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If you are in 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.

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

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KARCE INTERNATIONAL HOLDINGS COMPANY LIMITED

泰盛實業集團有限公司*

(incorporated in Bermuda with limited liability)

(Stock Code: 1159)

- (1) PROPOSED GENERAL MANDATES TO ISSUE AND
REPURCHASE SHARES;**
- (2) PROPOSED RE-ELECTION OF DIRECTORS;**
- (3) PROPOSED ADOPTION OF NEW SHARE OPTION SCHEME;**
- (4) PROPOSED AMENDMENTS TO THE BYE-LAWS;
AND PROPOSED ADOPTION OF THE NEW BYE-LAWS;**
- AND**
- (5) NOTICE OF ANNUAL GENERAL MEETING**

The notice convening the Annual General Meeting of Karce International Holdings Company Limited to be held at The Empire Room 1, Empire Hotel Wan Chai, 33 Hennessy Road, Wan Chai, Hong Kong, on Friday, 1 June 2012 at 11:00 a.m. at which the above proposals will be considered is set out on pages 33 to 43 of this circular.

Whether or not you are able to attend the Annual General Meeting, please complete and return the relevant form of proxy as instructed as soon as possible and in any event not less than 48 hours before the time appointed for holding the meeting to the branch share registrar of the Company, Tricor Secretaries Limited at 26/F, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong. Completion and return of the form of proxy will not preclude you from attending and voting at the Annual General Meeting and at any adjournment thereof if you so wish.

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DEFINITIONS

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

“Adoption Date”	the date on which the New Share Option Scheme shall fall to be conditionally adopted by an ordinary resolution of the Shareholders at the Annual General Meeting
“Annual General Meeting”	the annual general meeting of the Company for the year ended 31 December 2011 to be held on 1 June 2012
“Annual Report”	annual report of the Company in respect of the year ended 31 December 2011
“associates”	having the meaning as ascribed in the Listing Rules
“Board”	the board of Directors (and, in relation to the New Share Option Scheme, includes any committee or delegate of the Board appointed by the Board to perform any of its functions)
“Business Day”	a day (other than Saturday, Sunday and days on which a tropical cyclone warning no.8 or above or 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-laws”	the bye-laws of the Company
“Code”	the Code on Corporate Governance Practices, appendix 14 to the Listing Rules
“Companies Act”	Companies Act of Bermuda (1981) as amended from time to time
“Company”	Karce International Holdings Company Limited, a company incorporated in Bermuda with limited liability and its Shares are listed on the Stock Exchange
“Directors”	the directors of the Company

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“Eligible Participants”	full time or part time employees of the Group (including any directors, whether executive or non-executive and whether independent or not, of the Company or any Subsidiary) and any supplier, consultants, agents and advisers or any person who, in the sole discretion of the Board, has contributed or may contribute to the Group eligible for Options under the New Share Option Scheme
“Existing Share Option Scheme”	the share option scheme of the Company adopted by the Shareholders on 29 May 2002
“Group”	the Company and its subsidiaries
“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
“Latest Practicable Date”	23 April 2012, being the latest practicable date prior to the printing of this circular for ascertaining 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 approved by the Shareholders at the Annual General Meeting
“Offer Date”	in relation to an Option, the date (which must be a Business Day) on which an Eligible Participant is offered such Option
“Option”	in relation to the New Share Option Scheme, a right granted under the New Share Option Scheme to subscribe for Shares in accordance with the New Share Option Scheme
“Option Holder”	a person holding an Option (and, where relevant, includes his personal representatives)
“Option Period”	in relation to an Option, the period, which is notified by the Board when making an offer to an Eligible Participant, during which the Option may be exercised, such period must not exceed

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“Option Price”	in respect of any Option granted under the New Share Option Scheme, the subscription price for each Share payable by the Option Holder on exercise of the Option as determined by the Board and notified to an Option Holder in accordance with the Rules
“Other Scheme(s)”	any other share option scheme(s) involving the grant by the Company or any of its subsidiaries of options over new securities issued by the Company or any of its subsidiaries established by the Company or any of its subsidiaries in accordance with Chapter 17 of the Listing Rules or any other share option scheme(s) which is determined by the Stock Exchange to be analogous to a share option scheme as described in Chapter 17 of the Listing Rules (including the Existing Share Option Scheme)
“Repurchase Mandate”	a general mandate proposed to be granted to the Directors at the Annual General Meeting to exercise all the powers of the Company to repurchase Shares in the manner as set out in the notice of the Annual General Meeting and in this circular
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Shareholder(s)”	holder(s) of issued Shares
“Share(s)”	ordinary share(s) of HK\$0.10 each in the share capital of the Company (or of such other nominal amount as shall result from a sub-division, consolidation, reclassification or reconstruction of the share capital of the Company from time to time)
“Share Issue Mandate”	a general mandate proposed to be granted to the Directors to exercise all the powers of the Company to allot, issue and deal with the Shares in the manner as set out in the notice of the Annual General Meeting and in this circular
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers

LETTER FROM THE BOARD



KARCE INTERNATIONAL HOLDINGS COMPANY LIMITED

泰盛實業集團有限公司*

(incorporated in Bermuda with limited liability)

(Stock Code: 1159)

Executive Directors:

Mr. Sun Ying Chung
(Chairman and Managing Director)
Mr. Chan Sung Wai (Deputy Chairman)
Mr. Wong King Lam, Joseph

Principal place of business in

Hong Kong:
Suite 3404, 34th Floor
Bank of America Tower
12 Harcourt Road, Central
Hong Kong

Non-executive Directors:

Mr. Lee Kwok Leung
Mr. Yang Yiu Chong, Ronald Jeffrey

Independent non-executive Directors:

Mr. Lum Pak Sum
Mr. Law Chun Choi
Mr. Mak Ka Wing, Patrick

30 April 2012

Dear Sir or Madam,

- (1) PROPOSED GENERAL MANDATES TO ISSUE AND
REPURCHASE SHARES;
(2) PROPOSED RE-ELECTION OF DIRECTORS;
(3) PROPOSED ADOPTION OF NEW SHARE OPTION SCHEME;
(4) PROPOSED AMENDMENTS TO THE BYE-LAWS;
AND PROPOSED ADOPTION OF THE NEW BYE-LAWS;
AND
(5) NOTICE OF ANNUAL GENERAL MEETING**

A. INTRODUCTION

The purpose of this circular is to provide the Shareholders with information in respect of the resolutions to be proposed at the Annual General Meeting for the proposed (i) granting of the Share Issue Mandate, the Repurchase Mandate and the extension of the Share Issue Mandate; (ii) re-election of the Directors who are due to retire; (iii) the proposed adoption of the New Share Option Scheme; (iv) the amendments to the existing Bye-laws of the Company; and (v) the adoption of a new set of Bye-laws consolidating all of the proposed amendments referred to in the Notice and all previous amendments made pursuant to resolutions passed by the Shareholders at general meetings (the "New Bye-laws"). This circular contains the explanatory statement in compliance with the Listing Rules and to give all the information reasonably necessary to enable the Shareholders to make an informed decision on whether to vote for or against the resolutions at the Annual General Meeting.

* For identification purposes only

LETTER FROM THE BOARD

B. PROPOSED GENERAL MANDATES TO REPURCHASE AND ISSUE SHARES

At the Annual General Meeting, an ordinary resolution will be proposed that the Directors be granted the Repurchase Mandate to exercise all powers of the Company to repurchase Shares up to a maximum of 10% of the aggregate nominal amount of the issued share capital of the Company at the date of passing of the resolution approving the Repurchase Mandate.

An ordinary resolution will also be proposed at the Annual General Meeting to grant the Directors the Share Issue Mandate to allot, issue and deal with new Shares up to a maximum of 20% of the aggregate nominal amount of the issued share capital of the Company at the date of passing of the resolution approving the Share Issue Mandate.

