
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in doubt about this circular or as to action to be taken, 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 in **K & P INTERNATIONAL HOLDINGS LIMITED** (the “Company”), you should at once hand this circular, together with the enclosed form of proxy, to the purchaser or transferee or the bank or stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) take no responsibility for the contents of this circular, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this circular.

**K & P INTERNATIONAL HOLDINGS LIMITED****堅寶國際控股有限公司****(Incorporated in Bermuda with limited liability)***(Stock Code: 675)**

**PROPOSED GRANTING OF GENERAL MANDATES
TO REPURCHASE SHARES AND TO ISSUE NEW SHARES
AND
ADOPTION OF THE 2012 SHARE OPTION SCHEME
AND
PROPOSED RE-ELECTION OF THE RETIRING DIRECTORS
AND
NOTICE OF ANNUAL GENERAL MEETING**

A notice convening the Annual General Meeting of the Company to be held at Ching Room, 4/F., Sheraton Hong Kong Hotel & Towers, 20 Nathan Road, Kowloon, Hong Kong on Wednesday, 23 May 2012 at 10:00 a.m. is set out on pages 25 to 29 of this circular. A form of proxy for use at the Annual General Meeting is also enclosed. Such form of proxy is also published on the websites of Hong Kong Exchanges and Clearing Limited (<http://www.hkexnews.hk>) and the Company (<http://www.kpihl.com>).

Whether or not you are able to attend the Annual General Meeting in person, you are requested to complete and return the accompanying form of proxy in accordance with the instructions printed thereon to the Company’s branch share registrar in Hong Kong, Tricor Tengis Limited at 26th Floor, Tesbury Centre, 28 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 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.

23 April 2012

* For identification purposes only

CONTENTS

	<i>Page</i>
Definitions	1
Letter from the Board	
1. Introduction	4
2. Proposed Granting of the Repurchase and Issuance Mandates	5
3. Proposal for Adoption of the 2012 Share Option Scheme and cancellation of the existing share option scheme	6
4. Proposed Re-election of the Retiring Directors	8
5. Annual General Meeting and Proxy Arrangement	8
6. Voting by Poll	9
7. Responsibility Statement	9
8. Recommendation	9
9. General Information	9
Appendix I – Explanatory Statement on the Repurchase Mandate	10
Appendix II – Details of the retiring Directors proposed to be re-elected at the Annual General Meeting	13
Appendix III – Principal terms of the 2012 Share Option Scheme	16
Notice of Annual General Meeting	25

DEFINITIONS

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

“2012 Share Option Scheme”	the 2012 share option scheme proposed to be approved by the Shareholders at the Annual General Meeting; a summary of the principal terms of the new option scheme is set out in Appendix III to this circular;
“Adoption Date”	the proposed adoption date of the 2012 Share Option Scheme, being 23 May 2012;
“Annual General Meeting”	an annual general meeting of the Company to be held at Ching Room, 4/F., Sheraton Hong Kong Hotel & Towers, 20 Nathan Road, Kowloon, Hong Kong on Wednesday, 23 May 2012 at 10:00 a.m., to consider and, if appropriate, to approve the resolutions contained in the notice of the meeting which is set out on pages 25 to 29 of this circular, or any adjournment thereof;
“Board”	the board of directors of the Company;
“business day”	any day (other than Saturdays, Sundays and public holidays in Hong Kong) on which the Stock Exchange is open for the business of trading in securities;
“Company”	K & P International Holdings Limited, a company incorporated in Bermuda with limited liability, the shares of which are listed on the main board of the Stock Exchange;
“Current Bye-laws”	the bye-laws of the Company currently in force with any amendments thereto from time to time;
“Date of Grant”	the date (which shall be a business day) on which the Board resolves to make an offer of an Option to a Participant as determined in accordance with the 2012 Share Option Scheme;
“Director(s)”	the director(s) of the Company;
“Eligible Employee(s)”	employee(s) (whether full time or part time employee(s), including any executive director but not any non-executive director) of the Company, its subsidiaries or any Invested Entity;

DEFINITIONS

“Grantee”	any Participant who accepts an offer of Option in accordance with the terms of the 2012 Share Option Scheme, or (where the context so permits) any person who is entitled to any such Option in consequence of the death of the original Grantee, or the legal personal representative of such person;
“Group”	the Company and its subsidiaries from time to time;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China;
“Invested Entity”	any entity in which the Group holds any equity interest;
“Issuance Mandate”	as defined in paragraph 2(b) of the Letter from the Board;
“Latest Practicable Date”	16 April 2012, being the latest practicable date prior to the printing of this circular for ascertaining certain information in this circular;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange (as amended from time to time);
“Option”	a right granted for the subscription of Shares pursuant to the 2012 Share Option Scheme;
“Participant(s)”	any person belonging to any of the following classes of persons: <ul style="list-style-type: none">(a) any Eligible Employee;(b) any non-executive director (including independent non-executive directors) of the Company, any of its Subsidiaries or any Invested Entity;(c) any supplier of goods or services to any member of the Group or any Invested Entity;(d) any customer of the Group or any Invested Entity;(e) any person or entity that provides research, development or other technological support to the Group or any Invested Entity; and(f) any shareholder of any member of the Group or any Invested Entity or any holder of any securities issued by any member of the Group or any Invested Entity;

DEFINITIONS

“Repurchase Mandate”	as defined in paragraph 2(a) of the Letter from the Board;
“SFO”	Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong;
“Share(s)”	ordinary share(s) of HK\$0.10 each in the issued share capital of the Company or, if there has been any subsequent sub-division, reduction, consolidation, reclassification or reconstruction of the share capital of the Company, the shares in the ordinary share capital of the Company resulting from such any sub-division, reduction, consolidation, reclassification or reconstruction from time to time;
“Shareholder(s)”	holder(s) of Share(s);
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Subsidiary”	a company which is for the time being and from time to time a subsidiary (within the meaning of the Companies Ordinance (Chapter 32 of the Laws of Hong Kong)) of the Company, whether incorporated in Hong Kong or elsewhere;
“Takeovers Code”	the Hong Kong Codes on Takeovers and Mergers issued by the Securities and Futures Commission in Hong Kong.

LETTER FROM THE BOARD



K & P INTERNATIONAL HOLDINGS LIMITED

堅寶國際控股有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 675)

Executive Directors:

Lai Pei Wor (*Chairman*)

Chan Yau Wah (*Deputy Chairman*)

Independent Non-executive Directors:

Kung Fan Cheong

Leung Man Kay

Li Yuen Kwan, Joseph

Registered Office:

Clarendon House

2 Church Street

Hamilton HM 11

Bermuda

Principal place of business

in Hong Kong:

Units 2304-06, 23rd Floor

Riley House, 88 Lei Muk Road

Kwai Chung

New Territories

Hong Kong

23 April 2012

To the shareholders

Dear Sir/Madam,

**PROPOSED GRANTING OF GENERAL MANDATES
TO REPURCHASE SHARES AND TO ISSUE NEW SHARES
AND
ADOPTION OF THE 2012 SHARE OPTION SCHEME
AND
PROPOSED RE-ELECTION OF THE RETIRING DIRECTORS
AND
NOTICE OF ANNUAL GENERAL MEETING**

1. INTRODUCTION

The purpose of this circular is to provide you with information regarding resolutions to be proposed at the Annual General Meeting to be held on Wednesday, 23 May 2012 relating to, among other things, (i) the granting of General Mandates to the Directors for the issue and repurchase of the Company's Shares, (ii) the adoption of the 2012 Share Option Scheme and (iii) the re-election of the retiring Directors.

