
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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

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

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**KASEN INTERNATIONAL HOLDINGS LIMITED****卡森國際控股有限公司**

(An exempted company incorporated in the Cayman Islands with limited liability)

(Stock Code: 496)

**(1) RENEWAL OF GENERAL MANDATES TO ISSUE
AND BUYBACK SHARES;
(2) RE-ELECTION OF DIRECTORS;
(3) ADOPTION OF NEW SHARE OPTION SCHEME;
AND
NOTICE OF ANNUAL GENERAL MEETING**

A notice convening the annual general meeting of Kasen International Holdings Limited to be held at 10 Geling Road, Hangzhou, China on Friday, May 29, 2015 at 1:30 p.m. is set out on pages 25 to 28 of this circular. A form of proxy for use in connection with the annual general meeting is enclosed herewith. Whether or not you are able to attend, you are requested to complete and return the enclosed form of proxy in accordance with the instructions printed thereon and return it to the office of the Hong Kong branch share registrar and transfer office of the Company, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible and in any event not later than 48 hours before the time of the meeting. Completion and return of the form of proxy will not preclude you from attending and voting in person at the meeting should you so wish. If you attend and vote at the meeting, the authority of your proxy will be revoked.

April 10, 2015

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DEFINITIONS

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

“AGM”	the annual general meeting of the Company to be held at 10 Geling Road, Hangzhou, China on Friday, May 29, 2015 at 1:30 p.m., or any adjournment thereof, for the purpose of considering and if thought fit, approving, among others, the resolutions proposed and set out in the AGM Notice
“AGM Notice”	the notice convening the AGM set out on pages 25 to 28 of this circular
“associate(s)”	has the meaning as ascribed to it under the Listing Rules
“Board”	the board of Directors
“Code”	the Codes on Takeovers and Mergers
“close associate(s)”	has the meaning as ascribed to it under the Listing Rules
“Company”	Kasen International Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the main board of the Stock Exchange
“connected person(s)”	has the meaning as ascribed to it under the Listing Rules
“core connected person(s)”	has the meaning as ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Eligible Participants”	means any full-time or part-time employees, executives or officers of the Company or any of its subsidiaries; any directors (including independent non-executive directors) of the Company or any of its subsidiaries; and any advisers, consultants, suppliers, customers, distributors and such other persons who in the sole opinion of the Board will contribute or have contributed to the Company or any of its subsidiaries
“Existing Articles”	the existing articles of association of the Company as at the date of this circular

DEFINITIONS

“Existing Share Option Scheme”	the existing share option scheme of the Company adopted on October 20, 2005
“General Mandate”	a general and unconditional mandate to be granted to the Directors to allot, issue, and otherwise deal with additional Shares not exceeding 20% of the total number of issued Shares of the Company as at the date of passing of the relevant resolutions
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Latest Practicable Date”	March 31, 2015, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained in this circular
“Law”	the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Option(s)”	option(s) to subscribe for Shares pursuant to the Share Option Scheme
“Option Holder(s)”	the holder(s) of the Options
“New Share Option Scheme”	the new share option scheme of the Company proposed to be adopted at the AGM, the principal terms of which are set out in Appendix III to this circular
“Participant(s)”	any person(s) belonging to any of the following classes of participants: (aa) any Eligible Participant; and (bb) any non-executive director (including independent non-executive directors) of the Company or any of its Subsidiaries

DEFINITIONS

“Share(s)”	the share(s) of US\$0.00015 each of the Company
“Share Buy-back Mandate”	a general and unconditional mandate to be granted to the Directors to exercise the power of the Company to buyback Shares not exceeding 10% of the total number of issued Shares as at the date of passing the relevant resolutions
“Shareholder(s)”	the holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subsidiary” or “Subsidiaries”	a company which is for the time being and from time to time, a subsidiary (within the meaning of section 15 of the Companies Ordinance, Chapter 622 of the Laws of Hong Kong, as amended from time to time) of the Company
“Substantial Shareholders”	has the meaning ascribed to it under the Listing Rules
“US\$”	United States dollars, the lawful currency of United States
“%”	per cent.

LETTER FROM THE BOARD



KASEN INTERNATIONAL HOLDINGS LIMITED

卡森國際控股有限公司

(An exempted company incorporated in the Cayman Islands with limited liability)

(Stock Code: 496)

Executive Directors:

ZHU Zhangjin

(Chairman and Chief Executive Officer)

LEE Lawrence

ZHANG Mingfa, Michael

Non-executive Director:

QIU Jian Ping

Independent non-executive Directors:

SUN Steve Xiaodi

ZHOU Lingqiang

ZHANG Yuchuan

Registered office:

Cricket Square

Hutchins Drive

P.O. Box 2681

Grand Cayman

KY1-1111

Cayman Islands

Head office:

Building 1,

236 Haizhou Road West

Haining City

Zhejiang Province 314400

China

*Principal place of business
in Hong Kong:*

Room 1605, Tai Tung Building

8 Fleming Road

Wanchai

Hong Kong

April 10, 2015

To the Shareholders

Dear Sirs or Madams,

- (1) RENEWAL OF GENERAL MANDATES TO ISSUE
AND BUYBACK SHARES;
(2) RE-ELECTION OF DIRECTORS;
(3) ADOPTION OF NEW SHARE OPTION SCHEME;
AND
NOTICE OF ANNUAL GENERAL MEETING**

INTRODUCTION

The purpose of this circular is to give you notice of the AGM and to provide you with information regarding certain resolutions to be proposed at the AGM to enable you to make an informed decision on whether to vote for or against those resolutions.

LETTER FROM THE BOARD

At the AGM, resolutions, amongst others, will be proposed for the Shareholders to approve (i) the renewal of the General Mandate and the Share Buy-back Mandate; (ii) the extension of the General Mandate to include Shares bought back pursuant to the Share Buy-back Mandate; (iii) the re-election of Directors; and (iv) the adoption of the New Share Option Scheme.

RENEWAL OF GENERAL MANDATE TO ISSUE AND BUYBACK SHARES

At the annual general meeting of the Company held on May 30, 2014, resolutions were passed granting general mandates to the Directors (i) to allot and issue Shares not exceeding 20% of the issued Shares as at the date of passing of the relevant resolutions; and (ii) to buyback Shares up to 10% of the total number of issued Shares as at the date of passing of the relevant resolutions. Such general mandates will expire at the conclusion of the forthcoming AGM.

