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If you are in doubt as to any aspect of this circular or as to the action you should take, you should consult a licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Kenford Group 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 agents through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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建福集團控股有限公司
KENFORD GROUP HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 00464)

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

A notice convening the annual general meeting (“AGM”) of Kenford Group Holdings Limited (the “Company”) to be held at The Empire Room 1, 1st Floor, Empire Hotel Hong Kong, 33 Hennessy Road, Wan Chai, Hong Kong on Thursday, 6 August 2015 at 10:30 a.m. is set out on pages 28 to 33 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 in person, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and return it to the Hong Kong branch share registrar of the Company, Computershare Hong Kong Investor Services Limited at Shops 1712-16, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wan Chai, 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 or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person in the AGM or any adjournment thereof if you so wish and in such event, the form of proxy will be deemed to be revoked.

10 July 2015

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DEFINITIONS

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

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| “Achieve Best” | Achieve Best Limited, a company incorporated in the British Virgin Islands on 28 October 2004 with limited liability, which is wholly and beneficially owned by Mr. Lam Wai Ming, the Executive Director and the Chairman of the Board, and was as at the Latest Practicable Date holding 40,800,000 Shares representing approximately 9.16% of the issued share capital of the Company |
| “Adoption Date” | the date on which the Share Option Scheme is conditionally adopted by an ordinary resolution of the Shareholders |
| “Annual General Meeting” or “AGM” | an annual general meeting of the Company to be held at The Empire Room 1, 1st Floor, Empire Hotel Hong Kong, 33 Hennessy Road, Wan Chai, Hong Kong on Thursday, 6 August 2015 at 10:30 a.m., or any adjournment thereof |
| “Articles” | the articles of association of the Company |
| “associate(s)” | shall have the meaning ascribed to it in the Listing Rules |
| “Beaute” | Beaute Inc, a company incorporated in the British Virgin Islands on 28 October 2004 with limited liability and owned as to (i) 50% by Apex Prima Limited, a company wholly and beneficially owned by Mr. Lam Wai Ming, the Executive Director and the Chairman of the Board, and (ii) the balance of 50% by Potentasia Holdings Inc, a company wholly and beneficially owned by Mr. Tam Chi Sang, the Executive Director and the Managing Director of the Company, respectively, and was as at the Latest Practicable Date holding 204,000,000 Shares representing approximately 45.78% of the issued share capital of the Company |
| “Board” | the board of Directors (including both Executive and Independent Non-Executive Directors) |
| “close associate(s)” | shall have the meaning ascribed to it in the Listing Rules |

DEFINITIONS

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| “Company” | Kenford Group Holdings Limited (建福集團控股有限公司), a company incorporated in the Cayman Islands on 10 November 2004 with limited liability, the Shares of which are listed on the Main Board of the Stock Exchange |
| “Companies Law” | the Companies Law, Chapter 22 (Law 3 of 1961) of the Cayman Islands, as amended, supplemented or otherwise modified from time to time |
| “connected person(s)” | shall have the meaning ascribed to it in the Listing Rules |
| “core connected person(s)” | shall have the meaning ascribed to it in the Listing Rules |
| “Directors” | directors (including both Executive and Independent Non-Executive Directors) of the Company |
| “Eligible Participant(s)” | (a) any full-time or part-time employee of the Company and/or any subsidiary of the Company; (b) any director (including executive, non-executive and independent non-executive director) of the Company and/or any subsidiary of the Company; and (c) any consultant or adviser (whether professional or otherwise and whether on an employment or contractual or honorary basis or otherwise and whether paid or unpaid), distributor, contractor, supplier, service provider, agent, customer and business partner of the Company and/or any subsidiary of the Company who, at the sole determination of the Board, have contributed or will contribute to the Company and/or any subsidiary of the Company |
| “Grantee” | any Eligible Participant who accepts the Offer in accordance with the terms of the Share Option Scheme, or (where the context so permits) any person who is entitled, in accordance with the laws of succession applicable, to exercise any Option to the extent not already exercised in consequence of the death of an original Grantee |
| “Group” | the Company and its subsidiaries |

DEFINITIONS

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| “Hong Kong” | the Hong Kong Special Administrative Region of the People’s Republic of China |
| “HK\$” | Hong Kong dollars, the lawful currency of Hong Kong from time to time |
| “Issuance Mandate” | as defined in paragraph 2(a) of the Letter from the Board in this circular |
| “Latest Practicable Date” | 3 July 2015, being the latest practicable date prior to the printing of this circular for ascertaining certain information herein |
| “Listing Rules” | the Rules Governing the Listing of Securities on the Stock Exchange, as amended, supplemented or otherwise modified from time to time |
| “Main Board” | the Main Board of the Stock Exchange |
| “Offer” | an offer for the grant of an Option in accordance with the terms of the Share Option Scheme |
| “Offer Date” | the date on which an Offer is made to an Eligible Participant pursuant to the Share Option Scheme |
| “Option(s)” | option(s) to subscribe for Shares granted pursuant to the Share Option Scheme |
| “Realchamp” | Realchamp International Inc, a company incorporated in the British Virgin Islands on 28 October 2004 with limited liability, which is wholly and beneficially owned by Mr. Tam Chi Sang, the Executive Director and the Managing Director of the Company, and was as at the Latest Practicable Date holding 40,800,000 Shares representing approximately 9.16% of the issued share capital of the Company |
| “Repurchase Mandate” | as defined in paragraph 2(b) of the Letter from the Board in this circular |

DEFINITIONS

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| “SFO” | The Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) |
| “Shareholder(s)” | holder(s) of Share(s) |
| “Share(s)” | share(s) of HK\$0.001 each in the share capital of the Company |
| “Share Option Scheme” | the share option scheme proposed to be adopted by the Company at the Annual General Meeting, a summary of the principal terms of which is set out in the Appendix to this circular |
| “Subscription Price” | the price per Share at which a Grantee may subscribe for Shares on the exercise of an Option pursuant to the Share Option Scheme |
| “Substantial Shareholder(s)” | shall have the meaning ascribed to it in the Listing Rules |
| “Stock Exchange” | The Stock Exchange of Hong Kong Limited |
| “Takeovers Code” | The Hong Kong Code on Takeovers and Mergers |
| “%” | per cent |

LETTER FROM THE BOARD



建福集團控股有限公司 KENFORD GROUP HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 00464)

Executive Directors

Mr. LAM Wai Ming (*Chairman*)

Mr. TAM Chi Sang (*Managing Director*)

Independent Non-executive Directors:

Mr. CHIU Fan Wa

Mr. CHOI Hon Keung

Mr. LI Chi Chung

Registered office:

Cricket Square

Hutchins Drive

P.O. Box 2681

Grand Cayman, KY1-1111

Cayman Islands

Principal place of business in

Hong Kong:

Room 1106-8, Riley House

88 Lei Muk Road, Kwai Chung

New Territories, Hong Kong

10 July 2015

To the Shareholders and

for information only to the Optionholders

Dear Sir or Madam,

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

1. INTRODUCTION

The purpose of this circular is to provide you with the information reasonably necessary to enable you to make an informed decision on whether to vote for or against the ordinary resolutions to be proposed at the forthcoming AGM to approve (i) the granting of the Issuance Mandate to the Directors; (ii) the granting of the Repurchase Mandate to the Directors; (iii) the extension of the Issuance Mandate by adding to it the aggregate nominal amount of the Shares repurchased by the Company under the Repurchase Mandate; (iv) the adoption of share option scheme and (v) the re-election of retiring Directors.

