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K & P INTERNATIONAL HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

DISCLOSEABLE TRANSACTION: SHAREHOLDERS' AGREEMENT IN RELATION TO AN ASSOCIATED COMPANY OF THE COMPANY

Reference is made to the announcement of the Company dated 29 October 2002.

On 20 February 2003, Technology Trends, a wholly owned subsidiary of the Company, entered into the Shareholders' Agreement with YouEal, YEC and the JV Company to, among other matters, regulate the respective rights and obligations of the JV Shareholders and the arrangements between them with respect to the ownership, management and operations of the JV Company.

The JV Company was formed as a special vehicle to act as the holding company of the WOFE and the sole asset of the JV Company is its equity interest in the WOFE. The JV Company is beneficially owned as to 41% by Technology Trends, 51% by YouEal and as to 8% by YEC. Pursuant to the Shareholders' Agreement, the funding of the JV Company shall be made by way of subscription of the JV Shares by the JV Shareholders up to the Total Investment Amount. Each of the JV Shareholders shall further subscribe JV Shares in proportion to their existing shareholding in the JV Company. As the aggregate amount to be contributed by the Group in funding the JV Company represents more than 15% but less than 50% of the net tangible assets of the Group as shown in its condensed consolidated financial statements made up to 30 June 2002, the transaction contemplated under the Shareholders' Agreement constitutes a discloseable transaction of the Company under the Listing Rules.

It is the present intention of the Directors that the aggregate amount to be contributed by the Group in funding the JV Company be financed by future fund raising exercise of the Company. As at the date of this announcement, the Company has commenced discussions with the relevant parties (who are not connected persons of the Company within the meaning of the Listing Rules) but has not yet determined the form, timing or structure of such fund raising exercise. Further announcement will be made by the Company in compliance with the Listing Rules if any fund raising exercise has been determined by the Company.

Public investors and shareholders of the Company are urged to exercise caution when dealing in the securities of the Company.

Each of YouEal and YEC and their respective beneficial owners are not connected persons (as defined in the Listing Rules) of the Company.

The Directors consider that the Shareholders' Agreement, the terms of which have been negotiated on an arm's length basis based on normal commercial terms and are fair and reasonable, is in the interests of the shareholders of the Company as a whole.

A circular containing, among other matters, the details of the Shareholders' Agreement and the WOFE will be despatched to the shareholders of the Company within 21 days after the date of publication of this announcement.

Reference is made to the announcement of the Company dated 29 October 2002. On 20 February 2003, Technology Trends entered into the Shareholders' Agreement with YouEal, YEC and the JV Company to, among other matters, regulate the respective rights and obligations of the JV Shareholders and the arrangements between them with respect to the ownership, management and operations of the JV Company.

PRINCIPAL TERMS OF THE SHAREHOLDERS' AGREEMENT

Date : 20 February 2003

Parties : 1. Technology Trends;
2. YouEal;
3. YEC; and
4. the JV Company.

Each of YouEal and YEC and their respective beneficial owners are not connected persons (as defined in the Listing Rules) of the Company.

Authorised share capital of the JV Company : US\$10,000,000 divided into 10,000,000 shares of US\$1.00 each.

Funding of the JV Company : The JV Company was formed as a special vehicle to act as the holding company of the WOFE and its principal activity is investment holding.

The funding of the JV Company shall be made by way of subscription of the JV Shares by the JV Shareholders up to the Total Investment Amount. Each of the JV Shareholders shall subscribe further JV Shares in proportion to their existing shareholding in the JV Company.

The aggregate amount to be contributed by the Group in funding the JV Company would be US\$4,100,000, representing 41% of the Total Investment Amount. As it represents more than 15% but less than 50% of the net tangible assets of the Group as shown in its condensed consolidated financial statements made up to 30 June 2002, the transaction contemplated under the Shareholders' Agreement constitutes a discloseable transaction of the Company under the Listing Rules.

Pursuant to the Shareholders' Agreement, (i) 15% of the Total Investment Amount shall be contributed by the JV Shareholders within 90 days from the date of issue of the business licence of the WOFE, being 23 December 2002; and (ii) 85% of the Total Investment Amount of the JV Company shall be made by the JV Shareholders within three years from the date of issue of the business licence of the WOFE.

The maximum capital obligations of the JV Shareholders are limited to the Total Investment Amount. Any additional funding for the JV Company and/or the WOFE should be furnished in so far as practicable from external sources and save as agreed between the JV Shareholders, there shall be no obligation or requirement upon the JV Shareholders to provide any additional funding whether by way of subscription of further share capital or loan capital of the JV Company, or the making of any loan.