As at the Latest Practicable Date, the issued share capital of the Company comprised 702,356,000 Shares. Assuming that there is no change in the issued share capital of the Company between the period from the Latest Practicable Date and the date of passing the resolution approving the Share Issue Mandate, the maximum number of Shares which may be issued pursuant to the Share Issue Mandate on the date of passing the resolution approving the Share Issue Mandate will be 140,471,200 Shares.

If the Repurchase Mandate and the Share Issue Mandate to be granted are approved at the Annual General Meeting, an ordinary resolution will be proposed at the Annual General Meeting to authorise that any Shares repurchased under the Repurchase Mandate will be added to the total number of new Shares which may be allotted and issued under the Share Issue Mandate.

The Repurchase Mandate, the Share Issue Mandate and the extension of the Share Issue Mandate will, if granted, remain in effect until the earliest of (i) the conclusion of the next annual general meeting of the Company; or (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 to be held; or (iii) the date on which the authority given to the Directors by the resolution concerned is revoked or varied by an ordinary resolution of the Shareholders in general meeting.

C. EXPLANATORY STATEMENT

An explanatory statement as required by the Listing Rules to provide all relevant information relating to the proposed Repurchase Mandate is set out in the Appendix to this circular. The information in the explanatory statement is provided to you with information reasonably necessary to enable you to make an informed decision on whether to vote for or against the resolution to grant to the Directors the Repurchase Mandate.

LETTER FROM THE BOARD

D. PROPOSED RE-ELECTION OF DIRECTORS

In accordance with Bye-laws 87(1) and 87(2) of the bye-laws of the Company, Mr. Lum Pak Sum, Mr. Lee Kwok Leung and Mr. Wong King Lam, Joseph will retire at the Annual General Meeting and, being eligible, offer themselves for re-election.

Set out below are the biographical details of Mr. Lum Pak Sum, Mr. Lee Kwok Leung and Mr. Wong King Lam, Joseph.

(A) Mr. Lum Pak Sum (“Mr. Lum”), an Independent Non-executive Director

Mr. Lum Pak Sum, aged 51, has been an independent non-executive Director of the Company since April 2009. Mr. Lum holds a master degree in business administration from the University of Warwick, UK and a LLB (Honor) degree from the University of Wolverhampton, UK. He is currently a fellow member of the Hong Kong Institute of Certified Public Accountants and the Association of Chartered Certified Accountants, UK. Mr. Lum has over 20 years’ experience in the financial field, the money market and capital market.

Mr. Lum was an independent non-executive director of Grand Field Group Holdings Limited (stock code: 115) for the period from July 2004 to May 2008, China Star Film Group Limited (stock code: 8172) for the period from September 2005 to December 2008, Heng Xin China Holdings Limited (stock code: 8046) for the period from June 2007 to November 2008 and Energy International Investments Limited (stock code: 718) for the period from September 2005 to June 2011.

Currently, he is an independent non-executive director of Waytung Global Group Limited (stock code: 21), Bestway International Holdings Limited (stock code: 718), Radford Capital Investment Limited (stock code: 901) and Asia Resources Holdings Limited (stock code: 899). These companies are listed on the Stock Exchange. Mr. Lum is also an independent director of Asia Green Agriculture Corporation, a company trading on the Over-The-Counter Bulletin Board in the United States since September 2011.

Save as disclosed above, Mr. Lum had not held any other positions with any members of the Company and had not held any other directorships in any listed public companies in the last three years and does not have any other major appointment or professional qualifications.

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Save as disclosed above, Mr. Lum does not have any relationships with any directors, senior management or substantial shareholders or controlling shareholders of the Company.

As the Latest Practicable Date, Mr. Lum does not have any interests in the securities of the Company within the meaning of Part XV of the SFO.

Letter of appointment will be entered into between the Company and Mr. Lum. Mr. Lum is not appointed for a specific term except that he is subject to retirement by rotation and re-election at the annual general meeting in accordance with the Bye-laws of the Company. Mr. Lum is entitled to an annual director's fee of HK\$60,000 which is determined by the Board with reference to his duties and responsibilities and the prevailing market conditions.

Save as disclosed above, there is no information to be disclosed pursuant to Rule 13.51(2)(h) to (v) of the Listing Rules nor are there any other matters that need to be brought to the attention of the shareholders of the Company in relation to the re-election of Mr. Lum.

(B) Mr. Lee Kwok Leung (“Mr. Lee”), a Non-executive Director

Mr. Lee Kwok Leung, aged 58, has been a non-executive Director of the Company since 2000. He is the managing director of Derico Financial Capital Limited and Success Talent Investments Limited. He has years of direct investment, fund management and banking experience. Mr. Lee holds an investment advisor status from the Securities and Futures Commissions from 2000.

Save as disclosed above, Mr. Lee had not held any other positions with any members of the Company and had not held any other directorships in any listed public companies in the last three years and does not have any other major appointment or professional qualifications.

Save as disclosed above, Mr. Lee does not have any relationships with any directors, senior management or substantial shareholders or controlling shareholders of the Company.

As the Latest Practicable Date, Mr. Lee does not have any interests in the securities of the Company within the meaning of Part XV of the SFO.

LETTER FROM THE BOARD

Letter of appointment will be entered into between the Company and Mr. Lee. Mr. Lee is not appointed for a specific term except that he is subject to retirement by rotation and re-election at the annual general meeting in accordance with the Bye-laws of the Company. Mr. Lee is entitled to an annual director's fee of HK\$120,000 which is determined by The Board with reference to his duties and responsibilities and the prevailing market conditions.

Save as disclosed above, there is no information to be disclosed pursuant to Rule 13.51(2)(h) to (v) of the Listing Rules nor are there any other matters that need to be brought to the attention of the shareholders of the Company in relation to the re-election of Mr. Lee.

(C) Mr. Wong King Lam, Joseph (“Mr. Wong”), an Executive Director

Mr. Wong King Lam, Joseph, aged 59, has been an executive Director of the Company since October 2009. Mr. Wong is a fellow member of both The Association of Chartered Certified Accountants and The Hong Kong Institute of Certified Public Accountants. He has over 30 years' extensive experience in auditing, corporate and financial management with a number of companies in different business sectors which include an international accounting firm and local listed companies.

Mr. Wong was an executive director of Grand Field Group Holdings Limited (stock code: 115) during the periods from 16 March to 31 December 2007 and 20 November 2009 to 15 August 2011.

Currently, Mr. Wong is an executive director of Asia Resources Holdings Limited (stock code: 899) since October 2009 and an independent non-executive director of Tungtex (Holdings) Company Limited (stock code: 518) since August 2004.

Save as disclosed above, Mr. Wong had not held any other positions with any members of the Company and had not held any other directorships in any listed public companies in the last three years and does not have any other major appointment or professional qualifications.

Save as disclosed above, Mr. Wong does not have any relationships with any directors, senior management or substantial shareholders or controlling shareholders of the Company.

As the Latest Practicable Date, Mr. Wong does not have any interests in the securities of the Company within the meaning of Part XV of the SFO.

LETTER FROM THE BOARD

Letter of appointment will be entered into between the Company and Mr. Wong. Mr. Wong is not appointed for a specific term except that he is subject to retirement by rotation and re-election at the annual general meeting in accordance with the Bye-laws of the Company. Mr. Wong is entitled to an annual director's fee of HK\$300,000 which is determined by the Board with reference to his duties and responsibilities and the prevailing market conditions.

Save as disclosed above, there is no information to be disclosed pursuant to Rule 13.51(2)(h) to (v) of the Listing Rules nor are there any other matters that need to be brought to the attention of the shareholders of the Company in relation to the re-election of Mr. Wong.

E. PROPOSED ADOPTION OF THE NEW SHARE OPTION SCHEME

The New Share Option Scheme

The Existing Share Option Scheme adopted by the Company on 29 May 2002 by way of Shareholders' resolution will be lapsed on 28 May 2012. Accordingly, the Company proposes to adopt the New Share Option Scheme which complies with Chapter 17 of the Listing Rules. As at the Latest Practicable Date, save for the Existing Share Option Scheme, the Company has not adopted any share option scheme and no option has been granted under the Existing Share Option Scheme.