LETTER FROM THE BOARD

2. GENERAL MANDATES TO ISSUE SHARES AND TO REPURCHASE SHARES

At the annual general meeting of the Company held on 7 August 2014, general mandates were granted to the Directors to exercise the powers of the Company to issue Shares and to repurchase Shares respectively. Such general mandates will lapse at the conclusion of the AGM.

It will therefore be proposed at the forthcoming AGM to approve the granting of new general mandates to the Directors to exercise the power of the Company:

- (a) to allot, issue and deal with new Shares of an aggregate nominal amount not exceeding 20% of the aggregate nominal amount of the issued share capital of the Company on the date of passing of such resolution (“Issuance Mandate”);
- (b) to repurchase Shares on the Stock Exchange of an aggregate nominal amount not exceeding 10% of the aggregate nominal amount of the issued share capital of the Company on the date of passing of such resolution (“Repurchase Mandate”); and
- (c) to extend the Issuance Mandate by an amount representing the aggregate nominal amount of the 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 445,646,000 Shares. Subject to the passing of the proposed ordinary resolution for approving the Issuance Mandate at the AGM and on the basis that there is no change in the issued and paid up share capital of the Company between the period from the Latest Practicable Date and the date of passing the resolution approving the Issuance Mandate, the Company would be allowed under the Issuance Mandate to issue and/or to make or grant offers, agreements and options which might require the issue of a maximum of 89,129,200 Shares during the period in which the Issuance Mandate remains in force.

The Issuance Mandate and Repurchase Mandate will continue in force until the conclusion of the next annual general meeting of the Company held after the AGM or any earlier date as referred to in ordinary resolutions numbered 5.(A)(d) and 5.(B)(c) set out in the notice of AGM. A resolution authorizing the extension of the Issuance Mandate to include the aggregate nominal amount of such Shares repurchased (if any) under the Repurchase Mandate will be proposed as ordinary resolution numbered 5.(C) set out in the notice of AGM. With reference to the Issuance Mandate and the Repurchase Mandate, the Directors wish to state that they have no immediate plan to issue any Shares or repurchase any Shares pursuant thereto.

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

LETTER FROM THE BOARD

3. PROPOSED ADOPTION OF SHARE OPTION SCHEME

On 27 May 2005, the Company adopted a share option scheme which remained in force for a period of ten (10) years from the date of adoption. As at the Latest Practicable Date, no options which were granted under such scheme remained outstanding.

The Board proposes to recommend to Shareholders to approve the Share Option Scheme so that Options may be granted to the Eligible Participants pursuant to the terms thereof. The purpose of the Share Option Scheme is to enable the Company to grant Options to the Eligible Participants as incentives or rewards for their contribution to the growth of the Group and to provide the Group with a more flexible means to reward, remunerate, compensate and/or provide benefits to the Eligible Participants. As at the Latest Practicable Date, the Company has not adopted any other share option scheme.

The terms of the Share Option Scheme provide that in granting Options under the 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 targets to be achieved before such Options can be exercised and/or any other terms as the Board may determine in its absolute discretion. The Board will also determine the Subscription Price in respect of any Option pursuant to the terms of the Share Option Scheme.

The Board has the discretion to determine the restrictions and/or conditions for vesting or exercise of the Options appropriate in the circumstances, such as minimum period that Options need to be held by the Grantees and/or performance targets to be achieved before such Options can be exercised. Conditional grant of Options may provide incentives to the Grantees to continue to contribute to the growth of the Group and thus serves the purpose of the Scheme.

A summary of the principal terms of the Share Option Scheme is set out in Appendix-II to this circular.

The Directors consider that it is not appropriate to state the value of all Options that can be granted pursuant to the Share Option Scheme as if they had been granted at the Latest Practicable Date. The Directors believe that any statement regarding the value of the Options as at the Latest Practicable Date will not be meaningful to the Shareholders, taking into account the fact that certain variables which are crucial for the calculation of the value of the Options have not been determined. Such variables include the Subscription Price, option period, any lock-up period, any performance targets set and other relevant variables.

The Share Option Scheme is conditional upon the following:

- (a) the passing of an ordinary resolution to approve and adopt the Share Option Scheme by the Shareholders in the Annual General Meeting and to authorise the Board to grant the Options thereunder and to allot, issue and deal with the Shares which fall to be issued by the Company pursuant to the exercise of the Options under the Share Option Scheme; and

LETTER FROM THE BOARD

- (b) the Listing Committee (as defined in the Listing Rules) of the Stock Exchange granting approval of the listing of, and permission to deal in, such number of Shares that may be issued by the Company pursuant to the exercise of the Options which may be granted under the Share Option Scheme.

Subject to the obtaining of Shareholders' approval with respect to the adoption of the Share Option Scheme, the total number of Shares which may be issued upon exercise of all Options to be granted under the Share Option Scheme and any other share option schemes of the Company must not, in aggregate, exceed 10% of the issued share capital of the Company as at the date of approval of the Share Option Scheme. The Board shall not grant any Options which would result in the maximum aggregate number of Shares which may be issued upon exercise of all outstanding Options granted but yet to be exercised under the Share Option Scheme and any other share option schemes adopted by the Company which provide for the grant of options to acquire or subscribe for Shares exceeding, in aggregate, 30% of the issued share capital of the Company from time to time.

As at the Latest Practicable Date, there was no outstanding option, warrant and/or convertible securities to subscribe for Shares and there were 445,646,000 Shares in issue. Assuming no Shares will be issued or repurchased from the Latest Practicable Date to the date of the Annual General Meeting on which the Share Option Scheme is expected to be adopted by the Shareholders (both days inclusive), subject to the Share Option Scheme becoming effective, the Company may grant Options under the Share Option Scheme and any other share option schemes of the Company in respect of which up to 44,564,600 Shares, representing 10% of the Shares in issue, may be issued.

Application will be made to the Listing Committee of the Stock Exchange for approval of the listing of, and permission to deal in, the Shares (such Shares representing 10% of the total issued Shares as at the date of the Annual General Meeting) which may fall to be issued pursuant to the exercise of the Options that may be granted under the Share Option Scheme.

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

4. RE-ELECTION OF DIRECTORS

As at the Latest Practicable Date, the Board comprised two Executive Directors, Mr. Lam Wai Ming (Chairman), Mr. Tam Chi Sang (Managing Director) and three Independent Non-Executive Directors, Mr. Chiu Fan Wa, Mr. Choi Hon Keung and Mr. Li Chi Chung.

LETTER FROM THE BOARD

According to Article 87 of the Articles, at each annual general meeting one-third of the Directors for the time being (or if their number is not a multiple of three, the number nearest to but not less than one-third) shall retire from office by rotation provided that every Director shall retire at least once in every three years. A retiring Director shall be eligible for re-election. The Directors to retire by rotation shall include (so far as necessary to ascertain the number of directors to retire by rotation) any Director who wishes to retire and not to offer himself for re-election. Any further Directors so to retire shall be those of the other Directors subject to retirement by rotation who have been longest in office since their last re-election or appointment and so that as between persons who became or were last re-elected Directors on the same day those to retire shall (unless they otherwise agree among themselves) be determined by lot.

At the AGM, Mr. Tam Chi Sang and Mr. Choi Hon Keung will retire from office by rotation in accordance with Article 87 of the Articles and, being eligible, offer themselves for re-election.

Pursuant to Rule 13.74 of the Listing Rules, the biographical details of Mr. Tam Chi Sang and Mr. Choi Hon Keung are set out in Appendix III to this circular.

