
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you have sold or transferred all your shares in **Kin Yat Holdings Limited**, you should at once hand this circular and the accompanying form of proxy to the purchaser or transferee, or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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

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KIN YAT HOLDINGS LIMITED **建溢集團有限公司**

website: <http://www.kinyat.com.hk>

(Incorporated in Bermuda with limited liability)

(Stock Code: 638)

ADOPTION OF THE NEW SHARE OPTION SCHEME, GENERAL MANDATES TO REPURCHASE SHARES AND TO ISSUE NEW SHARES, RE-ELECTION OF DIRECTORS AND NOTICE OF ANNUAL GENERAL MEETING

A notice convening the annual general meeting (the “AGM”) of Kin Yat Holdings Limited (the “Company”) to be held at Conference Room III, 1/F, Regal Oriental Hotel, 30-38 Sa Po Road, Kowloon City, Kowloon, Hong Kong on Monday, 20 August 2012 at 3:00 p.m. is set out on pages 29 to 34 of this circular. A form of proxy for use at the AGM is also enclosed.

Whether or not you are able to attend the AGM, you are requested to complete the enclosed form of proxy in accordance with the instructions printed thereon and return the same to our branch share registrar in Hong Kong, Tricor Tengis Limited, at 26th Floor, Tesbury Centre, 28 Queen’s Road East, Wanchai, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for the holding of the AGM. Completion and return of the form of proxy will not preclude shareholders of the Company from attending and voting in person at the meeting if they so wish.

20 July 2012

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RESPONSIBILITY STATEMENT

This circular, for which the directors of the issuer collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited for the purpose of giving information with regard to the issuer. 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.

DEFINITIONS

In this circular, the following expressions shall have the meanings set out below:

“AGM”	the annual general meeting of the Company to be held at Conference Room III, 1/F, Regal Oriental Hotel, 30-38 Sa Po Road, Kowloon City, Kowloon, Hong Kong on Monday, 20 August 2012 at 3:00 p.m. to consider and, if appropriate, to approve the resolutions contained in the notice of the AGM which is set out on pages 29 to 34 of this circular;
“Associate(s)”	has the meaning ascribed thereto under the Listing Rules;
“Board”	the Company’s board of Directors;
“Business Day”	a day (other than Saturday and days on which a tropical cyclone warning No. 8 or above or a “black rainstorm warning signal” is hoisted in Hong Kong at any time between 9:00 a.m. and 5:00 p.m.) on which banks are open in Hong Kong for general banking business;
“Bye-law(s)”	the bye-law(s) of the Company;
“Companies Ordinance”	Companies Ordinance, Chapter 32 of the Laws of Hong Kong;
“Company”	Kin Yat Holdings Limited, a company incorporated in Bermuda with limited liability, the shares of which are listed on the Stock Exchange;
“Connected Person(s)”	has the meaning ascribed thereto under the Listing Rules;
“Court”	has the meaning as ascribed thereto in the Companies Ordinance;
“Director(s)”	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

“Eligible Grantees”	persons who are eligible to accept the offer of the grant of an Option in accordance with the Existing Share Option Scheme;
“Existing Share Option Scheme”	the existing share option scheme of the Company which was adopted by the Company on 20 August 2002;
“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 any equity interest;
“Issuance Mandate”	the proposed general and unconditional mandate to be granted to the Directors to exercise the powers of the Company to allot, issue or deal with Shares not exceeding 20% of the issued share capital of the Company as at the date of passing of the relevant resolution;
“Latest Practicable Date”	16 July 2012, being the latest practicable date prior to the printing of this circular for inclusion of certain information contained herein;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“New Share Option Scheme”	the share option scheme proposed to be adopted by the Company at the AGM, a summary of the principal terms of which is set out in the Appendix I;
“Offer”	the offer of the grant of an Option made in accordance with the New Share Option Scheme;
“Offer Date”	the date on which the Board makes an Offer to any Participant;

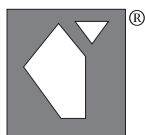
DEFINITIONS

“Option(s)”	option(s) granted to the Eligible Grantees under the Existing Share Option Scheme or to the Participants under the New Share Option Scheme, as the context requires;
“Option Period”	in respect of any particular Option, such period as the Board may in its absolute discretion determine and notify to each Grantee, save that such period shall not be more than ten (10) years from the Offer Date subject to the provisions for early termination set out in the Scheme and that the Board may at its discretion determine the minimum period for which the Option has to be held before the exercise of the subscription right attaching thereto;
“Participant(s)”	<p>any person belonging to any of the following classes of persons:</p> <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”	the proposed general and unconditional mandate to be granted to the Directors to exercise the powers of the Company to repurchase Shares of up to a maximum of 10% of the issued share capital of the Company as at the date of passing of the relevant resolution;
“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 share capital of the Company or if there has been a subsequent sub-division, consolidation, reclassification or reconstruction of the share capital of the Company, shares forming part of the ordinary equity share capital of the Company;
“Shareholder(s)”	holder(s) of the Share(s) from time to time;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Subscription Price”	the price per Share at which a grantee may subscribe for Shares on the exercise of an Option as described in the provisions of the New Share Option Scheme, subject to adjustment in accordance with the New Share Option Scheme;
“Subsidiary”	a company which is for the time being subsidiary (within the meaning of Section 2 of the Companies Ordinance) of the Company, whether incorporated in Hong Kong or elsewhere;
“Takeovers Code”	The Hong Kong Code on Takeovers and Mergers;
“Trading Day(s)”	day(s) on which the Stock Exchange is open for the trading of securities;
“HK\$”	Hong Kong dollars; and
“%”	percent.

LETTER FROM THE BOARD



KIN YAT HOLDINGS LIMITED 建溢集團有限公司

website: <http://www.kinyat.com.hk>

(Incorporated in Bermuda with limited liability)

(Stock Code: 638)

Board of Directors

Executive Directors:

Mr. Cheng Chor Kit

(Chairman and Chief Executive Officer)

Mr. Fung Wah Cheong, Vincent

(Deputy Chairman)

Mr. Liu Tat Luen

Mr. Chui Pak Shing

Independent Non-executive Directors:

Prof. Chung Chi Ping, Roy *BBS JP*

Mr. Wong Chi Wai

Ms. Sun Kwai Yu

Registered Office:

Clarendon House

2 Church Street

Hamilton HM 11

Bermuda

Principal place of business:

7th Floor

Galaxy Factory Building

25-27 Luk Hop Street

San Po Kong

Kowloon

Hong Kong

20 July 2012

To the Shareholders

Dear Sir or Madam,

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

1. INTRODUCTION

The purpose of this circular is to provide you with, inter alia, the relevant information regarding the resolutions to be proposed at the annual general meeting of Kin Yat Holdings Limited to be held on Monday, 20 August 2012. The proposed resolutions include those (i) adoption of the New Share Option Scheme, (ii) granting the Directors the Repurchase Mandate and the Issuance Mandate and the extension of such mandate to issue additional new Shares, and (iii) proposing re-election of Directors who are due to retire at the AGM.