At the Annual General Meeting, an ordinary resolution will be proposed to approve and adopt the New Share Option Scheme, which will take effect on the date of its adoption at the Annual General Meeting subject to the Stock Exchange granting approval for the listing of and dealing in the shares to be issued and allotted pursuant to the exercise of options in accordance with the terms and conditions of the New Share Option Scheme.

The purpose of the New Share Option Scheme is to enable the Company to grant Options to the Eligible Participants in recognition of their contribution to the Group. Participants to whom Options shall be granted, the number of Shares subject to each Option and the date on which the Options shall be granted. The basis for determining the subscription price is also specified precisely in the rules of the New Share Option Scheme. There is no performance target specified in the New Share Option Scheme. The Directors consider that the aforesaid criteria and rules will serve to preserve the value of the Company and encourage Eligible Participants to acquire proprietary interests in the Company.

As at the Latest Practicable Date, the Company has 702,356,000 issued Shares. Assuming that there is no change in the issued share capital between the period from the Latest Practicable Date and the Adoption Date, the number of Shares issuable pursuant to the New Share Option Scheme on the Adoption Date will be 70,235,600 Shares.

LETTER FROM THE BOARD

The Directors consider that it is not appropriate to state the value of all Options that can be granted pursuant to the New Share Option Scheme as if they had been granted on the Latest Practicable Date as a number of variables which are crucial for the calculation of the Option value have not been determined. Such variables include but are not limited to the exercise price, exercise period, lock-up period (if any), and predetermined performance targets (if any). The Directors believe that any calculation of the value of the Options as at the Latest Practicable Date based on a number of speculative assumptions would not be meaningful and would be misleading to Shareholders.

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

Conditions precedent of the New Share Option Scheme

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

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

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

LETTER FROM THE BOARD

A summary of the principal terms of the New Share Option Scheme which is proposed to be approved and adopted by the Company at the Annual General Meeting is set out in Appendix II to this circular from pages 18 to 27. A copy of the New Share Option Scheme is available for inspection at the Company's principal place of business at Suite 3404, 34th Floor, Bank of America Tower, 12 Harcourt Road, Central, Hong Kong during normal business hours from the date hereof up to and including the date of the Annual General Meeting.

Application for listing

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

F. PROPOSED AMENDMENTS TO THE BYE-LAWS

In order to bring the Bye-laws in line with the latest amendments to the Listing Rules which became effective on 1 January 2012 and 1 April 2012 respectively, and certain changes to the Companies Act, certain amendments to the Bye-laws are proposed to be made. Accordingly, the Board would like to take this opportunity to propose that such amendments to the Bye-laws be made.

The Directors propose to seek the approval of the Shareholders by way of a special resolution at the annual general meeting. Details of the amendments to the Bye-laws are set out in Appendix III to this circular.

The effects of the proposed Amendments to the Bye-laws are summarised as follows:

- (a) to allow any Member to transfer all or any of his shares in any manner permitted by and in accordance with the rules of the Designated Stock Exchange instead of by an instrument of transfer;
- (b) if a substantial shareholder or a Director has a conflict of interest in a matter to be considered by the Board which the Board has determined to be material, the matter shall be dealt with by a physical board meeting rather than a written resolution;
- (c) to no longer permit a Director to disregard 5% interests when considering whether the Director has a material interest which would prevent him from forming part of the quorum or voting at a board meeting;

LETTER FROM THE BOARD

- (d) all resolutions at general meetings of the Company shall be decided by poll other than resolution which relates purely to a procedural or administrative matter as may be permitted under the Listing Rules to be voted by a show of hands;
- (e) subject to compliance with the rules and regulations of the designated stock exchange and any other relevant regulatory authority, to allow the Company to give financial assistance for the purpose of or in connection with a purchase made or to be made by any person of any Shares in the Company; and
- (f) simplifying the solvency test by deleting references to the Company's issued share capital and share premium accounts when considering whether dividends shall be paid or distribution made out of contributed surplus.

G. PROPOSED ADOPTION OF THE NEW BYE-LAWS

The Board would like to take this opportunity to propose to seek the approval of the Shareholders by way of a special resolution to adopt the New Bye-Laws, consolidating the amendments set out in Appendix III to this circular and all previous amendments, to replace the existing Bye-Laws.

H. GENERAL INFORMATION

The notice for the Annual General Meeting is set out on pages 33 to 43 of this circular. Whether or not you intend to attend the Annual General Meeting, you are requested to complete the form of proxy and return it to the branch share registrar of the Company, Tricor Secretaries Limited at 26/F, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong in accordance with the instructions printed thereon not less than 48 hours before the time appointed for holding the Annual General Meeting. The return of the proxy form will not preclude you from attending and voting in person if you so wish.

I. VOTING BY POLL

Under Rule 13.39(4) of the Listing Rules, any vote of shareholders at a general meeting must be taken by poll. Accordingly, the ordinary resolutions proposed at the Annual General Meeting will also be taken by poll. A poll results announcement will be made by the Company after the Annual General Meeting in accordance with Rule 13.39(5) of the Listing Rules.

LETTER FROM THE BOARD

J. RECOMMENDATIONS

The Directors consider that the granting of the general mandates, the re-election of Directors, the adoption of the New Share Option Scheme, the amendments to the Bye-laws and the adoption of New Bye-laws, are in the interest of the Company. The Directors therefore recommend the Shareholders to vote in favour of the resolutions to be proposed at the Annual General Meeting.

K. 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.

L. GENERAL

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, no Shareholder is required to abstain from voting on any resolutions to be proposed at the Annual General Meeting.

Yours faithfully,

By order of the board of Directors

Karce International Holdings Company Limited

Sun Ying Chung

Chairman

This Appendix serves as an explanatory statement given to all the Shareholders, as required by the Listing Rules, to provide requisite information of the Repurchase Mandate.

1. LISTING RULES FOR REPURCHASES OF SHARES

The Listing Rules permit companies whose primary listing is on the Stock Exchange to repurchase their fully-paid shares subject to certain restrictions, the more important of which are summarised below:

(a) Share capital

Under the Repurchase Mandate, the number of Shares that the Company may repurchase shall not exceed 10% of the aggregate nominal amount of the issued share capital of the Company at the date of the passing of the relevant resolutions granting the Repurchase Mandate. The Company's authority is restricted to purchase in accordance with the Listing Rules. As at the Latest Practicable Date, there were in issue an aggregate of 702,356,000 Shares. Exercise in full of the Repurchase Mandate, on the basis that no further Shares would be issued or repurchased prior to the date of the Annual General Meeting, would accordingly result in up to 70,235,600 Shares being repurchased by the Company. The Shares repurchased by the Company shall, subject to applicable law, be automatically cancelled upon such repurchase.

(b) Reasons for repurchase

The Directors have no present intention to repurchase any Shares but consider that the Repurchase Mandate will provide the Company the flexibility to make such repurchase when appropriate and is beneficial to the Company. Such repurchases may, depending on the market conditions and funding arrangements at the time, lead to an enhancement of the net asset value of the Company and/or its earnings per Share. As compared with the financial position of the Company as at 31 December 2011 (being the date of its latest audited accounts), the Directors consider that there would not be any material adverse impact on the working capital and on the gearing position of the Company in the event that the Repurchase Mandate is exercised in full at any time during the proposed repurchase period. In the circumstances, the Directors do not propose to exercise the Repurchase Mandate to such an extent that would have a material adverse impact on the working capital or gearing ratio of the Company.

(c) Funding of repurchases

Repurchase of the Shares will be funded out of funds legally available for such purpose in accordance with the Bye-laws of the Company and the applicable laws of Bermuda.

(d) Directors, their associates and connected persons

None of the Directors nor, to the best of the knowledge and belief of the Directors having made all reasonable enquiries, any of their associates has any present intention, in the event that the proposed Repurchase Mandate is approved by the Shareholders, to sell Shares to the Company.

