by Exceed Standard Limited, a company incorporated in the British Virgin Islands and whose entire issued share capital is owned by Mr. Tai Chin Chun, and (ii) 3,000,000 Shares by Mr. Tai Chin Chun personally.
- Ms. Cheung So Wan is the spouse of Mr. Tai Chin Chun.
- These Shares are held as to (i) 96,000,000 Shares by Power Strategy Limited, a company incorporated in the British Virgin Islands and whose entire issued share capital is owned by Mr. Tai Chin Wen, and (ii) 2,000,000 Shares by Mr. Tai Chin Wen personally.
- Ms. Wong Siu Yuk is the spouse of Mr. Tai Chin Wen.

As (i) Exceed Standard Limited is a company controlled by Mr. Tai Chin Chun and Ms. Cheung So Wan is the spouse of Mr. Tai Chin Chun, all of them are considered to be a concert party under the Takeovers Code; (ii) Power Strategy Limited is a company controlled by Mr. Tai Chin Wen and Ms. Wong Siu Yuk is the spouse of Mr. Tai Chin Wen, all of them are considered to be a concert party under the Takeovers Code; and (iii) Mr. Tai Chin Chun and Mr. Tai Chin Wen are brothers, they are also considered to be a concert party under the Takeovers Code. Their aggregate voting right in the Company was about 50.07% as at the Latest Practicable Date. As such, an exercise of the Repurchase Mandate in full would not result in any one of them becoming obliged to make a mandatory general offer under Rule 26 of the Takeovers Code. The Directors have no intention to exercise any of the Repurchase Mandate to such an extent that will result in either Mr. Tai Chin Chun, Mr. Tai Chin Wen, or any party acting in concert with any of them, to make a mandatory general offer under the Takeovers Code.

Save as disclosed above, the Directors are not aware of any consequences which may arise under the Takeovers Code as a consequence of any purchase made under the Repurchase Mandate.

The Company will not repurchase Shares which would result in the amount of Shares held by the public being reduced to less than 25%.

7. SHARES REPURCHASES MADE BY THE COMPANY

Neither the Company nor any of its subsidiaries has repurchased any of the Company's listed securities during the six months immediately prior to the Latest Practicable Date.

The details of the Directors who will retire from office by rotation at the AGM and being eligible, would offer themselves for re-election at the AGM, are set out below:

Mr. Chong Chau Lam — Executive Director

Mr. Chong Chau Lam (“**Mr. Chong**”), aged 64, is an executive Director. Mr. Chong obtained a higher diploma in Dyeing, Printing and Finishing Technology from the Hong Kong Technical College and a master degree of Business Administration from the University of East Asia. He is an associate member of both the Society of Dyers and Colourists and the Textile Institute in United Kingdom, and was awarded the Silver Medal and a bar to Silver Medal by the Society of Dyers and Colourists in 1982 and 2013 respectively. Prior to joining the Group on 30 March 2004, he worked as a senior lecturer at the Institute of Textiles and Clothing of the Hong Kong Polytechnic University and an engineer in a local textile company. Mr. Chong is also a member of the Dyeing and Finishing Special Committee and become Vice Director since 2013, a member of the China Textile Engineering Society, and an active technical consultant in the dyeing and finishing sector. Save as disclosed above, Mr. Chong does not have any relationship with any Directors, senior management or substantial or controlling Shareholders (as defined in the Listing Rules) and did not hold any directorship in any other public companies the securities of which are listed on any securities market in Hong Kong or overseas in the past three years prior to the Latest Practicable Date.

As at the Latest Practicable Date, Mr. Chong was interested in 300,000 Shares within the meaning of Part XV of the SFO. Save as disclosed, he is not interested in any Shares or underlying shares of the Company within the meaning of Part XV of the SFO. He has entered into a service contract with the Company for a fixed term of 3 years from 1 July 2011 to 30 June 2014 (both days inclusive). Pursuant to the terms of the service contract, his basic Director’s remuneration of HK\$1,680,000 is determined with reference to his role, level of experience and contribution to the Group. Under the service contract, after each completed year of service, the remuneration payable to Mr. Chong may, subject to the discretion of the Board, be increased by not more than 20 per cent. Moreover, Mr. Chong is entitled to a discretionary bonus for each completed year of service, as may be decided by the Board provided that the total amount of bonus payable to all the Directors of the Company for such year shall not exceed 5 per cent. of the audited combined/consolidated profit after taxation and minority interests (if any) for the relevant year.

Mr. Chong confirmed that there is no other information that needs to be disclosed pursuant to any of the requirements as set out in Rules 13.51(2)(h) to (v) of the Listing Rules. The Company is not aware of any other matters that need to be brought to the attention of the Shareholders and the Stock Exchange in relation to the re-election of Mr. Chong.