At the AGM, separate ordinary resolutions will be proposed:

- (a) to grant the General Mandate to the Directors to exercise the powers of the Company to allot and issue Shares of a total number not exceeding 20% of the issued Shares at the date of passing the resolution. The General Mandate will end on the earliest of the date of the next annual general meeting, the date by which the next annual general meeting of the Company is required to be held by the Existing Articles or the date upon which such authority is revoked or varied by an ordinary resolution of the Shareholders at a general meeting of the Company. Based on 1,162,322,985 Shares in issue as at the Latest Practicable Date and assuming that none of the outstanding share options of the Company is exercised pursuant to the Existing Share Option Scheme and no further Shares will be issued or bought back prior to the date of the AGM, the Directors will be authorised to issue up to 232,464,597 Shares under the General Mandate;
- (b) to grant the Share Buy-back Mandate to the Directors to exercise all powers of the Company to buyback issued Shares subject to the criteria set out in this circular. Under such Share Buy-back Mandate, the maximum number of Shares that the Company may buyback shall not exceed 10% of the total number of issued Shares as at the date of passing the resolution. As at the Latest Practicable Date, the number of Shares in issue was 1,162,322,985 Shares. Subject to the passing of the proposed ordinary resolution approving the granting of the Share Buy-back Mandate and on the basis that none of the outstanding share options of the Company is exercised pursuant to the Existing Share Option Scheme and no further Shares are issued or bought back prior to the AGM, the Company would be allowed under the Share Buy-back Mandate to buyback a maximum of 116,232,298 Shares, being 10% of the total number of the issued Shares as at the date of passing of the resolution in relation thereof. The Share Buy-back Mandate will end on the earliest of the date of the next annual general meeting, the date by which the next annual general meeting of the Company is required to be held by the Existing Articles or the date upon which such authority is revoked or varied by an ordinary resolution of the Shareholders at a general meeting of the Company; and

LETTER FROM THE BOARD

- (c) subject to the passing of the aforesaid ordinary resolutions of the General Mandate and the Share Buy-back Mandate, to extend the number of Shares to be issued and allotted under the General Mandate by an additional number representing such number of Shares bought back under the Share Buy-back Mandate.

In accordance with the Listing Rules, an explanatory statement is set out in Appendix I to this circular to provide you with requisite information reasonably necessary to enable you to make an informed decision on whether to vote for or against the proposed resolution to renew the grant of the Share Buy-back Mandate at the AGM.

RE-ELECTION OF DIRECTORS

Pursuant to article 87 of the Existing Articles, Mr. Zhou Lingqiang and Mr. Zhang Yuchuan will retire from office as Directors by rotation at the AGM and being eligible, offer themselves for re-election. Mr. Lee Lawrence will only hold office as Director until the AGM and, being eligible, will offer himself for re-election. At the AGM, ordinary resolutions will be proposed to re-elect Mr. Zhou Lingqiang and Mr. Zhang Yuchuan as independent non-executive Directors and Mr. Lee Lawrence as executive Director. Particulars of Directors proposed to be re-elected in the AGM are set out in Appendix II to this circular.

TERMINATION OF THE EXISTING SHARE OPTION SCHEME

The Existing Share Option Scheme was adopted by the Company on October 20, 2005 and is valid for a period of 10 years ending on October 19, 2015. Other than the Existing Share Option Scheme, the Company does not have any other option schemes.

The Company had 19,800,000 options outstanding as at the Latest Practicable Date. The Existing Share Option Scheme is due to expire soon and the Board proposes to terminate the Existing Share Option Scheme and adopt the New Share Option Scheme with terms in compliance with the current provisions of Chapter 17 of the Listing Rules.

ADOPTION OF NEW SHARE OPTION SCHEME

The Existing Share Option Scheme is due to expire on October 19, 2015. In order to provide the Company with the flexibility of granting share options to the Directors and employees as incentives or rewards for their contribution or potential contribution to the Group, the Directors proposed to adopt the New Share Option Scheme, the principal terms of which are set out in Appendix III to this circular.

The adoption of the New Share Option Scheme is conditional upon (i) the approval of the adoption of the New Share Option Scheme by Shareholders at the AGM; and (ii) the Stock Exchange granting approval for the listing of, and permission to deal in, the Shares which may be issued upon the exercise of the options which may be granted under the New Share Option Scheme.

An application will be made to the Stock Exchange for the listing of, and permission to deal in, the Shares which may be issued upon the exercise of the options under the New Share Option Scheme.

LETTER FROM THE BOARD

The purpose of the New Share Option Scheme is to enable the Company to grant options to selected Participants as incentives or rewards for their contribution or potential contribution to the Group. The Directors consider that the New Share Option Scheme will provide the Participants with the opportunity to acquire proprietary interests in the Company and will encourage such Participants to work towards enhancing the value of the Company and its Shares for the benefit of the Company and the Shareholders as a whole.

The New Share Option Scheme does not specify a minimum period for which an option must be held nor a performance target which must be achieved before an option can be exercised. However, the rules of the New Share Option Scheme provide that the Board may determine, at its sole discretion, such terms and conditions on the grant of an option, including the minimum period for which the share options under the New Share Option Scheme must be held and/or the performance targets that must be achieved before such share options can be exercised and/or any other terms which may be imposed. This determination may vary on a case by case basis but no such terms will be imposed the result of which will be to the advantage of the Participant. The basis for the determination of the subscription price is specified in the rules of the New Share Option Scheme. With such authority and flexibility, the Board may impose different conditions for each Participant as it considers appropriate so as to provide incentives or rewards to such selected Participants for their contribution or potential contribution to the Group.

Based on 1,162,322,985 Shares in issue as at the Latest Practicable Date and assuming that there is no change in the total number of issued Shares before the AGM, the maximum number of Shares that may be issued upon the exercise of the options that may be granted under the Share Option Scheme is 116,232,298 Shares, being 10% of the total number of issued Shares as at the date of the adoption of the New Share Option Scheme.

The aggregate number of Shares which may be issued upon the exercise of all share options that may be granted under the New Share Option Scheme and all outstanding share options granted and yet to be exercised under the other share option schemes of the Company has not exceeded 30% of the Shares in issue as at the Latest Practicable Date.

As at the Latest Practicable Date, no options under the New Share Option Scheme have been granted and thus the Company considers that it would not be appropriate to disclose in this circular the value of the options that may be granted under the proposed New Share Option Scheme as if they have been granted as at the Latest Practicable Date, as various determining factors for the calculation of such value cannot be reasonably ascertained at this stage. It would not be meaningful and may even be misleading to Shareholders if the value of the options is calculated based on a set of speculative assumptions. However, the Company will disclose the value of any options granted during a financial year or a particular period in its annual report and interim report based on the Binomial Options Pricing Model or a generally accepted comparable methodology.

ANNUAL GENERAL MEETING

The Company will convene the AGM at 10 Geling Road, Hangzhou, China on Friday, May 29, 2015 at 1:30 p.m. at which resolutions will be proposed for the purpose of considering and if thought fit, approving, among others, the resolutions proposed and set out in the AGM Notice. The AGM Notice is set out on pages 25 to 28 of this circular of the Company.

LETTER FROM THE BOARD

A form of proxy for use in connection with the AGM is enclosed herewith. Whether or not you are able to attend the meeting, you are requested to complete and return the enclosed form of proxy in accordance with the instructions printed thereon as soon as possible to the Company's Hong Kong branch registrar in Hong Kong at Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong and in any event by no later 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 at the AGM should you so wish. If you attend and vote at the AGM, the authority of your proxy will be revoked. Pursuant to Rule 13.39(4) of the Listing Rules, voting by the Shareholders at the AGM will be by poll.

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.

A summary of the principal terms of the proposed New Share Option Scheme is set forth in Appendix III to this circular. The rules of the New Share Option Scheme proposed to be adopted by the Company at the AGM will be available for inspection at the principal place of business in Hong Kong at Room 1605, Tai Tung Building, 8 Fleming Road, Wanchai, Hong Kong during normal business hours from the Latest Practicable Date up to and including the date of AGM.

