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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 **HKR International Limited** (the “Company”), you should at once hand this circular and the enclosed form of proxy to the purchaser or 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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HKR

INTERNATIONAL LTD.
香港興業國際集團

HKR INTERNATIONAL LIMITED

香港興業國際集團有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 00480)

**PROPOSALS IN RELATION TO
RE-ELECTION OF DIRECTORS,
GENERAL MANDATES TO ISSUE AND REPURCHASE SHARES,
ADOPTION OF THE 2011 SHARE OPTION SCHEME
AND
NOTICE OF ANNUAL GENERAL MEETING**

A notice convening the annual general meeting of the Company to be held at Concord Room 1, 8th Floor, Renaissance Harbour View Hotel Hong Kong, 1 Harbour Road, Wanchai, Hong Kong on Thursday, 8 September 2011 at 10:00 a.m. is set out on pages 26 to 30 of this circular. Whether or not you are able to attend the annual general meeting, you are requested to complete and return the enclosed form of proxy in accordance with the instructions printed thereon to the Investor Centre of the Company’s share registrar in Hong Kong, 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 less than 48 hours before the time appointed for the holding of the annual general meeting or any adjournment thereof. **Completion and return of the form of proxy shall not preclude you from attending and voting in person at the annual general meeting or any adjourned meeting thereof should you so wish.**

18 July 2011

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DEFINITIONS

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

“2002 Share Option Scheme”	the share option scheme adopted by the Company on 3 January 2002;
“2011 AGM”	AGM to be held at Concord Room 1, 8 th Floor, Renaissance Harbour View Hotel Hong Kong, 1 Harbour Road, Wanchai, Hong Kong on Thursday, 8 September 2011 at 10:00 a.m.;
“2011 AGM Notice”	notice convening the 2011 AGM as set out on pages 26 to 30 of this circular;
“2011 Share Option Scheme”	the share option scheme proposed to be approved and adopted by the Shareholders at the 2011 AGM, a summary of the principal terms of which is set out in Appendix III to this circular;
“AGM”	an annual general meeting of the Company or any adjournment thereof;
“Adoption Date”	being the date where all conditions for adoption of the 2011 Share Option Scheme have been fulfilled;
“Articles”	amended articles of association of the Company adopted on 3 September 2009;
“Board”	board of Directors of the Company;
“Company”	HKR International Limited (香港興業國際集團有限公司*), a company incorporated in the Cayman Islands with limited liability and the securities of which are listed on the main board of the Stock Exchange;
“Date of Grant”	in respect of an Option, the date on which the Board resolves to make an Offer of that Option to the Participant, which date must be a business day;
“Director(s)”	director(s) of the Company from time to time;
“Grantee”	any Participant who accepts an Offer in accordance with the terms of the 2011 Share Option Scheme, or (where the context so permits) any person who is entitled to any such Option in consequence of the death of the original Grantee, or the legal personal representative of such person;
“Group”	the Company and its subsidiaries from time to time;

* Registered under Part XI of the Companies Ordinance, Chapter 32 of the laws of Hong Kong

DEFINITIONS

“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China;
“Latest Practicable Date”	13 July 2011, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained therein;
“Listing Rules”	Rules Governing the Listing of Securities on the Stock Exchange, as amended from time to time;
“M&A”	amended memorandum and amended articles of association of the Company adopted on 3 September 2009;
“Offer”	an offer for the grant of an Option made in accordance with the 2011 Share Option Scheme;
“Option”	an option to subscribe for Ordinary Shares granted pursuant to the 2011 Share Option Scheme;
“Ordinary Shares” or “shares”	ordinary share(s) of par value of HK\$0.25 each in the share capital of the Company;
“Participant(s)”	all directors (including any executive or non-executive directors) and full time employees of, and any consultants employed on a contract basis by, member of the Group and associated companies (within the meaning of the Statements of Standard Accounting Practice issued by the Hong Kong Institute of Certified Public Accountants);
“Shares”	shares of all classes and securities which carry a right to subscribe or convert into shares in the Company as from time to time issued directly or indirectly by the Company;
“Share Repurchases Code”	Hong Kong Code on Share Repurchases, as amended from time to time;
“SFO”	Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong), as amended from time to time;
“Shareholder(s)”	holder(s) of share(s);
“Stock Exchange”	The Stock Exchange of Hong Kong Limited; and
“Takeovers Code”	Hong Kong Code on Takeovers and Mergers, as amended from time to time.