5. AGM AND PROXY ARRANGEMENT

A notice convening the AGM to be held on Thursday, 6 August 2015 is set out on pages 28 to 33 of this circular. At the AGM, resolutions will be proposed to approve, inter alia, the granting of the Issuance Mandate and the Repurchase Mandate, the extension of the Issuance Mandate by the addition thereto of the aggregate nominal amount of the Shares repurchased pursuant to the Repurchase Mandate, the adoption of Share Option Scheme and granting of the general authority to the Directors to grant Options to subscribe for Shares in accordance with the rules of the Share Option Scheme up to a maximum of 10% of the Shares in issue as at the date of the AGM and the re-election of the retiring Directors.

To the extent that the Company is aware having made all reasonable enquiries, none of the Shareholders is required to abstain from voting in respect of the ordinary resolution to be proposed at the Annual General Meeting.

A form of proxy for use at the AGM is enclosed with this circular. You are requested to complete the form of proxy in accordance with the instructions printed thereon and return it to the Hong Kong branch share registrar of the Company, Computershare Hong Kong Investor Services Limited at Shops 1712-16, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong not less than 48 hours before the time fixed for holding the AGM or any adjournment thereof, whether or not you are able to attend at the AGM in person. Completion and return of the form of proxy will not preclude you from attending and voting in person at the AGM or any adjournment thereof should you so wish and in such event, the form of proxy will be deemed to be revoked.

LETTER FROM THE BOARD

6. VOTING BY WAY OF POLL

Pursuant to Rule 13.39(4) of the Listing Rules, all votes of the Shareholders at the AGM must be taken by poll. The chairman of the AGM will therefore demand a poll for every resolution put to the vote of the AGM and the Company will announce the results of the poll in the manner prescribed under Rule 13.39(5) of the Listing Rules.

7. RECOMMENDATION

The Directors (including the independent non-executive Directors) believe that the granting and extension of the Issuance Mandate, the granting of the Repurchase Mandate, the adoption of the Share Option Scheme and its related matters (including the authorization to the Board to grant Options to subscribe for Shares in accordance with the rules of the Share Option Scheme up to a maximum of 10% of the Shares in issue as at the date of the AGM) and the re-election of retiring Directors are in the best interests of the Company, the Group and the Shareholders as a whole and are fair and reasonable. Accordingly, the Directors recommend the Shareholders to vote in favour of all the relevant ordinary resolutions to be proposed at the AGM.

8. 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 Group. 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.

9. GENERAL INFORMATION

Your attention is drawn to the additional information set out in the Appendix I (Explanatory Statement of the Repurchase Mandate), Appendix II (Summary of the principal terms of the Share Option Scheme) and Appendix III (Details of Directors Proposed for Re-election) to this circular.

A copy of the Share Option Scheme is available for inspection at the principal place of business of the Company in Hong Kong at Room 1106-8, Riley House, 88 Lei Muk Road, Kwai Chung, New Territories, Hong Kong, during normal business hours from the date hereof up to and including 6 August 2015, being the date of the Annual General Meeting.

Yours faithfully
For and on behalf of
KENFORD GROUP HOLDINGS LIMITED
LAM WAI MING
Chairman

APPENDIX I EXPLANATORY STATEMENT OF THE REPURCHASE MANDATE

This is the explanatory statement required under the Listing Rules to be sent to the Shareholders to enable them to make an informed decision on whether to vote for or against the ordinary resolution to be proposed at the AGM in relation to the granting of the Repurchase Mandate.

1. STOCK EXCHANGE RULES FOR REPURCHASES OF SECURITIES

The Listing Rules permit companies whose primary listings are on the Stock Exchange to repurchase their securities on the Stock Exchange subject to certain restrictions, amongst which it is provided that all proposed repurchases of securities on the Stock Exchange by a company with its primary listing on the Stock Exchange must be approved in advance by Shareholders by an ordinary resolution, either by way of a general mandate, or by a special approval in relation to specific transactions.

2. SHARE CAPITAL

As at the Latest Practicable Date, the issued share capital of the Company comprised 445,646,000 Shares. Subject to the passing of the proposed resolution in respect of the granting of the Repurchase Mandate and on the basis that no further securities of the Company are issued and no further Shares are repurchased prior to the AGM, the Company will be allowed under the Repurchase Mandate to repurchase a maximum of 44,564,600 Shares (representing 10% of the Shares in issue as at the date of granting of the Repurchase Mandate).

3. REASONS FOR REPURCHASES

The Directors believe that it is in the interests of the Company and the Shareholders to have a general authority from Shareholders to enable the Directors to repurchase Shares. Such repurchases may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net assets value and/or earnings per Share and will only be made when the Directors believe that such repurchases will benefit the Company and the Shareholders. The Directors have no present intention to repurchase any Shares but consider that the Repurchase Mandate will provide the Company the flexibility to do so when appropriate.

4. FUNDING OF REPURCHASES

In repurchasing Shares, the Company may only apply funds legally available for such purpose in accordance with its memorandum and articles of association, the laws of the Cayman Islands, the Listing Rules and/or any other applicable laws. Repurchases pursuant to the Repurchase Mandate will be made out of the profits of the Company or the proceeds of a fresh issue of Shares made for such purpose or, subject to the Articles and the laws of the Cayman Islands, out of capital. Any premium payable on a repurchase over the par value of the Shares to be repurchased must be provided out of the profits of the Company or out of sums standing to the credit of the share premium account of the Company or, subject to the Articles and the laws of the Cayman Islands, out of capital.

There might be an adverse impact on the working capital or gearing position of the Company as compared with the position disclosed in the audited accounts contained in the annual report of the Company for the year ended 31 March 2015 in the event that the repurchase of Shares were to be carried out in full at any time during the proposed repurchase period. However, the Directors do not propose to exercise the repurchase of Shares to such extent as would, in the circumstances, have a material adverse effect on the working capital requirements of the Company or the gearing levels, which in the view of the Directors are from time to time appropriate for the Company.

5. UNDERTAKING OF THE DIRECTORS

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

6. DIRECTORS, THEIR ASSOCIATES AND CONNECTED PERSONS

As at the Latest Practicable Date, none of the Directors nor, to the best of their knowledge and belief having made all reasonable enquires, any of their associates, has any present intention, in the event that the Repurchase Mandate is approved by the Shareholders, to sell any Shares to the Company or its subsidiaries.

As at the Latest Practicable Date, no connected person of the Company has notified the Company that he/she has a present intention to sell any Shares to the Company or its subsidiaries nor has he/she undertaken not to do so, in the event that the Repurchase Mandate is approved by the Shareholders.

7. EFFECT OF TAKEOVERS CODE

If on the exercise of the powers 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 Rule 32 of the Takeovers Code. As a result, a Shareholder or group of Shareholders acting in concert, depending on the level of increase of the Shareholder's interest, could obtain or consolidate control of the Company and become obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code.