RECOMMENDATION

The Directors consider that (i) the renewal of the General Mandate and the Share Buy-back Mandate; (ii) the extension of the General Mandate to include Shares bought back pursuant to the Share Buy-back Mandate; (iii) the re-election of Directors; and (iv) the adoption of the New Share Option Scheme are in the best interests of the Company as well as its Shareholders as a whole. Accordingly, the Directors recommend that all Shareholders should vote in favour of all the relevant resolutions set out in the AGM Notice.

As at the date hereof, the Board comprises Mr. Zhu Zhangjin, Mr. Lee Lawrence and Mr. Zhang Mingfa, Michael, as executive Directors, Mr. Qiu Jian Ping as non-executive Director, Mr. Sun Steve Xiaodi, Mr. Zhang Yuchuan and Mr. Zhou Lingqiang as independent non-executive Directors.

Yours faithfully,
By Order of the Board
Zhu Zhangjin
Chairman

This Appendix serves as an explanatory statement required by Rule 10.06(1)(b) of the Listing Rules to provide you with all the information reasonably necessary to enable you to make an informed decision on whether to vote for or against the resolution to be proposed at the AGM for approving the Share Buy-back Mandate.

1. LISTING RULES

The Listing Rules permit companies whose primary listings are on the Stock Exchange to buyback their own shares on the Stock Exchange subject to certain restrictions, the most important of which are summarised below.

2. SHAREHOLDERS' APPROVAL

All proposed buyback of shares on the Stock Exchange by a company with its primary listing on the Stock Exchange must be approved in advance by an ordinary resolution, either by way of a general mandate or by specific approval.

3. SOURCE OF FUNDS

Subject to the laws of Cayman Islands, the Company's memorandum of association and the Existing Articles and, where applicable, the rules of any designated stock exchange and/or any competent regulatory authority, any power of the Company to purchase or otherwise acquire its own Shares shall be exercisable by the Board in such manner, upon such terms and subject to such conditions as it thinks fit. In buying-back Shares, the Company may only apply funds legally available for such purpose in accordance with its memorandum of association and the Existing Articles and laws of the Cayman Islands. Under the Company's memorandum of association and the Existing Articles, the Company is authorised to make payments in respect of the buyback of its shares out of capital or out of any other account or fund which can be authorised for this purpose in accordance with the laws of the Cayman Islands. Under such law, the Shares so bought back will be treated as cancelled but the aggregate amount of authorised share capital will not be reduced.

4. SHARES IN ISSUE

Assuming that none of the outstanding share options of the Company is exercised pursuant to the Existing Share Option Scheme and no further Shares are issued or bought back during the period from the Latest Practicable Date to the date of the AGM, exercise in full of the Share Buy-back Mandate, on the basis of 1,162,322,985 existing Shares in issue as at the Latest Practicable Date, could result in up to 116,232,298 Shares being bought back by the Company, being 10% of the total number of issued Shares as at the date of passing of the relevant resolution. The Share Buy-back Mandate will end on the earliest of the date of the next annual general meeting, the date by which the next annual general meeting of the Company is required to be held by the Existing Articles or the date upon which such authority is revoked or varied by an ordinary resolution of the Shareholders at a general meeting of the Company.

5. REASONS FOR SHARE BUYBACK

The Directors believe that it is in the best interests of the Company and its Shareholders to have general authority from the Shareholders to enable the Directors to buyback Shares on the Stock Exchange. Such buyback may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net asset value per Share of the Company and/or its earning per Share and will only be made when the Directors believe that such buyback will benefit the Company and its Shareholders.

The Directors have no present intention to buyback any Shares and they would only exercise the power to buyback in circumstances where they consider that the buyback would be in the best interests of the Company and in circumstances where they consider that the Shares can be bought back on terms favourable to the Company. The Directors consider that if the General Mandate to buyback Shares were to be exercised in full at the currently prevailing market value, it could have a material adverse impact on the working capital position and gearing level of the Company, as compared with the position disclosed in its most recent published audited accounts for the year ended December 31, 2014. In such circumstances, the Directors do not propose to exercise the Share Buy-back Mandate to such an extent as would have a material adverse impact on the working capital or gearing ratio of the Company.

6. DIRECTORS, THEIR CLOSE ASSOCIATES AND CONNECTED PERSONS

None of the Directors nor, to the best of their knowledge and belief having made all reasonable enquiries, any of their close associates has any present intention, in the event that the proposal is approved by the Shareholders, to sell their Shares to the Company or its subsidiaries under the Share Buy-back Mandate. No core connected person of the Company (as defined in the Listing Rules) has notified the Company that he/she/it has a present intention to sell his/her/its Shares to the Company or its subsidiaries nor has he/she/it undertaken not to sell any of his/her/its Shares held by him/her/it to the Company or its subsidiaries in the event that the Share Buy-back Mandate is granted by the Shareholders.

7. UNDERTAKING OF THE DIRECTORS

The Directors have undertaken to the Stock Exchange to exercise the power of the Company to make buybacks pursuant to the Share Buy-back Mandate and in accordance with the Listing Rules, the Existing Articles and all applicable laws of the Cayman Islands.

8. EFFECT OF THE CODE

A buyback of Shares by the Company may result in an increase in the proportionate interests of Shareholders in the voting rights of the Company, such increase will be treated as an acquisition for the purposes of the Code and which could give rise to an obligation by a Shareholder, or group of Shareholders acting in concert, depending on the level of increase of its or their shareholding, to make a mandatory offer in accordance with Rule 26 of the Code.

As at the Latest Practicable Date, to the best knowledge and belief of the Directors, Mr. Zhu Zhangjin, the chairman of the Company, as settlor, and together with persons acting in concert with him as beneficiaries of a family trust (a trust set up to hold interest of family of Mr. Zhu Zhangjin (excluding Mr. Zhu Zhangjin) in the Company), being the substantial shareholders of the Company, are collectively holding 527,158,635 Shares or approximately 45.35% of the total number of issued Shares (including the 514,798,635 Shares or approximately 44.29% of the issued Shares held by Joyview Enterprises Limited which in turn is wholly owned by the trustee of such family trust). In the event that the Directors exercise in full the Share Buy-back Mandate, the attributable shareholding of Mr. Zhu Zhangjin and persons acting in concert with him in the Company would be increased to approximately 50.39% of the total number of the issued Shares of the Company and such increase would give rise to an obligation to make a mandatory general offer under Rule 26 of the Code. The Directors currently have no intention to exercise the Share Buy-back Mandate to such extent that would trigger a mandatory offer by any Shareholder under Rule 26 of the Code or result in the amount of shares held by the public being reduced to less than 25% of the issued Shares of the Company.