Save as may be expressly agreed between the JV Shareholders in writing from time to time, neither of the JV Shareholders shall be required or obliged to provide any security in respect of any borrowings or other indebtedness of the JV Company.

Organisation of
the JV Board

: The maximum number of directors of the JV Company shall be five.

YouEal shall be entitled to appoint a maximum of three directors to the JV Board and Technology Trends shall be entitled to appoint a maximum of two directors to the JV Board. YEC shall not be entitled to appoint any director to the JV Board.

The quorum of any meeting of the JV Board shall be four, consisting of at least one director appointed by YouEal and one director appointed by Technology Trends. The chairman of the JV Board shall be a director appointed by YouEal and the vice chairman of the JV Board shall be a director appointed by Technology Trends. In accordance with the articles of association of the JV Company, the chairman of the JV Board shall have a casting vote in the event of equality of votes.

Meeting of JV
Shareholders

: A quorum at any meeting of the JV Shareholders shall consist of any two JV Shareholders.

Transfer of
JV Shares

: No JV Shares shall be transferred unless, among other matters, with the prior written consent of other JV Shareholders.

Any transfer of the JV Shares shall be subject to the pre-emptive right of other JV Shareholders. The price per JV Share payable in such transfer shall be such price (the "**Offer Price**") per JV Share as fixed by the proposing transferor or, if such price is not accepted by the purchasing JV Shareholder, shall be a price which, in the opinion of the auditors of the JV Company, is the fair value (the "**Fair Value**") of a JV Share.

Events of default : A JV Shareholder shall be deemed to have committed an event of default if:

- (i) a resolution has been passed to wind it up or its winding-up is commenced or a receiver or manager is appointed over any of its assets or business or it proposes a composition with any class or all of its creditors;
- (ii) it has committed a breach of the Shareholders' Agreement which cannot be remedied or which it fails to remedy within 20 Business Days of receipt of a written notice from any other JV Shareholders requiring the same; or
- (iii) it becomes ultimately controlled by any person or group of persons acting in concert who do not possess such control as at the date of the Shareholders' Agreement without the written consent of all JV Shareholders.

In the event of a JV Shareholder having committed an event of default, the non-defaulting JV Shareholder can serve a notice on the defaulting JV Shareholder specifying and requiring, among other matters:

- (i) that the defaulting JV Shareholder is deemed to have given a transfer notice to transfer all of the JV Shares held by it at a price being 50% of the Fair Value; or
- (ii) that the defaulting JV Shareholder shall purchase the JV Shares held by the non-defaulting JV Shareholder at a price being 100% of the Fair Value; or
- (iii) that the defaulting JV Shareholder shall sell all or part of the JV Shares held by it to any third party at a price not less than 50% of the Fair Value.

Termination : If none of the non-defaulting JV Shareholders purchase all of the JV Shares held by the defaulting JV Shareholder, any of the non-defaulting JV Shareholder may give a written notice to the defaulting JV Shareholder and the JV Company requiring that the JV Company be wound up. If such notice has been served, the JV Shareholders shall procure as soon as practicable that, among other matters, the WOFE be wound up in accordance with the provisions of the laws of the PRC.

Winding-up : The JV Company shall not be wound up except by agreement of the JV Shareholders or in the situation contemplated in the paragraph headed "Termination" above.

Term : The term of the Shareholders' Agreement shall be for a period during which the WOFE shall exist under the laws of the PRC.

THE WOFE

Principal terms of the WOFE Articles

Scope of business	:	manufacturing and sale of mobile phone keypads
Total investment	:	US\$10,000,000
Registered capital	:	US\$4,990,000, which shall be paid up in full within 18 months from the date of issue of the business licence of the WOFE.
Board of directors	:	the board of directors of the WOFE shall comprise of five directors, all of whom shall be appointed by the JV Company.
Term	:	50 years from the date of issue of the business licence of the WOFE.
Distribution of profit	:	all after-tax profit shall, after the deduction of any portion to be retained by the WOFE in accordance with the state regulations of the PRC, be distributed in the discretion of the board of directors of the WOFE.
Dissolution	:	upon dissolution of the WOFE, the remaining assets after paying off the debts of the WOFE shall be distributed to the JV Company.

On 18 December 2002, the People's Government of the Tianjin Municipality issued the Certificate of Approval for the Establishment of Enterprises with Investment of Taiwan, Hong Kong, Macao and Overseas Chinese in the PRC approving the establishment of the WOFE. The WOFE obtained the business licence on 23 December 2002 and was established on the same date.

REASONS FOR THE TRANSACTION

The Group is principally engaged in the manufacture and sale of electronic and related components and parts including keypads, synthetic rubber and plastic parts and components, as well as LCDs. It also engaged in the design, manufacture and sale of electronic consumer products including electronic calculators, alarm clocks and LCD products.