Mr. Wong Wai Kong, Elmen — Executive Director

Mr. Wong Wai Kong, Elmen (“**Mr. Wong**”), aged 48, is an executive Director. Mr. Wong is responsible for the strategic planning and corporate development of the Group. Mr. Wong obtained a bachelor degree of Business Administration from the Hong Kong Baptist University, a master degree of Business Administration from the University of Sheffield and a master degree of Science in Business Information Technology from the Middlesex University. Prior to joining the Group in December 2002, Mr. Wong gained extensive financial experience in professional accounting and auditing for over 8 years. Mr. Wong is a qualified accountant, a fellow member of the Association of Chartered Certified Accountants and a practising fellow member of the Hong Kong Institute of Certified Public Accountants. Save as disclosed above, Mr. Wong does not have any relationship with any Directors, senior management or substantial or controlling Shareholders (as defined in the Listing Rules) and did not hold any directorship in any other public companies the securities of which are listed on any securities market in Hong Kong or overseas in the past three years prior to the Latest Practicable Date.

As at the Latest Practicable Date, Mr. Wong was not interested in any Shares or underlying shares of the Company within the meaning of Part XV of the SFO.

Mr. Wong has entered into a service contract with the Company for a fixed term of 3 years from 1 October 2011 to 30 September 2014 (both days inclusive). He is entitled to a basic director’s remuneration of HK\$1,620,000 per annum, which is determined with reference to his role, level of experience and contribution to the Group and the remuneration of other comparable listed companies. Under the service contract, after each complete year of service, the remuneration payable to Mr. Wong may, subject to the discretion of the Board, be entitled to a discretionary bonus as may be decided by the Board.

Mr. Wong confirmed that there is no other information that needs to be disclosed pursuant to any of the requirements as set out in Rules 13.51(2)(h) to (v) of the Listing Rules. The Company is not aware of any other matters that need to be brought to the attention of the Shareholders and the Stock Exchange in relation to the re-election of Mr. Wong.

Mr. Chan Yuk Tong, Jimmy — Independent non-executive Director

Mr. Chan Yuk Tong, Jimmy (“**Mr. Chan**”), aged 51, is an independent non-executive Director. He is also the chairman of the audit committee of the Company and a member of the remuneration committee and nomination committee of the Company. He obtained a bachelor degree in Commerce from the University of Newcastle in Australia and a master degree of Business Administration from the Chinese University of Hong Kong. He is a practising fellow member of the Hong Kong Institute of Certified Public Accountants and a member of CPA Australia. Mr. Chan has over 25 years of experience in corporate finance, financial advisory and management, professional accounting and auditing.

He is also an independent non-executive director of Ausnutria Dairy Corporation Ltd, Global Sweeteners Holdings Limited, Sinopoly Battery Company Limited, which are listed companies in Hong Kong. Mr. Chan was appointed as an independent non-executive director of Ground Properties Company Limited (formerly known as “China Motion Telecom International Limited”) on 29 November 2013. Mr. Chan retired/resigned as an executive director of Asia Cassava Resources Holdings Limited on 3 August 2010, an independent non-executive director of Great Wall Motor Company Limited on 26 November 2010, a non-executive director of Vitop Bioenergy Holdings Limited on 24 May 2011, an independent non-executive director of BYD Electronic (International) Company Limited on 7 June 2013, Xinhua Winshare Publishing and Media Co., Ltd. on 10 July 2013 and Daisho Microline Holdings Limited on 26 August 2013, all of which are listed companies in Hong Kong. He has also retired as an independent non-executive director of Anhui Conch Cement Company Limited, which is a listed company in Hong Kong and Shanghai, with effect from 31 May 2012. On 7 August 2013, Mr. Chan also resigned as an independent non-executive director of Trauson Holdings Company Limited, which has withdrawn its listing from the Stock Exchange with effect from 15 July 2013. Mr. Chan joined the Group on 30 March 2004.

Save as disclosed above, Mr. Chan does not have any relationship with any Directors, senior management or substantial or controlling Shareholders (as defined in the Listing Rules) and did not hold any directorship in any other public companies the securities of which are listed on any securities market in Hong Kong or overseas in the past three years prior to the Latest Practicable Date.

As at the Latest Practicable Date, Mr. Chan was not interested in any Shares or underlying shares of the Company within the meaning of Part XV of the SFO. Mr. Chan has been appointed for a fixed term of 2 years from 1 September 2012 and is entitled to a director fee of HK\$240,000 per annum, which is determined with reference to his role, level of experience and contribution to the Group.

Mr. Chan confirmed that there is no other information that needs to be disclosed pursuant to any of the requirements as set out in Rules 13.51(2)(h) to (v) of the Listing Rules. The Company is not aware of any other matters that need to be brought to the attention of the Shareholders and the Stock Exchange in relation to the re-election of Mr. Chan.

NEW SHARE OPTION SCHEME

The following is a summary of the principal terms of the New Share Option Scheme but does not form part of, nor was it intended to be, part of the New Share Option Scheme nor should it be taken as affecting the interpretation of the rules of the New Share Option Scheme:

(a) Purpose of the New Share Option Scheme

The purpose of the New Share Option Scheme is to provide incentive and/or reward to Eligible Participants for their contributions to, and continuing efforts to promote the interests of, the Company.