* *For identification purposes only*

LETTER FROM THE BOARD

2. PROPOSED GRANTING OF THE REPURCHASE AND ISSUANCE MANDATES

At the annual general meeting of the Company held on 17 May 2011, general mandates were granted to the Directors to exercise the powers of the Company to repurchase Shares and to issue new Shares respectively. Such mandates will lapse at the conclusion of the Annual General Meeting.

In order to give the Company the flexibility to repurchase and issue Shares if and when appropriate, the following ordinary resolutions will be proposed at the Annual General Meeting to approve the granting of new general mandates to the Directors:

- (a) to purchase Shares on the Stock Exchange of an aggregate nominal amount of up to 10% of the total nominal amount of the issued share capital of the Company as at the date of passing of proposed ordinary resolution contained in item 6 of the notice of the Annual General Meeting as set out on pages 25 to 29 of this circular (i.e. an aggregate nominal amount of Shares up to HK\$2,655,048 (equivalent to 26,550,480 Shares) on the basis that the issued share capital of the Company remains unchanged on the date of the Annual General Meeting) (the “Repurchase Mandate”);
- (b) to allot, issue or deal with additional Shares of an aggregate nominal amount of up to 20% of the total nominal amount of the issued share capital of the Company as at the date of passing of proposed ordinary resolution contained in item 7 of the notice of the Annual General Meeting as set out on pages 25 to 29 of this circular (i.e. an aggregate nominal amount of Shares up to HK\$5,310,096 (equivalent to 53,100,960 Shares) on the basis that the issued share capital of the Company remains unchanged on the date of the Annual General Meeting) (the “Issuance Mandate”); and
- (c) to extend the Issuance Mandate by an amount representing the aggregate nominal amount of Shares repurchased by the Company pursuant to and in accordance with the Repurchase Mandate.

The Repurchase Mandate and the Issuance Mandate will continue in force until the conclusion of the next annual general meeting of the Company held after the Annual General Meeting or any earlier date as referred to in the proposed ordinary resolutions contained in items 6 and 7 of the notice of the Annual General Meeting as set out on pages 25 to 29 of this circular. With reference to the Repurchase Mandate and the Issuance Mandate, the Directors wish to state that they have no immediate plan to repurchase any Shares or issue any Shares pursuant thereto.

In accordance with the requirements of the Listing Rules, the Company is required to send to the Shareholders an explanatory statement containing all the information reasonably necessary to enable them to make an informed decision on whether to vote for or against the granting of the Repurchase Mandate. The explanatory statement as required by the Listing Rules in connection with the Repurchase Mandate is set out in Appendix I to this circular.

LETTER FROM THE BOARD

3. PROPOSAL FOR ADOPTION OF THE 2012 SHARE OPTION SCHEME AND CANCELLATION OF THE EXISTING SHARE OPTION SCHEME

The Board proposed to replace the existing share option scheme of the Company, which will expire on 26 May 2012, by the 2012 Share Option Scheme. A proposal will be made at the Annual General Meeting to seek Shareholders' approval of the adoption of the 2012 Share Option Scheme and the cancellation of the existing share option scheme.

Upon cancellation of the existing share option scheme of the Company, no further options will be granted thereunder but in all other respects, the provisions of the existing share option scheme of the Company shall remain in force to the extent necessary to give effect to the exercise of any options (to the extent not already exercised) granted prior to the cancellation or otherwise as may be required in accordance with the provisions of the existing share option scheme of the Company. As at the Latest Practicable Date, options to subscribe for an aggregate of 1,500,000 Shares had been granted and remained outstanding under the existing share option scheme of the Company. The Directors confirm that prior to the Annual General Meeting, they will not grant any Options under the existing share option scheme of the Company. The existing share option of the Company will be cancelled upon the 2012 Share Option Scheme becoming effective.

A summary of the principal terms of the 2012 Share Option Scheme is set out in Appendix III to this circular. The purpose of the 2012 Share Option Scheme is to provide incentives or rewards to Participants thereunder for their contribution to the Group and/or to enable the Group to recruit and retain high-calibre employees and attract human resources that are valuable to the Group and any Invested Entity.

The 2012 Share Option Scheme does not specify a minimum period for which an Option must be held nor a performance target which must be achieved before an Option can be exercised. However, at the time of the grant of the Options, the Company may specify such minimum period or performance target and the terms of the 2012 Share Option Scheme provide that the Board may determine, at its sole discretion, such terms(s) on the grant of an Option. The basis for determination of the exercise price is also specified in the terms of the 2012 Share Option Scheme. The Directors consider that the aforesaid criteria and rules will serve to preserve the value of the Company and encourage Participants to acquire proprietary interests in the Company.

The 2012 Share Option Scheme is conditional on:-

- (a) the passing of an ordinary resolution approving, inter alia, (i) the adoption of the 2012 Share Option Scheme by the Shareholders and authorising the Board to grant Options to subscribe for Shares thereunder and to allot and issue Shares pursuant to the exercise of any Options granted under the 2012 Share Option Scheme and (ii) the cancellation of the Company's existing share option scheme, and

LETTER FROM THE BOARD

- (b) the Listing Committee of the Stock Exchange granting approval of the listing of, and permission to deal in, any Shares to be issued pursuant to the exercise of the Options granted under the 2012 Share Option Scheme.

If the above condition (b) is not satisfied on or before the date following six months after the Adoption Date (or such later date as the Board may decide), the 2012 Share Option Scheme shall forthwith determine and no person shall be entitled to any rights or benefits or be under any obligations under or in respect of the 2012 Share Option Scheme. As at the date of this circular, no Option has been granted or agreed to be granted under the 2012 Share Option Scheme.

The Directors believe that any calculation of the fair value of the Options as at the Latest Practicable Date before the Options are actually granted would not be meaningful and would be misleading to Shareholders, because any valuation of the fair value of the Options would have to be based on the circumstances as at the Latest Practicable Date, but Options would not be granted until the 2012 Share Option Scheme is approved i.e. after the Latest Practicable Date. Given also the fact that there are various factors relevant to each individual grant (including vesting periods), such valuation figure cannot be relied upon as being an accurate measure of the fair value of all Options that may, in the future, be granted.

However, Shareholders should note that, in compliance with the Listing Rules, estimated valuations and cost of Options granted during any financial period based on the Black-Scholes option pricing model, the binominal option pricing model or a comparable based on generally accepted methodology will be provided in the Company's annual report and interim report, in accordance with the generally accepted accounting principles in Hong Kong.

None of the Directors is a trustee of the 2012 Share Option Scheme or has any direct or indirect interest in such trustee, if any.