Leveraging on the experience of the Group in the manufacture and sale of electronic components and parts including keypads, the Directors consider that the investment in the manufacture of mobile phone keypads will create a synergy effect to the Group's existing business in terms of broadened client base and diversification in the source of revenue. In such sluggish economic environment, the Directors also consider that by investing in the JV Company with other JV Shareholders, the risk in such investment would be reduced as it would be shared among the JV Shareholders instead of being borne solely by the Group.

SOURCE OF FUNDING

The aggregate amount to be contributed by the Group in funding the JV Company would be US\$4,100,000, representing 41% of the Total Investment Amount. It is the present intention of the Directors that such contribution will be financed by future fund raising exercise of the Company. As at the date of this announcement, the Company has commenced discussions with the relevant parties (who are not connected

persons of the Company within the meaning of the Listing Rules) but has not yet determined the form, timing or structure of such fund raising exercise. Further announcement will be made by the Company in compliance with the Listing Rules if any fund raising exercise has been determined by the Company.

Public investors and shareholders of the Company are urged to exercise caution when dealing in the securities of the Company.

BACKGROUND OF OTHER JV SHAREHOLDERS

YouEal was founded in 1982 and is principally engaged in the design and manufacture of mobile phone keypads and inter-connectors to transmit electric signals to LCDs. Its shares are listed on the KOSDAQ Stock Market operated by The KOSDAQ Stock Market, Inc. of the Republic of Korea. The Directors are of the view that the experience and expertise in the manufacture of mobile phone keypads of YouEal would be beneficial to the WOFE.

YEC is a company incorporated in Hong Kong and is a logistics company engaged in the electronics industry. The Directors are of the view that YEC's experience in the electronics industry would be beneficial to the WOFE.

Each of YouEal and YEC and their respective beneficial owners are not connected persons (as defined in the Listing Rules) of the Company.

GENERAL

The Directors are of the view that the Shareholders' Agreement, the terms of which have been negotiated on an arm's length basis based on normal commercial terms and are fair and reasonable, is in the interests of the shareholders of the Company as a whole.

As the aggregate amount to be contributed by the Group in funding the JV Company represents more than 15% but less than 50% of the net tangible assets of the Group as shown in its condensed consolidated financial statements made up to 30 June 2002, the transaction contemplated under the Shareholders' Agreement constitutes a discloseable transaction of the Company under the Listing Rules. A circular containing, among other matters, the details of the formation of the JV Company, the Shareholders' Agreement and the WOFE will be dispatched to the shareholders of the Company within 21 days after the date of publication of this announcement.

DEFINITIONS

Unless the context otherwise requires, the following words and phrases used in this announcement have the same meanings assigned to each of them below:

“associate(s)”	has the meaning ascribed to it in the Listing Rules
“Business Days”	a day (other than Saturday) on which licensed banks in Hong Kong are open for business throughout their normal business hours
“Company”	K & P International Holdings Limited, a company incorporated in Bermuda with limited liability and the issued shares of which are listed on the Stock Exchange

“Directors”	the directors of the Company from time to time
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“JV Board”	the board of directors of the JV Company
“JV Shares”	the shares of US\$1.00 each in the capital of the JV Company
“JV Shareholders”	Technology Trends, YouEal and YEC
“JV Company”	YOUEAL TTI Limited, a company incorporated in Hong Kong and is beneficially owned as to 41% by Technology Trends, as to 51% by YouEal and as to 8% by YEC
“LCD”	liquid crystal display
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China
“Shareholders’ Agreement”	the shareholders’ agreement dated 20 February 2003 and entered into between Technology Trends, YouEal, YEC and the JV Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Technology Trends”	Technology Trends International Limited, a wholly-owned subsidiary of the Company
“Total Investment Amount”	US\$10,000,000, being equivalent to the amount of the authorised share capital of the JV Company as at the date of this announcement
“US”	the United States of America
“WOFE”	YOUEAL TTI Tianjin Electronics Co. Ltd., a wholly-owned foreign enterprise in the PRC established and owned by the JV Company
“WOFE Articles”	the articles of association of the WOFE
“YouEal”	YOUEAL Electronics Co. Ltd., a company incorporated in the Republic of Korea and the shares of which are listed on the KOSDAQ Stock Market operated by The KOSDAQ Stock Market, Inc. of the Republic of Korea
“YEC”	You Eal (China) Ltd., a company incorporated in Hong Kong
“HK\$”	Hong Kong Dollars

“US\$” US Dollars

“%” per cent.

By Order of the Board
K & P International Holdings Limited
Lai Pei Wor
Chairman

Hong Kong, 21 February 2003

“Please also refer to the published version of this announcement in The Standard”.