9. SHARE PRICES

The highest and lowest traded prices for the Shares on the Stock Exchange during each of the previous twelve months immediately prior to the Latest Practicable Date were as follows:

	Price per share	
	Highest <i>HK\$</i>	Lowest <i>HK\$</i>
2014		
March	1.7400	1.5300
April	1.7500	1.6200
May	1.7100	1.5400
June	1.7000	1.5900
July	1.7500	1.5200
August	1.6000	1.3200
September	1.4500	1.2100
October	1.2600	1.0000
November	1.3500	1.0400
December	1.2800	1.0000
2015		
January	1.1600	0.9300
February	1.0700	0.8500
March (up to the Latest Practicable Date)	1.4000	0.7900

10. SHARE BUYBACKS MADE BY THE COMPANY

During the previous six months preceding the Latest Practicable Date, no buyback of Shares had been made by the Company on the Stock Exchange or otherwise.

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

Set out below are the biographical details of the Directors who will retire at the conclusion of the AGM and are proposed to be re-elected at the AGM.

DIRECTORS TO BE RE-ELECTED

ZHOU LINGQIANG (周玲強)

Mr. Zhou Lingqiang, aged 51, joined the Company as an independent non-executive Director on June 1, 2011. Mr. Zhou obtained a bachelor degree in economics from Hangzhou University in 1986, a master degree in economics from Hangzhou University in 1998 and a doctoral degree in management from Zhejiang University in 2005. Mr. Zhou has been working at Zhejiang University since 1986. Mr. Zhou is now the faculty dean of the Faculty of Tourism of Zhejiang University and the Head of the Tourism Research Institute of Zhejiang University. From 2006 to 2007, Mr. Zhou was appointed by the PRC government to serve as the vice president of the Faculty of Tourism and Foreign Language of University of Tibet. Apart from his professional career, Mr. Zhou serves as a member of the Consultant Committee for Master's Degree Education for National Tourism Management under the State Council Academic Degrees Committee, the vice president of the Education Branch of China Tourism Association, the vice president of Zhejiang Tourism Association, the vice president and secretary of Zhejiang Recreation Academy and executive member of the World Leisure Organisation, China branch. Mr. Zhou is also a committee member of the Zhejiang Tourism Standardisation of Technology Committee, Hangzhou Economic Zone Tourism Cooperation and Development Coordination Section, Hangzhou Government Decisionmaking Advisory Committee and Hangzhou Tourism Branding and Marketing Committee. Mr. Zhou has acted as the consultant in relation to the tourism-related matters in various districts in Zhejiang Province and has acted as a government consultant in various districts within the Tibet Autonomous Region.

Saved as disclosed herein, Mr. Zhou held no other directorships in any listed public companies in the last three years. Mr. Zhou does not have any relationship with any Directors, senior management, substantial Shareholders or controlling Shareholders of the Company. As at the Latest Practicable Date, Mr. Zhou does not have interests in any shares or underlying shares of the Company, within the meaning of Part XV of the Securities and Future Ordinance (Chapter 571 of the laws of Hong Kong).

Mr. Zhou entered into a service contract with the Company for a term of three years from January 1, 2015. The remunerations of Mr. Zhou, which are determined based on his qualification and experience, responsibilities undertaken, contribution to the Group, and the prevailing market level of remuneration for independent non-executive Directors, are at the rate of HK\$180,000 per annum payable in arrears at the end of each quarter. Mr. Zhou is entitled to 12 months of emoluments each year. A discretionary bonus may be decided by the Board based on Mr. Zhou's performance and service for each year of his service, provided that the total amount of bonus payable to him for such year shall not exceed 10% of the audited consolidated profit after taxation but before extraordinary items of the Group (if any) for the relevant year.

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

There is no information which is required to be disclosed pursuant to Rule 13.51(2)(h) to (v) of the Listing Rules. There are no other matters that need to be brought to the attention of the Shareholders

ZHANG YUCHUAN (張玉川)

Mr. Zhang Yuchuan, aged 56, joined the Company as an independent non-executive Director on March 1, 2012. Mr. Zhang obtained a bachelor degree in information management from The School of Information Management, Wuhan University in 1982. From 1982 to 1985, Mr. Zhang worked at the Ministry of Education. From 1985 to 1986, he served as a finance journalist of the China Economic Press. From 1986 to 1987, Mr. Zhang served as an assistant researcher at the China Association for Science and Technology. From 1988 to 1994, Mr. Zhang served as the division chief of The Development Research Centre of the State Council and was later appointed as the deputy chief executive of the centre in 1994 till 2002. Since 1998 up to present, Mr. Zhang has been serving as the director of the Beijing Owen Institute of Public Affairs, responsible for finance public affairs related matters. From 2001 to 2006, Mr. Zhang served as an independent director of Hubei Guangji Pharmaceutical Co., Ltd. From 2001 to 2008, Mr. Zhang served as an independent non-executive director of Shenzhen Mingwah Aohan High Technology Corporation Limited, a company listed on The Stock Exchange of Hong Kong Limited (Stock Code: 8301). Furthermore, Mr. Zhang is an independent non-executive director of Tiandi Science and Technology Co., Ltd., a company listed on the Shanghai Stock Exchange. Apart from his professional career, Mr. Zhang also serves as the vice chairman of China Electronic Commerce Association.

Saved as disclosed herein, Mr. Zhang held no other directorships in any listed public companies in the last three years. Mr. Zhang does not have any relationship with any Directors, senior management, substantial Shareholders or controlling Shareholders of the Company. As at the Latest Practicable Date, Mr. Zhang does not have interests in any shares or underlying shares of the Company, within the meaning of Part XV of the Securities and Future Ordinance (Chapter 571 of the laws of Hong Kong).

Mr. Zhang entered into a service contract with the Company for a term of three years from March 1, 2015. The remunerations of Mr. Zhang, which are determined based on his qualification and experience, responsibilities undertaken, contribution to the Group, and the prevailing market level of remuneration for independent non-executive Directors, are at the rate of HK\$180,000 per annum payable in arrears at the end of each quarter. Mr. Zhang is entitled to 12 months of emoluments each year. A discretionary bonus may be decided by the Board based on Mr. Zhang's performance and service for each year of his service, provided that the total amount of bonus payable to him for such year shall not exceed 10% of the audited consolidated profit after taxation but before extraordinary items of the Group (if any) for the relevant year.

There is no information which is required to be disclosed pursuant to Rule 13.51(2)(h) to (v) of the Listing Rules. There are no other matters that need to be brought to the attention of the Shareholders.

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

LEE LAWRENCE (李磊)

Mr. Lee Lawrence, aged 50, was appointed as an executive director on August 8, 2014. Mr. Lee joined the Company as the vice president and chief financial officer from August 2004 to September 2007. Mr. Lee also held other senior finance positions during his career of over 21 years, serving as the chief financial officer at Synutra International, Inc., a company listed on NASDAQ from October 2007 to October 2009. He also worked as the chief financial officer at Eagle Brand Holdings Limited, a company listed on the Singapore Stock Exchange from July 2001 to April 2004 and as a financial controller at the Korean division of Exel Plc in the United Kingdom from January 1999 to July 2001. Before rejoining the Company as an executive director, Mr. Lee has worked as independent advisors to several companies in China advising on corporate finance and strategic matters. Mr. Lee received a bachelor degree in Management and Engineering from the Beijing Institute of Technology in 1984. Mr. Lee also obtained a master's degree in Economics from the Renmin University in 1987 and a master's degree in Accounting and Finance from the London School of Economics and Political Science in 1992. He is also a fellow member of the Association of Chartered Certified Accountants.