LETTER FROM THE BOARD

2. ADOPTION OF THE NEW SHARE OPTION SCHEME

The Existing Share Option Scheme was adopted by the Company on 20 August 2002 and shall expire on 19 August 2012. Pursuant to the Existing Share Option Scheme, Options to subscribe for an aggregate of up to 10% of the issued share capital of the Company from time to time could be granted. Upon expiry of the Existing Share Option Scheme, the Directors cannot grant any further Options under the Existing Share Option Scheme. There is no other share option scheme of the Company besides the Existing Share Option Scheme. The Board considers that it is in the interest of the Company to adopt the New Share Option Scheme.

At the AGM, ordinary resolution will be proposed for the Company to approve the adoption of the New Share Option Scheme pursuant to which the Participants may be granted Options to subscribe for Shares upon and subject to the terms and conditions of the rules of the New Share Option Scheme. To the extent that the Directors are aware having made all reasonable enquiries, none of the Shareholders is required to abstain from voting on the said resolution.

The terms of the New Share Option Scheme provide that in granting Options under the New Share Option Scheme, the Board may offer to grant any Options subject to such terms and conditions in relation to the minimum period of the Options to be held and/or the performance criteria to be satisfied before such Options can be exercised and/or any other terms as the Board may determine in its absolute discretion. The Board will also have discretion in determining the Subscription Price in respect of any Option. The Directors are of the view that the flexibility given to the Directors to impose the minimum period for which the Options have to be held and performance targets and other conditions that have to be achieved before the Options can be exercised, will place the Group in a better position to attract and retain human resources that are valuable to the growth and development of the Group as a whole.

A summary of the principal terms of the rules of the New Share Option Scheme, which is proposed to be approved and adopted by the Company at the AGM is set out in the Appendix I to this circular. A copy of the rules of the New Share Option Scheme is available for inspection at the principal place of business of the Company at 7th Floor, Galaxy Factory Building, 25-27 Luk Hop Street, San Po Kong, Kowloon, Hong Kong during normal business hours from the date hereof up to and including the date of the AGM.

LETTER FROM THE BOARD

The New Share Option Scheme is conditional upon:

- (i) the passing of the ordinary resolution at the AGM approving the adoption of the New Share Option Scheme and the allotment and issuance of the Shares, which may be allotted and issued upon the exercise of the Option(s); and
- (ii) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in any new Shares which may be issued upon exercise of all Options to be granted under the New Share Option Scheme not exceeding 10% of the total number of Shares in issue as at the date of approval of the New Share Option Scheme.

As at the Latest Practicable Date, the issued share capital of the Company was 418,748,000 Shares and the Company has 7,002,000 share options outstanding under the Existing Share Option Scheme. Assuming that there is no change in the issued share capital of the Company between the Latest Practicable Date and the date of the adoption of the New Share Option Scheme, the number of Shares that may be issued pursuant to the Existing Share Option Scheme, the New Share Option Scheme on the date of its adoption and any other share option scheme(s) will be 41,874,800 Shares representing 10% of the Company's issued capital as at the date of passing of the ordinary resolution.

Pursuant to the Listing Rules, the Shares which may be issued upon exercise of all outstanding Options granted and yet to be exercised under the Existing Share Option Scheme, the New Share Option Scheme on the date of its adoption and any other share option scheme(s) of the Company at any time will not exceed 30% of the Shares in issue from time to time. No options shall be granted under any scheme(s) of the Company or any of its Subsidiaries if this will result in the 30% limit being exceeded.

The Directors consider that it is not appropriate to state the value of all the Options that can be granted under the New Share Option Scheme as if they had been granted at the Latest Practicable Date prior to the approval of the New Share Option Scheme given that the variables which are crucial for the calculation of the value of such Options cannot be determined. The variables which are critical for the determination of the value of such Options include, the Subscription Price for the Shares upon the exercise of the subscription rights attaching to the Options, whether or not Options will be granted under the New Share Option Scheme and the timing of the granting of such Options, the period during which the subscription rights may be exercised, the discretion of the Board to impose any performance target that has to be achieved before the subscription rights attaching to the Options can be exercised and any other conditions that the Board imposed on the Options and whether or not such Options if granted will be exercised by the optionholders. The Subscription Price payable for the Shares depends on the price of the Shares as quoted on the Stock Exchange, which in turn depends on when the Board is to grant Options under the New Share

LETTER FROM THE BOARD

Option Scheme. It is also difficult to ascertain with accuracy the Subscription Price of the Shares given the volatility the Share price may be subject to during the ten-year life span of the New Share Option Scheme. In the premises, the Directors are of the view that the value of the Options depends on a number of variables which are either difficult to ascertain or can only be ascertained subject to a number of theoretical basis and speculative assumptions. Accordingly, the Directors believed that any calculation of the value of the Options will not be meaningful and may be misleading to Shareholders in the circumstances.

3. REPURCHASE MANDATE AND ISSUANCE MANDATE

At the annual general meeting of the Company held on 15 August 2011, relevant resolutions were passed to grant general mandates to the Directors to exercise the powers of the Company to repurchase Shares of up to 10% of the issued share capital of the Company as at 15 August 2011 and to allot, issue or deal with additional new Shares up to a limit equal to 20% of the issued Shares as at 15 August 2011 plus the nominal amount of any Shares repurchased by the Company. In accordance with the Listing Rules, such mandates will lapse at the conclusion of the AGM unless otherwise renewed at the AGM. The following ordinary resolutions will therefore be proposed at the AGM to renew the Repurchase Mandate and the Issuance Mandate and the extension of such mandate to issue additional new Shares:

- (a) to purchase Shares on the Stock Exchange of up to 10% of the nominal amount of the issued share capital of the Company on the date of passing such resolution (the **“Repurchase Mandate”**);
- (b) to allot, issue or deal with Shares of up to 20% of the nominal amount of the issued share capital of the Company on the date of passing such resolution (the **“Issuance Mandate”**); and
- (c) to extend the Issuance Mandate by an amount representing the aggregate nominal amount of any Shares repurchased by the Company pursuant to and in accordance with the Repurchase Mandate.

As at the Latest Practicable Date, the issued share capital of the Company comprised 418,748,000 Shares. At the AGM, ordinary resolutions would be passed to give the Issuance Mandate to allot, issue or deal with additional 83,749,600 Shares (representing 20% of the Shares in issue as at the Latest Practicable Date) plus the nominal amount of any shares repurchased by the Company.

The explanatory statement required by the Listing Rules to be sent to the Shareholders in connection with the Repurchase Mandate is set out in Appendix II to this circular.