As at the Latest Practicable Date, Mr. Lam Wai Ming, Mr. Tam Chi Sang, Beaute, Achieve Best and Realchamp were together effectively interested in 286,390,000 Shares representing the aggregate interests of approximately 64.26% of the issued share capital of the Company. As Mr. Lam Wai Ming, a Director, is the ultimate beneficial owner of the entire issued share capital of Achieve Best and 50% of the issued share capital of Beaute and Mr. Tam Chi Sang, a Director, is the ultimate beneficial owner of the entire issued share capital of Realchamp and 50% of the issued share capital of Beaute, as at the Latest Practicable Date, each of Mr. Lam Wai Ming and Mr. Tam Chi Sang was effectively interested in approximately 32.13% of the issued share capital

APPENDIX I EXPLANATORY STATEMENT OF THE REPURCHASE MANDATE

of the Company. On the basis that no Shares are issued or repurchased prior to the date of the AGM, in the event that the Directors exercise in full the power to repurchase Shares pursuant to the Repurchase Mandate, the aggregate interests of Beaute, Achieve Best, Realchamp, Mr. Lam Wai Ming and Mr. Tam Chi Sang, being the parties acting in concert in the Company would be increased to approximately 71.40% of the total issued share capital of the Company and such increase will not give rise to an obligation to make a mandatory offer under Rule 26 of the Takeovers Code. Based on the existing shareholding of Beaute, Achieve Best and Realchamp and assuming that there is no further issue of Shares between the Latest Practicable Date and the date of a repurchase, the exercise of the Repurchase Mandate in whole or in part will not result in less than 25% of the issued share capital of the Company being held by the public as required by Rule 8.08 of the Listing Rules. The Directors have no intention to exercise the Repurchase Mandate to such an extent that will result in the number of Shares in the hands of public falling below the prescribed minimum percentage of 25%. Save as disclosed above, the Directors are not aware of any consequences which may arise under the Takeovers Code as a result of any repurchases to be made under the Repurchase Mandate.

8. SHARES REPURCHASE MADE BY THE COMPANY

The Company had not repurchased any Shares (whether on the Stock Exchange or otherwise) in the six months preceding the Latest Practicable Date.

9. SHARE PRICES

The highest and lowest prices per Share at which the Shares were traded on the Stock Exchange, respectively, in each of the previous twelve months were as follows:

| Month | Price Per Share | |
|--------------|--------------------------------|-------------------------------|
| | Highest <i>HK\$</i> | Lowest <i>HK\$</i> |
| 2014 | | |
| July | 0.530 | 0.485 |
| August | 0.550 | 0.520 |
| September | 0.500 | 0.450 |
| October | 0.510 | 0.510 |
| November | 0.770 | 0.640 |
| December | 0.700 | 0.650 |
| 2015 | | |
| January | 0.690 | 0.630 |
| February | 0.670 | 0.660 |
| March | 0.660 | 0.660 |
| April | 1.400 | 1.310 |
| May | 1.710 | 1.610 |
| June | 1.740 | 1.550 |

The following is a summary of the principal terms of the Share Option Scheme proposed to be approved and adopted at the Annual General Meeting. It does not form part of, nor is it intended to be part of, the terms of the Share Option Scheme and it should not be taken as affecting the interpretation of the terms of the Share Option Scheme. Should there be any inconsistencies or conflicts between the English and the Chinese versions, the English version shall prevail.

1. PURPOSE OF THE SCHEME

The purpose of the Share Option Scheme is to enable the Company to grant Options to Eligible Participants as incentives or rewards for their contribution to the growth of the Group and to provide the Group with a more flexible means to reward, remunerate, compensate and/or provide benefits to the Eligible Participants.

2. PARTICIPANTS OF THE SHARE OPTION SCHEME AND ELIGIBILITY CRITERIA

The Eligible Participants of the Share Option Scheme to whom Options may be granted by the Board shall include (a) any full-time or part-time employee of the Company and/or any subsidiary of the Company; (b) any director (including executive, non-executive and independent non-executive director) of the Company and/or any subsidiary of the Company; and (c) any consultant or adviser (whether professional or otherwise and whether on an employment or contractual or honorary basis or otherwise and whether paid or unpaid), distributor, contractor, supplier, service provider, agent, customer and business partner of the Company and/or any subsidiary of the Company who, at the sole determination of the Board, have contributed or will contribute to the Company and/or any subsidiary of the Company.

Options may be granted on such terms and conditions in relation to their vesting, exercise or otherwise as the Board may determine in its absolute discretion, provided that such terms and conditions shall not be inconsistent with any other terms and conditions of the Share Option Scheme. Though there is no general requirement on the minimum period for which an Option must be held or the performance targets which must be achieved before an Option can be exercised under the terms of the 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 targets to be achieved before such Option can be exercised and/or any other terms as the Board may determine in its absolute discretion.

3. LIFE OF THE SHARE OPTION SCHEME

The Shareholders may by ordinary resolution in general meeting of the Company or the Board may at any time terminate the operation of the Share Option Scheme and in such event no further Options shall be offered but the provisions of the Share Option Scheme shall remain in full force and effect in all other respects in respect of any Options granted prior thereto but not yet exercised at the time of termination. Upon such termination, details of the Options granted, including Options exercised or outstanding and Options that become void or non-exercisable as a result of such termination shall be disclosed in the circular to the Shareholders seeking approval of the first new share option scheme established after such termination.

Subject to the aforesaid, the Share Option Scheme shall be valid and effective for a period of ten (10) years commencing from the Adoption Date, after which period no further Options will be offered or granted but the provisions of the Share Option Scheme shall remain in full force and effect in all other respects with respect to Options granted during the life of the Share Option Scheme.

4. SUBSCRIPTION PRICE

The Subscription Price in respect of any Option shall, subject to any adjustments made pursuant to the terms of the Share Option Scheme, be a price determined by the Board and notified to each Grantee and shall be at least the highest of:–

- (a) the closing price per Share as stated in the Stock Exchange's daily quotations sheet on the Offer Date (and if such Offer Date is not a business day, the business day immediately preceding such Offer Date);
- (b) the average closing price per Share as stated in the Stock Exchange's daily quotations sheets for the five (5) business days immediately preceding the Offer Date; and
- (c) the nominal value of a Share.

5. RESTRICTION ON THE TIME OF GRANT OF OPTION

No Offer must be made after an inside information has come to the Company's knowledge until such inside information has been announced in accordance with the requirements under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) and, in particular, no Eligible Participant shall be granted an Option during the period commencing one month immediately preceding the earlier of:

- (a) the date of the Board meeting (as such date is first notified to the Stock Exchange in accordance with the Listing Rules) for the approval of the Company's results for any year, half-year or quarter-year period or any other interim period (whether or not required under the Listing Rules); and
- (b) the deadline for the Company to publish announcement of its results for any year, half-year or quarter-year period under the Listing Rules or any other interim period (whether or not required under the Listing Rules),

and ending on the date of announcement for such results. For the avoidance of doubt, the period in which no Options shall be granted mentioned above shall include any period of delay in the publications of a results announcement.

6. ACCEPTANCE OF OFFERS

An Offer shall remain open for acceptance by the Eligible Participant concerned for such period as determined by the Board, which period shall not be more than fourteen (14) days from the Offer Date, provided that no such Offer shall be open for acceptance after the tenth (10th) anniversary of the Adoption Date or after the Share Option Scheme has been terminated in accordance with the provisions of the Share Option Scheme. The amount payable by the Grantee to the Company on acceptance of the Offer is HK\$1.00.

7. MAXIMUM NUMBER OF SHARES AVAILABLE FOR SUBSCRIPTION

- (a) The maximum aggregate number of Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other share option schemes adopted by the Group which provide for the grant of options to acquire or subscribe for Shares must not exceed such number of Shares as shall represent 30% of the issued share capital of the Company from time to time. No Options may be granted under the Share Option Scheme if this will result in such limit being exceeded.
- (b) Subject to Paragraph 7(a) above, the total number of Shares which may be issued upon exercise of all options to be granted under the Share Option Scheme and any other share option schemes of the Group must not, in aggregate, exceed 10% of the issued share capital of the Company as at the Adoption Date (the “Scheme Mandate Limit”) unless Shareholders’ approval has been obtained pursuant to Paragraphs 7(c) or 7(d) below. Any options lapsed in accordance with the terms of the Share Option Scheme or any other share option schemes of the Group shall not be counted for the purpose of calculating the Scheme Mandate Limit.
- (c) Subject to Paragraph 7(a) above, the Board may seek approval by Shareholders in general meeting to renew the Scheme Mandate Limit and the Company must send a circular to the Shareholders containing the information required under Rule 17.02(2) (d) and the disclaimer required under Rule 17.02(4) of the Listing Rules. However, the total number of Shares which may be issued upon exercise of all options to be granted under the Share Option Scheme and any other share option schemes of the Group in these circumstances must not exceed 10% of the issued share capital of the Company at the date of approval of the renewed limit (the “renewed Scheme Mandate Limit”). Options previously granted under the Share Option Scheme and any other share option schemes of the Group (including those outstanding, cancelled, lapsed in accordance with the Share Option Scheme or any other share option schemes of the Group and exercised options) will not be counted for the purpose of calculating the renewed Scheme Mandate Limit.