(b) Administration of the New Share Option Scheme

The New Share Option Scheme shall be subject to the administration of the Board whose decision on all matters arising in relation to this Scheme or its interpretation or effect shall (save as otherwise provided herein and in the absence of manifest error) be final and binding on all persons who may be affected thereby.

(c) Grant and acceptance of Options

Subject to the terms of the New Share Option Scheme, the Board may, in its absolute discretion, invite any Eligible Participant to take up Options to subscribe for Shares at a price calculated in accordance with paragraph (d) below.

An offer of the grant of an Option shall be made to Eligible Participants in writing (and unless so made shall be invalid) in such form as the Board may from time to time determine and shall remain open for acceptance by the Eligible Participant concerned for a period of twenty-one (21) days inclusive of, from the date upon which it is made provided that no such offer shall be open for acceptance after the earlier of the 10th anniversary of the Adoption Date or the termination of the New Share Option Scheme or the Eligible Participant to whom such offer is made has ceased to be an Eligible Participant.

A non-refundable nominal consideration of HK\$1.00 is payable by the grantee upon acceptance of an Option. An Option shall be deemed to have been accepted when the duplicate letter comprising acceptance of the Option duly signed by the Eligible Participant together with the said consideration of HK\$1.00 is received by the Company.

Any offer of the grant of an Option may be accepted in respect of less than the number of Shares in respect of which it is offered provided that it is accepted in such number of Shares as represents a board lot for the time being for the purpose of trading on the Stock Exchange or an integral multiple thereof.

(d) Exercise of Options and Price of Shares

An Option may be exercised in whole or in part by the grantee giving notice in writing to the Company stating that the Option is thereby exercised and the number of Shares in respect of which it is exercised. Each such notice must be accompanied by a remittance for the full amount of the subscription price for the Shares in respect of which the notice is given. Within thirty (30) days after receipt of the notice and the remittance and, where appropriate, receipt of the certificate of the Company's auditors or independent financial advisers, the Company shall allot and issue the relevant Shares to the grantee (or his legal personal representative(s)) credited as fully paid.

Holders of the Options are not entitled to voting, dividend, transfer and other rights of the holders of the Shares, including those arising on a liquidation of the Company, save as otherwise provided herein or under the relevant laws or the memorandum of association of the Company and the Articles in effect from time to time. Shares to be allotted and issued upon the exercise of an Option will be subject to all the provisions of the Articles of the Company for the time being in force and will rank *pari passu* in all respects with the existing fully paid Shares in issue on the date on which the Option is duly exercised or, if that date falls on a day when the register of members of the Company is closed, the first day of the re-opening of the register of members (the "**Exercise Date**") and accordingly will entitle the holders thereof to participate in all dividends or other distributions paid or made on or after the Exercise Date other than any dividend or other distribution previously declared or recommended or resolved to be paid or made if the record date therefor shall be before the Exercise Date. A Share allotted upon the exercise of an Option shall not carry voting rights until the name of the grantee has been duly entered onto the register of members of the Company as the holder thereof.

The subscription price for Shares under the New Share Option Scheme may be determined by the Board at its absolute discretion but in any event will not be less than the highest of: (i) the closing price of the Shares on the Stock Exchange as shown in the daily quotations sheet of the Stock Exchange on the Offer Date, which must be a Business Day; (ii) the average of the closing prices of the Shares as shown in the daily quotations sheets of the Stock Exchange for the five (5) Business Days immediately preceding the Offer Date; and (iii) the nominal value of the Share on the Offer Date.

(e) Maximum number of Shares available for issue

- (i) Subject to the Listing Rules, the overall limit on the number of Shares which may be issued upon exercise of all outstanding Options granted and yet to be exercised under the New Share Option Scheme and any other share option schemes of the Company must not exceed 30 per cent. of the relevant class of Shares in issue from time to time. No Options may be granted under the New Share Option Scheme or any other share option schemes of the Company if this will result in this limit being exceeded.

- (ii) Subject to the limit mentioned in paragraph (e)(i) above, the total number of Shares which may be issued upon exercise of all Options to be granted under the New Share Option Scheme and any other share option schemes of the Company adopted by the Group must not, in aggregate, exceed 10% of the Shares in issue as at the date of the approval of the New Share Option Scheme (the “**Scheme Mandate Limit**”), unless Shareholders’ approval has been obtained pursuant to sub-paragraphs (iii) and (iv) below. Options lapsed in accordance with the terms of the New Share Option Scheme will not be counted for the purpose of calculating the Scheme Mandate Limit.
- (iii) Subject to the limit mentioned in paragraph (e)(i) above, the Company may refresh the Scheme Mandate Limit at any time subject to approval of the Shareholders in general meeting, provided that the Scheme Mandate Limit as refreshed must not exceed 10% of the Shares in issue as at the date of passing the relevant resolution. Options previously granted under the New Share Option Scheme and any other share option schemes of the Company (including those outstanding, cancelled, lapsed in accordance with such schemes or exercised Options) will not be counted for the purpose of calculating the this limit. The Company must send a circular to the Shareholders containing such information as required under the Listing Rules.
- (iv) Subject to the limit mentioned in paragraph (e)(i) above, the Company may also seek separate approval of the Shareholders in general meeting for granting Options beyond the Scheme Mandate Limit provided that the Options in excess of the Scheme Mandate Limit are granted only to Eligible Participants specifically identified by the Company before such approval is sought. The Company must send a circular to the Shareholders containing a generic description of the specified Eligible Participants, the number and terms of Options to be granted, the purpose of granting Options to the specified Eligible Participants with an explanation as to how the terms of the Options serve such purpose and such other information as required under the Listing Rules.
- (f) Grant of Options to connected persons or any of their associates**