LETTER FROM THE BOARD

4. RE-ELECTION OF DIRECTORS

As at the Latest Practicable Date, the Board comprised four executive Directors; namely, Mr. Cheng Chor Kit, Mr. Fung Wah Cheong, Vincent, Mr. Liu Tat Luen and Mr. Chui Pak Shing, whereas the independent non-executive Directors comprised Prof. Chung Chi Ping, Roy *BBS JP*, Mr. Wong Chi Wai and Ms. Sun Kwai Yu.

Pursuant to Bye-law 87(1), unless and until the Company in a general meeting shall otherwise determine, at each annual general meeting, one third of the Directors for the time being, or, if their number is not three or a multiple of three, then the number nearest to but not less than one third shall retire from office by rotation, provided that every Director (including those appointed for a specific term or holding office as chairman or managing director) shall be subject to retirement by rotation at least once every three years or within such other period as the designated stock exchange may from time to time prescribe or within such other period as the laws of such jurisdiction applicable to the Company.

Accordingly, Mr. Liu Tat Luen, Prof. Chung Chi Ping, Roy *BBS JP* and Mr. Wong Chi Wai being Directors who have to retire by rotation, will retire at the AGM and, being eligible, offer themselves for re-election at the AGM.

The particulars of those Directors offering themselves for re-election which are required to be disclosed by the Listing Rules are set out in Appendix III to this circular.

5. AGM AND PROXY ARRANGEMENT

The notice of the annual general meeting of the Company proposed to be held at Conference Room III, 1/F, Regal Oriental Hotel, 30-38 Sa Po Road, Kowloon City, Kowloon, Hong Kong on Monday, 20 August 2012 at 3:00 p.m. is set out on pages 29 to 34 of this circular. At the AGM, ordinary resolutions, as set out in full in the notice of AGM in this circular, will be proposed to approve (i) the adoption of the New Share Option Scheme, (ii) the grant of the Repurchase Mandate and the Issuance Mandate and the extension of which to issue additional new Shares and (iii) the re-election of Directors.

Pursuant to Rule 13.39(4) of the Listing Rules, all votes of Shareholders at the AGM will be taken by poll. The Company will announce the results of the poll in the manner prescribed under Rule 13.39(5) of the Listing Rules.

LETTER FROM THE BOARD

A form of proxy for use at the AGM is enclosed herewith. To be valid, the form of proxy must be completed 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 Company's Share Registrar in Hong Kong, Tricor Tengis Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong not less than 48 hours before the time appointed for holding the AGM or any adjournment thereof. Completion and delivery of the form of proxy will not preclude you from attending and voting at the AGM if you so wish.

6. RECOMMENDATION

The Directors consider that ordinary resolutions with respect to adoption of the New Share Option Scheme, granting the Repurchase Mandate and the Issuance Mandate and the extension of which to issue additional new Shares and the proposing re-election of the Directors who are due to retire at AGM as set out respectively in the notice of AGM are in the best interests of the Company and the Shareholders. Accordingly, the Directors recommend Shareholders to vote in favour of such resolutions to be proposed at the AGM.

Your faithfully,

By Order of the Board

Cheng Chor Kit

Chairman and Chief Executive Officer

The following is a summary of principal terms of the New Share Option Scheme to be approved at the AGM. It does not form part of, nor is it intended to be part of, the rules of the New Share Option Scheme and it should not be taken as affecting the interpretation of the rules of the New Share Option Scheme required to be included in the New Share Option Scheme in accordance with the Listing Rules.

1. PURPOSE OF THE NEW SHARE OPTION SCHEME

The purpose of the New Share Option Scheme is to provide incentives or rewards to the 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.

Under the rules of the New Share Option Scheme, the Board has discretion to set a minimum period for which an Option has to be held before the exercise of the subscription rights attaching thereto. This discretion allows the Board to provide incentives to a Participant to remain as a Participant during the minimum period and thereby enable the Group or the relevant Invested Entity to continue to benefit from the services of such Participant during such period. This discretion, coupled with the power of the Board to impose any performance targets as it considers appropriate before any Option can be exercised, enable the Group to provide incentives to the Participants to use their best endeavours in assisting the growth and development of the Group. Although the New Share Option Scheme does not provide for the granting of Options with right to subscribe for Shares at a discount to the trading price of the Shares on the Stock Exchange, the Directors are of the view that the flexibility given to the Board in granting Options to Participants, other than the Eligible Grantees and to impose minimum period for which the Options have to be held and performance targets that have to be achieved before the Options can be exercised, will place the Group in a better position to attract human resources that are valuable to the growth and development of the Group as a whole.

2. PARTICIPANTS

The Directors may, at their absolute discretion, invite any person belonging to any of the following classes of Participants, to take up Options to subscribe for Shares:

- (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;

The basis of eligibility of any of the above classes of Participants to the grant of any Options shall be determined by the Directors from time to time on the basis of their contribution to the development and growth of the Group and the Invested Entity.

3. MAXIMUM NUMBER OF SHARES AVAILABLE FOR SUBSCRIPTION

- (3.1) The maximum number of Shares to 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 in aggregate exceed 30% of the issued share capital of the Company from time to time.
- (3.2) The total number of Shares which may be issued upon exercise of all Options (excluding, for this purpose, Options which have lapsed in accordance with the terms of the New Share Option Scheme and any other share option schemes of the Company) to be granted under the New Share Option Scheme and any other share option schemes of the Company must not in aggregate exceed 10% of the Shares in issue as at the date of the passing of the ordinary resolution to adopt the New Share Option Scheme (the “**General Scheme Limit**”).
- (3.3) Subject to sub-paragraph (3.1) above and without prejudice to sub-paragraph (3.4) below, the Company may seek approval of the Shareholders in general meeting to refresh the General Scheme Limit provided that 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 under the limit as “refreshed” must not exceed 10% of the Shares in issue as at the date of approval of such limit and for the purpose of calculating the limit as “refreshed”, Options previously granted under the New Share Option Scheme and any other share option schemes of the Company (including those outstanding, cancelled, lapsed or exercised in accordance with the terms of the New Share Option Scheme and any other share option schemes of the Company) will not be counted.

- (3.4) Subject to sub-paragraph (3.1) above and without prejudice to sub-paragraph (3.3) above, the Company may seek separate Shareholders' approval in general meeting to grant Options beyond the General Scheme Limit or, if applicable, the limit referred to in (3.3) above to Participants specifically identified by the Company before such approval is sought. In such event, 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 such Options to the specified Participants with an explanation as to how the terms of Options serve such purpose and the information as required under the Listing Rules.

4. MAXIMUM ENTITLEMENT OF EACH PARTICIPANT

The total number of Shares issued and which may fall to be issued upon exercise of the Options granted under the New Share Option Scheme and any other share option schemes of the Company (including both exercised and outstanding Options) to each Participant in any 12-month period must not exceed 1% of the issued share capital of the Company for the time being (the “**Individual Limit**”). Any further grant of Options to a Participant in excess of the Individual Limit (including exercised, cancelled and outstanding Options) in any 12-month period up to and including the date of such further grant must be subject to the Shareholders' approval in general meeting of the Company with such 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 and the information as required under the Listing Rules. The number and terms (including the Subscription Price) of the Options to be granted to such Participant must be fixed before Shareholders' approval and the date of the meeting of the Board for proposing such further grant of Option should be taken as the Offer Date for the purpose of calculating the Subscription Price.