- (d) Subject to Paragraph 7(a) above, the Board may seek separate Shareholders' approval in general meeting to grant options beyond the Scheme Mandate Limit or the renewed Scheme Mandate Limit as referred to in Paragraphs 7(b) or 7(c) above (as the case may be) provided that the options in excess of the Scheme Mandate Limit or the renewed Scheme Mandate Limit are granted only to the Eligible Participants specifically identified by the Company before such approval is sought and the Company must issue 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 the options to be granted, the purpose of granting options to such Eligible Participants with an explanation as to how the terms of the options serve such purpose, the information required under Rule 17.02(2)(d) and the disclaimer required under Rule 17.02(4) of the Listing Rules.
- (e) if the Company conducts a share consolidation or subdivision after the Scheme Mandate Limit or renewed Scheme Mandate Limit has been approved in general meeting, the maximum number of Shares that may be issued upon exercise of all Options to be granted under the Share Option Scheme and any other share option schemes of the Group under the Scheme Mandate Limit or renewed Scheme Mandate Limit as a percentage of the total number of Shares at the date immediately before and after such consolidation or subdivision shall be the same.

8. MAXIMUM ENTITLEMENT OF EACH ELIGIBLE PARTICIPANT

The total number of Shares issued and to be issued upon exercise of the Options granted to each Eligible Participant (including both exercised and outstanding Options under the Share Option Scheme) in any 12-month period must not exceed 1% of the issued share capital of the Company. Where any further grant of Options to an Eligible Participant would result in the total number of Shares issued and to be issued upon exercised of all Options granted and to be granted to such Eligible Participant (including exercised, cancelled and outstanding Options) in the 12-month period up to and including the date of such further grant representing in aggregate over 1% of the issued share capital of the Company as at the date of such further grant, such further grant shall be subject to the approval of the Shareholders at a general meeting with such Eligible Participant and his close associates (or his associates if the Eligible Participant is a connected person) abstaining from voting.

9. GRANTS OF OPTIONS TO CERTAIN CONNECTED PERSONS

- (a) Any grant of Options to a director, chief executive or substantial shareholder of the Company or any of their respective associates must be approved by all of the independent non-executive Directors (excluding any independent non-executive Director who is the Grantee).

- (b) Where Options are proposed to be granted to a Substantial Shareholder or an independent non-executive Director or any of their respective associates, and the proposed grant of Options will result in the total number of 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 representing in aggregate over 0.1% of the issued share capital of the Company and 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 grant of Options must be subject to the approval of the Shareholders taken on a poll at general meeting. In addition, the date of the Board meeting for proposing such grant should be taken as the date of grant for the purpose of calculating the Subscription Price only under paragraph 4. The Grantee, his associates and all core connected persons of the Company must abstain from voting in such general meeting (except that any Grantee, his associate or core connected person may vote against the proposed grant provided that his intention to do so has been stated in the relevant circular to the Shareholders).

10. TIME OF EXERCISE OF OPTION

An Option may be exercised in accordance with the terms of the Share Option Scheme at any time during a period to be determined and notified by the Board which shall not exceed ten (10) years from the date of grant of the Option (the “Option Period”).

11. RIGHTS ARE PERSONAL TO GRANTEE

An Option shall be personal to the Grantee and shall not be assignable and no Grantee shall in any way sell, transfer, charge, mortgage, encumber or create any interest (legal or equitable) in favour of any third party over or in relation to any Option or attempt to do so.

12. RIGHTS ON CEASING EMPLOYMENT

In the event that the Grantee ceases to be an Eligible Participant for any reason other than his death or the termination of his employment, directorship, appointment or engagement on one or more of the grounds specified in Paragraph 19(d), the Grantee may exercise the Option in accordance with the provisions of the Share Option Scheme up to his entitlement at the date of cessation (to the extent which has become exercisable but not already exercised) within the period of one (1) day following the date of such cessation (or such longer period as the Board may determine or, if any of the events referred to in Paragraphs 15, 16 and 17 occurs during such period, he may exercise the Option pursuant to Paragraphs 15, 16 and 17 within such period). The date of cessation as aforesaid shall be the last working day with the Company or the relevant subsidiary of the Company whether salary or compensation is paid in lieu of notice or not, or the last date of office or appointment as director, or the last date of appointment or engagement as consultant or advisor to the Company or the relevant subsidiary of the Company, as the case may be, in the event of which, the date of cessation as determined by a resolution of the Board or the board of directors or governing body of the relevant subsidiary of the Company shall be conclusive.

13. RIGHTS ON DEATH

In the event that the Grantee (being an individual) ceases to be an Eligible Participant by reason of death and none of the events which would be a ground for termination of his employment, directorship, appointment or engagement under Paragraph 19(d) arises, the personal representative of the Grantee shall be entitled within a period of twelve (12) months after the date of death (or such longer period as the Board may determine or, if any of the events referred to in Paragraphs 15, 16 and 17 occurs during such period, his personal representative(s) may exercise the Option pursuant to Paragraphs 15, 16 and 17 within such period) to exercise the Option up to the entitlement of such Grantee as at the date of death (to the extent which has become exercisable but not already exercised).

14. RIGHTS ON MATERIAL CHANGE OF A GRANTEE (BEING A CORPORATION)

If a Grantee (being a corporation) suffers a change in its constitution, management, directors, shareholding or beneficial ownership which in the opinion of the Board is material, the Option (to the extent not already exercised) shall lapse on the date of notification by the Company that the said change in constitution, management, directors, shareholding or beneficial ownership is material and not be exercisable unless the Board otherwise determines in which event the Option (or such remaining part thereof) shall be exercisable within such period as the Board may in its absolute discretion determine following the date of such occurrence.

15. RIGHTS ON A GENERAL OFFER

If a general (or partial) offer (whether by takeover 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 concert with the offeror), the terms of which have been approved by any relevant regulatory authority and are in accordance with applicable laws and regulatory requirements and becomes, or is declared unconditional prior to the expiry of the Option, the Company shall within seven (7) days of such offer becoming or being declared unconditional give notice thereof to all Grantees, whereupon the Grantees (or their personal representatives) shall be entitled to exercise the Options in full or in part in accordance with the terms of the Share Option Scheme (to the extent which have become exercisable but not already exercised) at any time within fourteen (14) days after the date of such notice and, to the extent any of the Options have not been so exercised, such Options shall upon the expiry of such period lapse.