Application will be made to the Listing Committee of the Stock Exchange for the approval of the 2012 Share Option Scheme or not raising any objection thereto and for the listing of, and permission to deal in, the Shares which may fall to be issued pursuant to the exercise of the Options granted under the 2012 Share Option Scheme.

The full terms of the 2012 Share Option Scheme can be inspected at the Company's principal place of business in Hong Kong at Units 2304-06, 23rd Floor, Riley House, 88 Lei Muk Road, Kwai Chung, New Territories, Hong Kong during normal business hours from the date of this circular up to and including the date of the Annual General Meeting and at the Annual General Meeting.

LETTER FROM THE BOARD

4. PROPOSED RE-ELECTION OF THE RETIRING DIRECTORS

Pursuant to Bye-law 87(1) of the Current Bye-laws, at each annual general meeting one-third of the Directors for the time being (or, if their number is not a multiple of three (3), the number nearest to but not less than one-third) shall retire from office by rotation.

Pursuant to Bye-law 87(2) of the Current Bye-laws, a retiring Director shall be eligible for re-election. The Directors to retire by rotation shall include (so far as necessary to ascertain the number of directors to retire by rotation) any Director who wishes to retire and not to offer himself for re-election. Any further Directors so to retire shall be those of the other Directors subject to retirement by rotation who have been longest in office since their last re-election or appointment and so that as between persons who became or were last re-elected Directors on the same day those to retire shall (unless they otherwise agree among themselves) be determined by lot.

According to Bye-laws 87(1) and 87(2) of the Current Bye-laws, Mr. Chan Yau Wah and Mr. Kung Fan Cheong shall retire by rotation at the Annual General Meeting. Both of the two retiring Directors, being eligible, will offer themselves for re-election at the said meeting.

Pursuant to Rule 13.74 of the Listing Rules, a listed issuer shall disclose the details required under Rule 13.51(2) of the Listing Rules of any director(s) proposed to be re-elected or proposed new director in the notice or accompanying circular to its shareholders of the relevant general meeting, if such re-election or appointment is subject to shareholders' approval at that relevant general meeting. The requisite details of Mr. Chan Yau Wah and Mr. Kung Fan Cheong are set out in Appendix II to this circular.

5. ANNUAL GENERAL MEETING AND PROXY ARRANGEMENT

The notice of the Annual General Meeting is set out on pages 25 to 29 of this circular. At the Annual General Meeting, resolutions will be proposed to approve, inter alia, the granting of the Repurchase Mandate and the Issuance Mandate, the extension of the Issuance Mandate by the addition thereto of the nominal amount of Shares repurchased pursuant to the Repurchase Mandate, the re-election of the retiring Directors, the adoption of the 2012 Share Option Scheme and the cancellation of the existing share option scheme of the Company.

A form of proxy for use at the Annual General Meeting is enclosed with this circular and such form of proxy is also published on the websites of Hong Kong Exchanges and Clearing Limited (<http://www.hkexnews.hk>) and the Company (<http://www.kpihl.com>). To be valid, the form of proxy must be completed and signed in accordance with the instructions printed thereon and deposited, together with the power of attorney or other authority (if any) under which it is signed or a certified copy of that power of attorney or authority, at the Share Registrar of the Company in Hong Kong, Tricor Tengis Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Hong Kong, as soon as possible but in any event not less than 48 hours before the time appointed for holding the Annual General Meeting or any adjournment thereof. Completion and delivery of the form of proxy will not preclude you from attending and voting at the Annual General Meeting if you so wish.

LETTER FROM THE BOARD

6. VOTING BY POLL

Pursuant to Rule 13.39(4) of the Listing Rules, any vote of shareholders at a general meeting must be taken by poll except where the chairman, in good faith, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands. Accordingly, the Company will procure that the chairman of the Annual General Meeting shall demand voting on all resolutions set out in the notice of the Annual General Meeting be taken by way of poll. The chairman would explain the detailed procedures for conducting a poll at the commencement of the Annual General Meeting.

On a poll, every Shareholder present in person (or, in the case of a Shareholder being a corporation by its duly authorised representative) or by proxy shall have one vote for every fully paid Share held. A Shareholder present in person (or, in the case of a Shareholder being a corporation by its duly authorised representative) or by proxy who is entitled to more than one vote need not use all his votes or cast all his votes in the same way.

After the conclusion of the Annual General Meeting, an announcement on the poll vote results will be published by the Company in the manner prescribed under Rule 13.39(5) of the Listing Rules.

7. RESPONSIBILITY STATEMENT

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.

8. RECOMMENDATION

The Directors consider that the granting of the Repurchase Mandate, the granting/extension of the Issuance Mandate, the re-election of the retiring Directors, the adoption of the 2012 Share Option Scheme and the cancellation of the existing share option scheme as aforesaid are each in the best interests of the Company, the Group and the Shareholders as a whole. Accordingly, the Directors recommend the Shareholders to vote in favour of the relevant resolutions to be proposed at the Annual General Meeting.

9. GENERAL INFORMATION

Your attention is drawn to the additional information set out in Appendix I (Explanatory Statement on the Repurchase Mandate), Appendix II (Details of the retiring Directors proposed to be re-elected at the Annual General Meeting) and Appendix III (Principal terms of the 2012 Share Option Scheme) to this circular.

Yours faithfully,
On behalf of the Board
Lai Pei Wor
Chairman

APPENDIX I EXPLANATORY STATEMENT ON THE REPURCHASE MANDATE

The following is an explanatory statement required by the Listing Rules to be sent to the Shareholders to enable them to make an informed decision on whether to vote for or against the ordinary resolution to be proposed at the Annual General Meeting in relation to the granting of the Repurchase Mandate.

1. REASONS FOR REPURCHASE OF SHARES

The Directors believe that the granting of the Repurchase Mandate is in the interests of the Company and the Shareholders.

Repurchases of Shares may, depending on the market conditions and funding arrangements at the time, lead to an enhancement of the net asset value per Share and/or earnings per Share. The Directors are seeking the granting of the Repurchase Mandate to give the Company the flexibility to do so if and when appropriate. The number of Shares to be repurchased on any occasion and the price and other terms upon which the same are repurchased will be decided by the Directors at the relevant time, having regard to the circumstances then pertaining.

2. SHARE CAPITAL

As at the Latest Practicable Date, the issued share capital of the Company comprised 265,504,800 Shares.

Subject to the passing of the ordinary resolution set out in item 6 of the notice of the Annual General Meeting in respect of the granting of the Repurchase Mandate and on the basis that the issued share capital of the Company remains unchanged on the date of the Annual General Meeting, i.e. being 265,504,800 Shares, the Directors would be authorised under the Repurchase Mandate to repurchase, during the period in which the Repurchase Mandate remains in force, an aggregate nominal amount of Shares up to HK\$2,655,048 (equivalent to 26,550,480 Shares), representing 10% of the aggregate nominal amount of the Shares in issue as at the date of the Annual General Meeting.

3. FUNDING OF REPURCHASES

In repurchasing Shares, the Company may only apply funds legally available for such purpose in accordance with its memorandum of association and Bye-laws, the laws of Bermuda and/or any other applicable laws, as the case may be.