At the Latest Practicable Date, no connected person (as defined in the Listing Rules) of the Company has notified the Company that he/she has a present intention to sell Shares to the Company nor has he/she undertaken not to sell any of the Shares held by him/her to the Company in the event that the Repurchase Mandate is granted.

(e) Undertaking of the Directors

The Directors have undertaken to the Stock Exchange that they will exercise the powers of the Company to make repurchase pursuant to the Repurchase Mandate in the proposed resolution in accordance with the Listing Rules and the applicable laws of Bermuda.

(f) Effect of the Takeovers Code

If as a result of a repurchase of Shares, a Shareholder's proportionate interest in the voting rights of the Company increases, such increase will be treated as an acquisition for the purpose of Rule 26 of the Takeovers Code. As a result, a Shareholder, or a group of Shareholders acting in concert (within the meaning under the Takeovers Code), depending on the level of increase in the Shareholder's interests, 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, the following Shareholders are interested in more than 10% of the Shares in issue:

Name of Shareholder	Number of Shares held	Approximate percentage of the shareholding as at the Latest Practicable Date <i>(note 1)</i>	Approximate percentage of shareholding if the Repurchase Mandate is exercised in full
Golden Mount Limited ("Golden Mount") <i>(note 2)</i>	198,944,000 (L)	28.33%	31.47%
Chim Pui Chung <i>(note 2)</i>	198,944,000 (L)	28.33%	31.47%

Notes:

(L) All the Shares are long positions.

- The percentages are calculated based on the total number of issued shares of the Company of 702,356,000 Shares as at the Latest Practicable Date.
- The entire equity interests of Golden Mount is wholly and beneficially owned by Mr. Chim Pui Chung. Mr. Chim is deemed to be interested in the 198,944,000 Shares held by Golden Mount by virtue of section 316 of the Securities and Futures Ordinance.

In the event that the Directors shall exercise in full the Repurchase Mandate and assuming that no Shares are issued between the Latest Practicable Date and the date of repurchase, Golden Mount or any party acting in concert with it becomes obliged to make a mandatory offer under Rule 26 of the Takeovers Code, but would not reduce the number of shares held by the public to less than the minimum public float. However, the Directors have no present intention to exercise the Repurchase Mandate to an extent that will result in Golden Mount or any party acting in concert with it to make a general offer under the Takeovers Code.

2. SHARE PURCHASE MADE BY THE COMPANY

The Company has not repurchased any of its shares (whether on the Stock Exchange or otherwise) in the six months proceeding the Latest Practicable Date.

3. SHARE PRICES

During each of the previous 12 months, the highest and lowest traded prices for Shares on the Stock Exchange were as follows:

Month	Per Share	
	Highest HK\$	Lowest HK\$
2011		
April		suspended
May		suspended
June		suspended
July		suspended
August		suspended
September		suspended
October		suspended
November		suspended
December		suspended
2012		
January	0.185	0.158
February	0.166	0.145
March	0.159	0.150
April (up to the Latest Practicable Date)	0.150	0.150

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

1. PURPOSE

The purpose of the New Share Option Scheme is to provide the Company with a flexible and effective means of incentivising, rewarding, remunerating, compensating and/or providing benefits to Eligible Participants.

2. WHO MAY JOIN

To determine the eligibility of the Eligible Participant, the Board may offer to grant an Option to any Eligible Participant who has made a contribution to the Group to subscribe for such number of Shares at the option price calculated according to paragraph 5 below, subject always to any limits and restrictions specified in the New Share Option Scheme.

3. PAYMENT ON ACCEPTANCE OF OPTION OFFER

An Eligible Participant shall pay the Company HK\$1.00 for the grant of an Option on acceptance of an Option offer within 21 days after the Offer Date.

4. TERMS OF OPTIONS

Options granted under the New Share Option Scheme are subject to such terms and conditions as may be determined by the Board at its absolute discretion and specified in the offer of an Option, which terms and conditions may include:

- (A) vesting conditions which must be satisfied before an Option Holder's Option shall become vested and capable of being exercised; and
- (B) the Board may, in its absolute discretion, specify performance conditions that must be achieved before an Option can be exercised and/or the minimum period for which an Option must be held before it can be exercised.

These provisions will give the Board flexibility to impose conditions suitable for fulfilling the various purposes of the New Share Option Scheme. Apart from this general discretion of the Board, the New Share Option Scheme do not contain specific provisions on the minimum period during which an Option must be held before exercise or on performance targets applicable to Options.

Under the New Share Option Scheme, the Directors have 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 Directors to provide an incentive to Eligible Participants to remain as Eligible Participants and thereby enable the Group to continue to benefit from the services and contributions of the Eligible Participants. This discretion, coupled with the power of the Directors to impose any performance target or other restrictions as they consider appropriate before the Option can be exercised, enable the Group to provide incentives to the Eligible 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 rights to subscribe for Shares at a discount to the traded prices of the Shares on the Stock Exchange, the Directors are of the view that the flexibility given to the Directors in granting Options to Eligible Participants and to impose a minimum period for which 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.

5. OPTION PRICE

The option price will be determined by the Board at its absolute discretion and notified to an Option Holder. The minimum option price shall not be less than the highest of:

- (A) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the Offer Date;
- (B) the average closing price of the Shares as stated in the Stock Exchange's daily quotations sheets for the five Business Days immediately preceding the Offer Date; and
- (C) the nominal value of the Shares.

6. MAXIMUM NUMBER OF SHARES SUBJECT TO THE NEW SHARE OPTION SCHEME

- 6.1 Subject to the limits referred to in paragraphs 6.2, 6.3 and 6.4, 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 options to be granted under any Other Scheme must not in aggregate exceed 10% of the aggregate of the Shares in issue as at the Adoption Date.

Options lapsed in accordance with the terms of the New Share Option Scheme and any Other Scheme will not be counted for the purpose of calculating the 10% limit in this paragraph 6.1.

- 6.2 With the approval of the Shareholders in general meeting, the Board may “refresh” the 10% limit under paragraph 6.1 (and may further refresh such limit in accordance with this paragraph) provided that the total number of Shares which may be issued upon the exercise of all Options to be granted under the New Share Option Scheme and any Other Scheme under the limit as “refreshed” shall not exceed 10% of the Shares in issue as at the date on which the Shareholders approve the “refreshed” limit. Options previously granted under the New Share Option Scheme and Option granted under any Other Schemes (including those outstanding, cancelled and lapsed in accordance with the terms of the relevant scheme, or exercised options) will not be counted for the purpose of calculating the limit as “refreshed”.
- 6.3 Subject to the limits referred to in paragraphs 6.4, 7 and 23 below, the Board may, with the approval of the Shareholders, grant Options in excess of the 10% limit to Eligible Participants specifically identified before Shareholders’ approval is sought. In such situation, the Company will send a circular to the Shareholders containing a generic description of the specified Eligible Participants who may be granted such Options, the number and terms of such Options to be granted and the purpose of granting such Options to the specified Eligible Participants with an explanation of how the terms of the Options will serve the purpose.
- 6.4 The total number of Shares which may be issued upon exercise of all outstanding Options granted and yet to be exercised under the New Share Option Scheme and all outstanding options granted and yet to be exercised under any Other Scheme shall not exceed 30% of the Shares in issue from time to time. No Options may be granted under the New Share Option Scheme and no options may be granted under any Other Schemes if this will result in the limit being exceeded.

7. MAXIMUM ENTITLEMENT OF EACH ELIGIBLE PARTICIPANT

Subject always to the limits referred to in paragraphs 6 above and 23 below, the Board shall not grant any Options to any Eligible Participant which, if exercised, would result in such Eligible Participant becoming entitled to subscribe for such number of Shares as, when aggregated with the total number of Shares already issued or to be issued to him under all Options granted to him (including those Options exercised or outstanding) in any 12-month period exceed 1% of the Shares in issue at such date.