LETTER FROM THE BOARD

HKR

INTERNATIONAL LTD.
香港興業國際集團

HKR INTERNATIONAL LIMITED

香港興業國際集團有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 00480)

Directors:

Mr CHA Mou Sing Payson (*Chairman*)
Mr CHA Mou Zing Victor (*Deputy Chairman & Managing Director*)
Mr CHA Yiu Chung Benjamin
Mr CHUNG Sam Tin Abraham^o
Mr TANG Moon Wah
The Honourable Ronald Joseph ARCULLI[#]
Mr CHA Mou Daid Johnson[#]
Mr CHEUNG Tseung Ming[#]
Mr CHEUNG Wing Lam Linus[#]
Ms WONG CHA May Lung Madeline[#]
Dr CHENG Kar Shun Henry[△]
Dr The Honourable CHEUNG Kin Tung Marvin[△]
Ms HO Pak Ching Loretta[△]
Dr QIN Xiao[△]

Registered Office:

P.O. Box 309, Uglad House
Grand Cayman
KY1-1104, Cayman Islands

Principal Place of Business in Hong Kong:

23/F, China Merchants Tower
Shun Tak Centre
168-200 Connaught Road Central
Hong Kong

^o Also alternate to Mr CHA Mou Sing Payson

[#] Non-executive Directors

[△] Independent Non-executive Directors

18 July 2011

Dear Shareholders,

**PROPOSALS IN RELATION TO
RE-ELECTION OF DIRECTORS,
GENERAL MANDATES TO ISSUE AND REPURCHASE SHARES,
ADOPTION OF THE 2011 SHARE OPTION SCHEME
AND
NOTICE OF ANNUAL GENERAL MEETING**

INTRODUCTION

The purpose of this circular is to provide you with the 2011 AGM Notice and information regarding the resolutions to be proposed at the 2011 AGM relating to (i) the re-election of Directors who are going to retire and offer themselves for re-election at the 2011 AGM; (ii) the grant to the Directors of general mandates to issue and repurchase Shares and the extension of the general mandate to issue additional Shares to include Shares to be purchased or repurchased; and (iii) the proposed adoption of the 2011 Share Option Scheme.

* Registered under Part XI of the Companies Ordinance, Chapter 32 of the laws of Hong Kong

LETTER FROM THE BOARD

RE-ELECTION OF DIRECTORS

Pursuant to Article 116, at each AGM one-third of the Directors for the time being (which shall exclude any Directors who may be required to retire at the same AGM under other provisions of the Articles), or if their number is not three or a multiple of three, then the number nearest to but not less than one-third, shall retire from office by rotation provided that every Director shall be subject to retirement by rotation at least once every three years. Article 116 also requires that the Directors to retire in every year shall be those who have been longest in office since their appointment or last election but as between persons who became Directors on the same day those to retire shall (unless they otherwise agree between themselves) be determined by lot. In addition, code provision A.4.2 of Code on Corporate Governance Practices (“CG Code”) as set out in Appendix 14 to the Listing Rules provides, inter alia, that every Director should be subject to retirement by rotation at least once every three years.

Pursuant to Article 99, any Director appointed by the Directors from time to time either to fill a causal vacancy or as an addition to the Board shall hold office only until the next following general meeting of the Company (in the case of filling a causal vacancy) or until the next following AGM (in the case of an addition to the Board), and shall then be eligible for re-election at the general meeting.

In accordance with the above provisions of the Articles and the CG Code, The Honourable Ronald Joseph ARCULLI, Mr CHA Yiu Chung Benjamin, Dr The Honourable CHEUNG Kin Tung Marvin, Mr CHEUNG Tseung Ming, Mr TANG Moon Wah and Ms WONG CHA May Lung Madeline shall retire by rotation at the 2011 AGM.

All of the above-named retiring Directors are eligible for re-election and have expressed their willingness to stand for re-election at the 2011 AGM. Brief biographical details of each of the above-named retiring Directors are set out in Appendix I to this circular.

Any Shareholder acting on his own or together with other persons whose shareholding interests in the Company in aggregate represent not less than 5% of the issued share capital of the Company (other than the person to be proposed) may nominate a person to stand for election as a Director at the 2011 AGM in accordance with Article 120. Any Shareholder wishing to do so must serve (i) a written notice of intention to propose such person for election as a Director; (ii) a notice executed by that person of his willingness to be elected; and (iii) the information of that person as required to be disclosed under rule 13.51(2) of the Listing Rules to the Company’s principal place of business in Hong Kong at 23/F, China Merchants Tower, Shun Tak Centre, 168-200 Connaught Road Central, Hong Kong on or before Wednesday, 31 August 2011. The Company shall issue an announcement and/or a supplementary circular, if applicable, to inform the Shareholders the biographical details of the additional candidate proposed if a valid notice in accordance with Article 120 from any Shareholder to propose a person to stand for election as a Director at the 2011 AGM is received.