5. GRANT OF OPTIONS TO CONNECTED PERSONS

- (5.1) Any grant of Options under the New Share Option Scheme to a Director, chief executive (other than a proposed Director or a proposed chief executive of the Company) or substantial Shareholder of the Company or any of their respective Associates must be approved by independent non-executive Directors (excluding any independent non-executive Director who is the grantee of the Options).

(5.2) 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% of the Shares in issue; and
- (b) having an aggregate value, based on the closing price of the Shares at the date of each grant, in excess of HK\$5,000,000.

such further grant of Options must be approved by the Shareholders in a general meeting. All Connected Persons of the Company must 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 relevant circular.

For the purpose of seeking Shareholders' approval in general meeting under subparagraphs (3.3) and (3.4), paragraph 4 and sub-paragraph (5.2) above, the Company must send a circular to the Shareholders containing the following information required under the Listing Rules:

- (a) details of the number and terms (including the Option Period, the minimum period (if any) for which an Option must be held before it can be exercised, performance targets (if any), the Subscription Price, the basis of determination of Subscription Price, the amount (if any) payable on acceptance of the Option and the rights attached to the Shares or the Option) of the Options to be granted to each such substantial Shareholder, independent non-executive Director of the Company, or any of their respective Associates, which must be fixed before the Shareholders' meeting and the date of Board meeting for proposing such further grant should be taken as the date of Offer for the purpose of calculating the Subscription Price;
- (b) a recommendation from the independent non-executive Directors (excluding any independent non-executive Director who is a grantee of the Options) to the independent Shareholders as to voting;
- (c) the information required under Rules 17.02(2)(c) and (d) of the Listing Rules 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.

6. TIME OF ACCEPTANCE AND EXERCISE OF AN OPTION

An Offer may be accepted by a Participant within twenty-eight (28) days from the Offer Date. A consideration of HK\$1.00 is payable on acceptance of the Offer. An Option may be exercised in accordance with the terms of the New Share Option Scheme at any time during a period to be determined and notified by the Directors to each grantee, which period may commence on the day on which the Offer is made but shall end in any event not later than ten (10) years from the Offer Date subject to the provisions for early termination thereof (the “**Option Period**”).

Unless the Directors otherwise determined and stated in the Offer to a Participant, there is no minimum period for which an Option granted under the New Share Option Scheme must be held before it can be exercised.

7. PERFORMANCE TARGETS

Unless the Directors otherwise determined and stated in the Offer to a Participant, a Participant is not required to achieve any performance targets before any Option granted under the New Share Option Scheme can be exercised.

8. SUBSCRIPTION PRICE FOR SHARES

The Subscription Price in respect of any particular Option shall be such price as determined by the Board in its absolute discretion at the time of the making of the Offer (which shall be stated in the letter containing the Offer) but in any case the Subscription Price shall not be lower than the highest of (i) the closing price of the Shares as stated in the Stock Exchange’s daily quotations sheet on the Offer Date, which must be a Trading Day; (ii) the average closing price of the Shares as stated in the Stock Exchange’s daily quotations sheets for the five (5) Trading Days immediately preceding the Offer Date; and (iii) the nominal value of a Share. Without prejudice to the generality of the foregoing, the Board may grant Options in respect of which the Subscription Price is fixed at different prices for different periods during the Option Period provided that the Subscription Price for each of the different periods shall not be less than the Subscription Price determined in the manner set out herein.

9. LIFE OF THE NEW SHARE OPTION SCHEME

Subject to paragraph 16, the New Share Option Scheme will remain in force for a period of ten (10) years commencing on the date on which the New Share Option Scheme is conditionally adopted by the Company at a general meeting of the Shareholders.

10. RANKING OF SHARES

The Shares to be allotted upon the exercise of an Option will be subject to all the provisions of the Bye-laws for the time being in force and will rank pari passu in all respects with the fully paid Shares in issue as from the day when the name of the grantee is registered on the register of members of the Company and accordingly will entitle the holders to participate in all dividends or other distributions paid or made on or after the date when the name of the grantee is registered on the register of members of the Company other than any dividend or other distribution previously declared or recommended or resolved to be paid or made with respect to a record date which shall be before the date when the name of the grantee is registered on the register of members of the Company, provided always that when the date of exercise of the Option falls on a day upon which the register of members of the Company is closed then the exercise of the Option shall become effective on the first Business Day on which the register of members of the Company is re-opened. A Share allotted upon the exercise of an Option shall not carry voting rights until the completion of the registration of the grantee as the holder thereof.

11. TRANSFERABILITY OF OPTIONS

An Option is 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 in favour of any third party over or in relation to any Option. Any breach of the foregoing shall entitle the Company to cancel any outstanding Option or part thereof granted to such grantee.

12. RIGHTS ATTACHING TO OPTIONS**(12.1) Rights on ceasing employment**

If the grantee of an Option is an Eligible Employee and ceases to be an Eligible Employee for any reason other than death or termination of employment on one or more of the grounds referred to in sub-paragraph (12.3) below before exercising his or her Option in full, the Option (to the extent not already exercised) will lapse on the date of cessation and will not be exercisable unless the Directors otherwise determine in which event the grantee may exercise the Option (to the extent not already exercised) in whole or in part within such period as the Directors may determine following the date of such cessation, which will be taken to be the last day on which the grantee was at work with the Group or the Invested Entity whether salary is paid in lieu of notice or not.

(12.2) Rights on death

If the grantee of an Option ceases to be a Participant by reason of death before exercising the Option in full (provided that none of the events which would be a ground for termination of his or her employment under sub-paragraph (12.3) below arises prior to his or her death), the legal personal representative(s) of this grantee shall be entitled within a period of twelve (12) months from the date of death (or such longer period as the Board may determine) to exercise the Option (to the extent which has become exercisable and not already exercised).

(12.3) Rights on dismissal

If the grantee of an Option is an Eligible Employee and ceases to be an Eligible Employee by reason that he or she has been guilty of serious misconduct, or has committed an act of bankruptcy or has become insolvent or has made any arrangements or composition with his or her creditors generally, or has been convicted of any criminal offence involving his or her integrity or honesty or (if so determined by the Board) on any other ground on which an employer would be entitled to terminate his or her employment at common law or pursuant to any applicable laws or under the grantee's service contract with the Company or the relevant Subsidiary or the relevant Invested Entity, his or her Option will lapse automatically on the date the grantee ceases to be an Eligible Employee.

(12.4) Rights on breach of contract

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 Option granted to the grantee shall lapse. In such event, his or her Option will lapse automatically and will not in any event be exercisable on or after the date on which the Directors have so determined.