The Board may grant Options to any Eligible Participant in excess of the individual limit of 1% in any 12-month period with the approval of the Shareholders in general meeting (with such Eligible Participant and his associates abstaining from voting). In such situation, the Company will send a circular to the Shareholders and the circular must disclose the identity of the Eligible Participant, the number and terms of the Options to be granted (and previously granted to such Eligible Participant).

8. TIME OF EXERCISE OF OPTIONS

Subject to the provisions in paragraphs 10 to 15 below, an Option under the New Share Option Scheme which is vested and has not lapsed may be exercised at any time during such period notified by the Board as not exceeding 10 years from the Offer Date. The exercise of Options may also be subject to any conditions imposed by the Board at the time of offer (see paragraph 4 above).

9. NON-TRANSFERABILITY OF OPTIONS

Except for the transmission of an Option on the death of an Option Holder to his personal representatives, neither the Option nor any rights in respect of it may be transferred, assigned or otherwise disposed of by any Option Holder to any other person. If an Option Holder transfers, assigns or disposes of any such Option or rights, whether voluntarily or involuntarily, then the relevant Option will immediately lapse.

10. RIGHTS ON CEASING EMPLOYMENT

If an Option Holder ceases to be an Eligible Participant as a result of the cessation of his employment for any reason other than his death or the termination of his employment on certain grounds specified in the New Share Option Scheme, then the Option Holder may exercise any vested Option at the date of cessation of his employment within a period of twelve months following the date of such cessation or termination. The Board shall have the discretion to decide whether any unvested Option can be exercised by such Option Holder and the time period for exercise. All Options not exercised shall lapse upon the expiry of the 12-month period or such other period as the Board may determine.

If an Option Holder ceases to be an Eligible Participant by reason of the termination of his employment on one or more grounds of misconduct or conviction of a criminal offence involving dishonesty, all Options not exercised shall lapse automatically on the date which the Option Holder ceases to be an Eligible.

11. RIGHTS ON DEATH

If an Option Holder ceases to be an Eligible Participant by reason of his death and none of the events which would be a ground for termination of his employment specified in the New Share Option Scheme above has occurred, the legal personal representative(s) of the Option Holder may exercise any vested Option within a period of 12 months from the date of his death or such other period as the Board may determine. The Board shall have the discretion to decide whether any unvested Option can be exercised by the legal personal representative(s) of such Option Holder and the time period for exercise. All Options not exercised shall lapse upon the expiry of the 12-month period or such other period as the Board may determine.

12. RIGHTS ON A GENERAL OFFER

If more than 50% of the votes which may ordinarily be cast on a poll at a general meeting of the Company has or will become vested in the offeror, any company controlled by the offeror or any person associated with or acting in concert with the offeror, the Board will notify every Option Holder of such event within 14 days of becoming so aware (or as soon as practicable). Each Option Holder will be entitled to exercise his vested Options during the 6-month period starting on the later of:

- (A) the date of the Board's notification to the Option Holders; and
- (B) the date on which the person making the offer obtains control of the Company.

The Options will only lapse on expiry of this 6-month period if the Board gives notice to the Option Holder before the end of the period specifying that the Options will lapse.

13. RIGHTS ON WINDING UP

In the event that a notice is given by the Company to its Shareholders to convene a Shareholders' meeting for the purposes of considering and, if thought fit, approving a resolution to voluntarily wind up the Company, the Company shall forthwith give notice thereof to each Eligible Participant and thereupon, every Eligible Participant shall be entitled to exercise his/her Option (if not already exercised) to its full extent or to the extent specified (such exercise to occur not later than two Business Days prior to the proposed Shareholders' meeting referred to above) by notice in writing to the Company, stating that the Option is thereby exercised and the number of Shares in respect of which it is exercised, accompanied by a remittance for the full amount of the subscription price for the Shares in respect of which the notice is given, and the Company shall, as soon as possible and, in any event, no later than the day immediately prior to the date of the proposed Shareholders' meeting, allot such number of Shares to the Eligible Participant which fall to be issued pursuant to the exercise of the Option. The Company shall give notice to the Eligible Participant of the passing of such resolution within seven days after the passing thereof.

14. REORGANISATION OF CAPITAL STRUCTURE

In the event of a capitalisation of profits or reserves, further rights issues of Shares, consolidation or subdivision of Shares, or reduction of the share capital of the Company in accordance with applicable laws and regulatory requirements (other than an issue of any share capital as consideration in respect of a transaction), such corresponding adjustments (if any) shall be made to:

- (A) the number of Shares, the subject matter of the Option (insofar as it is unexercised); and/or
- (B) the price at which the Options are exercisable.

Any such adjustment shall be made on the basis that:

- (A) the proportion of the issued share capital of the Company to which an Option Holder is entitled after such adjustment shall remain the same as that to which he was entitled before such adjustment;
- (B) it will not enable any Share to be issued at less than its nominal value, or to increase the proportion of the issued share capital of the Company for which any Option Holder would have been entitled to subscribe had he exercised all the Options held by him immediately prior to such adjustments; and
- (C) the auditor or independent financial adviser selected by the Board (as appropriate) must confirm to the Board in writing that the adjustment satisfies the requirements of the note to Rule 17.03 (13) of the Listing Rules, except where such adjustment is made on a capitalisation issue.

15. LAPSE OF OPTIONS

An Option will lapse on the earliest of:

- (A) the expiry of the Option Period; or
- (B) the expiry of any of the other periods referred to in paragraphs 10, 11, 12 and 13 above; or
- (C) the expiry of 3 months following a court order sanctioning a compromise or arrangement in relation to the reconstruction of the Company or its amalgamation with another company or companies.

16. RANKING OF SHARES

No dividends will be payable and no voting rights will be exercisable in relation to an Option that has not been exercised (including those arising on a liquidation of the Company). Shares issued on the exercise of an Option will rank equally in all respects with the Shares in issue on the date of allotment.

They will not rank for any rights (which include, among other things, voting rights and dividend rights) attaching to Shares by reference to a date preceding the date of allotment. The Shares subject to the New Share Option Scheme are not required to be separately designated.

17. CANCELLATION OF OPTIONS

Notwithstanding any other provision in the New Share Option Scheme (except for the provisions in paragraph 18 below), the Board may cancel any Option (which has been granted but not yet exercised). Unless the Option Holder otherwise agrees, the Board may only cancel such Option if, at the election of the Board:

- (A) the Company pays to the Option Holder an amount equal to the fair market value of the Option at the date of cancellation as determined by the Board, after consultation with the auditor or an independent financial adviser appointed by the Board; or
- (B) the Board offers to grant to the Option Holder replacement Options (or options under any Other Scheme) of equivalent value to the Options to be cancelled, provided that the grant of such replacement Options (or options under any Other Scheme) shall not cause the limits set out in paragraphs 6, 7 above and 23 below to be breached; or
- (C) the Board makes such arrangements as the Option Holder may agree to compensate him for the loss of the Option.

**18. AMENDMENTS TO THE NEW SHARE OPTION SCHEME AND TERMS OF
OPTIONS**

Subject to the provisions of this paragraph 18, the Board may amend any of the provisions of the New Share Option Scheme and the terms of any Options (including amendments in order to comply with changes in legal or regulatory requirements) at any time (but not so as to affect adversely any rights which have accrued to any Option Holders at that date) and provided that amendments which are to the advantage of present or future Option Holders and which relate to matters contained in Rule 17.03 of the Listing Rules are sanctioned by the Shareholders in a general meeting.

Any amendment to the New Share Option Scheme which is of a material nature or any amendment to the terms and conditions of the Options granted may only be made with the approval of the Shareholders save where the amendments take effect automatically under the New Share Option Scheme. 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.

Any change to the authority of the Board in relation to any amendment of the terms of the New Share Option Scheme may only be made with the approval of the Shareholders in a general meeting.

19. TERMINATION OF THE NEW SHARE OPTION SCHEME

The Company, by ordinary resolution in general meeting, or the Board may terminate the New Share Option Scheme at any time and in such event no further Options shall be granted under the New Share Option Scheme but any Options which have been granted but not yet exercised shall continue to be valid and exercisable in accordance with the terms of the New Share Option Scheme.