LETTER FROM THE BOARD

GENERAL MANDATES TO ISSUE AND REPURCHASE SHARES

At the last AGM held on 12 August 2010, general mandates were given to the Directors to exercise the powers of the Company to issue and repurchase Shares. These general mandates will lapse upon the conclusion of the 2011 AGM and therefore, ordinary resolutions will be proposed at the 2011 AGM to grant the general mandates as follows:

- (a) to grant to the Directors a general and unconditional mandate to allot, issue, grant, distribute and otherwise deal with additional Shares not exceeding twenty per cent (20%) of the aggregate nominal amount of the share capital of the Company in issue at the date of the passing of the relevant resolution (the “**Issue Mandate**”);
- (b) to grant to the Directors a general and unconditional mandate to exercise all the powers of the Company to purchase or repurchase Shares not exceeding ten per cent (10%) of the aggregate nominal amount of the share capital of the Company in issue at the date of the passing of the relevant resolution (the “**Repurchase Mandate**”); and
- (c) conditional upon the passing of the resolutions to grant the Issue Mandate and the Repurchase Mandate, to extend the Issue Mandate such that the Directors be authorised to exercise the powers to allot, issue, grant, distribute and otherwise deal with additional Shares pursuant to the Issue Mandate to the extent to include the aggregate nominal amount of Shares purchased or repurchased by the Company pursuant to the Repurchase Mandate.

As at the Latest Practicable Date, the issued share capital of the Company was HK\$337,568,591.75 divided into 1,350,274,367 fully paid Ordinary Shares. Subject to the passing of the ordinary resolution for approving the Issue Mandate at the 2011 AGM and on the basis that no further Shares will be issued or repurchased prior to the 2011 AGM, the Company would be allowed under the Issue Mandate to issue a maximum of 270,054,873 Shares during the period in which the Issue Mandate remains in force.

Full text of each of the relevant ordinary resolutions in relation to the general mandates described in (a), (b) and (c) above is set out as resolutions numbered 5, 6 and 7 respectively in the 2011 AGM Notice. An explanatory statement, as required under the Listing Rules, containing all the information reasonably necessary to enable the Shareholders to make an informed decision on whether to vote for or against the ordinary resolution numbered 6 to approve the Repurchase Mandate is set out in Appendix II to this circular.

LETTER FROM THE BOARD

PROPOSED ADOPTION OF THE 2011 SHARE OPTION SCHEME

The Company's 2002 Share Option Scheme will expire on 3 January 2012 and as at the Latest Practicable Date, no option was granted under the 2002 Share Option Scheme. The total number of Ordinary Shares in the Company available for grant of Options under the 2002 Share Option Scheme is 115,737,802 Ordinary Shares.

The Board has passed a conditional resolution to early terminate the 2002 Share Option Scheme subject to the passing of an ordinary resolution for adoption of the 2011 Share Option Scheme at the 2011 AGM.

The reason for early termination of the 2002 Share Option Scheme and, the purpose of the proposed adoption of the 2011 Share Option Scheme is to enable the Company to continue to grant Options to the Participants as incentive or reward for their contribution to the continuous growth and success of the Group and its associated companies as a whole and to provide the Group with a more flexible means to reward, remunerate, compensate and/or provide benefits to the Participants without the need to transact the adoption of a new option scheme in a separate special general meeting of the Company.

The terms of the 2011 Share Option Scheme provide that in granting Options under the 2011 Share Option Scheme, the Board may offer to grant any Options subject to such terms and conditions in relation to the minimum period of the Options to be held, and/or any minimum performance targets under the 2011 Share Option Scheme which must be achieved before the Options can be exercised, and/or any other terms as the Board may determine in its absolute discretion. The Board will also determine the subscription price in respect of any Option, which must be at least the higher of (i) the closing price of the Ordinary Shares as stated in the Stock Exchange's daily quotations sheet on the Date of Grant; (ii) the average closing price of the Ordinary Shares as stated in the Stock Exchange's daily quotations sheet for the five business days immediately preceding the Date of Grant; and (iii) the nominal value of an Ordinary Share on the Date of Grant.

A summary of the principal terms of the proposed 2011 Share Option Scheme is set out in Appendix III to this circular. Copy of the full text of 2011 Share Option Scheme will be available for inspection at the principal place of business of the Company at 23/F, China Merchants Tower, Shun Tak Centre, 168-200 Connaught Road Central, Hong Kong during normal office hours on any weekday, Monday to Friday, except public holidays from the date of this circular up to and including 7 September 2011 and at the 2011 AGM.

The Directors consider that it is not appropriate to state the value of all Options that can be granted pursuant to the 2011 Share Option Scheme as if they had been granted at the Latest Practicable Date. The Directors believe that any statement regarding the value of the Options as at the Latest Practicable Date will not be meaningful to the Shareholders, taking into account the number of variables which are crucial for the calculation of the value of the Options which have not been determined. Such variables include the subscription price, option period, any lock-up period, and other relevant variables.

LETTER FROM THE BOARD

The 2011 Share Option Scheme is conditional upon:

- (a) the Directors passing an ordinary resolution to terminate the existing 2002 Share Option Scheme of which a conditional resolution was passed on 22 June 2011;
- (b) the passing of an ordinary resolution by the Shareholders to approve and adopt the 2011 Share Option Scheme in the 2011 AGM and to authorize the Directors to grant Options under the 2011 Share Option Scheme and to allot and issue Ordinary Shares pursuant to the exercise of any Options; and
- (c) the Listing Committee of the Stock Exchange granting approval of the listing of, and permission to deal in, such number of Ordinary Shares to be issued by the Company pursuant to the exercise of the Options which may be granted under the 2011 Share Option Scheme.

