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**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

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

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

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**TAI PING CARPETS INTERNATIONAL LIMITED**

*(Incorporated in Bermuda with limited liability)*

(Stock Code: 146)



**NOTICE OF ANNUAL GENERAL MEETING  
AND  
RE-ELECTION OF DIRECTORS  
AND  
APPOINTMENT OF NEW DIRECTOR  
AND  
PROPOSED AMENDMENTS TO THE BYE-LAWS**

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A copy of the notice of the annual general meeting of Tai Ping Carpets International Limited (the “Annual General Meeting”) to be held at 8<sup>th</sup> Floor, Tower 1, Kowloon Commerce Centre, 51-53 Kwai Cheong Road, Kwai Chung, Hong Kong on Friday, 23 May 2014 at 9:30 a.m. is set out on pages 9 to 11 of this circular. Whether or not you are able to attend the Annual General Meeting, please complete the accompanying proxy form in accordance with the instructions printed thereon and return it to the Company’s branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at 1712-1716, 17/F, Hopewell Centre, 183 Queen’s Road East, Wan Chai, Hong Kong as soon as possible and in any event not less than 48 hours before the time of the Annual General Meeting. Completion and delivery of the proxy form will not preclude you from attending and voting in person at the Annual General Meeting should you so wish.

11 April 2014

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## LETTER FROM THE BOARD

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### **TAI PING CARPETS INTERNATIONAL LIMITED**

*(Incorporated in Bermuda with limited liability)*

(Stock Code: 146)



*Chairman and Non-executive Director:*

Nicholas T. J. Colfer

*Chief Executive Officer and Executive Director:*

James H. Kaplan

*Non-executive Directors:*

Ian D. Boyce

David C. L. Tong

John J. Ying

Nelson K. F. Leong

*Independent Non-executive Directors:*

Yvette Y. H. Fung

Roderic N. A. Sage

Lincoln C. K. Yung

Aubrey K. S. Li

*Registered Office:*

Canon's Court

22 Victoria Street

P.O. Box HM 1179

Hamilton HM EX

Bermuda

*Principal Office in Hong Kong:*

8<sup>th</sup> Floor, Tower 1

Kowloon Commerce Centre

51-53 Kwai Cheong Road

Kwai Chung

Hong Kong

11 April 2014

*Dear Shareholders*

**NOTICE OF ANNUAL GENERAL MEETING  
AND  
RE-ELECTION OF DIRECTORS  
AND  
APPOINTMENT OF NEW DIRECTOR  
AND  
PROPOSED AMENDMENTS TO THE BYE-LAWS**

#### **INTRODUCTION**

Notice of the Annual General Meeting (the "Notice") of Tai Ping Carpets International Limited (the "Company") together with a proxy form are enclosed with this circular. Details of the relevant resolutions to be proposed at the Annual General Meeting are set out in the Notice.

Details of the directors of the Company (the "Director(s)") who are proposed to be re-elected and appointed at the Annual General Meeting are set out in Appendix I and Appendix II to this circular.

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## LETTER FROM THE BOARD

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### RE-ELECTION OF DIRECTORS

Mr. John J. Ying, Mr. David C. L. Tong, Mr. Nelson K. F. Leong and Mrs. Yvette Y. H. Fung will retire by rotation pursuant to the bye-laws of the Company (the “Bye-Laws”). Mr. John J. Ying, Mr. David C. L. Tong, Mr. Nelson K. F. Leong and Mrs. Yvette Y. H. Fung, being eligible, have offered themselves for re-election at the Annual General Meeting.

Details of the Directors who are proposed to be re-elected at the Annual General Meeting are set out in Appendix I to this circular.

Mrs. Yvette Y. H. Fung has served as independent non-executive Director of the Company for more than nine years since March 2004. Pursuant to Code A.4.3 of the Corporate Governance Code as set out in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the “Listing Rules”), (a) such service to the Company for more than nine years could be relevant to determining an independent non-executive director’s independence and (b) if an independent non-executive director has served more than nine years, his further appointment should be subject to a separate resolution to be approved by shareholders.

The Company has received from Mrs. Yvette Y. H. Fung a confirmation of her independence pursuant to Rule 3.13 of the Listing Rules. Mrs. Yvette Y. H. Fung has not engaged in any executive management of the Company and its subsidiaries. Taking into consideration her record of independence during her term of service, the Directors consider Mrs. Yvette Y. H. Fung to be independent under the Listing Rules despite the fact that she has served the Company for more than nine years. Accordingly, Mrs. Yvette Y. H. Fung shall be subject to retirement by rotation and re-election by way of a separate resolution to be approved by the shareholders of the Company (the “Shareholders”) in the Annual General Meeting.