The Company is empowered by its memorandum of association and the Current Bye-laws to repurchase Shares. The laws of Bermuda provide that the amount of capital paid in connection with a share repurchase by a company may only be paid out of either the capital paid up on the relevant shares, or the funds of the company which would otherwise be available for dividend or distribution or out of the proceeds of a fresh issue of shares made for such purpose. The amount of premium payable on repurchase may only be paid out of the funds of the company which would otherwise be available for dividend or distribution or out of the share premium account of the company before the shares are repurchased.

4. IMPACT OF REPURCHASES

Repurchased Shares shall be treated as cancelled and the amount of the Company's issued capital shall be diminished by the nominal value of those Shares accordingly; but the purchase of shares under this section shall not be taken as reducing the amount of the Company's authorised share capital.

There might be a material adverse impact on the working capital or gearing position of the Company (as compared with the position disclosed in the audited accounts contained in the annual report of the Company for the year ended 31 December 2011) in the event that the Repurchase Mandate was to be carried out in full at any time during the proposed repurchase period. However, the Directors do not intend to exercise the Repurchase Mandate to such extent as would, in the circumstances, have a material adverse effect on the working capital requirements of the Company or the gearing levels which in the opinion of the Directors are from time to time appropriate for the Company.

5. TAKEOVERS CODE

If, on the exercise of the power to repurchase Shares pursuant to the Repurchase Mandate, a Shareholder's proportionate interest in the voting rights of the Company increases, such increase will be treated as an acquisition for the purposes of the Takeovers Code. Accordingly, a Shareholder, or group of Shareholders acting in concert (within the meaning under the Takeovers Code), could obtain or consolidate control of the Company and become obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code for all the Shares not already owned by such Shareholder or group of Shareholders.

As at the Latest Practicable Date, Mr. Lai Pei Wor, the substantial shareholder of the Company and the Chairman and an Executive Director of the Company, was interested in 108,684,000 Shares, representing approximately 40.93% of the total issued share capital of the Company. On the basis that the issued share capital of the Company remains unchanged on the date of the Annual General Meeting, in the event that the Directors exercise in full the power to repurchase Shares in accordance with the terms of the relevant ordinary resolution to be proposed at the Annual General Meeting, the interests of Mr. Lai Pei Wor in the issued Shares would be increased to approximately 45.48% of the total issued share capital of the Company. Such an increase may give rise to an obligation to make a mandatory offer under Rules 26 and 32 of the Takeovers Code. However, the Directors have no intention to exercise the Repurchase Mandate to such extent as would give rise to this obligation.

In addition, the Directors consider that the full exercise of the Repurchase Mandate will not lead to the percentage of the Company's public float falling below 25% of the Company's total issued share capital.

APPENDIX I EXPLANATORY STATEMENT ON THE REPURCHASE MANDATE

6. GENERAL

None of the Directors or, to the best of their knowledge having made all reasonable enquiries, any of their respective associates (as defined in the Listing Rules) have any present intention to sell any Shares to the Company in the event that the granting of the Repurchase Mandate is approved by the Shareholders.

The Company has not been notified by any connected persons (as defined in the Listing Rules) of the Company that they have a present intention to sell any Shares to the Company, or that they have undertaken not to sell any Shares held by them to the Company in the event that the granting of the Repurchase Mandate is approved by the Shareholders.

The Directors have undertaken to the Stock Exchange to exercise the power of the Company to make repurchases of Shares pursuant to the Repurchase Mandate in accordance with the Listing Rules and the applicable laws of Bermuda.

7. MARKET PRICES OF SHARES

The highest and lowest prices per Share at which the Shares have traded on the Stock Exchange during each of the previous 12 months were as follows:

Month	Highest HK\$	Lowest HK\$
2011		
April	0.650	0.600
May	0.630	0.560
June	0.530	0.470
July	0.530	0.480
August	0.560	0.465
September	0.540	0.430
October	0.510	0.455
November	0.500	0.400
December	0.480	0.420
2012		
January	0.500	0.430
February	0.520	0.455
March	0.600	0.465
April (up to the Latest Practicable Date)	0.520	0.520

8. REPURCHASES OF SHARES MADE BY THE COMPANY

No repurchase of Shares has been made by the Company during the previous six months (whether on the Stock Exchange or otherwise).

APPENDIX II DETAILS OF THE RETIRING DIRECTORS PROPOSED TO BE RE-ELECTED AT THE ANNUAL GENERAL MEETING

Pursuant to the Listing Rules, the details of the Directors, who will retire and offer themselves for re-election at the Annual General Meeting according to the Current Bye-laws, are provided below.

(1) MR. CHAN YAU WAH

Position and experience

Mr. CHAN Yau Wah (“**Mr. CHAN**”), aged 53, is an executive Director and the Deputy Chairman of the Company. He is also a director of various subsidiaries of the Group and a general manager in Mars Field Limited, a subsidiary of the Company. Mr. Chan joined the Group in December 1990. He is responsible for the planning and management in production activities. He holds a higher diploma in production and industrial engineering from The Hong Kong Polytechnic (now known as The Hong Kong Polytechnic University) and a diploma in management studies from the Hong Kong Management Association. He has over 30 years of experience in the industry.

Mr. CHAN has not held any other directorships in the last three years in public companies the securities of which are listed on any securities market in Hong Kong or overseas.

Length of service

Mr. CHAN has entered into a service contract with the Company for a term of three years commencing from 1 January 2012, and thereafter until terminated by either party serving not less than six months and in any event not more than seven months prior notice in writing.

Mr. CHAN is also subject to retirement by rotation and re-election at the annual general meeting of the Company in accordance with the Current Bye-laws. The provisions of the Current Bye-laws in respect of such directors’ retirement by rotation and re-election have been set out in paragraph 4 of the letter from the Board in this circular.

Relationships

As far as the Directors are aware, Mr. CHAN does not have any relationship with other Directors, senior management, substantial Shareholders (as defined in the Listing Rules) or controlling Shareholders (as defined in the Listing Rules) of the Company.

Interests in shares

As far as the Directors are aware, as at the Latest Practicable Date, Mr. CHAN beneficially owned 7,700,000 Shares of the Company representing approximately 2.90% of the issued share capital of the Company in accordance with the meaning of Part XV of the SFO.

APPENDIX II DETAILS OF THE RETIRING DIRECTORS PROPOSED TO BE RE-ELECTED AT THE ANNUAL GENERAL MEETING

Director's emoluments

According to the service contract entered with the Company in 2011, Mr. CHAN is not entitled to receive any director's emoluments from the Company. Mr. CHAN is entitled to a salary of HK\$1,948,310 per annum for his appointment as a general manager of Mars Field Limited, a subsidiary of the Company.

Information that needs to be disclosed and matters that need to be brought to the attention of the Shareholders

There is no information which is discloseable nor is/was Mr. CHAN involved in any of the matters required to be disclosed pursuant to any of the requirements under paragraphs 13.51(2)(h) to 13.51(2)(v) of the Listing Rules and there are no other matters concerning Mr. CHAN that need to be brought to the attention of the Shareholders.