No Shareholder is required under the Listing Rules to abstain from voting on the ordinary resolution to approve the 2011 Share Option Scheme. Subject to the obtaining of Shareholders' approval with respect to the adoption of the 2011 Share Option Scheme, the total number of Ordinary Shares which may be issued upon exercise of all Options to be granted under the 2011 Share Option Scheme must not, in aggregate, exceed 10% of the issued share capital of the Company as at the Adoption Date of the 2011 Share Option Scheme. The Board shall not grant any Options which would result in the maximum aggregate number of Ordinary Shares which may be issued upon exercise of all outstanding Options granted but yet to be exercised under the 2011 Share Option Scheme and any other share option schemes adopted by the Company which provide for the grant of options to acquire or subscribe for Ordinary Shares exceeding, in aggregate, 30% of the issued share capital of the Company from time to time ("Scheme Limit"). No Options may be granted under any schemes of the Company if this will result in the Scheme Limit being exceeded.

As at the Latest Practicable Date, there were 1,350,274,367 Ordinary Shares in issue. Assuming no Shares will be issued or repurchased from the Latest Practicable Date to the date of the 2011 AGM on which the 2011 Share Option Scheme is expected to be adopted by the Shareholders, subject to the 2011 Share Option Scheme becoming effective, the Company may grant Options under the 2011 Share Option Scheme and any other share option schemes of the Company in respect of which up to 135,027,436 Ordinary Shares, representing 10% of the Ordinary Shares in issue, may be issued.

Application has been made to the Listing Committee of the Stock Exchange for approval of the listing of, and permission to deal in, the Ordinary Shares which may fall to be issued pursuant to the exercise of any Options that may be granted under the 2011 Share Option Scheme.

VOTING AT AGM

Pursuant to rule 13.39(4) of the Listing Rules, the vote of Shareholders at the 2011 AGM will be taken by poll and the Company shall announce the results of the poll in the manner prescribed under rule 13.39(5) of the Listing Rules.

Pursuant to Article 85, every member present in person or by proxy or (being a corporation) is present by a duly authorised representative or a proxy shall have one vote for every fully-paid Ordinary Share of which he is the holder. A member entitled to more than one vote need not use all his votes or cast all the votes he uses in the same way.

LETTER FROM THE BOARD

2011 AGM

The notice convening the 2011 AGM to be held at Concord Room 1, 8th Floor, Renaissance Harbour View Hotel Hong Kong, 1 Harbour Road, Wanchai, Hong Kong on Thursday, 8 September 2011 at 10:00 a.m. is set out on pages 26 to 30 of this circular.

Enclosed with this circular is the form of proxy for use at the 2011 AGM. Whether or not you are able to attend the 2011 AGM, you are requested to complete and return the enclosed form of proxy in accordance with the instructions printed thereon to the Investor Centre of the Company's share registrar in Hong Kong, 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 less than 48 hours before the time appointed for holding the 2011 AGM or any adjournment thereof. Completion and return of the form of proxy shall not preclude you from attending and voting in person at the 2011 AGM or any adjourned meeting thereof should you so wish.

RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material aspects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

RECOMMENDATION

The Board is pleased to recommend the re-election of the retiring Directors at the 2011 AGM whose brief biographical details are set out in Appendix I to this circular. The Board also considers that the proposed resolutions set out in the 2011 AGM Notice, including the grant of the Issue Mandate, the Repurchase Mandate, the extension of the Issue Mandate and the proposed adoption of 2011 Share Option Scheme are in the interests of the Company and the Shareholders as a whole. Accordingly, the Board recommends the Shareholders to vote in favour of all the proposed resolutions at the 2011 AGM.

Yours faithfully,
By order of the Board
CHA Mou Zing Victor
Deputy Chairman & Managing Director

Set out below are the biographical details of the retiring Directors who are eligible and willing to stand for re-election at the 2011 AGM:

1. The Honourable Ronald Joseph ARCULLI *GBM, CVO, GBS, OBE, JP (Aged 72)*

Positions held and length of service

Mr ARCULLI was appointed director in 1989 and has been an independent non-executive director of the Company since 1993 before he was re-designated as non-executive director in June 2005. He is also a member of the audit committee of the Company.

Experience

Mr ARCULLI is the senior partner of King & Wood. He is the independent non-executive chairman of Hong Kong Exchanges and Clearing Limited, an independent non-executive director of Hang Lung Properties Limited and SCMP Group Limited, and a non-executive director of Power Assets Holdings Limited, Hutchison Harbour Ring Limited, Sino Hotels (Holdings) Limited, Sino Land Company Limited and Tsim Sha Tsui Properties Limited, all of them are listed on the Stock Exchange. He was an independent non-executive director of Shanghai Century Acquisition Corporation, listed on the New York Stock Exchange, from 2005 to 2008. Mr ARCULLI is currently a non-official member of the Executive Council of the Government of the Hong Kong Special Administrative Region (the “HKSAR Government”), a member of the board of directors of The Community Chest of Hong Kong, a member of the Consultation Panel and a board member of the West Kowloon Cultural District Authority. He also holds directorships in other public and private companies in Hong Kong and overseas. Save as disclosed above, Mr ARCULLI did not hold any directorships in other listed public companies in the past three years.