As at the Latest Practicable Date, Mr. Lee was interested in a total of 205,000 Shares of the Company, within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong). Save as disclosed above, Mr. Lee does not have any relationship with any Directors, senior management, substantial or controlling Shareholders of the Company.

Saved as disclosed herein, Mr. Lee did not hold any other directorships in listed public companies in the last three years.

Mr. Lee entered into a service contract with the Company for a term of three years from August 8, 2014. The emoluments of Mr. Lee comprise an annual remuneration of RMB300,000, which was determined by the Board based on the recommendation from remuneration committee of the Company with reference to his experience, duties and responsibilities with the Company and the Company's remuneration policy and do not include any bonus payments. He is subject to retirement by rotation and re-election at the annual general meeting of the Company in accordance with the Existing Articles of the Company.

There is no information which is required to be disclosed pursuant to Rule 13.51(2)(h) to (v) of the Listing Rules. There are no other matters that need to be brought to the attention of the Shareholders.

APPENDIX III PRINCIPAL TERMS OF THE NEW SHARE OPTION SCHEME

This appendix summarizes the principal terms of the New Share Option Scheme.

(a) PURPOSE

The New Share Option Scheme is a share incentive scheme prepared in accordance with Chapter 17 of the Listing Rules and is established to recognise and acknowledge the contributions that the Eligible Participants (as defined in paragraph (b) below) had or may have made to the Group. The New Share Option Scheme will provide the Eligible Participants an opportunity to have a personal stake in the Company with the view to achieving the following objectives:

- (i) motivate the Eligible Participants to optimise their performance efficiency for the benefit of the Group; and
- (ii) attract and retain or otherwise maintain an on-going business relationship with the Eligible Participants whose contributions are or will be beneficial to the long-term growth of the Group.

(b) WHO MAY JOIN

The Board may, at its discretion, offer to grant an option to the Eligible Participants to subscribe for such number of new Shares as the Board may determine at an exercise price determined in accordance with paragraph (f) below.

Upon acceptance of the option, the grantee shall pay HK\$1.00 to the Company by way of consideration for the grant. Any offer to grant an option to subscribe for Shares may be accepted in respect of less than the number of Shares for which it is offered provided that it is accepted in respect of a board lot of dealing in Shares on the Stock Exchange or an integral multiple thereof and such number is clearly stated in the duplicate offer document constituting the acceptance of the option. To the extent that the offer to grant an option is not accepted by any prescribed acceptance date, it shall be deemed to have been irrevocably declined.

(c) ACCEPTANCE OF AN OFFER OF OPTIONS

An option shall be deemed to have been granted and accepted by the grantee and to have taken effect when the duplicate offer document constituting acceptances of the options duly signed by the grantee, together with a remittance in favour of the Company of HK\$1.00 by way of consideration for the grant thereof, is received by the Company on or before the relevant acceptance date. Such payment shall in no circumstances be refundable. Any offer to grant an option to subscribe for Shares may be accepted in respect of less than the number of Shares for which it is offered provided that it is accepted in respect of a board lot for dealing in Shares on the Stock Exchange or an integral multiple thereof and such number is clearly stated in the duplicate offer document constituting acceptance of the option. To the extent that the offer to grant an option is not accepted by any prescribed acceptance date, it shall be deemed to have been irrevocably declined.

APPENDIX III PRINCIPAL TERMS OF THE NEW SHARE OPTION SCHEME

Subject to paragraphs (l), (m), (n), (o) and (p), an Option shall be exercised in whole or in part and, other than where it is exercised to the full extent outstanding, shall be exercised in integral multiples of such number of Shares as shall represent one board lot for dealing in Shares on the Stock Exchange for the time being, by the grantee by giving 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. Each such notice must be accompanied by a remittance for the full amount of the Exercise Price for the Shares in respect of which the notice is given. Within 21 days after receipt of the notice and the remittance and, where appropriate, receipt of the certificate by the auditors to the Company or the approved independent financial adviser as the case may be pursuant to paragraph (r), the Company shall allot and issue the relevant number of Shares to the grantee credited as fully paid and issue to the Grantee certificates in respect of the Shares so allotted.

The exercise of any Option shall be subject to the Shareholders in general meeting approving any necessary increase in the total number of issued shares of the Company.

(d) MAXIMUM NUMBER OF SHARES

The maximum number of Shares in respect of which options may be granted under the New Share Option Scheme and under any other schemes of the Company must not in aggregate exceed 10% of the total number of Shares in issue as at the date of the passing of the resolution for the adoption of the New Share Option Scheme (i.e. 116,232,298 Shares, assuming no further issue or buyback of Shares from the Latest Practicable Date). Subject to the issue of a circular by the Company and the approval of the Shareholders in general meeting and/or such other requirements prescribed under the Listing Rules from time to time, the Board may:

- (i) renew this limit at any time to 10% of the Shares in issue as at the date of the approval by the Shareholders in general meeting; and/or
- (ii) grant options beyond the 10% limit to Eligible Participants specifically identified by the Board. The circular issued by the Company to the Shareholders shall contain 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 the specified Eligible Participants with an explanation as to how 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.

Notwithstanding the foregoing and subject to paragraph (r) below, the maximum 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 any other share option schemes of the Company at any time shall not exceed 30% of the Shares in issue from time to time. No options shall be granted under any schemes of the Company (including the New Share Option Scheme) if this will result in the 30% limit being exceeded. The maximum number of Shares in respect of which options may be granted shall be adjusted, in such manner as the auditors of the Company or an approved independent financial adviser shall certify to be appropriate, fair and

APPENDIX III PRINCIPAL TERMS OF THE NEW SHARE OPTION SCHEME

reasonable in the event of any alteration in the capital structure of the Company in accordance with paragraph (r) below whether by way of consolidation, capitalisation issue, rights issue, sub-division or reduction of the total number of issued shares of the Company but in no event shall exceed the limit prescribed in this paragraph.

(e) MAXIMUM NUMBER OF OPTIONS TO ANY ONE INDIVIDUAL

The total number of Shares issued and which may fall to be issued upon exercise of the options granted under the New Share Option Scheme and any other share option schemes of the Company (including both exercised and outstanding options) to each Eligible Participant in any 12-month period up to and including the date of grant shall not exceed 1% of the Shares in issue as at the date of grant. Any further grant of options in excess of this 1% limit shall be subject to:

- (i) the issue of a circular by the Company containing the identity of the Eligible Participant, the numbers of and terms of the options to be granted (and options previously granted to such participant), the information as required under Rules 17.02(2)(d) and the disclaimer required under 17.02(4) of the Listing Rules; and
- (ii) the approval of the Shareholders in general meeting and/or other requirements prescribed under the Listing Rules from time to time with such Eligible Participant and his close associates (as defined in the Listing Rules) (or his/her associates if the Eligible Participant is a connected person) abstaining from voting. The numbers and terms (including the exercise price) of options to be granted to such participant must be fixed before the Shareholders' approval and the date of the Board meeting at which the Board proposes to grant the options to such Eligible Participant shall be taken as the date of grant for the purpose of calculating the subscription price of the Shares. The Board shall forward to such Eligible Participant an offer document in such form as the Board may from time to time determine (or, alternatively, documents accompanying the offer document which state), among others:
 - (aa) the Eligible Participant's name, address and occupation;
 - (bb) the date on which an Option is offered to an Eligible Participant which must be a date on which the Stock Exchange is open for the business of dealing in securities;
 - (cc) the date upon which an offer for an Option must be accepted;
 - (dd) the date upon which an Option is deemed to be granted and accepted in accordance with paragraph (c);
 - (ee) the number of Shares in respect of which the Option is offered;
 - (ff) the subscription price and the manner of payment of such price for the Shares on and in consequence of the exercise of the Option;

APPENDIX III PRINCIPAL TERMS OF THE NEW SHARE OPTION SCHEME

- (gg) the date of the notice given by the grantee in respect of the exercise of the Option; and
- (hh) the method of acceptance of the Option which shall, unless the Board otherwise determines, be as set out in paragraph (c).