(12.5) Rights on a general offer

If a general or partial offer, whether by way of take-over offer, share re-purchase offer, or scheme of arrangement or otherwise in like manner is made to all the holders of Shares, or all such holders other than the offeror and/or any person controlled by the offeror and/or any person acting in association or concert with the offeror, the Company shall use all reasonable endeavours to procure that such offer is extended to all the grantees on the same terms, mutatis mutandis, and assuming that they will become, by the exercise in full of the Options granted to them, Shareholders of the Company. If such offer becomes or is declared unconditional, a grantee shall be entitled to exercise his or her Option (to the extent not already exercised) to its full extent or to the extent specified in the grantee's notice to the Company in exercise of his or her Option at any time before the close of such offer (or any revised offer). Subject to the above, an Option will lapse automatically (to the extent not exercised) on the date on which such offer (or, as the case may be, revised offer) closes.

(12.6) Rights on winding-up

In the event of an effective resolution being proposed for the voluntary winding-up of the Company during the Option Period, the grantee (or where permitted under subparagraph (12.2), his or her legal personal representative(s)) may, subject to the provisions of all applicable laws, by notice in writing to the Company at any time no later than two (2) Business Days prior to the date on which such resolution is to be passed, exercise his or her Option (to the extent which has become exercisable and not already exercised) either to its full extent or to the extent specified in such notice in accordance with the provisions of the New Share Option Scheme and shall accordingly be entitled, in respect of the Shares falling to be allotted and issued upon the exercise of his or her Option, to participate in the distribution of the assets of the Company available in liquidation *pari passu* with the Shares in issue on the date prior to the date of the passing of the resolution to wind-up the Company. Subject to the above, an Option will lapse automatically (to the extent not exercised) on the date of the commencement of the winding-up of the Company.

(12.7) Rights on compromise or arrangement between the Company and its creditors

In the event of a compromise or arrangement between the Company and its creditors (or any class of them) or between the Company and its Shareholders (or any class of them), 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 gives notice of the meeting to its Shareholders or creditors to consider such a scheme or arrangement, and thereupon any grantee (or his or her legal representative(s)) may forthwith and until the expiry of the period commencing with such date and ending with the earlier of the date falling two (2) calendar months thereafter and the date on which such compromise or arrangement is sanctioned by the Court be entitled to exercise his or her Option (to the extent which has become exercisable and not already exercised), but the exercise of the Option shall be conditional upon such compromise or arrangement being sanctioned by the Court and becoming effective. The Company may thereafter require such grantee to transfer or otherwise deal with the Shares issued as a result of such exercise of his or her Option so as to place the grantee in the same position as nearly as would have been the case had such Shares been subject to such compromise or arrangement. Subject to the above, an Option will lapse automatically (to the extent not exercised) on the date the proposed compromise or arrangement becomes effective.

13. LAPSE OF OPTION

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

- (a) the expiry of the periods or dates referred to in paragraphs 6 and 12; and
- (b) the date on which a breach of the provision of restriction on transfer and assignment of an Option referred to in paragraph 11 is committed.

14. REORGANIZATION OF CAPITAL STRUCTURE

In the event of a capitalization issue of profits or reserves, rights issue, consolidation, subdivision or reduction of capital of the Company (other than an issue of Shares as consideration in respect of a transaction to which the Company is a party), such corresponding adjustments (if any) shall be made in:

- (a) the number of Shares subject to the Options so far as unexercised; and/or
- (b) the Subscription Price; and/or

(c) the method of exercise of the Option; and/or

(d) the maximum number of Shares referred to in paragraphs 3 and 4,

as an independent financial adviser or the auditors of the Company shall certify in writing to the Board to be in their opinion fair and reasonable, provided that any adjustments shall be made on the basis that the proportion of the issued share capital of the Company to which a grantee is entitled after such adjustments shall remain the same as that to which he was entitled before such adjustments and no such adjustments shall be made the effect of which would be to enable any Share to be issued at less than its nominal value and no such adjustments will be required in circumstances where there is an issue of Shares or other securities of the Group as consideration in a transaction. In addition, in respect of any such adjustments as provided in this paragraph 14, other than any made on a capitalization issue, the independent financial adviser or auditors of the Company must confirm in writing to the Directors that the adjustments satisfy the requirements of the relevant provision of the Listing Rules.

15. CANCELLATION OF OPTIONS

Any cancellation of Options granted but not exercised shall require approval of the Board. Cancelled Options may be re-issued after such cancellation has been approved, provided that re-issued Options shall only be granted in compliance with the terms of the New Share Option Scheme and the Listing Rules. Where the Company cancels Options and issues new ones to the same grantee, the issue of such new Options may only be made under a scheme with available unissued Options (excluding the cancelled Options) within the limit approved by Shareholders as mentioned in paragraph 3. For the avoidance of doubt, Options which have been exercised shall not be included as cancelled Options.

16. TERMINATION OF THE NEW SHARE OPTION SCHEME

The Company may by resolution in general meeting at any time terminate the operation of the New Share Option Scheme and in such event no further Options will be offered but the provisions of the New Share Option Scheme shall remain in full force and effect to the extent necessary to give effect to the exercise of any Options (to the extent not already exercised) granted prior to the termination or otherwise as may be required in accordance with the provisions of the New Share Option Scheme. Options (to the extent not already exercised) granted prior to such termination shall continue to be valid and exercisable in accordance with the New Share Option Scheme.

17. ALTERATION OF THE NEW SHARE OPTION SCHEME

(17.1) The New Share Option Scheme may be altered in any respect by resolution of the Board except that:

- (a) the terms and conditions of the New Share Option Scheme relating to the matters set out in Rule 17.03 of the Listing Rules shall not be altered to the advantage of grantees of the Options without the prior approval of the Shareholders in general meeting;
- (b) 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 the Shareholders in general meeting, except where the alterations take effect automatically under the existing terms of the New Share Option Scheme; and
- (c) any change to the authority of the Directors in relation to any alteration to the terms of the New Share Option Scheme must be approved by the Shareholders in general meeting.

(17.2) 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.

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

1. SHARE CAPITAL

As at the Latest Practicable Date, the issued share capital of the Company comprised 418,748,000 Shares.

Subject to the passing of the ordinary resolution and on the basis that no Shares are issued or repurchased by the Company prior to the AGM, the Company would be allowed under the Repurchase Mandate to repurchase a maximum of 41,874,800 Shares during the period in which the Repurchase Mandate remains in force.

2. REASONS FOR SHARE REPURCHASE

Although the Directors have no present intention of repurchasing any Share, they believe that the proposed granting of the Repurchase Mandate is in the best interests of the Company and the Shareholders.

Repurchases of Shares may, depending on market conditions and funding arrangements at the time, result in an enhancement of the net assets and/or earnings per Share. The Directors are seeking the grant 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.

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 other applicable laws.

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

There might be material adverse impact on the working capital and/or the 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 March 2012) 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 propose to exercise the Repurchase Mandate to such an extent as would, in the circumstances, have a material adverse effect on the working capital requirements or the gearing level of the Company unless the Directors consider that such purchases are in the best interests of the Company.