Relationships with directors, senior management, substantial or controlling shareholders of the Company

Mr ARCULLI is not related to any directors, senior management, substantial or controlling shareholders of the Company.

Interests in Shares

As at the Latest Practicable Date, Mr ARCULLI was interested in 241,472 Ordinary Shares within the meaning of Part XV of the SFO.

Director's remuneration and term of office

Mr ARCULLI was not appointed for a specific term or any proposed length of services and his directorship is subject to retirement by rotation and re-election at the AGMs at least once every three years in accordance with Article 116 and code provision of A.4.2 of the CG Code.

The total remuneration paid to Mr ARCULLI for the year ended 31 March 2011 amounted to HK\$200,000 which was determined with reference to the prevailing market situation, his duties and responsibilities in the Company.

In relation to the re-election of Mr ARCULLI as a non-executive director of the Company, save as disclosed above, there is no information which is discloseable nor is/was he involved in any of the matters required to be disclosed pursuant to any of the requirements of the provisions under paragraph 13.51(2)(h) to 13.51(2)(v) of the Listing Rules, and there is no other matter concerning Mr ARCULLI that needs to be brought to the attention of the Shareholders.

2. Mr CHA Yiu Chung Benjamin BA MBA (Aged 37)**Positions held and length of service**

Mr CHA was appointed executive director of the Company in September 2010. He is also head of the Asia Pacific business unit and director of a number of subsidiaries of the Company. He joined the Group in 2002 and has been with the Asia Pacific business unit, involving in the Company's investment, development and asset management of projects in Thailand, Singapore, Hong Kong, Shanghai and Japan.

Experience

Mr CHA started his career in real estate and hotel development with the development division of Mandarin Oriental Hotel group. Mr CHA is a non-executive director of Hanison Construction Holdings Limited, an associated corporation of the Company listed on the Stock Exchange. Save as disclosed above, Mr CHA did not hold any directorships in other listed public companies in the past three years.

Mr CHA is a non-official member of the Business Facilitation Advisory Committee and the Harbourfront Commission of the HKSAR Government. He holds a bachelor degree in international politics and economics from Middlebury College and a master degree in business administration from the Stanford Graduate School of Business.

Relationships with directors, senior management, substantial or controlling shareholders of the Company

Mr CHA is the son of Mr CHA Mou Zing Victor and a nephew of Mr CHA Mou Sing Payson, Mr CHA Mou Daid Johnson and Ms WONG CHA May Lung Madeline, all of them are directors of the Company. Mr CHA is a member of certain classes of discretionary beneficiaries of certain but not identical discretionary trusts of which CCM Trust (Cayman) Limited and LBJ Regents Limited, both are substantial shareholders of the Company within the meaning of Part XV of the SFO, are the corporate trustees.

Interests in Shares

As at the Latest Practicable Date, Mr CHA was interested in 618,895,387 Ordinary Shares within the meaning of Part XV of the SFO.

Director's remuneration and term of office

Mr CHA was not appointed for a specific term or any proposed length of services and his directorship is subject to retirement by rotation and re-election at the AGMs at least once every three years in accordance with Article 99 and code provision of A.4.2 of the CG Code.

The total remuneration paid to Mr CHA since his appointment in September 2010 to the year ended 31 March 2011 amounted to approximately HK\$2,300,000 which was determined with reference to the prevailing market situation, his duties and responsibilities in the Group and was subject to his individual's and the Group's performance under his employment contract as an executive of the Company.

In relation to the re-election of Mr CHA as an executive director of the Company, save as disclosed above, there is no information which is discloseable nor is/was he involved in any of the matters required to be disclosed pursuant to any of the requirements of the provisions under paragraph 13.51(2)(h) to 13.51(2)(v) of the Listing Rules, and there is no other matter concerning Mr CHA that needs to be brought to the attention of the Shareholders.

3. Dr The Honourable CHEUNG Kin Tung Marvin *GBS, SBS, OBE, JP, DBA (Hons) (Aged 63)***Positions held and length of service**

Dr CHEUNG was appointed independent non-executive director of the Company in September 2004. He is also a member of the audit committee and the remuneration committee of the Company.

Experience

Dr CHEUNG is a fellow member of both the Institute of Chartered Accountants in England and Wales and the Hong Kong Institute of Certified Public Accountants. He is an independent non-executive director of Hang Seng Bank Limited, and HSBC Holdings plc (“HSBC”), both are listed on the Stock Exchange with HSBC also being dual listed on the London Stock Exchange. He ceased to be an independent non-executive director of Hong Kong Exchange and Clearing Limited and Sun Hung Kai Properties Limited, which are listed on the Stock Exchange, in April 2011 and December 2009 respectively. Dr CHEUNG is currently a non-official member of the Executive Council of the HKSAR Government. Dr CHEUNG is also the chairman of Airport Authority Hong Kong, chairman of the supervisory committee of Tracker Fund of Hong Kong, chairman of the council of The Hong Kong University of Science and Technology and member of the Barristers Disciplinary Tribunal Panel. He was awarded the Gold Bauhinia Star by HKSAR Government in 2008. Save as disclosed above, Dr CHEUNG did not hold any directorships in other listed public companies in the past three years.