### APPOINTMENT OF NEW DIRECTOR

Mr. Ian D. Boyce has resigned as non-executive Director of the Company with effect from the close of the Annual General Meeting. Mr. Boyce has been a Director of the Company for over 14 years and has decided to retire and live overseas.

The Nomination Committee of the Company, has recommended, and the board of Directors of the Company (the “Board”) has proposed to appoint Mr. Andrew C. W. Brandler as non-executive Director at the Annual General Meeting.

At the Annual General Meeting, a separate ordinary resolution will be put forward to the Shareholders in relation to the proposed election of Mr. Brandler as a non-executive Director, for a term commencing from the date of the Annual General Meeting which approves his appointment, his retirement by rotation at least once every three years and re-election pursuant to Bye-Laws. Details of Mr. Brandler are set out in Appendix II to this circular.

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## LETTER FROM THE BOARD

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### PROPOSED AMENDMENTS TO THE BYE-LAWS

The Board proposes to introduce amendments to the Bye-Laws to give more clarity to them. The amendments are summarised as below.

Bye-law 190(vii)(A)(2)

It is proposed that this Bye-Law be amended to state that as between two or more Directors who have been in office for the same length of time, the Director or Directors to retire shall in default of agreement between them be determined by decision of the Board of Directors. The length of time a Director has been in office shall be computed from his last election or appointment where he has previously vacated office. A retiring Director shall be eligible for re-election and shall continue to act as a Director throughout the meeting at which he retires. Any Director who wishes to retire and not to offer himself for re-election and any Director appointed pursuant to Bye-law 100 shall also be taken into account in determining which particular Directors or the number of Directors who are to retire by rotation.

### PROXY ARRANGEMENT

Pursuant to Rule 13.39(4) of the Listing Rules, any vote of shareholders at a general meeting must be taken by poll. Accordingly, all resolutions will be put to vote by way of poll at the Annual General Meeting. An announcement on the poll vote results will be made by the Company after the Annual General Meeting in the manner prescribed under Rule 13.39(5) of the Listing Rules.

A proxy form for use at the Annual General Meeting is enclosed with this circular and such proxy form is also published on the websites of The Stock Exchange of Hong Kong Limited ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company ([www.taipingcarpets.com](http://www.taipingcarpets.com)). Whether or not you are able to attend the Annual General Meeting, please complete and sign the form of proxy in accordance with the instructions printed thereon and return it, together with the power of attorney or other authority (if any) under which it is signed or a certified copy of that power of attorney or authority to the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at 1712-1716, 17/F, 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 of the Annual General Meeting. Completion and delivery of the proxy form will not preclude you from attending and voting in person at the Annual General Meeting should you so wish.

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## LETTER FROM THE BOARD

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### RECOMMENDATION

The Board considers that the proposed resolutions as set out in the Notice are in the best interests of the Company and the Shareholders and recommends that the Shareholders vote in favour of the resolutions to be proposed at the Annual General Meeting.

Yours faithfully,  
On behalf of the Board  
**Nicholas T. J. Colfer**  
*Chairman*

**NON-EXECUTIVE DIRECTORS**

**Mr. John J. Ying:** aged 51. He has been a Non-executive Director since 1999 and is a member of the Executive Committee and Audit Committee of the Company.

Mr. Ying is the Managing Director of Peak Capital, a private equity firm focused on investments in Greater China, Chairman of Sateri Holdings Limited and Chairman Emeritus of The Hong Kong Ballet and a Director Emeritus of the Graduate Executive Board of the Wharton School. He holds a Master of Business Administration degree from the Wharton School, a Master of Arts degree from the University of Pennsylvania, and a Bachelor of Science degree from the Massachusetts Institute of Technology.

As at 7 April 2014, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained in this circular (the “Latest Practicable Date”), Mr. Ying was interested in 32,605,583 shares of the Company held by Peak Capital Partners I, L.P. of which he is the sole shareholder of the general partner of Peak Capital Partners I, L.P., within the meaning of Part XV of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong) (the “SFO”).

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

There is no service contract between the Company and Mr. Ying but he has a letter of appointment from the Company detailing the terms of his appointment. The term of office for Mr. Ying is subject to retirement by rotation at least once every three years and re-election in accordance with the Bye-Laws. He is currently entitled to a remuneration of HK\$140,000 per annum, comprising a base fee of HK\$80,000 in respect of his capacity as a Non-executive member of the Board, and an additional HK\$10,000 and HK\$50,000 for being a member of the Executive Committee and Audit Committee of the Company. The amount of remuneration payable to him is determined on the market benchmarks and taking into account his experience, responsibilities and workload.