16. RIGHTS ON WINDING UP

In the event that a notice is given by the Company to the Shareholders to convene a general meeting for the purpose of considering and, if thought fit, approving a resolution to voluntarily wind up the Company, the Company shall on the same date as it despatches such notice of the proposed general meeting to each Shareholder give notice thereof to all Grantees (or their personal representatives), who may, by notice in writing to the Company (such notice to be received by the Company not later than five (5) business days prior to the proposed general meeting) accompanied by remittances for the full amount of the aggregate Subscription Price for the Shares in respect of which the notices are given, exercise the Options (to the extent which have become exercisable but not already exercised) either to their full extent or to the extent specified in such notices and the Company shall, as soon as possible and in any event no later than the business day immediately prior to the date of the proposed general meeting, allot and issue such number of Shares to such Grantees which fall to be issued on such exercise, credited as fully paid up and register such Grantees as holders thereof. Any Options shall, to the extent they have not been so exercised, lapse and determine.

17. RIGHTS ON A COMPROMISE OR SCHEME OF ARRANGEMENT

If, pursuant to the Companies Law or other applicable law, a compromise or scheme of arrangement between the Company and its members or creditors is proposed for the purpose of or in connection with the reconstruction of the Company or its amalgamation with any other company or companies, the Company shall give notice thereof to all Grantees (or to their personal representatives) on the same day as it gives notice to the members or creditors of the Company summoning a meeting to consider such a compromise or scheme of arrangement. Upon receipt of the notice, the Grantees may, during the period commencing on the date of the notice and ending on the earlier of the date two (2) calendar months thereafter; and the date on which such compromise or arrangement is sanctioned by the court, exercise their Options (to the extent which have become exercisable but not already exercised), conditional upon the compromise or arrangement being sanctioned by the court and becoming effective. The Company may require the Grantees to transfer or otherwise deal with the Shares issued as a result of the exercise of Options in these circumstances so as to place the Grantees in the same position as nearly as would have been the case had such Shares been subject to the compromise or arrangement. Upon such compromise or arrangement becoming effective, all Options shall, to the extent that they have not been so exercised, lapse and determine. If for any reason such compromise or arrangement is not approved by the court (whether upon the terms presented to the court or upon any other terms as may be approved by such court) the rights of Grantees to exercise their respective Options shall with effect from the date of the making of the order by the court be restored in full but only up to the extent not already exercised and shall thereupon become exercisable (but subject to the other terms of the Share Option Scheme) as if such compromise or arrangement had not been proposed by the Company and no claim shall lie against the Company or any of its officers for any loss or damage sustained by any Grantee as a result of the aforesaid suspension.

18. RIGHTS ON BREACH OF CONTRACT

If the Board shall at their absolute discretion determine that:–

- (i) the Grantee or his/its associate has committed any breach of any contract entered into between the Grantee or his/its associate on the one part and the Group on the other part; or
- (ii) 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/its creditors generally; or
- (iii) the Grantee could no longer make any contribution to the growth and development of the Group by reason of the cessation of his/its relations with the Group or by other reason whatsoever;

the Option granted to the Grantee under the Scheme shall lapse, his/its Option will lapse automatically and will not in any event be exercisable on or after the date on which the Board has so determined.

19. LAPSE OF OPTION

The right to exercise an Option shall lapse automatically (to the extent not already exercised) immediately upon the earliest of:–

- (a) the expiry of the Option Period;
- (b) the expiry of any of the periods referred to in Paragraphs 12, 13, 14, 15, 16,17 and 18;
- (c) subject to Paragraph 16, the date of the commencement of the winding-up of the Company;

- (d) the date on which the relevant Grantee ceases to be an Eligible Participant by reason of the termination of the employment, directorship, appointment or engagement of such Grantee on any one or more of the grounds that he has been guilty of serious misconduct, or appears either to be unable to pay or to have no reasonable prospect of being able to pay his debts or has become insolvent or has made any arrangement or composition with his creditors generally, or has breached or failed to comply with any provisions of the relevant service contract, letter of appointment or other contracts or agreements of the Grantee with the Company or the relevant subsidiary of the Company for the employment, appointment or engagement, or has been convicted of any criminal offence involving his integrity or honesty or on any other ground on which an employer would be entitled to terminate his employment at common law or pursuant to any applicable laws or under the service contract, letter of appointment or other contract or agreement for the employment, appointment or engagement of the Grantee with the Company or the relevant subsidiary of the Company. A resolution of the Board or the board of directors of the relevant subsidiary of the Company to the effect that the employment, directorship, appointment or engagement of a Grantee has or has not been terminated on one or more of the grounds specified in this paragraph shall be conclusive;
- (e) the date on which the relevant Grantee commits a breach of Paragraph 11.

20. RANKING OF SHARES

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

21. REORGANISATION OF CAPITAL STRUCTURE

In the event of any capitalisation of profits or reserves, rights issue or other similar offer of securities to holders of Shares, consolidation, subdivision or reduction of the share capital of the Company in accordance with legal requirements and the requirements of the Stock Exchange (other than an issue of Shares as consideration in respect of a transaction in which the Company and/or any of its subsidiaries is a party), such corresponding adjustments (if any) shall be made to:–

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

or any combination thereof, as the auditors or an independent financial adviser to be appointed by the Company for such purpose shall certify in writing to the Board to be in their opinion fair and reasonable, provided always that:–

- (i) 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;
- (ii) such adjustments shall be made on the basis that the Grantees shall have as nearly as possible the same proportion of the issued share capital of the Company to which the Grantees were entitled before such adjustments,

and in each case, any adjustment must be made in compliance with the Listing Rules and such rules, codes and guidance notes of the Stock Exchange from time to time.

22. ALTERATION TO THE SHARE OPTION SCHEME AND THE TERMS OF OPTIONS GRANTED UNDER THE SHARE OPTION SCHEME

Subject to the Listing Rules, all provisions of the Share Option Scheme may be altered from time to time in any respect by a resolution of the Board save that the following alterations shall require the prior sanction of an ordinary resolution by the Shareholders in a general meeting (with all Grantees, prospective Grantees and their associates abstaining from voting and the votes taken by poll):–

- (a) alterations of the provisions relating to the matters set out in Rule 17.03 of the Listing Rules to the advantage of the Grantees or the Eligible Participants (as the case may be);
- (b) alterations of the terms and conditions of the Share Option Scheme which are of a material nature or any change to the terms of Options granted (except where the alterations take effect automatically under the existing terms of the Share Option Scheme); and
- (c) any change to the authority of the Board in relation to any alteration to the terms of the Share Option Scheme,

provided that no such alteration shall operate to affect adversely the terms of issue of any Option granted or agreed to be granted prior to such alteration except with the consent or sanction of such majority of the Grantees as would be required of the Shareholders under the Articles for the time being for a variation of the rights attached to the Shares. Any amended terms of the Share Option Scheme or Options shall still comply with the relevant requirements of Chapter 17 of the Listing Rules (subject to such waiver as may be granted by the Stock Exchange from time to time).

23. CANCELLATION OF OPTIONS GRANTED

Subject to Paragraph 11, any cancellation of Options granted but not exercised shall be approved by 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 Share Option Scheme and the requirements of the Listing Rules and provided further that new Options may be issued to a Grantee in place of his cancelled Options only if there are available unissued Options (excluding the cancelled Options) within the Scheme Mandate Limit or the renewed Scheme Mandate Limit as referred to in Paragraphs 7(a) and 7(b) above.

24. TERMINATION

The Shareholders may by ordinary resolution in a general meeting of the Company or the Board may, at any time terminate the operation of the Share Option Scheme and in such event no further Options shall be offered but the provisions of the Share Option Scheme shall remain in full force and effect in all other respects in respect of any Options granted prior thereto but not yet exercised at the time of termination. Upon such termination, details of the Options granted, including Options exercised or outstanding and (if applicable) Options that become void or non-exercisable as a result of such termination shall be disclosed in the circular to Shareholders seeking approval of the first new share option scheme established after such termination.