Relationships with directors, senior management, substantial or controlling shareholders of the Company

Dr CHEUNG is not related to any directors, senior management, substantial or controlling shareholders of the Company.

Interests in Shares

As at the Latest Practicable Date, Dr CHEUNG did not have any interests in the Ordinary Shares within the meaning of Part XV of the SFO.

Director’s remuneration and term of office

Dr CHEUNG was not appointed for a specific term or any proposed length of services and his directorship is subject to retirement by rotation and re-election at the AGMs at least once every three years in accordance with Article 116 and code provision of A.4.2 of the CG Code.

The total remuneration paid to Dr CHEUNG for the year ended 31 March 2011 amounted to HK\$300,000 which was determined with reference to the prevailing market situation, his duties and responsibilities in the Company.

In relation to the re-election of Dr CHEUNG as an independent non-executive director of the Company, save as disclosed above, there is no information which is discloseable nor is/was he involved in any of the matters required to be disclosed pursuant to any of the requirements of the provisions under paragraph 13.51(2)(h) to 13.51(2)(v) of the Listing Rules, and there is no other matter concerning Dr CHEUNG that need to be brought to the attention of the Shareholders.

4. Mr CHEUNG Tseung Ming *BSc, MBA, MAcc, MICE, MI Struct.E, CPA (Aged 69)***Positions held and length of service**

Mr CHEUNG was re-designated as a non-executive director of the Company upon his retirement from the Group with effect from 1 November 2010. Prior to his retirement and re-designation, Mr CHEUNG was an executive director of the Company since September 2001 responsible for the management of the Group's hospitality subsidiaries and related investments in the Asia Pacific region.

Experience

Mr CHEUNG is a member of the Institution of Structural Engineers and the Institution of Civil Engineers in the United Kingdom and a member of the Hong Kong Institute of Certified Public Accountants and CPA Australia. Save as disclosed above, Mr CHEUNG did not hold any directorships in other listed public companies in the past three years.

Relationships with directors, senior management, substantial or controlling shareholders of the Company

Mr CHEUNG is not related to any directors, senior management, substantial or controlling shareholders of the Company.

Interests in Shares

As at the Latest Practicable Date, Mr CHEUNG did not have any interests in the Ordinary Shares within the meaning of Part XV of the SFO.

Director's remuneration and term of office

Mr CHEUNG was not appointed for a specific term or any proposed length of services and his directorship is subject to retirement by rotation and re-election at the AGMs at least once every three years in accordance with Article 99 and code provision of A.4.2 of the CG Code.

The total remuneration paid to Mr CHEUNG for the year ended 31 March 2011 amounted to approximately HK\$8,900,000 (great majority of it was attributable from his executive role prior to his re-designation in November 2010) which was determined with reference to the prevailing market situation, his duties, responsibilities and long services in the Group and his individual's performance during his executive tenure.

In relation to the re-election of Mr CHEUNG as a non-executive director of the Company, save as disclosed above, there is no information which is discloseable nor is/was he involved in any of the matters required to be disclosed pursuant to any of the requirements of the provisions under paragraph 13.51(2)(h) to 13.51(2)(v) of the Listing Rules, and there is no other matter concerning Mr CHEUNG that need to be brought to the attention of the Shareholders.

5. Mr TANG Moon Wah *BA (Arch Studies), BArch (Aged 57)***Positions held and length of service**

Mr TANG was appointed executive director of the Company in December 2004 and is also a director of a number of subsidiaries of the Company. He has been serving in the Group since 1985 and is the head of China business unit and head of projects responsible for project management of real estate development in Hong Kong and the PRC and for oversight of master planning, conceptual and major designs and technical advice on acquisitions.

Experience

Mr TANG has over 30 years extensive experience in property development. He has been a member of the Hong Kong Institute of Architects since 1981, Authorised Person since 1982 and Registered Architect since 1991. Save as disclosed above, he did not hold any directorships in other listed public companies in the past three years.

Relationships with directors, senior management, substantial or controlling shareholders of the Company

Mr TANG is not related to any directors, senior management, substantial or controlling shareholders of the Company.

Interests in Shares

As at the Latest Practicable Date, Mr TANG was interested in 135,200 Ordinary Shares within the meaning of Part XV of the SFO.

Director's remuneration and term of office

Mr TANG was not appointed for a specific term or any proposed length of services and his directorship is subject to retirement by rotation and re-election at the AGMs at least once every three years in accordance with Article 116 and code provision of A.4.2 of the CG Code.