(2) MR. KUNG FAN CHEONG

Position and experience

Mr. KUNG Fan Cheong ("Mr. KUNG"), aged 57, has been appointed as an independent non-executive Director of the Company since 1996. Mr. KUNG is a partner in the law firm of Pang, Kung & Co. and is a member of The Law Society of Hong Kong. He retired as an independent non-executive director of Tack Hsin Holdings Limited in August 2011.

Mr. KUNG has not held any other directorships in the last three years in public companies the securities of which are listed on any securities market in Hong Kong or overseas.

Length of service

Mr. KUNG has entered into a service contract with the Company for a term of two years commencing from 1 October 2011. Mr. KUNG can resign as an independent non-executive Director of the Company by written notice given to the Company. The Company is entitled to terminate Mr. KUNG's appointment as an independent non-executive Director of the Company by one month's prior notice in writing (or by payment in lieu of notice) given at any time.

Mr. KUNG is also subject to retirement by rotation and re-election at the annual general meeting of the Company in accordance with the Current Bye-laws. The provisions of the Current Bye-laws in respect of such directors' retirement by rotation and re-election have been set out in paragraph 4 of the letter from the Board in this circular.

APPENDIX II DETAILS OF THE RETIRING DIRECTORS PROPOSED TO BE RE-ELECTED AT THE ANNUAL GENERAL MEETING

Relationships

As far as the Directors are aware, Mr. KUNG does not have any relationship with other Directors, senior management, substantial Shareholders (as defined in the Listing Rules), or controlling Shareholders (as defined in the Listing Rules) of the Company.

Interests in shares

As far as the Directors are aware, as at the Latest Practicable Date, Mr. KUNG was not interested or deemed to be interested in any shares or underlying shares of the Company or its associated corporations within the meaning of Part XV of the SFO.

Director's emoluments

Mr. KUNG is entitled to receive a director's fee of HK\$24,150 per month with effect from 1 January 2012, which is determined by the Board by reference to Mr. KUNG's duties and responsibilities, and is in line with the Director's fee payable to other independent non-executive Directors of the Company. All of his emoluments have been covered by his service contract.

Information that needs to be disclosed and matters that need to be brought to the attention of the Shareholders

There is no information which is discloseable nor is/was Mr. KUNG involved in any of the matters required to be disclosed pursuant to any of the requirements under paragraphs 13.51(2)(h) to 13.51(2)(v) of the Listing Rules and there are no other matters concerning Mr. KUNG that need to be brought to the attention of the Shareholders.

2012 SHARE OPTION SCHEME

The following is a summary of the principal terms of the 2012 Share Option Scheme proposed to be approved at the Annual General Meeting.

1. The purpose of the 2012 Share Option Scheme is to provide incentives or rewards to Participants thereunder for their contribution to the Group and/or to enable the Group to recruit and retain high-calibre employees and attract human resources that are valuable to the Group and any Invested Entity.
2. The Directors may, at their discretion, invite Participants to participate in the 2012 Share Option Scheme. In determining the basis of eligibility of each Participant, the Board would take into account such factors as the Board may at its discretion consider appropriate.
3. Initially the maximum number of Shares which may be issued upon exercise of all Options to be granted under the 2012 Share Option Scheme or any other share option schemes adopted by the Company (and to which the provisions of Chapter 17 of the Listing Rules are applicable) shall not exceed 10 per cent. of the aggregate of the Shares in issue as at the Adoption Date (such 10 per cent. limit represents 26,550,480 Shares as at the Latest Practicable Date). Options which have lapsed shall not be counted in calculating the 10 per cent. limit. However (but subject to the 30 per cent. limit referred to in this paragraph below), the Company may refresh this 10 per cent. limit with Shareholders' approval provided that each such limit (as refreshed) may not exceed the 10 per cent. of the Shares in issue as at the date of the Shareholders' approval. The Company must send a circular to the Shareholders containing the information required under Rule 17.02(2)(d) and the disclaimer required under Rule 17.02(4) of the Listing Rules, or otherwise in accordance with the Listing Rules effective from time to time. Options previously granted under the 2012 Share Option Scheme and any other share option schemes adopted by the Company (and to which the provisions of Chapter 17 of the Listing Rules are applicable), including those outstanding, cancelled or lapsed in accordance with the relevant scheme or exercised options, will not be counted for the purpose of calculating the limit to be refreshed. The Company may seek separate approval by Shareholders in general meeting for granting Options beyond the 10 per cent. limit provided that the Options in excess of the limit are granted only to Participants specially 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 participants who may be granted such options, the number and terms of the options to be granted, the purpose of granting options to the specified participants with an explanation as to how the terms of the options serve such purpose, the information required under Rule 17.02(2)(d) and the disclaimer required under Rule 17.02(4) of the Listing Rules, or otherwise in accordance with the Listing Rules effective from time to time.

The total number of Shares which may be issued upon exercise of all Options granted and yet to be exercised under the 2012 Share Option Scheme or any other share option schemes adopted by the Company (and to which the provisions of Chapter 17 of the Listing Rules are applicable) must not exceed 30 per cent. of the Shares in issue from time to time. As at the Latest Practicable Date, such 30 per cent. represents 79,651,440 Shares.

4. Unless approved by Shareholders in the manner set out in this paragraph below, the total number of Shares issued and to be issued upon exercise of the Options granted to each Participant (including exercised, cancelled and outstanding Options) under the 2012 Share Option Scheme in any 12-month period must not exceed 1 per cent. of the Shares in issue. Any further grant of Options which would result in the number of Shares issued as aforesaid exceeding the said 1 per cent. limit must be subject to prior Shareholders' approval with the relevant Participant and his associates abstaining from voting. The Company must send a circular to the Shareholders and the circular must disclose the identity of the Participant, the number and terms of the options to be granted (and options previously granted) to such Participant, the information required under Rule 17.02(2)(d) and the disclaimer required under Rule 17.02(4) of the Listing Rules, or otherwise in accordance with the Listing Rules effective from time to time.

Each grant of Options to any Director, chief executive or substantial shareholder of the Company (or any of their respective associates) (as such terms are defined in Rule 1.01 of the Listing Rules) shall be subject to the prior approval of the independent non-executive Directors of the Company (excluding any independent non-executive director who is a proposed recipient of the grant of Options). Where any grant of Options to a substantial shareholder or an independent non-executive Director of the Company, or any of their respective associates, would result in the Shares issued and to be issued upon exercise of all Options already granted and to be granted (including Options exercised, cancelled and outstanding) to such person in the 12-month period up to and including the date of such grant:-

- (a) representing in aggregate over 0.1 per cent. (or such other higher percentage as may from time to time be specified by the Stock Exchange) of the Shares in issue; and
- (b) having an aggregate value, based on the closing price of the Shares as stated in the daily quotations sheets issued by the Stock Exchange on the Date of Grant, in excess of HK\$5 million (or such other higher amount as may from time to time be specified by the Stock Exchange),

such further grant of Options shall be subject to prior approval by the Shareholders. All connected persons (as defined in the Listing Rules) of the Company shall abstain from voting at such general meeting, except that any connected person may vote against the relevant resolution at the general meeting provided that his intention to do so has been stated in the circular to be sent to the Shareholders in connection therewith.