20. PERIOD OF THE NEW SHARE OPTION SCHEME

Subject to the Board exercising its right under the terms of the New Share Option Scheme to terminate the New Share Option Scheme, the New Share Option Scheme shall be valid and effective for a period of 10 years commencing on the Adoption Date, after which period no further Options will be granted. 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 granted prior to the expiry of the 10-year period and which are at that time or become thereafter capable of exercise under the New Share Option Scheme, or otherwise to the extent as may be required in accordance with the provisions of the New Share Option Scheme.

21. CONDITIONS

The New Share Option Scheme will be conditional on:

- (A) the passing of an ordinary resolution to adopt the New Share Option Scheme by the Shareholders; and
- (B) the Listing Committee of the Stock Exchange granting the listing of and permission to deal in any Shares which may fall to be issued pursuant to the exercise of the Options in accordance with the terms of the New Share Option Scheme.

22. RESTRICTIONS ON THE TIME OF GRANT OF OPTIONS

A grant of Options may not be made after a price sensitive event has occurred or a price sensitive matter has been the subject of a decision until such price sensitive information has been published in the websites of the Stock Exchange and the Company. In particular, no Option may be granted during the period commencing one month immediately preceding the earlier of:

- (A) the date of the Board meeting for the approval of the Company's interim or annual results; and
- (B) the deadline for the Company to publish its interim or annual results announcement, and ending on the date of the results announcement.

The period during which no Option may be granted will cover any period of delay in the publication of a results announcement.

23. RESTRICTIONS ON GRANT OF OPTIONS TO DIRECTORS, CHIEF EXECUTIVES OR SUBSTANTIAL SHAREHOLDERS ETC.

Each grant of Options to an Eligible Participant who is a Director, chief executive or Substantial Shareholder of the Company, or any of their respective associates, under the New Share Option Scheme must be approved by the independent non-executive Directors of the Company (excluding any Independent Non-Executive Director who is the proposed grantee of the 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 under the New Share Option Scheme (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 million, such further grant of Options by the Board must be approved by the Shareholders in general meeting (the vote on such approval to be taken on a poll). Any Shareholder who is a connected person (as defined under the Listing Rules) of the Company must abstain from voting in favour of the resolution to approve such further grant of Options.

A Shareholders' circular must be prepared by the Company explaining the proposed grant, disclosing 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, the date of board meeting for proposing such further grant is to be taken as the date of grant for the purpose of calculating the exercise price and containing the recommendation from the Independent Non-Executive Directors (excluding any independent non-executive Director who is the grantee of the Option) as to voting and any other information as required under the Listing Rules.

Any change in the terms of Options granted to Substantial Shareholders or independent non-executive Directors or any of their respective associates must be approved by the Shareholders in general meeting.

24. ADMINISTRATION

The Board will have responsibility for administering the New Share Option Scheme. There are no trustees appointed for the purposes of the New Share Option Scheme.

Details of the proposed amendments to the Bye-laws are set out as follows:

(A) BYE-LAW 1

By adding the following new definition of “substantial shareholder” in the existing Bye-law 1 after the definition of “Statutes”:

““substantial shareholder” a person who is entitled to exercise, or to control the exercise of, 10% or more (or such other percentage as may be prescribed by the rules of the Designated Stock Exchange from time to time) of the voting power at any general meeting of the Company.”

(B) BYE-LAW 3

By deleting the existing Bye-law 3(3) in its entirety and substituting with the following:

“(3) Subject to compliance with the rules and regulations of the Designated Stock Exchange and any other relevant regulatory authority, the Company may give financial assistance for the purpose of or in connection with a purchase made or to be made by any person of any shares in the Company.”

(C) BYE-LAW 46

By adding the words “in any manner permitted by and in accordance with the rules of the Designated Stock Exchange or” after the words “any Member may transfer all or any of his shares” in the 1st line of the existing Bye-law 46.

(D) BYE-LAW 66

By deleting the existing Bye-law 66 in its entirety and substituting with the following:

- “66. (1) Subject to any special rights or restrictions as to voting for the time being attached to any shares by or in accordance with these Bye-laws, at any general meeting on a poll every Member present in person or in the case of a Member being a corporation by its duly authorised representative or by proxy shall have one vote for every fully paid share of which he is the holder but so that no amount paid up or credited as paid up on a share in advance of calls or instalments is treated for the foregoing purposes as paid up on the share. A resolution put to the vote of a meeting shall be decided by way of a poll save that the chairman of the meeting may in good faith, allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands in which case every Member present in person (or being a corporation, is present by a duly authorized representative), or by proxy(ies) shall have one vote provided that where more than one proxy is appointed by a Member which is a clearing house (or its nominee(s)), each such proxy shall have one vote on a show of hands. For purposes of this Bye-law, procedural and administrative matters are those that (i) are not on the agenda of the general meeting or in any supplementary circular that may be issued by the Company to its Members; and (ii) relate to the chairman’s duties to maintain the orderly conduct of the meeting and/or allow the business of the meeting to be properly and effectively dealt with, whilst allowing all Members a reasonable opportunity to express their views.
- (2) Where a show of hands is allowed, before or on the declaration of the result of the show of hands, a poll may be demanded:
- (a) by at least three Members present in person or in the case of a Member being a corporation by its duly authorised representative or by proxy for the time being entitled to vote at the meeting; or
 - (b) by a Member or Members present in person or in the case of a Member being a corporation by its duly authorised representative or by proxy and representing not less than one tenth of the total voting rights of all Members having the right to vote at the meeting; or

- (c) by a Member or Members present in person or in the case of a Member being a corporation by its duly authorised representative or by proxy and holding shares in the Company conferring a right to vote at the meeting being shares on which an aggregate sum has been paid up equal to not less than one tenth of the total sum paid up on all shares conferring that right.

A demand by a person as proxy for a Member or in the case of a Member being a corporation by its duly authorised representative shall be deemed to be the same as a demand by the Member.”

(E) BYE-LAW 68

By deleting the existing Bye-law 68 in its entirety and substituting with the following:

“68. Where a resolution is voted on by a show of hands, a declaration by the chairman that a resolution has been carried, or carried unanimously, or by a particular majority, or not carried by a particular majority, or lost, and an entry to that effect made in the minute book of the Company, shall be conclusive evidence of the facts without proof of the number or proportion of the votes recorded for or against the resolution. The result of the poll shall be deemed to be the resolution of the meeting at which the poll was demanded. The Company shall only be required to disclose the voting figures on a poll if such disclosure is required by the rules of the Designated Stock Exchange.”

(F) BYE-LAW 84

By adding the words “including, where a show of hands is allowed, the right to vote individually on a show of hands” after the words “held by the clearing house (or its nominee)” in the last line of the existing Bye-law 84(2).

(G) BYE-LAW 103

By deleting the existing Bye-law 103 in its entirety and substituting with the following:

- “103. (1) A Director shall not vote (nor be counted in the quorum) on any resolution of the Board approving any contract or arrangement or any other proposal in which he or any of his associate(s) is/are materially interested, but this prohibition shall not apply to any of the following matters namely:
- (i) any contract or arrangement for the giving to such Director or his associate(s) any security or indemnity in respect of money lent by him or any of his associate(s) or obligations incurred or undertaken by him or any of his associate(s) at the request of or for the benefit of the Company or any of its subsidiaries;
 - (ii) any contract or arrangement for the giving of any security or indemnity to a third party in respect of a debt or obligation of the Company or any of its subsidiaries for which the Director or his associate(s) has himself/ themselves assumed responsibility in whole or in part whether alone or jointly under a guarantee or indemnity or by the giving of security;
 - (iii) any contract or arrangement concerning an offer of shares or debentures or other securities of or by the Company or any other company which the Company may promote or be interested in for subscription or purchase, where the Director or his associate(s) is/are to be interested as a participant in the underwriting or sub-underwriting of the offer;
 - (iv) any contract or arrangement in which the Director or his associate(s) is/are interested in the same manner as other holders of shares or debentures or other securities of the Company or any of its subsidiaries by virtue only of his/their interest in shares or debentures or other securities of the Company; or
 - (v) any proposal concerning the adoption, modification or operation of a share option scheme, a pension fund or retirement, death or disability benefits scheme or other arrangement which relates both to directors, his associate(s) and employees of the Company or of any of its subsidiaries and does not provide in respect of any Director, or his associate(s), as such any privilege or advantage not accorded to the employees to which such scheme or fund relates.