The total remuneration paid to Mr TANG for the year ended 31 March 2011 amounted to approximately HK\$4,900,000 which was determined with reference to the prevailing market situation, his duties and responsibilities in the Group and was subject to his individual's and the Company's performance under his employment contract as an executive of the Company.

In relation to the re-election of Mr TANG as an executive director of the Company, save as disclosed above, there is no information which is discloseable nor is/was he involved in any of the matters required to be disclosed pursuant to any of the requirements of the provisions under paragraph 13.51(2)(h) to 13.51(2)(v) of the Listing Rules, and there is no other matter concerning Mr TANG that need to be brought to the attention of the Shareholders.

6. Ms WONG CHA May Lung Madeline (Aged 71)**Positions held and length of service**

Ms WONG was appointed director in 1989 and re-designated as non-executive director of the Company in December 2004. She has been serving as director of a number of subsidiaries of the Company since the inception of the Group in 1977.

Experience

Ms WONG is also a director/non-executive director of a number of other public and private companies in Hong Kong and overseas, including Hon Kwok Land Investment Company, Limited and Chinney Investments, Limited, both are listed on the Stock Exchange, and United Nigerian Textiles PLC which is listed on The Nigerian Stock Exchange. Save as disclosed above, Ms WONG did not hold any directorship in other listed public companies in the past three years.

Relationships with directors, senior management, substantial or controlling shareholders of the Company

Ms WONG is a sister of Mr CHA Mou Sing Payson, Mr CHA Mou Zing Victor and Mr CHA Mou Daid Johnson and an aunt of Mr CHA Yiu Chung Benjamin who are also directors of the Company. She is also a director of CCM Trust (Cayman) Limited and LBJ Regents Limited, both are substantial shareholders of the Company under Part XV of the SFO and together whose interests in the Company represent the substantial interests of Cha Family in the Company.

Ms WONG is a member of certain classes of discretionary beneficiaries of certain but not identical discretionary trusts of which CCM Trust (Cayman) Limited and LBJ Regents Limited, both are substantial shareholders of the Company within the meaning of Part XV of the SFO, are the corporate trustees. She is also the founder and member of classes of discretionary beneficiaries under two separate discretionary trusts of which CCM Trust (Cayman) Limited and LBJ Regents Limited are the corporate trustees.

Interests in Shares

As at the Latest Practicable Date, Ms WONG was interested in 627,487,463 Ordinary Shares within the meaning of Part XV of the SFO.

Director's remuneration and term of office

Ms WONG was not appointed for a specific term or any proposed length of services and her directorship is subject to retirement by rotation and re-election at the AGMs at least once every three years in accordance with Article 116 and code provision of A.4.2 of the CG Code.

The total remuneration paid to Ms WONG for the year ended 31 March 2011 amounted to HK\$100,000 which was determined with reference to the prevailing market situation, her duties and responsibilities in the Group.

In relation to the re-election of Ms WONG as a non-executive director of the Company, save as disclosed above, there is no information which is discloseable nor is/was she involved in any of the matters required to be disclosed pursuant to any of the requirements of the provisions under paragraph 13.51(2)(h) to 13.51(2)(v) of the Listing Rules, and there is no other matter concerning Ms WONG that need to be brought to the attention of the Shareholders.

This appendix serves as an explanatory statement, as required under the Listing Rules, to provide Shareholders with requisite information reasonably necessary for them to make an informed decision as to whether to vote for or against the ordinary resolution to be proposed at the 2011 AGM in connection with the Repurchase Mandate.

1. SHARE CAPITAL

As at the Latest Practicable Date, the issued share capital of the Company was HK\$337,568,591.75 divided into 1,350,274,367 fully paid Ordinary Shares.

Subject to the passing of the ordinary resolution numbered 6 set out in the 2011 AGM Notice for approving the Repurchase Mandate and on the basis that no further Shares will be issued or repurchased prior to the 2011 AGM, the Company would be allowed under the Repurchase Mandate to repurchase Shares up to a maximum of 135,027,436 Shares during the period in which the Repurchase Mandate remains in force.

2. REASONS FOR REPURCHASES

The Directors believe that the proposed grant of the Repurchase Mandate is in the interests of the Company and the Shareholders as a whole. The Repurchase Mandate will give the Company the flexibility to repurchase Shares as and when the Company deems appropriate. Such repurchases may, depending on market conditions and funding arrangements at that time, lead to an enhancement of the net assets and/or earnings per share or may otherwise be in the interests of the Company. The Directors will decide on the number of Shares to be repurchased on each occasion and the price and other terms upon which the same is repurchased at the relevant time having regard to the circumstances then pertaining and they will do so only when they believe that such repurchases will benefit the Company and the Shareholders. At present, the Directors have no intention to repurchase any Shares.

3. FUNDING OF REPURCHASES

In repurchasing the Shares, the Company may only apply funds legally available for such purpose in accordance with its M&A and the laws of the Cayman Islands.