Any grant of Options to a connected person (including but not limited to a Director or substantial Shareholder) or its associates must be approved by the independent non-executive Directors (excluding any independent non-executive Director who is the grantee of the Options). Where Options are proposed to be granted to a connected person who is also a substantial Shareholder (as defined in the Listing Rules) of the Company or an independent non-executive Director or their respective associates and if such grant would result in the total number of Shares issued and to be issued upon exercise of the Options granted and to be granted (including Options exercised, cancelled and outstanding) in any 12-month period up to and including the date of grant to such person representing in aggregate over 0.1 % of the total issued Shares and having an aggregate value, based on the closing price of the securities at the date of each grant, in excess of HK\$5 million, then the proposed grant must be subject to the approval of Shareholders taken on a poll in a general meeting. All connected persons of the Company must abstain from voting at such general meeting (except where any connected person intends to vote against the proposed grant provided that his intention to do so has been stated in the Shareholders’ circular to be issued as stated below).

A circular must be prepared by the Company explaining the proposed grant, disclosing, among other matters, (i) the number and terms of the Options to be granted, (ii) containing a recommendation from the independent non-executive Directors (excluding any independent non-executive Director who is a grantee) on whether or not to vote in favour of the proposed grant, (iii) containing information relating to any Directors who are trustees of the scheme or have a direct or indirect interest in the trustees.

Any change in the terms of Options granted to a connected person or its associates must be approved by Shareholders in a general meeting.

(g) Maximum entitlement of each Participant

The total number of Shares issued and to be issued upon exercise of the options granted to each Eligible Participant or grantee (including exercised and outstanding options) in any twelve (12)-month period up to the date of grant shall not exceed 1% of the Shares in issue. Where it is proposed that any offer is to be made to an Eligible Participant (or where approximate, an existing grantee) which would result in the Shares issued and to be issued upon exercise of all options granted and to be granted to such person (including exercised, cancelled and outstanding options) in the twelve (12)-month period up to and including the relevant date of grant to exceed such limit, such offer and any acceptance thereof must be conditional upon Shareholders' approval in general meeting with such Eligible Participant (or where appropriate, an existing grantee) and his, her or its associates abstaining from voting. The Company must send a circular to the Shareholders disclosing the identity of the Eligible Participant or grantee, the number and terms of options to be granted (and options previously granted) to such Eligible Participant, the information required under the Listing Rules. The number and terms (including the subscription price) of options to be granted to such Eligible Participant must be fixed before the date on which Shareholders' approval is sought and the date of the Board meeting for proposing such further grant should be taken as the date of grant for the purpose of calculating the subscription price.

(h) Time of Exercise of Options

Subject to the terms of the New Share Option Scheme, an Option may be exercised in whole or in part at any time during the period to be determined and notified by the Directors to the grantee thereof at the time of making an Offer provided that such period shall not exceed the period of ten (10) years from the date of the grant of the particular Option but subject to the provisions for early termination but subject to the early termination of the New Share Option Scheme (the "**Option Period**").

There is no specified minimum period under the New Share Option Scheme for which an Option must be held or the performance target which must be achieved before an Option can be exercised under the terms of the New Share Option Scheme.

(i) Restrictions on the time of grant of Options

Grant of Options may not be made:

- (1) after inside information (as defined in the Listing Rules) has come to the knowledge of the Company until it has been announced pursuant to the requirements of the Listing Rules; and
- (2) during the period commencing from one month immediately preceding the earlier of:
 - (a) the date of the meeting of the Board (as such date is first notified to the Exchange in accordance with the Listing Rules) for approving the Company's results for any year, half-year, quarterly or any other interim period (whether or not required under the Listing Rules); and
 - (b) the deadline for the Company to publish its results for any year or half-year under the Listing Rules, or quarterly or any other interim period (whether or not required under the Listing Rules), and ending on the date of the results announcements.

(j) Rights are personal to grantees

An Option shall be personal to the grantee and shall not be assignable and no grantee shall in any way sell, transfer, charge, mortgage, encumber or create any interest whatsoever in favour of any third party over or in relation to any Option or enter into any agreement so to do. Any breach of the foregoing by a grantee shall entitle the Company to cancel any Option or part thereof granted to such grantee to the extent not already exercised.