4. GENERAL

None of the Directors nor, to the best of their knowledge having made all reasonable enquiries, any of their respective Associates, has 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 Directors have undertaken to the Stock Exchange to exercise the Repurchase Mandate in accordance with the Listing Rules and the applicable laws of Bermuda.

No Connected Person has notified the Company that he has a present intention to sell Shares to the Company, or has undertaken not to do so in the event that the granting of the Repurchase Mandate is approved by the Shareholders.

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. As a result, a Shareholder or a group of Shareholders acting in concert (as interpreted according to the Takeovers Code), depending on the level of the increase of the shareholder's interest, could obtain or consolidate control of the Company and become(s) obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code.

As at the Latest Practicable Date, to the best of the knowledge and belief of the Directors, Mr. Cheng Chor Kit ("**Mr. Cheng**"), an executive Director, together with his Associates, Madam Tsang Yuk Wan, Mr. Cheng's wife and Resplendent Global Limited, was taken to be interested in 279,212,000 Shares representing approximately 66.68% of the Shares issued by the Company. Padora Global Inc. is the beneficial owner of all the issued capital of Resplendent Global Limited. Padora Global Inc. is wholly owned by Polo Asset Holdings Limited, which is ultimately owned by the trustees of a discretionary trust established by Mr. Cheng for his family. In the event that the Directors exercise in full the power to repurchase Shares in accordance with the terms of the ordinary resolution to be proposed at the AGM, and on the basis that no further Shares are issued, the interest of Mr. Cheng and his Associates in the issued share capital of the Company would be increased to approximately 74.09%. Such increase will not give rise to an obligation to make a mandatory offer under Rule 26 of the Takeovers Code or reduce the number of Shares in public hands falling below 25%, the minimum float public requirement pursuant to Rule 8.08 of the Listing Rules.

5. MARKET PRICES OF SHARES

The highest and lowest prices per Share at which the Shares have been traded on the Stock Exchange during the previous 12 months before the Latest Practicable Date were as follows:

Month	Highest <i>HK\$</i>	Lowest <i>HK\$</i>
2011		
July	2.50	2.45
August	2.25	1.90
September	1.84	1.64
October	1.60	1.27
November	1.52	1.30
December	1.30	1.20
2012		
January	1.40	1.25
February	1.55	1.17
March	1.25	1.05
April	1.20	1.05
May	1.02	0.85
June	0.95	0.75
July (up to the Latest Practicable Date)	–	–

6. SHARE REPURCHASES MADE BY THE COMPANY

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

APPENDIX III PARTICULARS OF THE DIRECTORS PROPOSED TO BE RE-ELECTED AT THE AGM

The following are the particulars (as required by the Listing Rules) of the Directors who will retire and, being eligible, offer themselves for re-election at the AGM.

MR. LIU TAT LUEN, EXECUTIVE DIRECTOR

Mr. Liu Tat Luen, aged 47, was appointed as an executive Director in December 2009. He has a focus on the natural resource development business as well as the finance and corporate affairs of the Company. Mr. Liu holds a bachelor degree in science (quantity surveying) from the University of Hong Kong and a master degree in business administration from the Chinese University of Hong Kong. Prior to joining the Company, Mr. Liu served as a director and responsible officer in a corporate finance advisory firm (type 6 regulated activities under the SFO) in Hong Kong and has over 20 years of working experience in the financial industry in Asia as a whole. He did not hold any directorship in other listed companies in the last three years. Mr. Liu is also a director in the following subsidiaries of the Company:–

Billion United Investment Limited, Much Asset Holdings Limited, Ordovician Mining Group Company Limited, Profitsafe Investment Limited, Famous Fantasy Limited, Grand Infinity Worldwide Limited, Profit Creator International Limited, Giant Luck Investment Limited, Million Huge Investment Limited, Profithuge Investment (HK) Limited, Profitpower Investment (HK) Limited, Profitsafe Investment (HK) Limited, Profitwealth Investment (HK) Limited, Ordovician Mining (Hong Kong) Limited, Sigma Technology Holdings Limited, Jianfu Kuangye (Guizhou) Limited, Joy Max Worldwide Limited, Most Luck (Hong Kong) Limited, Profit Linkage International Limited, Fame Hill (Hong Kong) Limited and Grace Success Enterprise Limited.

Mr. Liu has entered into service contract with the Company for terms of three years commencing from 28 December 2009 subject to termination by either party giving not less than six months' notice in writing to the other party, the termination of which should not be later than the end of the three years. The annual total emoluments for Mr. Liu will be HK\$1,992,000 and he is also entitled to an additional annual bonus calculated upon the performance of the Group. Mr. Liu's emoluments are determined by the Board after arm's length negotiation with reference to prevailing market condition.

Save for his position as executive director, Mr. Liu has no relationship with any other Directors, senior management, substantial shareholders or controlling shareholders of the Company. He is personally interested in 2,000,000 share options of the Company, totally representing approximately 0.48% of the issued share capital of the Company within the meaning of Part XV of the Securities and Futures Ordinance.

APPENDIX III PARTICULARS OF THE DIRECTORS PROPOSED TO BE RE-ELECTED AT THE AGM

PROF CHUNG CHI PING, ROY, *BBS JP*, INDEPENDENT NON-EXECUTIVE DIRECTOR

Prof. Chung Chi Ping, Roy *BBS JP*, aged 59, has been an independent non-executive Director of the Company since January 1997. He is also the chairman of the Company's remuneration committee and a member of the Company's audit committee and nomination committee. He is the co-founder and group vice chairman of Techtronic Industries Company Limited (TTI). He was appointed as the group vice chairman of TTI on 18 April 2007 and has been re-designed as non-executive director of TTI with the effect from 1 July 2011. He holds a Doctor of Engineering Degree from the University of Warwick, United Kingdom. He was appointed as an Industrial Professor by the University of Warwick, United Kingdom in December 2010. He was awarded an Honorary Doctor of Business Administration by the Hong Kong Polytechnic University in 2007 and an Honorary Doctorate Degree by the University of Newcastle, New South Wales, Australia in 2006. He was awarded the Bronze Bauhinia Stal (BBS) Medal by the Hong Kong SAR Government on 1 July 2011. He was also appointed as Justice of the Peace by the Hong Kong SAR Government effective on 1 July 2005 and won the Hong Kong Young Industrialists Award in 1997. He is an active member of many government commissions. He is currently the vice chairman of the Federation of Hong Kong Industries, a member of the Steering Committee on Innovation and Technology of the Innovation and Technology Commission and the vice chairman of The Hong Kong Standard & Testing Centre Limited, the Director of The Hong Kong Design Centre Limited. He is a council member of the University of Warwick, the United Kingdom, the council chairman of the Hong Kong Polytechnic University and the vice chairman of the Vocational Training Council. He is also the executive committee chairman of the Outward Bound Trust of Hong Kong Limited and the executive committee chairman of the Boys' and Girls' Club Association of Hong Kong, and also a Member of Board of Directors of the Hong Kong Paediatric Foundation. He is the Founder of the Bright Future Charitable Foundation. Prof. Chung does not hold any other position in any subsidiaries of the Company.