The circular to be issued by the Company to Shareholders pursuant to the paragraph above shall contain the following information, or otherwise in accordance with the Listing Rules effective from time to time:

- (a) the details of the number and terms (including the exercise price) of the options to be granted to each Participant which must be fixed before the Shareholders' meeting and the Date of Grant (which shall be the date of the Board meeting at which the Board proposes to grant the proposed options to that eligible Participant);
- (b) recommendation from the independent non-executive Directors of the Company (excluding any independent non-executive director who is the relevant Grantee) to the independent Shareholders of the Company as to voting;
- (c) the information required under Rules 17.02(2)(c) and (d) and the disclaimer required under Rule 17.02(4) of the Listing Rules; and
- (d) the information required under Rule 2.17 of the Listing Rules.

No offer shall be made and no Option shall be granted to any Participant in circumstances prohibited by the Listing Rules at a time when the Participant would or might be prohibited from dealing in the Shares by the Listing Rules or by any applicable rules, regulations or law. In particular, during the period commencing one month immediately preceding the earlier of:

- (a) the date of the Board meeting (as such date is first notified to the Stock Exchange in accordance with the requirements of the Listing Rules) for the approval of 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 an announcement of 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 announcement, no Option may be granted.

5. (a) The period within which the Options must be exercised will be specified by the Company at the time of grant. This period must expire no later than 10 years from the relevant Date of Grant (being the date on which the Board resolves to make an offer of Option to the relevant Participant, which date must be a business day).
- (b) In the event a Grantee (being an employee or officer of any member of the Group) ceases to be a Participant for any reason other than (i) his or her death or (ii) on one or more of the grounds of termination of employment or engagement specified in paragraph 12(f) below (and the date on which the Grantee so ceases to be a Participant shall be referred to as the “**Cessation Date**”), the Option shall lapse on the Cessation Date and not be exercisable unless the Board otherwise determines, in which event the Option shall be exercisable to the extent and within such period as the Board may determine. The Cessation Date for the purposes of this paragraph 5(b) shall be the last actual working day on which the Grantee was physically at work with the relevant member of the Group, whether salary is paid in lieu of notice or not.
- (c) If the Directors at their absolute discretion determine that the Grantee (other than an Eligible Employee) or his or her associate has committed any breach of any contract entered into between the Grantee or his or her associate on the one part and the Group or any Invested Entity on the other part or that the Grantee has committed any act of bankruptcy or has become insolvent or is subject to any winding-up, liquidation or analogous proceedings or has made any arrangement or composition with his or her creditors generally, the Directors shall determine that the outstanding Options granted to the Grantee shall lapse. In such event, his or her Options will lapse automatically and will not in any event be exercisable on or after date on which the Directors have so determined.
- (d) In the event the Grantee dies before exercising the Option in full and none of the events for termination of employment under paragraph 12(f) below then exists with respect to such Grantee, the personal representative(s) of the Grantee shall be entitled within a period of six (6) months from the date of death to exercise the Option up to the entitlement of such Grantee as at the date of death.

- (e) If a general offer by way of voluntary offer, takeover or otherwise (other than by way of scheme of arrangement pursuant to paragraph 5(f) below) is made to all the holders of Shares (or all such holders other than the offeror, any person acting in concert with the offeror) and such offer becomes or is declared unconditional prior to the expiry date of the relevant Option, the Company shall forthwith give notice thereof (the “**Offer Notice**”) to the Grantee and the Grantee may at any time within one (1) month after the date of the Offer Notice exercise the Option to its full extent.
- (f) If a general offer for Shares by way of a scheme of arrangement is made to all the holders of Shares and has been approved by the necessary number of holders of Shares at the requisite meetings, the Company shall forthwith give notice thereof (the “**Scheme Notice**”) to the Grantee and the Grantee may at any time within one (1) month after the date of the Scheme Notice exercise the Option to its full extent.
- (g) In the event a notice is given by the Company to its shareholders to convene a Shareholders’ meeting for the purpose of considering and, if thought fit, approving a resolution to voluntarily wind-up the Company, the Company shall forthwith give notice thereof to the Grantee and the Grantee may at any time thereafter (but before such time as shall be notified by the Company) exercise the Option to its full extent or, if the Company shall give the relevant notification, to the extent notified by the Company, and the Company shall as soon as practicable allot, issue and register in the name of the Grantee such number of fully paid Shares which fall to be issued on exercise of such Option.
- (h) In the event of a compromise or arrangement, other than a scheme of arrangement contemplated in paragraph 5(f) above, between the Company and its members and/or creditors being proposed in connection with a scheme for the reconstruction or amalgamation of the Company, the Company shall give notice thereof to all Grantees on the same day as it first gives notice of the meeting to its members and/or creditors to consider such a scheme or arrangement and the Grantee may at any time thereafter but before such time as shall be notified by the Company exercise the Option to its full extent or, if the Company shall give the relevant notification, to the extent notified by the Company, and the Company shall as soon as practicable allot, issue and register in the name of the Grantee such number of fully paid Shares which fall to be issued on exercise of such Option.

- (i) Upon the occurrence of any of the events referred to in paragraphs 5(g) and (h) above, the Company may in its discretion and notwithstanding the terms of the relevant Option also give notice to a Grantee that his or her Option may be exercised at any time within such period as shall be notified by the Company and/or to the extent (not being less than the extent to which it could then be exercised in accordance with its terms) notified by the Company. If the Company gives such notice that any Option shall be exercised in part only, the balance of the Option shall lapse.
6. At the time of grant of the Options, the Company may specify any minimum period(s) for which an Option must be held before it can be exercised. The 2012 Share Option Scheme does not contain any such minimum period.
7. At the time of the grant of the Options, the Company may specify any performance target(s) which must be achieved before the Options can be exercised. The 2012 Share Option Scheme does not contain any performance targets.
8. An offer of Option shall remain open for acceptance by the Participant to whom such offer is made for a period of thirty (30) days from the date on which the letter containing the offer of Option is issued to the Participant, provided that no such offer of Grant shall be open for acceptance after the tenth anniversary of Adoption Date or after this 2012 Share Option Scheme has been terminated in accordance with the provisions thereof or after the person/entity to whom the offer of Option is made has ceased to be a Participant. An offer of Option shall be deemed to have been accepted by the Grantee and the Option to which the offer relates shall be deemed to have been granted and to have taken effect when the duplicate of the offer letter comprising acceptance of the offer of Option duly signed by the Grantee with the number of Shares in respect of which the offer of Option is accepted clearly stated therein, together with a payment in favour of the Company of HK\$1.00 (or its equivalent) by way of consideration for the grant thereof, is received by the Company.
9. The subscription price for the Shares shall be such price determined by the Board at its absolute discretion and notified to the Participant in the offer of Option and shall be no less than the higher of (i) the closing price of the Shares as stated in the daily quotations sheet issued by the Stock Exchange on the Date of Grant; (ii) the average closing price of the Shares as stated in the daily quotations sheets issued by the Stock Exchange for the five business days immediately preceding the Date of Grant; and (iii) the nominal value of a Share on the Date of Grant.