Save as disclosed above, there is no information relating to Mr. Ying that is required to be disclosed pursuant to Rule 13.51(2) of the Listing Rules.

**Mr. David C. L. Tong:** aged 43. He has been a Non-Executive Director since 1997 and is member of the Executive Committee and the Remuneration Committee of the Company.

Mr. Tong is a Director of Sir Elly Kadoorie & Sons Limited, an Independent Non-Executive Director of Hong Kong Aircraft Engineering Company Limited and serves on several other corporate boards in Hong Kong. Mr. Tong is a Chartered Engineer and holds a Bachelor of Engineering degree from the University of London.

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

As at the Latest Practicable Date, Mr. Tong was interested personally in 431,910 shares of the Company within the meaning of Part XV of the SFO.

There is no service contract between the Company and Mr. Tong but he has a letter of appointment from the Company detailing the terms of his appointment. The term of office for Mr. Tong is subject to retirement by rotation at least once every three years and re-election in accordance with the Bye-Laws. Mr. Tong is currently entitled to remuneration of HK\$120,000 per annum, comprising a base fee of HK\$80,000 in respect of his capacity as a Non-executive member of the Board, and an additional HK\$10,000 and HK\$30,000 for being member of the Executive Committee and the Remuneration Committee of the Company. The amount of remuneration payable to him is determined on the market benchmarks and taking into account his experience, responsibilities and workload.

Save as disclosed above, there is no information relating to Mr. Tong that is required to be disclosed pursuant to Rule 13.51(2) of the Listing Rules.

**Mr. Nelson K. F. Leong:** aged 50. He was an Alternate Director to his elder brother Mr. Lincoln K. Leong for 14 years before his appointment as a Non-Executive Director in June 2012 and is a member of the Executive Committee of the Company.

Mr. Leong is an Executive Director of Henry G. Leong Estates Limited, a Director of Fontana Enterprises Limited and a number of companies involved in real estate in Hong Kong and North America. He is also the Chairman of the Board of Governors of the Hong Kong Arts Centre. He holds a Master of Business Administration Degree from the University of Toronto and a Bachelor of Arts degree from Brown University.

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

As at the Latest Practicable Date, Mr. Leong was interested personally in 700,000 shares of the Company and 2,000,000 shares of the Company held through a company which is controlled by Mr. Leong within the meaning of Part XV of the SFO.

There is no service contract between the Company and Mr. Leong but he has a letter of appointment from the Company detailing the terms of his appointment. The term of office for Mr. Leong is subject to retirement by rotation at least once every three years and re-election in accordance with the Bye-Laws. Mr. Leong is currently entitled to remuneration of HK\$90,000 per annum, comprising a base fee of HK\$80,000 in respect of his capacity as a Non-executive member of the Board, and an additional HK\$10,000 for being member of the Executive Committee of the Company. The amount of remuneration payable to him is determined on the market benchmarks and taking into account his experience, responsibilities and workload.

Save as disclosed above, there is no information relating to Mr. Leong that is required to be disclosed pursuant to Rule 13.51(2) of the Listing Rules.

**INDEPENDENT NON-EXECUTIVE DIRECTORS**

**Mrs. Yvette Y. H. Fung:** aged 52. She has been an Independent Non-Executive Director since 2004 and is a member of the Remuneration Committee and Nomination Committee of the Company.

Mrs. Fung is a Director of Hsin Chong International Holdings Ltd. and Chair of The Yeh Family Philanthropy Ltd., a member of various boards in the education and non-profit sectors. She holds both a Juris Doctor and a Bachelor of Arts degree from Stanford University and a Master of Business Administration degree from the University of California Los Angeles.

Mrs. Fung does not have any relationship with any Directors, senior management, substantial shareholders or controlling shareholders of the Company.

As at the Latest Practicable Date, Mrs. Fung did not have any interests in the Company within the meaning of Part XV of the SFO.

There is no service contract between the Company and Mrs. Fung but she has a letter of appointment from the Company detailing the terms of her appointment. The term of office for Mrs. Fung is subject to retirement by rotation at least once every three years and re-election in accordance with the Bye-Laws. Mrs. Fung is currently entitled to remuneration of HK\$120,000 per annum, comprising a base fee of HK\$80,000 in respect of her capacity as a Non-executive member of the Board, and an additional HK\$30,000 and HK\$10,000 for being a member of the Remuneration Committee and Nomination Committee of the Company. The amount of remuneration payable to her is determined on the market benchmarks and taking into account her experience, responsibilities and workload.