25. CONDITIONS OF THE SHARE OPTION SCHEME

The Share Option Scheme shall take effect subject to:–

- (a) the passing of an ordinary resolution to approve and adopt the Share Option Scheme by the Shareholders in a general meeting and to authorise the Board to grant the Options thereunder and to allot, issue and deal with the Shares which fall to be issued by the Company pursuant to the exercise of the Options under the Share Option Scheme; and
- (b) the Listing Committee of the Stock Exchange granting approval of the listing of, and permission to deal in, such number of Shares that may be issued by the Company pursuant to the exercise of the Options which may be granted under the Share Option Scheme.

Pursuant to the Listing Rules, stated below are the details of the Directors who will retire and be eligible for re-election at the AGM.

Mr. Tam Chi Sang, aged 55, joined the Group in July 1991. Mr. Tam is currently the Executive Director and Managing Director of the Company and a member of the Remuneration Committee. Mr. Tam is responsible for supervision and management of the purchasing, quality control, engineering and design functions of the Group. Mr. Tam has over 26 years of experience in the trading and manufacturing of electrical appliances. Mr. Tam was the Deputy Director and the Director of The Hong Kong Electrical Appliance Industries Association from 2000-2008.

Mr. Tam did not hold any directorship in any other listed companies in the last three years.

As at the Latest Practicable Date, Mr. Tam was interested in an aggregate of 395,000 shares held by himself and 244,800,000 Shares held by Realchamp and Beaute respectively of which:

- (a) 40,800,000 Shares were held by Realchamp which was wholly-owned by Mr. Tam and he was the sole director of Realchamp. Mr. Tam was therefore taken to be interested in the 40,800,000 Shares that Realchamp was interested;
- (b) 204,000,000 Shares were held by Beaute which was owned as to 50% by Apex Prima Limited (“Apex Prima”) and 50% by Potentasia Holdings Inc (“Potentasia”). Apex Prima was wholly-owned by Mr. Lam Wai Ming, the chairman of the Company and Potentasia was wholly-owned by Mr. Tam. Mr. Tam was also a director of Beaute and the sole director of Potentasia. Mr. Tam was therefore taken to be interested in the 204,000,000 Shares that Beaute was interested.

Save as disclosed above, Mr. Tam was not interested or deemed to be interested in any Shares or underlying Shares within the meaning of Part XV of the SFO.

Save as disclosed above, Mr. Tam does not have any relationship with any Directors, senior management or substantial or controlling shareholders (as defined in the Listing Rules) of the Company. Mr. Tam has confirmed that no information is required to be disclosed pursuant to Rule 13.51(2)(h) to (v) of the Listing Rules.

On 13 March 2014, a director's service agreement was entered into between the Company and Mr. Tam for a fixed term from 13 March 2014 to 12 March 2017 and continuing thereafter on an annual basis until terminated in accordance with the terms of the agreement, pursuant to which Mr. Tam is entitled to an annual salary of HK\$3,600,000 (subject to an annual review by the Board), the reimbursement of (i) all travelling, hotel, entertainment and other out-of pocket expenses reasonably incurred and (ii) all taxation (including salary tax payable in Hong Kong and the PRC) and also the medical benefits, travel/personal accident insurance and directors/officers liability insurance provided by the Company.

The Company provides company cars with private drivers to be used by Mr. Tam in Hong Kong and the PRC for the discharge of his duties and also domestic helpers for use by Mr. Tam and his family members at Mr. Tam's residence. The Company shall pay Mr. Tam the business trip allowance at a rate of HK\$3,000 per day for Mr. Tam's business trips outside Hong Kong. In addition, Mr. Tam may, at the discretion of the Board, be granted share options entitling him to subscribe for Shares under any share option scheme from time to time adopted by the Company and is also entitled to a discretionary performance bonus of an amount to be determined by the Board. Under such director's service agreement, Mr. Tam's emolument recorded in 2014/15 was approximately HK\$4,497,000.

The emoluments of Mr. Tam are determined on the basis of his role in the Group, the extent of his responsibilities, experience and performance and the prevailing market rates. The service agreement may be terminated by not less than three months' prior notice in writing served by either party on the other terminating on or after the fixed term. The Board will consider whether the service agreement should continue three months before the expiry of the fixed term.

One-third of the Directors (including Mr. Tam for the purpose of the forthcoming AGM) is subject to retirement by rotation and re-election at each annual general meeting of the Company pursuant to the Articles. Save as disclosed above, there are no other matters in relation to the re-election of Mr. Tam that need to be brought to the attention of the Shareholders.

Mr. Choi Hon Keung, aged 54, has been the independent non-executive director of the Company since August 2011. Mr. Choi is also currently serving as the Chairman of the Remuneration Committee and a member of the Audit Committee and the Nomination Committee of the Company. Mr. Choi had been International Legal Counsel for TCL Multimedia, a global TV manufacturer, since February 2005 till November 2014. Mr. Choi is currently an independent non-executive director of Boyaa Interactive International Limited. (Stock Code: 00434), a company listed on the Stock Exchange of Hong Kong. Mr. Choi is also an active social and economic affair legal advisor to the Hong Kong Electrical Appliance Industries Association. Mr. Choi obtained a bachelor degree in laws from Peking University in 1991, a master degree in laws from London University in 1992 and a Common Profession Examination Certificate in laws from Hong Kong University in 1994. Mr. Choi was admitted as a Solicitor of the Supreme Court of England and Wales in 1998 and as a member of the Institute of Linguists in 1996.

Save as disclosed above, Mr. Choi did not hold any directorship in any other listed companies in the last three years. As at the Latest Practicable Date, Mr. Choi did not have any interests in the Shares within the meaning of Part XV of the SFO.

Mr. Choi does not have any relationship with any Directors, senior management or substantial or controlling shareholders (as defined in the Listing Rules) of the Company. Mr. Choi has confirmed that no information is required to be disclosed pursuant to Rule 13.51(2)(h) to (v) of the Listing Rules.

The Company has renewed a letter of appointment with Mr. Choi commencing on 15 August 2014 for a term of one year. Mr. Choi is entitled to an annual fee of HK\$96,000. The emoluments of Mr. Choi are determined on the basis of his role in the Group, the extent of his responsibilities, experience, performance and prevailing market rates. According to Article 86.(3), Mr. Choi will hold office only until the forthcoming AGM, and, being eligible, offer himself for re-election. Save as disclosed above, there are no other matters in relation to the re-election of Mr. Choi that need to be brought to the attention of the Shareholders.

NOTICE OF ANNUAL GENERAL MEETING



建福集團控股有限公司 KENFORD GROUP HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 00464)

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the annual general meeting of Kenford Group Holdings Limited (the “**Company**”) will be held at The Empire Room 1, 1st Floor, Empire Hotel Hong Kong, 33 Hennessy Road, Wan Chai, Hong Kong on Thursday, 6 August 2015 at 10:30 a.m. (the “**AGM**”) for the following purposes:

1. To receive and adopt the audited consolidated financial statements and the reports of the directors and auditors for the year ended 31 March 2015.
2. To re-elect directors.
3. To authorize the board of directors to fix the remuneration of the directors of the Company.
4. To re-appoint Deloitte Touche Tohmatsu as the auditors of the Company and to authorize the board of directors to fix their remuneration.
5. As special business, to consider and, if thought fit, pass with or without modifications the following resolutions as ordinary resolutions:

ORDINARY RESOLUTIONS

(A) “**THAT**

- (a) subject to paragraph 5.(A)(c) below, the exercise by the directors of the Company (the “**Directors**”) during the Relevant Period (as defined in paragraph 5.(A)(d) below) of all the powers of the Company to allot, issue and deal with additional shares in the share capital of the Company (the “**Shares**”), and to make or grant offers, agreements and options, which might require the exercise of such powers be and is hereby generally and unconditionally approved;