(k) Rights on cessation of employment by dismissal

If the grantee of an Option is an employee and ceases to be an employee on one or more of the grounds that he or she has been guilty of persistent or serious misconduct, bankruptcy, insolvency, composition with his or her creditors generally or conviction of any criminal offence (other than an offence which in the opinion of the Directors does not bring the grantee or the Company and any member of the Group or the relevant Invested Entity into disrepute) or any other ground(s) on which the relevant member of the Group or the relevant Invested Entity would be entitled to terminate his or her employment pursuant to any applicable law, his or her Option (to the extent not already exercised) will lapse on the date of cessation of his or her employment.

(l) Rights on death

If the grantee of an Option ceases to be an Eligible Participant by reason of his or her death before exercising the Options in full and none of the events referred to in paragraph (k) above as ground for termination of his or her Options arises, his or her personal representative(s) may exercise the Option (to the extent not already exercised) within a period of six months following the date of death (or such longer period as the Board may determine), failing which it will

lapse. If any of the events referred to in paragraphs (q) to (s) below occurs during such period, his or her personal representative(s) may exercise the Option pursuant to paragraphs (q) to (s) respectively.

(m) Rights on cessation of employment by reason of ill-health or retirement

If the grantee of an Option is an employee and ceases to be an employee by reason of ill-health or retirement in accordance with his or her contract of employment, he or she may exercise the Option (to the extent not already exercised) within a period of six months following the date of such cessation, failing which it will lapse. The date of cessation shall be the last day on which the Grantee is actually at work with the Group or the relevant Invested Entity whether salary is paid in lieu of notice or not. If any of the events referred to in paragraphs (q) to (s) below occurs during such period, he or she may exercise the Option pursuant to paragraphs (q) to (s) respectively.

(n) Rights on cessation for other reasons

If the grantee of an Option ceases to be an Eligible Participant for any reason other than the reasons set out in paragraphs (l) and (m) above, his or her Option (to the extent not already exercised) will lapse on the date of cessation.

(o) Rights on cessation of holding securities issued by the Group

If the grantee of an Option who is a holder of the securities issued by the Group or any Invested Entity ceasing to be an Eligible Participant by reason that such Option Holder ceases to be a holder of any securities issued by the Group or any Invested Entity, the Option shall lapse on the date of cessation. If the grantor or the issuer of such securities ceases to be member of the Group or an Invested Entity, the grantee of an Option may exercise the Option within six months following the date of cessation.

(p) Rights on breach of contract

If the grantee of an Option who is a business or joint venture partner, contractor, agent or representative, consultant, adviser, supplier, producer or licensor, customer, licensee (including any sub-licensee) or distributor, landlord or tenant (including sub-tenant) of the Group or the relevant Invested Entity ceasing to be an Eligible Participant by reason of breach of contract entered into between such Eligible Participant and the relevant member of the Group or the relevant Invested Entity, in the absolute determination of the Board, the Option shall lapse on the date of the Board's determination and not be exercisable.

(q) Rights on a general offer

In the event of a general offer being made to all Shareholders (or all such holders other than the offeror and/or person controlled by the offeror and/or any person acting in concert (as defined

in The Hong Kong Codes on Takeovers and Mergers) with the offeror) and such offer becomes or is declared unconditional during the Option Period of the relevant Option, the grantee (or his personal representative(s)) shall be entitled to exercise the Option in full (to the extent not already exercised) at any time within thereafter and up to the close of such offer.

(r) Rights on winding up

In the event a notice is given by the Company to its members to convene a special general meeting for the purpose of considering and, if thought fit, approving a resolution to voluntarily wind-up the Company, the Company shall on the same date as it despatches such notice to each member of the Company give notice thereof to all grantees and any grantee (or his or her personal representative(s)) may by notice in writing to the Company accompanied by a remittance for the full amount of the aggregate subscription price in respect of the relevant Option (such notice shall be received by the Company no later than five (5) Business Days prior to the proposed general meeting)) exercise the Option (to the extent not already exercised) either to its full extent or to the extent that he or she may specify in his or her notice and the Company shall as soon as possible and in any event no later than the Business Day immediately prior to the date of the proposed general meeting referred to above, allot and issue such number of Shares to the grantee credited as fully paid.

(s) Rights on reconstruction, compromise or arrangement

If a compromise or arrangement between the Company and its members or creditors is proposed for the purpose of or in connection with a scheme for the reconstruction or amalgamation of the Company, the Company shall give notice to the grantee on the same date as it despatches the notice to each member or creditor of the Company to summon a meeting to consider such a compromise or arrangement, and thereupon the grantee (or his or her personal representative(s)) may by notice in writing to the Company accompanied by a remittance of the full amount of the subscription price in respect of which the notice is given (such notice shall be received by the Company no later than five (5) Business Days prior to the proposed meeting) exercise the Option (to the extent not already exercised) either to its full extent or to the extent specified in the notice and the Company shall as soon as possible and in any event no later than the Business Day immediately prior to the date of the proposed general meeting allot and issue such number of Shares to the grantee credited as fully paid.