Save as disclosed above, there is no information relating to Mrs. Fung that is required to be disclosed pursuant to Rule 13.51(2) of the Listing Rules.

The independence of Mrs. Fung has been reviewed by the Nomination Committee of the Company in accordance with the applicable Listing Rules. Mrs. Fung has made an annual written confirmation of independence pursuant to the independence guidelines as set out in Rule 3.13 of the Listing Rules. The Board is of the view that Mrs. Fung meets the guidelines for assessing independence as set out in Rule 3.13 of the Listing Rules and is considered to be independent, and that Mrs. Fung will continue to bring independent and objective perspectives to the Company's affairs.

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## APPENDIX II      DETAILS OF DIRECTOR PROPOSED FOR APPOINTMENT

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**Mr. Andrew C. W. Brandler:** aged 57.

Mr. Brandler is a Director of Sir Elly Kadoorie & Sons Limited and a Non-Executive Director of CLP Holdings Limited. From May 2000 to September 2013, Mr. Brandler was the Group Managing Director and Chief Executive Officer and had been an Executive Director of CLP Holdings Limited until 31 March 2014. Prior to joining CLP Holdings Limited in May 2000, Mr. Brandler worked for Schroders, a U.K. investment bank, based in London, in Singapore and latterly in Hong Kong, where his last position was the Head of Asia-Pacific Corporate Finance. He was the Chairman of The Hong Kong General Chamber of Commerce between 2008 and 2010. He is a member of the Operations Review Committee of the Independent Commission Against Corruption of the Government of the Hong Kong Special Administrative Region, a member of the Institute of Chartered Accountants in England and Wales, and holds a Bachelor of Arts and a Master of Arts degrees from the University of Cambridge and a Master of Business Administration degree from Harvard Business School. Except as disclosed above, Mr. Brandler has not held any directorships in any other listed companies in Hong Kong or overseas in the last three years.

Save as disclosed above, Mr. Brandler does not have any other relationships with any Directors, senior management, substantial shareholders or controlling shareholders of the Company. As at the Latest Practicable Date, Mr. Brandler did not have any interest in the shares of the Company within the meaning of Part XV of the SFO.

There is no service contract between the Company and Mr. Brandler but he has a letter of appointment from the Company detailing the terms of his appointment. The term of office for Mr. Brandler commences from the date of the Annual General Meeting which approves his appointment and is subject to retirement by rotation at least once every three years and re-election in accordance with the Bye-Laws. Mr. Brandler will be entitled to the same level of Director's fee as other Non-executive Directors (currently HK\$80,000 per annum, which is subject to review by the Board from time to time as authorised by the Shareholders at the annual general meeting) and will not be entitled to any other emoluments. The above fee payable to Mr. Brandler as a Non-Executive Director is determined on the market benchmarks and taking into account his experience, responsibilities and workload.

Save as disclosed above, there are no other matters relating to Mr. Brandler's appointment that need to be brought to the attention of the Shareholders and there is no other information which is required to be disclosed pursuant to Rule 13.51(2) of the Listing Rules.

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## NOTICE OF ANNUAL GENERAL MEETING

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### TAI PING CARPETS INTERNATIONAL LIMITED

*(Incorporated in Bermuda with limited liability)*

(Stock Code: 146)



### NOTICE OF ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that the annual general meeting (the “Annual General Meeting”) of Tai Ping Carpets International Limited (the “Company”) will be held at 8<sup>th</sup> Floor, Tower 1, Kowloon Commerce Centre, 51-53 Kwai Cheong Road, Kwai Chung, Hong Kong on Friday, 23 May 2014 at 9:30 a.m. for the following purposes:

1. To receive and consider the audited financial statements and the reports of the directors and auditors for the year ended 31 December 2013.
2. To declare a final dividend for the year ended 31 December 2013.
3.
  - (a) To re-elect Mr. John J. Ying as a non-executive director of the Company.
  - (b) To re-elect Mr. David C. L. Tong as a non-executive director of the Company.
  - (c) To re-elect Mr. Nelson K. F. Leong as a non-executive director of the Company.
  - (d) To authorise the board of directors of the Company (the “Board”) to fix their remuneration.
4. To re-elect Mrs. Yvette Y. H. Fung (who has served as an independent non-executive director for more than 9 years) as an independent non-executive director of the Company and to authorise the Board to fix her remuneration.
5. To appoint Mr. Andrew C. W. Brandler as a non-executive director of the Company and to authorise the Board to fix his remuneration.
6. To re-appoint PricewaterhouseCoopers as the Company’s auditors and to authorise the Board to fix their remuneration.