(f) PRICE OF SHARES

Subject to any adjustments made as described in paragraph (r) below, the subscription price of a Share in respect of any particular option granted under the New Share Option Scheme shall be such price as the Board in its absolute discretion shall determine, save that such price must be at least the higher of:

- (i) the official closing price of the Shares as stated in the Stock Exchange's daily quotation sheets on the date of grant, which must be a day on which the Stock Exchange is open for the business of dealing in securities;
- (ii) the average of the official closing prices of the Shares as stated in the Stock Exchange's daily quotation sheets for the five business days immediately preceding the date of grant; and
- (iii) the nominal value of a Share.

(g) GRANTING OPTIONS TO CONNECTED PERSONS

Any grant of options to a director, chief executive or substantial shareholder (as defined in the Listing Rules) of the Company or any of their respective associates (as defined in the Listing Rules) is required to be approved by the independent non-executive Directors (excluding any independent non-executive Director who is the grantee of the Options). If the Board proposes to grant options to a substantial shareholder or any independent non-executive Director or their respective associates (as defined in the Listing Rules) which will result in the number of Shares issued and to be issued upon exercise of options 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:

- (i) representing in aggregate over 0.1% or such other percentage as may be from time to time provided under the Listing Rules of the Shares in issue; and
- (ii) having an aggregate value in excess of HK\$5 million or such other sum as may be from time to time provided under the Listing Rules, based on the official closing price of the Shares at the date of each grant, such further grant of options will be subject to the issue of a circular by the Company and the approval of the Shareholders in general meeting on a poll at which the grantee, his/her associates and all core connected persons (as defined in the Listing Rules) of the Company shall abstain from voting in favour, and/or such other requirements prescribed under the Listing Rules from time to time. Any vote taken at the meeting to approve the grant of such options shall be taken as a poll.

APPENDIX III PRINCIPAL TERMS OF THE NEW SHARE OPTION SCHEME

The circular to be issued by the Company to the Shareholders pursuant to the above paragraph shall contain the following information:

- (i) the details of the number and terms (including the exercise price) of the options to be granted to each selected Eligible Participant which must be fixed before the Shareholders' meeting and the date of Board meeting for proposing such further grant shall be taken as the date of grant for the purpose of calculating the exercise price of such options;
- (ii) a recommendation from the independent non-executive Directors (excluding any independent non-executive Director who is the grantee of the options) to the independent Shareholders as to voting;
- (iii) the information required under Rule 17.02(2)(c) and (d) and the disclaimer required under Rule 17.02(4) of the Listing Rules; and
- (iv) the information required under Rule 2.17 of the Listing Rules.

(h) RESTRICTIONS ON THE TIMES OF GRANT OF OPTIONS

A grant of options may not be made after a price sensitive event has occurred or after inside information has come to the knowledge of the Company until it has been published pursuant to the requirements of the Listing Rules and the Inside Information Provisions of Part XIVA of the SFO. In particular, no options may be granted during the period commencing one month immediately preceding the earlier of:

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

and ending on the date of actual publication of the results announcement, and where an option is granted to a Director:

- (i) no options shall be granted during the period of 60 days immediately preceding the publication date of the annual results or, if shorter, the period from the end of the relevant financial year up to the publication date of the results; and
- (ii) during the period of 30 days immediately preceding the publication date of the quarterly results (if any) and half-year results or, if shorter, the period from the end of the relevant quarterly or half-year period up to the publication date of the results.

APPENDIX III PRINCIPAL TERMS OF THE NEW SHARE OPTION SCHEME

(i) RIGHTS ARE PERSONAL TO GRANTEE

An option is personal to the grantee and may be exercised or treated as exercised, as the case may be, in whole or in part. No grantee shall in any way sell, transfer, charge, mortgage, encumber or create any interest (legal or beneficial) in favour of any third party over or in relation to any option or attempt so to do (save that the grantee may nominate a nominee in whose name the Shares issued pursuant to the New Share Option Scheme may be registered). Any breach of the foregoing shall entitle the Company to cancel any outstanding options or any part thereof granted to such grantee.

(j) TIME OF EXERCISE OF OPTION AND DURATION OF THE NEW SHARE OPTION SCHEME

An option may be exercised in accordance with the terms of the New Share Option Scheme at any time after the date upon which the option is deemed to be granted and accepted and prior to the expiry of 10 years from that date. The period during which an option may be exercised will be determined by the Board in its absolute discretion, save that no option may be exercised more than 10 years after it has been granted. No option may be granted more than 10 years after the date of approval of the New Share Option Scheme. Subject to earlier termination by the Company in general meeting or by the Board, the New Share Option Scheme shall be valid and effective for a period of 10 years from the date of its adoption.

(k) PERFORMANCE TARGET

A grantee may be required to achieve any performance targets as the Board may then specify in the grant before any options granted under the New Share Option Scheme can be exercised.

(l) RIGHTS ON CEASING EMPLOYMENT OR DEATH

If the grantee of an option ceases to be an employee of the Company or any of its subsidiaries:

- (i) by any reason other than death or termination of his employment on the grounds specified in paragraph (m) below, the grantee may exercise the option up to the entitlement of the grantee as at the date of cessation (to the extent not already exercised) within a period of one month from such cessation; or
- (ii) by reason of death, his personal representative(s) may exercise the option within a period of 12 months from such cessation, which date shall be the last actual working day with the Company or the relevant subsidiary whether salary is paid in lieu of notice or not, failing which it will lapse.

(m) RIGHTS ON DISMISSAL

If the grantee of an option ceases to be an employee of the Company or any of its subsidiaries on the grounds that he has been guilty of serious misconduct, or in relation to an employee of the Group (if so determined by the Board) on any other ground on which an employee would be entitled to terminate his employment at common law or pursuant to any applicable laws or under the grantee's service contract with the Group, or has been convicted of any criminal offense involving his integrity or honesty, his option will lapse and not be exercisable after the date of termination of his employment.

(n) RIGHTS ON TAKEOVER

If a general offer is made to all the Shareholders (or all such Shareholders other than the offeror and/or any person controlled by the offeror and/or any person acting in concert with the offeror (as defined in the Takeovers Codes)) and such offer becomes or is declared unconditional during the option period of the relevant option, the grantee of an option shall be entitled to exercise the option in full (to the extent not already exercised) at any time within 14 days after the date on which the offer becomes or is declared unconditional.