(t) Cancellation of Options

Any Option granted but not exercised may not be cancelled except with the written consent of the relevant Grantee and the prior approval of the Directors. Any cancellation of Options granted but not exercised and the issuance of new Options to the same grantee may only be made under the New Share Option Scheme with available unissued Options (excluding the cancelled Options) within the Scheme Mandate Limit referred to in paragraph (e)(ii) above. Options lapsed in accordance with the terms of the New Share Option Scheme will not be counted for the purpose of calculating the Scheme Mandate Limit.

(u) Effect of alterations to share capital

In the event of any alteration in the capital structure of the Company by way of capitalisation of profits or reserved, rights issue, consolidation, subdivision or reduction of the share capital of the Company (other than an issue of Shares as consideration in respect of a transaction while any Option remains exercisable), such corresponding alterations (if any) will be made in (i) the numbers or nominal amount of Shares subject to any Option so far as such Option remains unexercised and/or (ii) the subscription price per Share as the auditors or independent financial advisers for the time being of the Company shall at the request of the Company or any grantee certify in writing to be in their opinion fair and reasonable, provided that any such alterations shall be made on the basis that the grantee shall have the same proportion of the issued share capital of the Company to which he or she was entitled before such alteration and the aggregate subscription price payable by the grantee on the full exercise of any Option shall remain as nearly as possible the same as (but not greater than) it was before such event, but so that no such alterations shall be made the effect of which would be to enable a Share to be issued at less than its nominal value. Save in the case of a capitalisation issue, the auditors or independent financial advisers for the time being of the Company must confirm to the Directors in writing that such adjustment(s) satisfy the aforesaid requirements.

(v) Ranking of Shares

The Shares to be allotted upon the exercise of an Option will be subject to all the provisions of the Articles for the time being in force and will rank *pari passu* in all respects with the fully paid Shares in issue on the date on which the Option is exercised and accordingly will entitle the holders of Shares to participate in all dividends or other distributions paid or made on or after the date on which the Option is exercised other than any dividends or other distributions previously declared or recommended or resolved to be paid or made with respect to a record date which shall be before the date of allotment.

(w) Duration of the New Share Option Scheme

The New Share Option Scheme shall continue in force for the period commencing from the Adoption Date, which is expected to be the date of the AGM, and expiring at the close of business on the tenth anniversary thereof, after such period no further Options will be granted but the provisions of the New Share Option Scheme shall remain in full force and effect in respect of any Options granted before its expiry or termination but not yet exercised.

(x) Alterations to the terms of the New Share Option Scheme

(i) The provisions relating to the matters set out in Rule 17.03 of the Listing Rules cannot be altered to the advantage of Eligible Participants without the prior approval of Shareholders in a general meeting.

- (ii) Any alterations to the terms and conditions of the New Share Option Scheme which are of a material nature or any change to the terms of Options granted must be approved by Shareholders, except where the alterations take effect automatically under the existing terms of the New Share Option Scheme.
- (iii) The amended terms of the New Share Option Scheme or the Options must still comply with the relevant requirements of Chapter 17 of the Listing Rules.
- (iv) Any change to the authority of the Directors or the administrator of the New Share Option Scheme in relation to any alteration to the terms of the New Share Option Scheme must be approved by Shareholders in a general meeting.

(y) Conditions of the New Share Option Scheme

The New Share Option Scheme is conditional upon:

- (a) the Listing Committee of the Stock Exchange granting the listing of and permission to deal in any Shares which may fall to be issued by the Company pursuant to the exercise of Options in accordance with the terms and conditions of this Scheme; and
- (b) the passing of ordinary resolutions to adopt the New Share Option Scheme.

(z) Lapse of Options

An Option shall lapse automatically (to the extent not already exercised) on the earliest of:

- (i) the expiry of the Option Period;
- (ii) the expiry of any of the periods referred to in paragraphs (k) to (s);
- (iii) the date on which the Directors shall exercise the Company's right to cancel the Option by reason of a breach of paragraph (j) by the grantee of the Option in respect of that or any other Option; and
- (iv) the date of the commencement of the winding-up of the Company.

(aa) Termination

The Company by ordinary resolution in general meeting may at any time terminate the operation of the New Share Option Scheme and in such event no further Options will be offered but in all other respects the provisions of the New Share Option Scheme shall remain in force to the extent necessary to give effect to the exercise of any Options granted prior to such termination.

Details of the Options granted, including Options exercised or outstanding, under the New Share Option Scheme shall be disclosed in the circular to Shareholders seeking approval of any subsequent share option scheme to be established after such termination.

(bb) Miscellaneous

The terms of the New Share Option Scheme (and any other schemes adopted by the Company from time to time) shall be in accordance with the requirements set out in Chapter 17 of the Listing Rules.

The Company will comply with the relevant statutory requirements and the Listing Rules from time to time in force on a continuing basis in respect of the New Share Option Scheme and any other schemes of the Company.

Any dispute arising in connection with the number of Shares of an Option and any of the matters referred to in paragraph (u) above shall be referred to the decision of the auditors or the independent financial advisers of the Company who shall act as experts and not as arbitrators and whose decision, in the absence of manifest error, shall be final and conclusive.