NOTICE OF ANNUAL GENERAL MEETING

- (b) the approval in paragraph 5.(A)(a) above shall be in addition to any other authorizations given to the Directors and shall authorize the Directors during the Relevant Period to make or grant offers, agreements and options, which might require the exercise of such powers after the end of the Relevant Period;
- (c) the aggregate nominal amount of share capital allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to an option or otherwise) by the Directors pursuant to the approval in paragraph 5.(A)(a) above, otherwise than pursuant to:
 - (i) a Rights Issue (as defined in paragraph 5.(A)(d) 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;
 - (iii) an issue of any Shares under any option scheme or similar arrangement for the time being adopted for the grant or issue of Shares or rights to acquire Shares; or
 - (iv) a scrip dividend or similar arrangement providing for the allotment of Shares in lieu of the whole or part of a dividend on Shares in accordance with the articles of association 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 this Resolution and the said approval to the Directors in paragraphs 5.(A)(a) and 5.(A)(b) above shall be limited accordingly;

- (d) for the purpose 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;

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- (ii) the expiration of the period within which the next annual general meeting of the Company is required by the articles of association of the Company or any applicable laws 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 (“**Shareholders**”) in general meeting;

“**Rights Issue**” means the allotment, issue or grant of Shares or other securities which would or might require Shares to be allotted and issued pursuant to an offer open for a period fixed by the Directors to the Shareholders and (where appropriate) the holders of other equity securities of the Company entitled to such offer, whose names appear on the register of members and/or (where appropriate) the register of holders of such other securities of the Company on a fixed record date in proportion to their holdings as at that date (subject to such exclusions or other arrangement 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 recognized regulatory body or any stock exchange in, any relevant territory).”

(B) “**THAT**

- (a) subject to paragraph 5.(B)(b) below, the exercise by the Directors during the Relevant Period (as defined in paragraph 5.(B)(c) below) of all the powers of the Company to repurchase its Shares on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) or on any other stock exchange on which the securities of the Company may be listed and recognized for this purpose by the Securities and Futures Commission in Hong Kong and the Stock Exchange under the Hong Kong Code on Share Repurchases and, subject to and in accordance with all applicable laws and/or requirements of the Rules Governing the Listing of Securities on the Stock Exchange or the listing rules of any other stock exchange as amended from time to time, be and is hereby generally and unconditionally approved;

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(b) the aggregate nominal amount of share capital which may be repurchased by the Company pursuant to paragraph 5.(B)(a) above during the Relevant Period shall not exceed 10 per cent of the aggregate nominal amount of the share capital of the Company in issue at the date of passing this Resolution and the said approval granted under paragraph 5.(B)(a) shall be limited accordingly;

(c) for the purpose 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 articles of association of the Company or any applicable laws to be held; or
- (iii) the revocation or variation of the authority given under this Resolution by an ordinary resolution of the Shareholders in general meeting.”

(C) “**THAT**

conditional upon the passing of Resolutions 5.(A) and 5.(B) as set out in the notice convening this AGM, the general mandate granted to the Directors to exercise the powers of the Company to allot, issue or otherwise deal with the Shares pursuant to Resolution 5.(A) above be and is hereby extended by the addition to the aggregate nominal amount of the Shares of an amount representing the aggregate nominal amount of the share capital of the Company repurchased by the Company under the authority granted pursuant to Resolution 5.(B) above, provided that such amount shall not exceed 10 per cent of the aggregate nominal amount of share capital of the Company in issue at the date of passing this Resolution.”

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(D) **“THAT**

- (i) subject to the granting by the Listing Committee of The Stock Exchange of Hong Kong Limited of the listing of and permission to deal in the shares (“**Shares**”) in the capital of the Company with a par value of HK\$0.001 each to be issued and allotted by the Company under the proposed share option scheme of the Company (the “**Scheme**”), the rules of which are set out in a document submitted to the meeting marked “A” and signed for the purpose of identification by the chairman of the meeting, such Scheme be and is hereby approved and adopted as the Company’s share option scheme and the directors of the Company (the “**Directors**”) be and are hereby authorised to take all such steps as they may deem necessary, desirable or expedient to carry into effect, waive or amend the Scheme subject to the terms of the Scheme and Chapter 17 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (as amended from time to time); and
- (ii) the Directors be and are hereby authorised to grant options to subscribe for Shares in accordance with the rules of the Scheme up to a maximum of 10% of the Shares in issue as at the date of passing of this resolution, to issue and allot Shares pursuant to the exercise of the options so granted, to administer the Scheme in accordance with its terms and to take all necessary actions incidental thereto as the Directors deem fit.”

By order of the Board
KENFORD GROUP HOLDINGS LIMITED
LAM WAI MING
Chairman

Hong Kong, 10 July 2015

Registered Office:

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

Principal place of business in Hong Kong:

Room 1106-8, Riley House
88 Lei Muk Road, Kwai Chung
New Territories, Hong Kong

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Notes:

1. A member entitled to attend and vote at the AGM convened by the above notice is entitled to appoint a proxy to attend and vote in his/her stead. A proxy need not be a member of the Company.
2. Where there are joint registered holders of any Share, any one of such persons may vote at the AGM, either personally or by proxy, in respect of such Share as if he/she/it were solely entitled thereto; but if more than one of such joint holders be present at the meeting personally or by proxy, that one of the said persons so present whose name stands first on the register of members of the Company ("**Register of Members**") in respect of such Share shall alone be entitled to vote in respect thereof.
3. To be valid, a form of proxy together with a 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 Hong Kong branch share registrar of the Company, Computershare Hong Kong Investor Services Limited, Shops 1712-16, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong not less than 48 hours before the time appointed for holding the AGM or any adjourned meeting. Completion and return of the form of proxy will not preclude any member from attending the AGM or any adjournment thereof and voting in person if he so wishes and in such event, the form of proxy will be deemed to be revoked.
4. For the purpose of determining the entitlement of the members to attend and vote at the annual general meeting, the register of members of the Company will be closed from Tuesday, 4 August 2015 to Thursday, 6 August 2015, both days inclusive, during which period no transfer of shares of the Company will be registered. Members whose names appear on the register of members of the Company on Thursday, 6 August 2015 will be entitled to attend and vote at the annual general meeting. All transfers of shares accompanied by the relevant share certificates and the appropriate transfer forms must be lodged with the Company's share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, Shops 1712-16, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, for registration not later than 4:30 p.m. on Monday, 3 August 2015.
5. In accordance with the articles of association of the Company, Mr. Tam Chi Sang and Mr. Choi Hon Keung will retire by rotation at the AGM and the aforesaid Directors, being eligible, have offered themselves for re-election. Details of the aforesaid Directors have been set out in the Circular of the Company dated 10 July 2015.
6. An explanatory statement containing further details in respect of Resolution 5.(B) is included in the Circular of the Company dated 10 July 2015.
7. Typhoon or black rainstorm warning

Shareholders are requested to telephone the Company's hotline on (852) 2422 8198 for arrangements of the AGM in the event that a No. 8 (or above) typhoon signal or black rainstorm warning is hoisted on the day of the AGM.

As at the date of this announcement, the Board of the Company comprises two Executive Directors, namely Mr. Lam Wai Ming (Chairman), Mr. Tam Chi Sang (Managing Director) and three Independent Non-Executive Directors, namely Mr. Chiu Fan Wa, Mr. Choi Hon Keung and Mr. Li Chi Chung.

Website: www.kenford.com.hk