Prof. Chung has entered into a service contract with the Company for a term of three years commencing 28 September 2010 subject to retirement by rotation and re-election at annual general meeting in accordance with the Bye-laws unless terminated by either party giving three month's notice in writing to the other party. The annual total emoluments for Prof. Chung is HK\$200,000 by reference to the Company's standard scale of emoluments for independent non-executive directors.

Prof. Chung has served on the Board for more than nine years. He has diversified industry experience and brings a wide range of skills and experience to the Group. He has given an annual confirmation of his independence to the Company. The Board considers that the long service of Prof. Chung would not affect his exercise of independent judgement, and, therefore, considers him to be independent and recommends him to be re-elected.

APPENDIX III PARTICULARS OF THE DIRECTORS PROPOSED TO BE RE-ELECTED AT THE AGM

Save as disclosed above, Prof. Chung has no relationship with any other Directors, senior management, substantial shareholders or controlling shareholders of the Company. He is personally interested in 650,000 share options of the Company, totally representing approximately 0.16% of the issued share capital of the Company within the meaning of Part XV of the Securities and Futures Ordinance.

MR. WONG CHI WAI, INDEPENDENT NON-EXECUTIVE DIRECTOR

Mr. Wong Chi Wai, aged 46, has been an independent non-executive Director since September 2004. He is the chairman of the Company's nomination committee and a member of the Company's audit committee and remuneration committee. He is a certified public accountant (practising) in Hong Kong and an associate member of The Institute of Chartered Accountants in England and Wales. He has also been admitted as a barrister of the High Court of Hong Kong since 1998. He has over 24 years of experience in the accountancy profession and he currently is the owner of a certified public accountants firm and an adviser of a law firm. He is also an independent non-executive director and audit committee member of Bonjour Holdings Limited and Arts Optical International Holdings Limited. Mr. Wong does not hold any other position in any subsidiaries of the Company.

Mr. Wong was an independent non-executive director of Tin Tin Publication Development Limited ("**Tin Tin**") during the periods from 3 June 2000 to 31 August 2000 and from 18 December 2000 to 27 June 2002. Tin Tin was engaged in the publication business. Mr. Wong had never participated in the management of Tin Tin during his appointment thereto. His re-appointment on 18 December 2000 as a director of Tin Tin was for the sole purpose of constituting a valid board quorum pursuant to the articles of association of Tin Tin so that Tin Tin could enter into settlement agreements with and release funds to its creditors after Tin Tin lost a court case in the Final Court of Appeal (Hong Kong) in July 2000. A judgment creditor obtained a judgment against Tin Tin on or about 11 January 2002 for a sum of HK\$4,675,325 and then applied to the Court for winding-up of Tin Tin. The order for winding up of Tin Tin was granted on 7 August 2002. No further information about the progress of the winding up of Tin Tin is available after the resignation of Mr. Wong as a director thereof on 27 June 2002. This incident had been duly disclosed to the Company and the Stock Exchange when he was appointed as a Director.

However, due to oversight, Mr. Wong omitted to mention his directorship in Tin Tin in application for the membership of the Hong Kong Federation of Insurers ("**HKFI**") in May 2004. Mr. Wong subsequently informed HKFI of such omission in July 2004 and HKFI decided to suspend his application as an insurance agent for 9 months until June 2005. Mr. Wong disclosed the decision of the HKFI to the Company and the SEHK promptly in October 2004.

APPENDIX III PARTICULARS OF THE DIRECTORS PROPOSED TO BE RE-ELECTED AT THE AGM

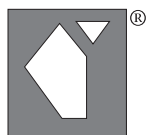
Mr. Wong has entered into a service contract with the Company for a term of three years commencing 28 September 2011 subject to retirement by rotation and re-election at annual general meeting in accordance with the Bye-laws unless terminated by either party giving three month's notice in writing to the other party. The annual total emoluments for Mr. Wong is HK\$200,000 by reference to the Company's standard scale of emoluments for independent non-executive directors.

Saved as disclosed above, there are no other matters in relation to the afore-proposed re-election of the Mr. Wong as a Director that needed to be brought to the attention of the Stock Exchange or the Shareholders and there is no information relating to Mr. Wong that is required to be disclosed pursuant to Rules 13.51(2) of the Listing Rules. Mr. Wong has no relationship with any other Directors, senior management, substantial shareholder or controlling shareholder of the Company. He is personally interested in 300,000 share options of the Company, totally representing approximately 0.07% of the issued share capital of the Company within the meaning of Part XV of the Securities and Futures Ordinance.

OTHER MATTERS THAT NEED TO BE BROUGHT TO THE ATTENTION OF THE SHAREHOLDERS

Save as disclosed above, each of Mr. Liu Tat Luen, Prof. Chung Chi Ping, Roy *BBS JP* and Mr. Wong Chi Wai confirmed that there is not other information that needs to be disclosed pursuant to any of the requirements as set out in Rule 13.51(2) of the Listing Rules. The Company is not aware of any other matter that needs to be brought to the attention of the Shareholders and the Stock Exchange in relation to the re-election of Mr. Liu Tat Luen, Prof. Chung Chi Ping, Roy *BBS JP* and Mr. Wong Chi Wai as Directors.

NOTICE OF ANNUAL GENERAL MEETING



KIN YAT HOLDINGS LIMITED 建溢集團有限公司

website: <http://www.kinyat.com.hk>

(Incorporated in Bermuda with limited liability)

(Stock Code: 638)

NOTICE IS HEREBY GIVEN that the annual general meeting of Kin Yat Holdings Limited (the “**Company**”) to be held at Conference Room III, 1/F, Regal Oriental Hotel, 30-38 Sa Po Road, Kowloon City, Kowloon, Hong Kong on Monday, 20 August 2012 at 3:00 p.m. for the following purposes:

1. To receive and approve the audited financial statements and the reports of the directors (the “**Director(s)**”) and of the auditors of the Company for the year ended 31 March 2012.
2. To declare a final dividend for the year ended 31 March 2012.
3. To re-elect the retiring Directors and to authorise the Board of Directors (the “**Board**”) to fix the Directors’ remuneration.
4. To re-appoint Messrs. Ernst & Young as auditors of the Company and to authorise the Board to fix their remuneration.