- (2) If any question shall arise at any meeting of the Board as to the materiality of the interest of a Director (other than the chairman of the meeting) and/or his associate(s) or as to the entitlement of any Director (other than such chairman) to vote and such question is not resolved by his voluntarily agreeing to abstain from voting, such question shall be referred to the chairman of the meeting and his ruling in relation to such other Director shall be final and conclusive except in a case where the nature or extent of interest of the Director and/or his associate(s) concerned as known to such Director has not been fairly disclosed to the Board. If any question as aforesaid shall arise in respect of the chairman of the meeting such question shall be decided by a resolution of the Board (for which purpose such chairman shall not vote thereon) and such resolution shall be final and conclusive except in a case where the nature or extent of the interest of such chairman as known to such chairman has not been fairly disclosed to the Board.”

(H) BYE-LAW 122

By adding a new sentence “Notwithstanding the foregoing, a resolution in writing shall not be passed in lieu of a meeting of the Board for the purposes of considering any matter or business in which a substantial shareholder of the Company or a Director has a conflict of interest and the Board has determined that such conflict of interest to be material.” at the end of the existing Bye-law 122.

(I) BYE-LAW 138

By deleting the words “the aggregate of its liabilities and its issued share capital and share premium accounts” and substituting therefor the words “its liabilities” after the words “its assets would thereby become less than” in the 3rd line of the existing Bye-law 138.

NOTICE OF ANNUAL GENERAL MEETING



KARCE INTERNATIONAL HOLDINGS COMPANY LIMITED

泰盛實業集團有限公司*

(incorporated in Bermuda with limited liability)

(Stock Code: 1159)

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the annual general meeting of Karce International Holdings Company Limited (the “**Company**”) for the financial year ended 31 December 2011 will be held at The Empire Room 1, Empire Hotel Wan Chai, 33 Hennessy Road, Wan Chai, Hong Kong, on Friday, 1 June 2012 at 11:00 a.m. to transact the following businesses:

ORDINARY RESOLUTIONS

1. to receive and consider the audited consolidated financial statements and the reports of the directors and auditors for the year ended 31 December 2011;
2.
 - A. to re-elect Mr. Lum Pak Sum as an Independent Non-executive Director of the Company;
 - B. to re-elect Mr. Lee Kwok Leung as a Non-executive Director;
 - C. to re-elect Mr. Wong King Lam, Joseph as an Executive Director;
 - D. to authorise the board of Directors to fix the remunerations of the Directors;
3. to re-appoint Deloitte Touche Tohmatsu as the auditors of the Company and authorise the board of Directors to fix their remuneration;

* *For identification purposes only*

NOTICE OF ANNUAL GENERAL MEETING

4. to consider as special businesses and, if thought fit, pass with or without amendments, the following resolutions as ordinary resolutions:

A. **“THAT:**

- (a) subject to paragraph (c) of this Resolution, the exercise by the Directors during the Relevant Period (as defined below) of all the powers of the Company to allot, issue and deal with additional shares in the capital of the Company and to make or grant offers, agreements and options which would or might require the exercise of such powers, be and is hereby generally and unconditionally approved;
- (b) the approval in paragraph (a) of this Resolution shall authorise the Directors during the Relevant Period to make or grant offers, agreements and options which might require the exercise of such powers after the end of the Relevant Period;
- (c) the aggregate nominal amount of share capital allotted, issued and dealt with or agreed conditionally or unconditionally to be allotted, issued and dealt with (whether pursuant to an option or otherwise) by the Directors pursuant to the approval in paragraph (a) of this Resolution, otherwise than pursuant to (i) a Rights Issue (as defined below); (ii) the exercise of rights of subscription or conversion under the terms of any warrants issued by the Company or any securities which are convertible into shares of the Company; (iii) the exercise of any option under any share option scheme or similar arrangement for the time being adopted for the grant or issue to officers, employees of the Company and/or any of its subsidiaries or other eligible participants of shares or rights to acquire shares in the Company; or (iv) any scrip dividend or similar arrangement providing for the allotment of shares in lieu of the whole or part of the cash payment for a dividend on shares of the Company in accordance with the bye-laws of the Company, shall not exceed 20 per cent. of the aggregate nominal amount of the share capital of the Company in issue at the date of passing of this Resolution, and the said approval shall be limited accordingly; and

NOTICE OF ANNUAL GENERAL MEETING

- (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 law 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 of the Company in general meeting.

“**Rights Issue**” means an offer of shares or other securities of the Company 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 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 applicable to the Company.”

B. “**THAT:**

- (a) subject to paragraph (b) of this Resolution, the exercise by the Directors during the Relevant Period (as defined below) of all powers of the Company to repurchase its own shares on The Stock Exchange of Hong Kong Limited (“**Stock Exchange**”) or on any other stock exchange recognized for this purpose by the Securities and Futures Commission of Hong Kong and the Stock Exchange, subject to and in accordance with all applicable rules, laws and requirements, be and is hereby generally and unconditionally approved;

NOTICE OF ANNUAL GENERAL MEETING

- (b) the aggregate nominal amount of the shares of the Company which may be repurchased or agreed to be repurchased by the Company pursuant to the approval in paragraph (a) of this Resolution shall not exceed 10 per cent. of the aggregate nominal amount of the share capital of the Company as at the date of passing of this Resolution, and the said approval 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 earlier 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 law 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 of the Company in general meeting.”

C. “**THAT** conditional upon Resolutions 4A and 4B set out above being passed, the authority of the directors of the Company pursuant to resolution 4A be and is hereby approved to extend to cover such amount representing the aggregate nominal amount of the shares in the capital of the Company repurchased pursuant to the authority granted pursuant to resolution 4B.”.

5. “A. **THAT** conditional upon the Listing Committee of the Stock Exchange granting the listing of and permission to deal in the shares (the “**Shares**”) of HK\$0.1 each in the capital of the Company falling to be issued pursuant to the share option scheme (the “**New Share Option Scheme**”), the terms of which are set out in the document marked “A” which has been produced to this meeting and signed by the chairman of this meeting for the purpose of identification, the rules of the New Share Option Scheme be and are hereby approved and adopted and the directors of the Company be and are hereby authorised to grant options and to allot, issue and deal with Shares pursuant to the exercise of any option granted thereunder and to take all such steps as they may consider necessary or expedient to implement the New Share Option Scheme.”

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“B **THAT** the aggregate nominal amount of share capital to be allotted and issued pursuant to resolution numbered 5A above, together with any issue of Shares upon the exercise of any options granted under any other share option schemes of the Company as may from time to time adopted by the Company, shall not exceed 10 per cent. of the Shares in issue as at the date of passing of this resolution (the “Scheme Mandate Limit”).”

SPECIAL RESOLUTIONS

6 “A. **THAT** the bye-laws of the Company (the “**Bye-law(s)**”) be amended in the following manner:

(a) **Bye-law 1**

By adding the following new definition of “substantial shareholder” in the existing Bye-law 1 after the definition of “Statutes”:

““substantial shareholder” a person who is entitled to exercise, or to control the exercise of, 10% or more (or such other percentage as may be prescribed by the rules of the Designated Stock Exchange from time to time) of the voting power at any general meeting of the Company.”

(b) **Bye-law 3**

By deleting the existing Bye-law 3(3) in its entirety and substituting with the following:

“(3) Subject to compliance with the rules and regulations of the Designated Stock Exchange and any other relevant regulatory authority, the Company may give financial assistance for the purpose of or in connection with a purchase made or to be made by any person of any shares in the Company.”