NOTICE OF AGM



KAM HING INTERNATIONAL HOLDINGS LIMITED 錦興國際控股有限公司

(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 02307)

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the annual general meeting of Kam Hing International Holdings Limited (the “**Company**”) will be held at Units 1-9, 8th Floor, Lucida Industrial Building, 43-47 Wang Lung Street, Tsuen Wan, New Territories, Hong Kong on Monday, 9 June 2014 at 11:00 a.m. to transact the following ordinary business:

1. to receive and consider the audited consolidated financial statements and reports of the directors (the “**Directors**”) and auditors of the Company for the year ended 31 December 2013;
2. to declare a final dividend for the year ended 31 December 2013 of HK2.5 cents per share (each a “**Share**”) of HK\$0.10 in the capital of the Company;
3.
 - (a) to re-elect Mr. Chong Chau Lam as executive Director;
 - (b) to re-elect Mr. Wong Wai Kong, Elmen as executive Director;
 - (c) to re-elect Mr. Chan Yuk Tong, Jimmy as independent non-executive Director; and
 - (d) to authorise the board of Directors to fix the Directors’ remuneration;
4. to re-appoint auditors and to authorise the board of Directors to fix their remuneration; and, as special business and, if thought fit, passing the following resolutions as ordinary resolutions:
5. “**THAT:**
 - (a) subject to paragraph (c) below, pursuant to the Rules (the “**Listing Rules**”) Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”), the exercise by the Directors during the Relevant Period of all the powers of the Company to allot, issue and deal with unissued Shares and to make or grant offers, agreements and options, including warrants to subscribe for Shares, which might require the exercise of such powers be and the same is hereby generally and unconditionally approved;

NOTICE OF AGM

- (b) the approval in paragraph (a) above shall authorise the Directors during the Relevant Period to make or grant offers, agreements and options which might require the exercise of such powers after the end of the Relevant Period;
- (c) the aggregate nominal amount of share capital allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to options or otherwise), issued or dealt with by the Directors pursuant to the approval in paragraph (a) above, otherwise than pursuant to (i) a Rights Issue; or (ii) the exercise of any options granted under the share option scheme of the Company; or (iii) any scrip dividend or similar arrangements providing for the allotment and issue of Shares in lieu of the whole or part of a dividend on Shares in accordance with the articles of association of the Company in force from time to time; or (iv) any issue of Shares upon the exercise of rights of subscription or conversion under the terms of any warrants of the Company or any securities which are convertible into Shares, shall not exceed the aggregate of 20 per cent. of the aggregate nominal amount of the share capital of the Company in issue on the date of the passing of this resolution and the authority pursuant to paragraph (a) of this resolution shall be limited accordingly; and
- (d) for the purposes of this resolution:

“**Relevant Period**” means the period from the date of the passing of this resolution until whichever is the earliest of:

- (i) the conclusion of the next annual general meeting of the Company;
- (ii) the expiration of the period within which the next annual general meeting of the Company is required by the articles of association of the Company, the Companies Law, Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands (the “**Companies Law**”) or any other applicable law of the Cayman Islands to be held; and
- (iii) the passing of an ordinary resolution by the shareholders of the Company in general meeting revoking or varying the authority given to the Directors by this resolution;

“**Rights Issue**” means an offer of Shares, or offer or issue of warrants, options or other securities giving rights to subscribe for Shares open for a period fixed by the Directors to holders of Shares on the register on a fixed record date in proportion to their then holdings of Shares (subject to such exclusion or other arrangements as the Directors may deem necessary or expedient in relation to fractional entitlements, or having regard to any restrictions or obligations under the laws of, or the requirements of, or the expense or delay which may be involved in determining the existence or extent of any restrictions or obligations under the laws of, or the requirements of, any jurisdiction outside Hong Kong or any recognised regulatory body or any stock exchange outside Hong Kong).”

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6. **“THAT:**

- (a) the exercise by the Directors during the Relevant Period of all powers of the Company to repurchase the Shares on the Stock Exchange or any other stock exchange on which the Shares may be listed and recognised by the Securities and Futures Commission of Hong Kong (the **“Securities and Futures Commission”**) and the Stock Exchange for such purpose, and otherwise in accordance with the rules and regulations of the Securities and Futures Commission, the Stock Exchange, the Companies Law and all other applicable laws in this regard, be and the same is hereby generally and unconditionally approved;
- (b) the aggregate nominal amount of Shares which may be repurchased by the Company pursuant to the approval in paragraph (a) during the Relevant Period shall not exceed 10 per cent. of the aggregate nominal amount of the issued share capital of the Company as at the date of the passing of this resolution and the authority pursuant to paragraph (a) of this resolution shall be limited accordingly; and
- (c) for the purposes of this resolution, **“Relevant Period”** means the period from the date of the passing of this resolution until whichever is the earliest of:
 - (i) the conclusion of the next annual general meeting of the Company;
 - (ii) the expiration of the period within which the next annual general meeting of the Company is required by the articles of association of the Company, the Companies Law or any other applicable law of the Cayman Islands to be held; and
 - (iii) the passing of an ordinary resolution by the shareholders of the Company in general meeting revoking or varying the authority given to the Directors of the Company by this resolution.”