#### **Special Business**

To consider and, if thought fit, pass the following resolution as a special resolution:

7. **“THAT**

The bye-laws of the Company (the “Bye-Law(s)”) be and are hereby amended in the following respects:

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## NOTICE OF ANNUAL GENERAL MEETING

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by deleting the words “lot” in the third line and “not” in the seventh line of Bye-law 190(vii)(A)(2) and replacing them with the words “decision of the Board of Directors” and “also” respectively, such that Bye-Law 190(vii)(A)(2) would read as follows:–

“As between two or more Directors who have been in office for the same length of time, the Director or Directors to retire shall in default of agreement between them be determined by decision of the Board of Directors. The length of time a Director has been in office shall be computed from his last election or appointment where he has previously vacated office. A retiring Director shall be eligible for re-election and shall continue to act as a Director throughout the meeting at which he retires. Any Director who wishes to retire and not to offer himself for re-election and any Director appointed pursuant to Bye-law 100 shall also be taken into account in determining which particular Directors or the number of Directors who are to retire by rotation.”

By order of the Board  
**Lee Siu Kau**  
*Company Secretary*

Hong Kong, 11 April 2014

*Notes:*

1. A shareholder entitled to attend and vote at the Annual General Meeting convened by the above notice is entitled to appoint a proxy to attend and vote on his behalf. A proxy need not be a shareholder of the Company.
2. The proxy form for use at the Annual General Meeting is enclosed in the circular. Completion and return of the form of proxy will not preclude a member from attending and voting at the Annual General Meeting or any adjournment thereof if he so wishes. In that event, his form of proxy will be deemed to have been revoked.
3. Where there are joint registered holders of any shares, any one of such persons may vote at the meeting, either personally or by proxy, in respect of such shares as if he were solely entitled thereto; but if more than one of such joint holders be present at the meeting personally or by proxy, then one of the said persons whose name stands first on the register of members of the Company in respect of such shares shall alone be entitled to vote in respect thereof.
4. In order to be valid, the proxy form, together with the power of attorney or other authority, if any, under which it is signed or a certified copy thereof, must be deposited with the Company’s branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at 1712-1716, 17/F, Hopewell Centre, 183 Queen’s Road East, Wan Chai, Hong Kong not later than 48 hours before the time appointed for holding the Annual General Meeting or any adjourned meeting thereof.
5. The transfer books and the register of members of the Company will be closed from Wednesday, 21 May 2014 to Friday, 23 May 2014, both days inclusive. During such period, no transfer of shares will be effected. In order to establish the right to attend and vote at the Annual General Meeting, all transfer documents accompanied by the relevant share certificates, must be lodged with the Company’s branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at 1712-1716, 17/F, Hopewell Centre, 183 Queen’s Road East, Wan Chai, Hong Kong, no later than 4:30 p.m. on Tuesday, 20 May 2014.

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## NOTICE OF ANNUAL GENERAL MEETING

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6. The transfer books and the register of members of the Company will be closed from Thursday, 29 May 2014 to Tuesday, 3 June 2014, both days inclusive if the final dividend for the year ended 31 December 2013 was approved at the Annual General Meeting. During such period, no transfer of shares will be effected. To ensure that shareholders are entitled to receive the distribution of final dividend to be approved at the Annual General Meeting, all transfer documents, accompanied by the relevant share certificates, must be lodged with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at 1712-1716, 17/F, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong, no later than 4:30 p.m. on Wednesday, 28 May 2014.
7. Subject to the passing of the necessary resolution at the Annual General Meeting, the final dividend will be payable to shareholders whose names appear on the register of members of the Company at the close of business on Tuesday, 3 June 2014.
8. With regard to resolutions 3 and 4 in this notice, the Board proposes that the retiring directors, namely Mr. John J. Ying, Mr. David C. L. Tong, Mr. Nelson K. F. Leong and Mrs. Yvette Y. H. Fung be re-elected as directors of the Company. Details of these retiring directors are set out in Appendix I to the circular to shareholders dated 11 April 2014.
9. Explanatory notes to the proposed amendments to the Bye-Laws:

Bye-law 190(vii)(A)(2)

to give more clarity to the Bye-Laws, it is proposed that this Bye-Law be amended to state that as between two or more Directors who have been in office for the same length of time, the Director or Directors to retire shall in default of agreement between them be determined by decision of the Board of Directors. The length of time a Director has been in office shall be computed from his last election or appointment where he has previously vacated office. A retiring Director shall be eligible for re-election and shall continue to act as a Director throughout the meeting at which he retires. Any Director who wishes to retire and not to offer himself for re-election and any Director appointed pursuant to Bye-law 100 shall also be taken into account in determining which particular Directors or the number of Directors who are to retire by rotation.