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(c) Bye-law 46

By adding the words “in any manner permitted by and in accordance with the rules of the Designated Stock Exchange or” after the words “any Member may transfer all or any of his shares” in the 1st line of the existing Bye-law 46.

(d) Bye-law 66

By deleting the existing Bye-law 66 in its entirety and substituting with the following:

- “66. (1) Subject to any special rights or restrictions as to voting for the time being attached to any shares by or in accordance with these Bye-laws, at any general meeting on a poll every Member present in person or in the case of a Member being a corporation by its duly authorised representative or by proxy shall have one vote for every fully paid share of which he is the holder but so that no amount paid up or credited as paid up on a share in advance of calls or instalments is treated for the foregoing purposes as paid up on the share. A resolution put to the vote of a meeting shall be decided by way of a poll save that the chairman of the meeting may in good faith, allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands in which case every Member present in person (or being a corporation, is present by a duly authorized representative), or by proxy(ies) shall have one vote provided that where more than one proxy is appointed by a Member which is a clearing house (or its nominee(s)), each such proxy shall have one vote on a show of hands. For purposes of this Bye-law, procedural and administrative matters are those that (i) are not on the agenda of the general meeting or in any supplementary circular that may be issued by the Company to its Members; and (ii) relate to the chairman’s duties to maintain the orderly conduct of the meeting and/or allow the business of the meeting to be properly and effectively dealt with, whilst allowing all Members a reasonable opportunity to express their views.

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- (2) Where a show of hands is allowed, before or on the declaration of the result of the show of hands, a poll may be demanded:
- (a) by at least three Members present in person or in the case of a Member being a corporation by its duly authorised representative or by proxy for the time being entitled to vote at the meeting; or
 - (b) by a Member or Members present in person or in the case of a Member being a corporation by its duly authorised representative or by proxy and representing not less than one tenth of the total voting rights of all Members having the right to vote at the meeting; or
 - (c) by a Member or Members present in person or in the case of a Member being a corporation by its duly authorised representative or by proxy and holding shares in the Company conferring a right to vote at the meeting being shares on which an aggregate sum has been paid up equal to not less than one tenth of the total sum paid up on all shares conferring that right.

A demand by a person as proxy for a Member or in the case of a Member being a corporation by its duly authorised representative shall be deemed to be the same as a demand by the Member.”

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(e) Bye-law 68

By deleting the existing Bye-law 68 in its entirety and substituting with the following:

“68. Where a resolution is voted on by a show of hands, a declaration by the chairman that a resolution has been carried, or carried unanimously, or by a particular majority, or not carried by a particular majority, or lost, and an entry to that effect made in the minute book of the Company, shall be conclusive evidence of the facts without proof of the number or proportion of the votes recorded for or against the resolution. The result of the poll shall be deemed to be the resolution of the meeting at which the poll was demanded. The Company shall only be required to disclose the voting figures on a poll if such disclosure is required by the rules of the Designated Stock Exchange.”

(f) Bye-law 84

By adding the words “including, where a show of hands is allowed, the right to vote individually on a show of hands” after the words “held by the clearing house (or its nominee)” in the last line of the existing Bye-law 84(2).

(g) Bye-law 103

By deleting the existing Bye-law 103 in its entirety and substituting with the following:

“103. (1) A Director shall not vote (nor be counted in the quorum) on any resolution of the Board approving any contract or arrangement or any other proposal in which he or any of his associate(s) is/are materially interested, but this prohibition shall not apply to any of the following matters namely:

- (i) any contract or arrangement for the giving to such Director or his associate(s) any security or indemnity in respect of money lent by him or any of his associate(s) or obligations incurred or undertaken by him or any of his associate(s) at the request of or for the benefit of the Company or any of its subsidiaries;

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- (ii) any contract or arrangement for the giving of any security or indemnity to a third party in respect of a debt or obligation of the Company or any of its subsidiaries for which the Director or his associate(s) has himself/themselves assumed responsibility in whole or in part whether alone or jointly under a guarantee or indemnity or by the giving of security;
- (iii) any contract or arrangement concerning an offer of shares or debentures or other securities of or by the Company or any other company which the Company may promote or be interested in for subscription or purchase, where the Director or his associate(s) is/are to be interested as a participant in the underwriting or sub-underwriting of the offer;
- (iv) any contract or arrangement in which the Director or his associate(s) is/are interested in the same manner as other holders of shares or debentures or other securities of the Company or any of its subsidiaries by virtue only of his/their interest in shares or debentures or other securities of the Company; or
- (v) any proposal concerning the adoption, modification or operation of a share option scheme, a pension fund or retirement, death or disability benefits scheme or other arrangement which relates both to directors, his associate(s) and employees of the Company or of any of its subsidiaries and does not provide in respect of any Director, or his associate(s), as such any privilege or advantage not accorded to the employees to which such scheme or fund relates.

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- (2) If any question shall arise at any meeting of the Board as to the materiality of the interest of a Director (other than the chairman of the meeting) and/or his associate(s) or as to the entitlement of any Director (other than such chairman) to vote and such question is not resolved by his voluntarily agreeing to abstain from voting, such question shall be referred to the chairman of the meeting and his ruling in relation to such other Director shall be final and conclusive except in a case where the nature or extent of interest of the Director and/or his associate(s) concerned as known to such Director has not been fairly disclosed to the Board. If any question as aforesaid shall arise in respect of the chairman of the meeting such question shall be decided by a resolution of the Board (for which purpose such chairman shall not vote thereon) and such resolution shall be final and conclusive except in a case where the nature or extent of the interest of such chairman as known to such chairman has not been fairly disclosed to the Board.”

(h) Bye-law 122

By adding a new sentence “Notwithstanding the foregoing, a resolution in writing shall not be passed in lieu of a meeting of the Board for the purposes of considering any matter or business in which a substantial shareholder of the Company or a Director has a conflict of interest and the Board has determined that such conflict of interest to be material.” at the end of the existing Bye-law 122.

(i) Bye-law 138

By deleting the words “the aggregate of its liabilities and its issued share capital and share premium accounts” and substituting therefor the words “its liabilities” after the words “its assets would thereby become less than” in the 3rd line of the existing Bye-law 138.

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- “B. **THAT** the Bye-laws in the form of the document marked “**B**” and produced to this meeting and for the purpose of identification signed by the chairman of this meeting, which consolidates all of the proposed amendments referred to in Resolution 6A above and all previous amendments made pursuant to resolutions passed by the members of the Company at general meetings be approved and adopted as the new Bye-laws in substitution for and to the exclusion of the existing Bye-laws with immediate effect.”

By order of the board of Directors
Karce International Holdings Company Limited
Cheng Mei Chau
Company Secretary

Hong Kong, 30 April 2012

Notes:

1. Any member entitled to attend and vote at the meeting shall be entitled to appoint another person as his proxy to attend and vote instead of him. A proxy need not be a member of the Company.
2. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under its common seal or under the hand of an officer or attorney or other person duly authorised.
3. In the case of joint holders of any shares in the Company, any one of such joint holders may vote at the meeting, either in person or by proxy, in respect of such shares as if he was solely entitled thereto, but if more than one of such joint holders are present at the meeting, either personally or by proxy, that one of the said persons so present whose name stands first on the register of members in respect of such shares shall be accepted to the exclusion of the votes of the other joint registered holders.
4. In order to be valid, a form of proxy and the power of attorney or other authority (if any) under which it is signed, or a certified copy of such power of attorney or authority, must be deposited at the branch share registrar of the Company at Tricor Secretaries Limited at 26/F, Tesbury Centre, 28 Queen’s Road East, Wanchai, Hong Kong not less than 48 hours before the time for holding the meeting or any adjourned meeting.
5. Delivery of the form of proxy will not preclude a member from attending and voting in person at the meeting convened and in such event, the form of proxy shall be deemed to be revoked.