7. **“THAT** subject to the ordinary resolutions nos.5 and 6 above being duly passed, the unconditional general mandate granted to the directors of the Company to exercise the powers of the Company to allot, issue and deal with unissued Shares pursuant to resolution no.5 above be and is hereby extended by the addition thereon of an amount representing the aggregate nominal amount of the share capital of the Company repurchased by the Company subsequent to the passing of this resolution, provided that such amount shall not exceed 10 per cent. of the aggregate nominal amount of the issued Shares on the date of the passing of resolution no.6.”

8. **“THAT:**

- (a) the existing share option scheme of the Company adopted on 25 August 2004 be and is hereby terminated and conditional upon the Listing Committee of the Stock Exchange granting the listing of and permission to deal in the Shares falling to be issued pursuant to the share option scheme (the **“New Share Option Scheme”**), the terms of which are set out in the document marked “A” which has been produced to the AGM and signed by the chairman of the AGM for the purpose of identification, the rules of the New Share Option Scheme be and are hereby approved and adopted and the Directors be and are

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hereby authorised to grant options and to allot, issue and deal with Shares pursuant to the exercise of any option granted thereunder and to take all such acts for the purpose of, or in connection with, the implementation of the New Share Option Scheme and the transactions ancillary thereto and of administrative nature as the Directors may in their absolute discretion consider necessary or expedient in order to give full effect of the New Share Option Scheme; and

- (b) the aggregate nominal amount of share capital to be allotted and issued pursuant to resolution numbered 8(a) above, together with any issue of Shares upon the exercise of any options granted under any other share option schemes of the Company as may from time to time adopted by the Company, shall not exceed 10 per cent. of the Shares in issue as at the date of passing of this resolution.”

By order of the Board
Kam Hing International Holdings Limited
Tai Chin Chun
Chairman

Hong Kong, 29 April 2014

Registered office:

Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

*Head office and principal place of
business in Hong Kong:*

Units 1-9, 8th Floor
Lucida Industrial Building
43-47 Wang Lung Street
Tsuen Wan
New Territories
Hong Kong

Notes:

- 1 A member entitled to attend and vote at the meeting convened by the above notice is entitled to appoint one or more proxy to attend and, subject to the provisions of the articles of association of the Company, vote in his stead. A proxy need not be a member of the Company.
- 2 In order to be valid, the form of proxy must be deposited together with a power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority, at the offices of the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong not less than 48 hours before the time for holding the meeting or adjourned meeting.
3. The board of Directors has recommended the payment of a final dividend for the year ended 31 December 2013 of HK2.5 cents per Share and, if such dividend is declared by the members passing resolution no. 2, it is expected to be paid on or about 30 June 2014 to those shareholders whose names appeared on the Company's register of members on 16 June 2014.

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4. For the purpose of ascertaining shareholders' entitlement to attend and vote at the annual general meeting, the register of members of the Company will be closed from Thursday, 5 June 2014 to Monday, 9 June 2014 (both days inclusive), during which period no transfers of shares will be registered. In order to be eligible to attend and vote at the annual general meeting, all transfer documents accompanied by the relevant share certificates, have to be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, not later than 4:30 p.m. on Wednesday, 4 June 2014.
5. For the purpose of ascertaining shareholders' entitlement to the proposed final dividend, the register of members of the Company will be closed from Friday, 13 June 2014 to Monday, 16 June 2014 (both days inclusive), during which period no transfers of shares will be registered. In order to be eligible to receive the proposed final dividend, all transfer documents accompanied by the relevant share certificates, have to be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, not later than 4:30 p.m. on Thursday, 12 June 2014.
6. In relation to proposed resolutions nos.5 and 7 above, approval is being sought from the shareholders for the grant to the Directors of a general mandate to authorise the allotment and issue of shares under the Listing Rules. The Directors have no immediate plans to issue any Shares other than the Shares which may fall to be issued under the share option scheme of the Company or any scrip dividend scheme as may be approved by shareholders.
7. In relation to proposed resolution no.6 above, the Directors wish to state that they will exercise the powers conferred thereby to repurchase shares in circumstances which they deem appropriate for the benefit of the shareholders of the Company. An explanatory statement containing the information necessary to enable the shareholders to make an informed decision to vote on the proposed resolution as required by the Listing Rules is set out in Appendix I to the circular dated 29 April 2014.

As at the date of this notice, the Board comprises Mr. Tai Chin Chun, Mr. Tai Chin Wen, Ms. Cheung So Wan, Ms. Wong Siu Yuk, Mr. Chong Chau Lam and Mr. Wong Wai Kong, Elmen as executive Directors; and Mr. Chan Yuk Tong, Jimmy, Ms. Chu Hak Ha, Mimi and Mr. Ho Gilbert Chi Hang as independent non-executive Directors.