(o) RIGHTS ON WINDING-UP

In the event a notice is given by the Company to its members to convene a general 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 all grantees and thereupon, each grantee (or his legal personal representative(s)) shall be entitled to exercise all or any of his options (to the extent not already exercised) at any time not later than two business days prior to the proposed general meeting of the Company referred to above by giving notice in writing to the Company, accompanied by a remittance for the full amount of the aggregate subscription price for the Shares in respect of which the notice is given, whereupon 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 the relevant Shares to the grantee credited as fully paid and register the grantee as holder thereof.

(p) RIGHTS ON COMPROMISE OR ARRANGEMENT BETWEEN THE COMPANY AND ITS MEMBERS OR CREDITORS

If a compromise or arrangement between the Company and its members or creditors is proposed for the purposes of a scheme for the reconstruction of the Company or its amalgamation with any other companies pursuant to the laws of jurisdictions in which the Company was incorporated, the Company shall give notice to all the grantees of the options on the same day as it gives notice of the meeting to its members or creditors summoning the meeting to consider such a scheme or arrangement and any grantee may by notice in writing to the Company accompanied by a remittance for the full amount of the aggregate subscription price for the Shares in respect of which the notice is given (such notice to be received by the Company not later than two business days prior to the proposed meeting), exercise the option

APPENDIX III PRINCIPAL TERMS OF THE NEW SHARE OPTION SCHEME

to its full extent or to the extent specified in the notice 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 meeting, allot and issue such number of Shares to the grantee which fails to be issued on such exercise of the option credited as fully paid and register the grantee as holder thereof.

With effect from the date of such meeting, the rights of all grantees to exercise their respective options shall forthwith be suspended. Upon such compromise or arrangement becoming effective, all options shall, to the extent that they have not been exercised, lapse and determine. If for any reason such compromise or arrangement does not become effective and is terminated or lapses, the rights of grantees to exercise their respective options shall with effect from such termination be restored in full but only upon the extent not already exercised and shall become exercisable.

(q) RANKING OF SHARES

The Shares to be allotted upon the exercise of an option will not carry voting rights until completion of the registration of the grantee (or any other person) as the holder thereof. Subject to the aforesaid, Shares allotted and issued on the exercise of options will rank *pari passu* in all respects and shall have the same voting, dividend, transfer and other rights, including those arising on liquidation as attached to the other fully-paid Shares in issue on the date of exercise.

(r) EFFECT OF ALTERATIONS TO CAPITAL

In the event of any alteration in the capital structure of the Company whilst any option may become or remains exercisable, whether by way of capitalisation issue, rights issue, open offer, consolidation, sub-division or reduction of share capital of the Company, such corresponding alterations (if any) shall be made in the number or nominal amount of Shares subject to any options so far as unexercised and/or the subscription price per Share of each outstanding option as the auditors of the Company or an independent financial adviser shall certify in writing to the Board to be in their/his opinion fair and reasonable in compliance with Rule 17.03(13) of the Listing Rules and the note thereto and the supplementary guidance issued by the Stock Exchange on September 5, 2005 and any future guidance and interpretation of the Listing Rules issued by the Stock Exchange from time to time and the note thereto. The capacity of the auditors of the Company or the approval independent financial adviser, as the case may be, in this paragraph is that of experts and not arbitrations and their certificate shall, in absence of manifest error, be final and conclusive and binding on the Company and the grantees.

Any such alterations will be made on the basis that a grantee shall have the same proportion of the issued share capital of the Company for which any grantee of an Option is entitled to subscribe pursuant to the Options held by him before such alteration and the aggregate subscription price payable on full exercise of any option is to remain as nearly as possible the same (and in any event not greater than) as it was before such event. No such alteration will be made the effect of which would be to enable a Share to be issued at less than its nominal value. The issue of securities as consideration in a transaction is not to be regarded as a circumstance requiring any such alterations.

APPENDIX III PRINCIPAL TERMS OF THE NEW SHARE OPTION SCHEME

(s) EXPIRY OF OPTION

An option shall lapse automatically and not be exercisable (to the extent not already exercised) on the earliest of:

- (i) the date of expiry of the option as may be determined by the Board;
- (ii) the expiry of any of the periods referred to in paragraphs (l), (m), (n), (o) or (p);
- (iii) the date on which the scheme of arrangement of the Company referred to in paragraph (p) becomes effective;
- (iv) subject to paragraph (o), the date of commencement of the winding-up of the Company;
- (v) the date on which the grantee ceases to be an Eligible Participant by reason of such grantee's resignation from the employment of the Company or any of its subsidiaries or the termination of his or her employment or contract on any one or more of the grounds that he or she has been guilty of serious misconduct, or has been convicted of any criminal offense involving his or her integrity or honesty, or in relation to an employee of the Group (if so determined by the Board), or has been insolvent, bankrupt or has made compositions with his/her creditors generally or any other ground on which an employee would be entitled to terminate his employment at common law or pursuant to any applicable laws or under the grantee's service contract with the Group. A resolution of the Board to the effect that the employment of a grantee has or has not been terminated on one or more of the grounds specified in this paragraph shall be conclusive; or
- (vi) the date on which the Board shall exercise the Company's right to cancel the option at any time after the grantee commits a breach of paragraph (i) above or the options are cancelled in accordance with paragraph (u) below.

(t) ALTERATION OF THE NEW SHARE OPTION SCHEME

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

- (i) any alteration to the advantage of the grantees or the Eligible Participants (as the case may be) in respect of the matters contained in Rule 17.03 of the Listing Rules; and
- (ii) any material alteration to the terms and conditions of the New Share Option Scheme or any change to the terms of options granted,

shall first be approved by the Shareholders in general meeting provided that if the proposed alteration shall adversely affect any option granted or agreed to be granted prior to the date of alteration, such alteration shall be further subject to the grantees' approval in accordance with

APPENDIX III PRINCIPAL TERMS OF THE NEW SHARE OPTION SCHEME

the terms of the New Share Option Scheme. The amended terms of the New Share Option Scheme shall still comply with Chapter 17 of the Listing Rules and any change to the authority of the Board in relation to any alteration to the terms of the New Share Option Scheme must be approved by Shareholders in general meeting.

(u) CANCELLATION OF OPTIONS

Subject to paragraph (i) above, any cancellation of options granted but not exercised must be approved by the grantees of the relevant options in writing. For the avoidance of doubt, such approval is not required in the event any Option is cancelled pursuant to paragraph (m).

(v) TERMINATION OF THE NEW SHARE OPTION SCHEME

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

(w) ADMINISTRATION OF THE BOARD

The New Share Option Scheme shall be subject to the administration of the Board whose decision as to all matters arising in relation to the New Share Option Scheme or its interpretation or effect (save as otherwise provided herein) shall be final and binding on all parties.