ORDINARY RESOLUTIONS

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 to be issued pursuant to the exercise of any options granted under the share option scheme of the Company, a copy of which marked “A” is produced to the meeting and for the purposes of identification signed by the Chairman thereof (the “**New Share Option Scheme**”, the principal terms of which are set out in the

NOTICE OF ANNUAL GENERAL MEETING

Appendix I to the Company's circular dated 20 July 2012), the New Share Option Scheme be and is hereby approved and adopted and the Directors of the Company 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 New Share Option Scheme including but without limitation:

- (a) to administer the New Share Option Scheme under which options will be granted to participants eligible under the New Share Option Scheme to subscribe for shares of the Company;
- (b) to modify and/or amend the New Share Option Scheme from time to time provided that such modification and/or amendment is effected in accordance with the provisions of the New Share Option Scheme relating to modification and/or amendment;
- (c) to issue and allot from time to time such number of shares in the capital of the Company as may be required to be issued pursuant to the exercise of the options under the New Share Option Scheme provided always that the total number of shares subject to the New Share Option Scheme, when aggregated with any shares subject to any other share option schemes, shall not exceed 10% of the relevant class of the issued share capital of the Company as at the date of passing this resolution, but the Company may seek approval of its shareholders in general meeting for refreshing the 10% limit under the New Share Option Scheme and the maximum number of shares which may be issued upon exercise of all outstanding options granted under the New Share Option Scheme and any other share option schemes of the Company in issue shall not exceed 30% of the relevant class of the issued share capital of the Company from time to time;
- (d) to make applications at the appropriate time or times to the Stock Exchange and any 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 be issued and allotted pursuant to the exercise of the options under the New 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 New Share Option Scheme."

NOTICE OF ANNUAL GENERAL MEETING

6. “**THAT:**

- (a) subject to paragraph (b) below, the exercise by the Directors during the Relevant Period (as hereinafter defined) of all powers of the Company to repurchase shares of the Company on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”), subject to and in accordance with all applicable laws and the requirements of the Listing Rules as amended from time to time, be and is hereby generally and unconditionally approved;
- (b) the aggregate nominal value of the shares of the Company which the Company is authorised to repurchase pursuant to the approval in paragraph (a) above during the Relevant Period (as hereinafter defined) shall not exceed 10% of the total nominal value of the share capital of the Company in issue at the date of the passing of this resolution, and the authority granted pursuant to paragraph (a) above shall be limited accordingly; and
- (c) for the purposes of this resolution:

“**Relevant Period**” means the period from the passing of this resolution up to:

- (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 any applicable law or the Bye-laws of the Company to be held; or
- (iii) the revocation or variation of the authority given under this resolution by an ordinary resolution of the shareholders of the Company in general meeting,

whichever is the earliest.”

NOTICE OF ANNUAL GENERAL MEETING

7. “THAT:

- (a) subject to paragraph (c) below, the exercise by the Directors during the Relevant Period (as hereinafter defined) of all the powers of the Company to allot, issue or 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 power be and is hereby generally and unconditionally approved;
- (b) the approval in paragraph (a) shall authorise the Directors during the Relevant Period (as hereinafter defined) to make or grant offers, agreements and options which might require the exercise of such power after the end of the Relevant Period;
- (c) the aggregate nominal amount of share capital allotted and issued or agreed conditionally or unconditionally to be allotted (whether pursuant to an option or otherwise) by the Directors pursuant to the approval in paragraph (a), otherwise that pursuant to (i) a Rights Issue (as hereinafter defined) or (ii) the exercise of the subscription rights under the share option scheme of the Company or (iii) an issue of shares as scrip dividends pursuant to the Bye-laws of the Company from time to time shall not exceed 20% of the aggregate nominal amount of the share capital of the Company in issue as at the date of this resolution and the said approval shall be limited accordingly; and
- (d) for the purposes of this resolution:

“**Relevant Period**” means the period from the passing of this resolution up to:

- (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 any applicable law or the Bye-laws of the Company to be held; or

NOTICE OF ANNUAL GENERAL MEETING

- (iii) the revocation or variation of the authority given under this resolution by an ordinary resolution of the shareholders of the Company in general meeting,

whichever is the earliest.”; and

“**Rights Issue**” means an offer of shares, or an offer of warrants, options or other securities giving rights to subscribe for shares, open for a period fixed by the Company or 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 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 any recognised regulatory body or any stock exchange in, any territory outside Hong Kong).”

8. “**THAT** subject to the passing of ordinary resolutions numbered 6 and 7 set out in this Notice, of which this resolution forms part, the aggregate nominal amount of share capital of the Company that may be allotted or agreed conditionally or unconditionally to be allotted by the Directors pursuant to and in accordance with the mandate granted under ordinary resolution number 7 set out in this Notice, of which this resolution forms part, be and is hereby increased and extended by the addition thereto of the aggregate nominal amount of the shares of the Company which may be repurchased by the Company pursuant to and in accordance with the mandate granted under ordinary resolution numbered 6 set out in this Notice, of which this resolution forms part, provided that such amount shall not exceed 10% of the aggregate nominal amount of the share capital of the Company in issue at the date of passing this resolution.”

By order of the Board

Cheng Chor Kit

Chairman and Chief Executive Officer

Hong Kong, 20 July 2012

As at the date hereof, the Board comprises four executive directors, namely Mr. Cheng Chor Kit, Mr. Fung Wah Cheong, Vincent, Mr. Liu Tat Luen and Mr. Chui Pak Shing, and three independent non-executive directors, namely Prof. Chung Chi Ping, Roy BBS JP, Mr. Wong Chi Wai and Ms. Sun Kwai Yu.

NOTICE OF ANNUAL GENERAL MEETING

Notes:

- (a) The Annual General Meeting of the Company is scheduled on Monday, 20 August 2012. For determining the entitlement to attend and vote at the Annual General Meeting, the register of members of the Company will be closed from Friday, 17 August 2012 to Monday, 20 August 2012, both days inclusive, during which period no transfer of shares will be effected. In order to be eligible to attend and vote at the Annual General Meeting, all transfers of shares, accompanied by the relevant share certificates, must be lodged with the Company's share registrar in Hong Kong, Tricor Tengis Limited, at 26/F., Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong, for registration not later than 4:30 p.m. on Thursday, 16 August 2012.
- (b) The proposed final dividend is subject to the passing of an ordinary resolution by the shareholders at the Annual General Meeting. The record date for entitlement to the proposed final dividend is on Tuesday, 28 August 2012. For determining the entitlement to the proposed final dividend, the register of members of the Company will be closed from Friday, 24 August 2012 to Tuesday, 28 August 2012, both days inclusive, during which period no transfer of share will be effected. In order to qualify for the proposed final dividend, all transfers of shares, accompanied by the relevant share certificates, must be lodged with the Company's share registrar in Hong Kong, Tricor Tengis Limited, for registration not later than 4:30 p.m. on Thursday, 23 August 2012. The payment of final dividend will be made on Friday, 14 September 2012.
- (c) A member entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and, in the event of a poll, vote on his behalf. A proxy need not be a member of the Company.
- (d) The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed, or a certified copy of such power or authority, must be lodged with the Company's Share Registrar in Hong Kong, Tricor Tengis Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong not less than 48 hours before the time fixed for holding the AGM.