10. The Shares to be allotted and issued upon the exercise of an Option shall be subject to all the provisions of the bye-laws of the Company for the time being in force and will rank pari passu with the fully paid Shares in issue on the date the name of the Grantee is registered on the register of members of the Company. Prior to the Grantee being registered on the register of members of the Company, the Grantee shall not have any voting rights, or rights to participate in any dividends or distributions (including those arising on a liquidation of the Company), in respect of the Shares to be issued upon the exercise of the Option.
11. The 2012 Share Option Scheme shall be valid and effective for a period of ten (10) years commencing on the adoption of the 2012 Share Option Scheme. No further Options shall be offered or granted under the 2012 Share Option Scheme on or after the date of the tenth anniversary of the adoption of the 2012 Share Option Scheme.
12. An Option shall lapse automatically and not be exercisable, to the extent not already exercised, on the earliest of:
 - (a) the expiry of the Option period;
 - (b) the date or the expiry of the period for exercising the Option as referred to in paragraphs 5(b), (c), (d) and (e) above (as the case may be);
 - (c) subject to the scheme of arrangement (referred to in paragraph 5(f) above) becoming effective, the expiry of the period for exercising the Option as referred to in paragraph 5(f) above;
 - (d) subject to paragraph 5(g) above, the date of commencement of the winding up of the Company; and, subject to the compromise or arrangement (referred to in paragraph 5(h) above) becoming effective, the expiry of the period for exercising the Option as referred to in paragraph 5(h) above,
 - (e) the date on which the Grantee sells, transfers, charges, mortgages, encumbers or creates any interest in favour of any other person, over or in relation to any Option in breach of the 2012 Share Option Scheme;
 - (f) the date on which the Grantee (being an employee or officer of any member of the Group) ceases to be a Participant by reason of the termination of his or her employment or engagement on the grounds that he or she has been guilty of serious misconduct, or appears either to be unable to pay or to have no reasonable prospect of being able to pay his or her debts or has become bankrupt or has made any arrangement or composition with his or her creditors generally or has been convicted of any criminal offence involving his or her integrity or honesty or on any other ground on which an employer would be entitled to terminate his or her employment summarily;

- (g) the date on which the Grantee (being a corporation) appears either to be unable to pay or to have no reasonable prospect of being able to pay its debts or has become insolvent or has made any arrangement or composition with its creditors generally;
- (h) where the Grantee is an employee or officer of a member of the Group (other than the Company), the date on which such member ceases to be a subsidiary of the Company; and
- (i) unless the Board otherwise determines, and other than in the circumstances referred to in paragraphs 5(b), (c) or (d) above, the date the Grantee ceases to be a Participant (as determined by a Board resolution) for any reason.

Transfer of employment or engagement or relationship from one member of the Group to another member of the Group shall not be considered as a cessation of employment, engagement or relationship.

13. In the event of an alteration in the capital structure of the Company whilst any Option remains exercisable by way of capitalisation of profits or reserves, rights issue, subdivision or consolidation of shares or reduction of the share capital of the Company, but excluding, for the avoidance of doubt, any alteration in the capital structure of the Company as a result of an issue of shares as consideration in a transaction to which the Company is a party, the auditors of or the financial advisor engaged by the Company for such purpose shall determine what adjustment is required to be made to the subscription price, and/or the number of shares to be issued on exercise of the Options, and/or (if necessary) the method of exercise of the Option (or any combination of the foregoing) provided that any such adjustments give the Participant the same proportion of the equity capital of the Company, provided that no adjustment may be made to the extent that shares would be issued at less than their nominal value.
14. Any Options granted but not exercised may be cancelled if the Grantee so agrees and new Options may be granted to the same Grantee provided that such Options fall within the limits specified in paragraph 3 above and are otherwise granted in accordance with the terms of the 2012 Share Option Scheme.
15. The Shares issued on exercise of the Options will on issue be identical to the then existing issued shares of the Company.

16. The Company by ordinary resolution of Shareholders, or the Board, may at any time terminate the operation of the 2012 Share Option Scheme and in such event no further Options will be offered or granted, but in all other respects the 2012 Share Option Scheme shall remain in full force and effect. Any granted but unexercised Options shall continue to be exercisable in accordance with their terms of issue after the termination of the 2012 Share Option Scheme.
17. The Options are not assignable or transferable, except for the transmission of an Option on the death of a Grantee to his personal representative(s) on terms of and as permitted by the 2012 Share Option Scheme.
18. Subject to the terms set out in the paragraph below, the Board may amend any of the provisions of the 2012 Share Option Scheme (including without limitation amendments in order to comply with changes in legal or regulatory requirements and amendments in order to waive any restrictions, imposed by the provisions of the 2012 Share Option Scheme, which are not found in the Listing Rules) at any time (but not so as to affect adversely any rights which have accrued to any Grantee at that date).

Those specific provisions of the 2012 Share Option Scheme which relate to the matters set out in Rule 17.03 of the Listing Rules cannot be altered to the advantage of Participants, and no changes to the authority of the Directors or administrator of the 2012 Share Option Scheme in relation to any alteration of the terms herein shall be made, without the prior approval of Shareholders in general meeting. Any alterations to the terms and conditions of the 2012 Share Option Scheme which are of a material nature, or any change to the terms of Options granted, must be approved by the Shareholders in general meeting, except where the alterations take effect automatically under the existing terms of the 2012 Share Option Scheme. The 2012 Share Option Scheme so altered must comply with Chapter 17 of the Listing Rules.

NOTICE OF ANNUAL GENERAL MEETING



K & P INTERNATIONAL HOLDINGS LIMITED

堅寶國際控股有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 675)

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT an Annual General Meeting of K & P International Holdings Limited (the “**Company**”) will be held at Ching Room, 4/F., Sheraton Hong Kong Hotel & Towers, 20 Nathan Road, Kowloon, Hong Kong on Wednesday, 23 May 2012 at 10:00 a.m. for the following purposes:

1. To receive the audited consolidated financial statements of the Company and the reports of the directors and auditors for the year ended 31 December 2011;
2. To declare a final dividend;
3. To re-elect directors, to authorise the board of directors to fix the respective directors’ remuneration and to set a maximum number of directors;
4. To re-appoint auditors and to authorise the board of directors to fix their remuneration;

As special business, to consider and, if thought fit, pass with or without amendments, the following resolutions as ordinary resolutions:

5. “**THAT** subject to and conditional upon the Listing Committee of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) granting the listing of and permission to deal in the shares of the Company (the “**Shares**”) to be issued pursuant to the exercise of any options granted under the new share option scheme of the Company (the “**2012 Share Option Scheme**”, the terms of which are contained in the document marked “A” is produced to this meeting and for the purposes of identification signed by the Chairman thereof), the 2012 Share Option Scheme be and is hereby approved and adopted and with effect from the date of the 2012 Share Option Scheme becoming unconditional and coming into effect, the Company’s existing share option scheme adopted on 27 May 2002 be cancelled and the board of directors of the Company (or any committee thereof) be and is hereby authorised to do all such acts and to enter into all such transactions, arrangements and agreements as may be necessary or expedient in order to give full effect to the 2012 Share Option Scheme, including but without limitation:

* *For identification purposes only*

NOTICE OF ANNUAL GENERAL MEETING

- (a) to administer the 2012 Share Option Scheme;
- (b) to modify and/or amend the 2012 Share Option Scheme from time to time provided that such modification and/or amendment is effected in accordance with the provisions of the 2012 Share Option Scheme relating to modification and/or amendment;
- (c) to allot and issue from time to time such number of Shares as may fall to be issued pursuant to the exercise of the options granted under the 2012 Share Option Scheme, provided always that the total number of Shares subject to the 2012 Share Option Scheme, when aggregated with any Shares subject to any other share option scheme(s) of the Company, shall not exceed 10 per cent. of the Shares in issue as at the date of passing this Resolution but the Company may seek approval of its shareholders in general meeting for refreshing the 10 per cent. limit under the 2012 Share Option Scheme (such limit as refreshed shall not exceed 10 per cent. of the Shares in issue as at the date of the aforesaid shareholders' approval) and the maximum number of Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the 2012 Share Option Scheme and any other share option scheme(s) of the Company shall not exceed 30 per cent. of the Shares in issue from time to time (the Company may seek separate approval by shareholders in general meeting for granting options beyond the 10 per cent. limit provided that the options in excess of the limit are granted only to participants specially identified by the Company before such approval is sought);
- (d) to make application at the appropriate time or times to the Stock Exchange, and other stock exchanges upon which the issued Shares of the Company may for the time being be listed, for listing of and permission to deal in any Shares which may hereafter from time to time fall to be issued pursuant to the exercise of the options granted under the 2012 Share Option Scheme; and
- (e) to consent, if it so deems fit and expedient, to such conditions, modifications and/or variations as may be required or imposed by the relevant authorities in relation to the 2012 Share Option Scheme."

6. **"THAT:**

- (a) subject to paragraph (b) below, a general mandate be and is hereby generally and unconditionally given to the directors of the Company to exercise during the Relevant Period (as defined below) all the powers of the Company to purchase its shares in accordance with all applicable laws, rules and regulations;

NOTICE OF ANNUAL GENERAL MEETING

(b) the total nominal amount of shares of the Company to be purchased pursuant to the mandate in paragraph (a) above shall not exceed 10% of the aggregate nominal amount of the issued share capital of the Company as at the date of passing of this resolution and the said mandate shall be limited accordingly; and

(c) for the purposes of this resolution:

“Relevant Period” means the period from 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 bye-laws of the Company or any applicable laws to be held; and
- (iii) the date on which the authority set out in this resolution is revoked or varied by an ordinary resolution of the shareholders in general meeting.”;

7. **“THAT:**

(a) subject to paragraph (c) below, a general mandate be and is hereby generally and unconditionally given to the directors of the Company during the Relevant Period (as defined below) to allot, issue and deal with additional shares in the capital of the Company and to make or grant offers, agreements and options which might require the exercise of such powers;

(b) the mandate in paragraph (a) above shall authorise the directors of the Company to make or grant offers, agreements and options during the Relevant Period which would or 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 by the directors pursuant to the mandate in paragraph (a) above, otherwise than pursuant to:

- (i) a Rights Issue (as defined below);
- (ii) the exercise of options under a share option scheme of the Company; and
- (iii) any scrip dividend scheme or similar arrangement providing for the allotment of shares in lieu of the whole or part of a dividend on shares of the Company in accordance with the bye-laws of the Company,

NOTICE OF ANNUAL GENERAL MEETING

shall not exceed 20% of the aggregate nominal amount of the issued share capital of the Company on the date of the passing of this resolution and the said mandate shall be limited accordingly; and

(d) for the purposes of this resolution:

“Relevant Period” means the period from 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 bye-laws of the Company or any applicable laws to be held; and
- (iii) the date on which the authority set out in this resolution is revoked or varied by an ordinary resolution of the shareholders in general meeting.

“Rights Issue” means an offer of shares open for a period fixed by the directors to holders of shares of the Company or any class thereof on the register on a fixed record date in proportion to their then holdings of such shares or class thereof (subject to such exclusions 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 any relevant jurisdiction or the requirements of any recognized regulatory body or any stock exchange).”; and

8. “**THAT** conditional upon the passing of resolutions set out in items 6 and 7 of the notice convening this meeting (the “**Notice**”), the general mandate referred to in the resolution set out in item 7 of the Notice be and is hereby extended by the addition to the aggregate nominal amount of shares which may be allotted and issued or agreed conditionally or unconditionally to be allotted and issued by the directors pursuant to such general mandate of an amount representing the aggregate nominal amount of shares purchased by the Company pursuant to the mandate referred to in resolution set out in item 6 of the Notice, provided that such amount shall not exceed 10% of the aggregate nominal amount of the share capital of the Company in issue on the date of the passing of this resolution.”.

On behalf of the Board
Lai Pei Wor
Chairman

Hong Kong, 23 April 2012

NOTICE OF ANNUAL GENERAL MEETING

Notes:

1. All resolutions at the meeting will be taken by poll pursuant to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”) and the results of the poll will be published on the websites of Hong Kong Exchanges and Clearing Limited and the Company in accordance with the Listing Rules.
2. Any member of the Company entitled to attend and vote at the above meeting is entitled to appoint one or more proxies to attend and vote instead of him. A proxy need not be a member of the Company. If more than one proxy is so appointed, the appointment shall specify the number and class of shares in respect of which each such proxy is so appointed.
3. In order to be valid, the form of proxy together with the power of attorney or other authority, if any, under which it is signed or a certified copy of that power or authority, must be deposited at the Company’s branch share registrar in Hong Kong, Tricor Tengis Limited, at 26th Floor, Tesbury Centre, 28 Queen’s Road East, Hong Kong not less than 48 hours before the time appointed for the holding of the meeting or any adjournment thereof. Delivery of the form of proxy shall not preclude a member of the Company from attending and voting in person at the meeting and, in such event, the instrument appointing a proxy shall be deemed to be revoked.
4. The Register of Members of the Company will be closed from Monday, 21 May 2012 to Wednesday, 23 May 2012, both dates inclusive, during which period no transfer of shares will be effected. In order to qualify for attending and voting at the above meeting, all transfer documents accompanied by the relevant share certificates must be lodged with the Company’s branch share registrar in Hong Kong, Tricor Tengis Limited, at 26th Floor, Tesbury Centre, 28 Queen’s Road East, Hong Kong for registration not later than 4:30 p.m. on Friday, 18 May 2012.
5. The Register of Members of the Company will be closed from Tuesday, 29 May 2012 to Thursday, 31 May 2012, both dates inclusive, during which period no transfer of shares will be effected. In order to qualify for the proposed final dividend, all transfer documents accompanied by the relevant share certificates must be lodged with the Company’s branch share registrar in Hong Kong, Tricor Tengis Limited, at 26th Floor, Tesbury Centre, 28 Queen’s Road East, Hong Kong for registration not later than 4:30 p.m. on Monday, 28 May 2012.
6. A circular containing further details concerning items 3, 5, 6, 7 and 8 set out in the above notice will be sent to all shareholders of the Company together with the 2011 Annual Report.