NOTICE OF THE ANNUAL GENERAL MEETING



KASEN INTERNATIONAL HOLDINGS LIMITED

卡森國際控股有限公司

(An exempted company incorporated in the Cayman Islands with limited liability)

(Stock Code: 496)

NOTICE IS HEREBY GIVEN that the 2015 ANNUAL GENERAL MEETING of KASEN INTERNATIONAL HOLDINGS LIMITED (the “Company”) will be held at 10 Geling Road, Hangzhou, China on Friday, May 29, 2015 at 1:30 p.m. for the following purpose:

ORDINARY BUSINESS

To consider and, if thought fit, pass the following resolutions (with or without modifications) as ordinary resolutions of the Company:

1. To receive, consider and adopt the audited consolidated financial statements of the Company and the reports of the directors of the Company (the “Directors”) and the auditors of the Company (the “Auditors”) for the year ended December 31, 2014.
2. To re-elect Mr. Zhou Lingqiang as independent non-executive Director and to authorise the board of Directors to fix his remuneration.
3. To re-elect Mr. Zhang Yuchuan as independent non-executive Director and to authorise the board of Directors to fix his remuneration.
4. To re-elect Mr. Lee Lawrence as executive Director and to authorise the board of Directors to fix his remuneration.
5. To re-appoint Deloitte Touche Tohmatsu as the Auditors to hold office until the conclusion of the next annual general meeting of the Company and to authorise the board of Directors to fix their remuneration.
6. To consider and, if thought fit, pass the following resolution as an ordinary resolution of the Company:

“THAT:

- (a) subject to paragraph (c) below, the exercise by the directors of the Company during the Relevant Period (as hereinafter defined) of all the powers of the Company to allot, issue and deal with additional shares of the Company and to make or grant offers, agreements, options and rights of exchange or conversion which might require the exercise of such powers be and is hereby generally and unconditionally approved;

NOTICE OF THE ANNUAL GENERAL MEETING

- (b) the approval in paragraph (a) shall be in addition to any other authorisation given to the Directors and shall authorise the Directors during the Relevant Period to make or grant offers, agreements, options and rights of exchange or conversion which might require the exercise of such powers after the end of the Relevant Period;

- (c) the total number of Shares allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to an option or otherwise) by the Directors pursuant to the approval granted in paragraph (a), otherwise than pursuant to (i) a Rights Issue (as hereinafter defined), or (ii) the share option scheme of the Company approved by The Stock Exchange of Hong Kong Limited, or (iii) any scrip dividend or similar arrangement providing for the allotment of shares in lieu of the whole or part of a dividend on shares of the Company in accordance with the articles of association of the Company, shall not exceed 20% of the total number of issued Shares as at the date of passing this resolution, and the said approval shall be limited accordingly; and

- (d) for the purposes of this resolution:

“Relevant Period” means the period from the passing of this resolution 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 law or the Company’s articles of association to be held; or

- (iii) the date upon which the authority set out in this resolution is revoked or varied by way of ordinary resolution of the Company in general meeting; and

“Rights Issue” means an offer of shares open for a period fixed by the Directors to holders of shares on the register on a fixed record date in proportion to their then holdings of such shares (subject to such exclusions or other arrangements as the Directors may deem necessary or expedient in relation to fractional entitlements or having regard to any restrictions or obligations under the laws of any relevant jurisdiction, or the requirements of any recognised regulatory body or any stock exchange, in any territory outside Hong Kong).”

NOTICE OF THE ANNUAL GENERAL MEETING

7. To consider and, if thought fit, pass the following resolution as an ordinary resolution of the Company:

“THAT:

- (a) subject to paragraph (c) below, the exercise by the Directors during the Relevant Period (as hereinafter defined) of all the powers of the Company to buyback issued Shares of the Company subject to and in accordance with all applicable laws and requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited as amended from time to time be and is hereby generally and unconditionally approved;
- (b) the approval in paragraph (a) shall be in addition to any other authorisation given to the Directors and shall authorise the Directors on behalf of the Company during the Relevant Period to procure the Company to buyback its shares at a price determined by the Directors;
- (c) the total number of shares of the Company which are authorised to be bought back by the Directors pursuant to the approval in paragraph (a) shall not exceed 10% of the total number of issued Shares of the Company as at the date of passing this resolution, and the said approval shall be limited accordingly; and
- (d) for the purposes of this resolution:

“Relevant Period” means the period from the passing of this resolution 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 law or the Company’s articles of association to be held; or
- (iii) the date upon which the authority set out in this resolution is revoked or varied by way of ordinary resolution of the Company in general meeting.”

8. To consider and, if thought fit, pass the following resolution as an ordinary resolution of the Company:

“THAT conditional upon the passing of resolutions nos. 6 and 7 as set out in the notice convening the meeting of which these resolutions form part, the general mandate granted to the Directors pursuant to the resolution no. 6 as set out in the notice convening the meeting of which this resolution forms part be and is hereby extended by the addition thereto of an amount representing the total number of Shares bought back by the Company under the authority granted pursuant to the resolution no. 7 as set out in the notice convening the meeting of which this resolution forms part, provided that such amount shall not exceed 10% of the total number of issued Shares of the Company as at the date of passing this resolution.”

NOTICE OF THE ANNUAL GENERAL MEETING

9. “**THAT** conditional upon The Stock Exchange of Hong Kong Limited granting approval of the listing of and permission to deal in the shares falling to be issued pursuant to the exercise of any options granted under the share option scheme referred to in the circular dispatched to the shareholders on the same day as this notice, the terms of which are set out in the printed document marked “A” now produced to the Meeting and for the purpose of identification signed by the Chairman hereof (the “Share Option Scheme”), the Share Option Scheme be approved and adopted to be the share option scheme of the Company and that the Directors of the Company be authorised to grant options thereunder and to allot and issue shares pursuant to the Share Option Scheme and take all such steps as may be necessary or desirable to implement such Share Option Scheme.”
10. “**THAT** conditional upon the passing of resolution 9 set out in the notice convening the meeting of which this resolution forms part, the existing share option scheme of the Company adopted on October 20, 2005 be and is hereby terminated with immediate effect and that the Directors of the Company be authorised to take all such steps as may be necessary or desirable to implement this resolution.”

By Order of the Board
Kasen International Holdings Limited
Yiu Hoi Yan
Company Secretary

Hong Kong, April 10, 2015

Notes:

1. Every member entitled to attend and vote at the annual general meeting is entitled to appoint one or more persons as his proxy to attend and vote on behalf of himself. A proxy need not be a member of the Company.
2. A form of proxy for the annual general meeting is enclosed. To be valid, a form of proxy, together with the power of attorney or other document of authority, if any, under which the form is signed, or a certified copy thereof, must be deposited with the Company’s Hong Kong branch registrar in Hong Kong at Computershare Hong Kong Investor Services Limited, 17M Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong not less than 48 hours before the time appointed for holding the annual general meeting or any adjournment thereof.
3. Completion and return of the form of proxy will not preclude Shareholders from attending and voting in person at the meeting or any adjourned meeting or upon the poll concerned if Shareholders so wish. In such event, the instrument appointing the proxy shall be deemed to be revoked.
4. The register of members of the Company will be closed from May 27, 2015 to May 29, 2015 (both days inclusive), during which period no transfer of shares in the Company will be effected. In order to qualify for the entitlement to attend and vote at the forthcoming annual general meeting, all transfers documents, accompanied by the relevant share certificates, must be lodged with the Company’s Hong Kong branch registrar, Computershare Hong Kong Investor Services Limited, Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong, not later than 4:30 p.m. on May 26, 2015.