The Company is empowered by its M&A to repurchase Shares. M&A and the applicable laws of the Cayman Islands provide that, subject to solvency, the purchase price of the Shares may be paid out of the profits available for distribution, the Company's capital and share premium account.

The Directors do not propose to exercise the Repurchase Mandate to such an extent as would, in the circumstances, have a material adverse effect on the working capital or the gearing position of the Company which in the opinion of the Directors is from time to time appropriate for the Company. However, based on the audited consolidated financial statements for the year ended 31 March 2011 of the Company (being the date to which the latest published consolidated financial statements of the Company were made up), there might be a material adverse impact on the working capital or gearing position of the Company in the event that the Repurchase Mandate is exercised in full.

4. UNDERTAKING

None of the Directors nor, to the best of their knowledge having made all reasonable enquiries, any of their associates (as defined in the Listing Rules) have any present intention to sell any Shares to the Company in the event that the Repurchase Mandate is approved by the Shareholders.

The Board has undertaken to the Stock Exchange that, so far as the same be applicable, it will exercise the powers of the Company to make repurchases pursuant to the Repurchase Mandate in accordance with the Listing Rules, M&A and the applicable laws of the Cayman Islands.

No connected persons (as defined in the Listing Rules) have notified the Company that they have a present intention to sell Shares to the Company, or have undertaken not to do so, in the event that the Repurchase Mandate is approved by the Shareholders.

5. EFFECT OF THE TAKEOVERS CODE

If, as a result of a repurchase of Shares, a Shareholder's proportionate interest in the voting rights of the Company increases, such increase will be treated as an acquisition for the purpose of rule 32 of the Takeovers Code. Accordingly, a Shareholder, or a group of Shareholders acting in concert (within the meaning of the Takeovers Code), could obtain or consolidate control of the Company and become obliged to make a mandatory offer in accordance with rule 26 of the Takeovers Code.

For the purpose of the Takeovers Code, CCM Trust (Cayman) Limited and LBJ Regents Limited (both being substantial shareholders of the Company within the meaning of the SFO) and Mr CHA Mou Sing Payson, Mr CHA Mou Zing Victor, Mr CHA Mou Daid Johnson, Mr CHA Yiu Chung, Benjamin and Ms WONG CHA May Lung Madeline (all being Directors and discretionary beneficiaries of certain trusts relating to Ordinary Shares held directly and/or indirectly by the above-mentioned substantial shareholders), collectively the "Cha Family". As at the Latest Practicable Date, the Cha Family together had an aggregate interest in 672,789,146 Ordinary Shares, representing approximately 49.83% of the issued share capital of the Company. Among them, 560,153,905 Ordinary Shares were held by CCM Trust (Cayman) Limited, 106,137,275 Ordinary Shares were held by LBJ Regents Limited, 5,737,713 Ordinary Shares were held as personal and corporate interests by Mr CHA Mou Sing Payson and 760,253 Ordinary Shares were held as personal interests by Mr CHA Mou Zing Victor. In the event that the Directors exercise in full the powers to repurchase Shares pursuant to the Repurchase Mandate, then (if the present shareholdings otherwise remained the same) the aggregate attributable shareholdings of the said parties would increase to approximately 55.36% of the issued share capital of the Company. In the opinion of the Directors, such increase would give rise to an obligation for Cha Family to make a mandatory offer under rule 26 of the Takeovers Code.

6. SHARE PRICES

The highest and lowest prices at which Ordinary Shares were traded on the Stock Exchange during each of the previous twelve calendar months before and the period up to the Latest Practicable Date were as follows:

	Price per share	
	Highest <i>HK\$</i>	Lowest <i>HK\$</i>
2010		
July	3.35	2.85
August	3.36	3.04
September	3.56	3.06
October	4.47	3.50
November	4.69	3.95
December	4.70	3.96
2011		
January	5.50	4.12
February	5.19	4.44
March	4.94	4.17
April	4.60	4.40
May	4.97	4.28
June	4.86	4.15
July (up to the Latest Practicable Date)	4.58	4.31

7. SHARE PURCHASES MADE BY THE COMPANY

The Company did not purchase any of the Shares (whether on the Stock Exchange or otherwise) in the six months immediately preceding the Latest Practicable Date.

The following is a summary of the principal terms of the 2011 Share Option Scheme:

1. The purpose of the 2011 Share Option Scheme is to provide the Participants who will be granted Options under the 2011 Share Option Scheme to subscribe for Ordinary Shares with the opportunity to acquire proprietary interests in the Company and to encourage Participants to work towards enhancing the value of the Company and its Ordinary Shares for the benefit of the Company and its Shareholders as a whole.
2. All directors (including any executive and non-executive directors), full-time employees and consultants of the Group (which, in the context of this summary of the principal terms of the 2011 Share Option Scheme, includes the associated companies of the Company) are eligible to participate in the 2011 Share Option Scheme.
3. The number of Shares which may be issued upon exercise of all Options to be granted under the 2011 Share Option Scheme or any other share option scheme adopted by the Company shall not in aggregate exceed 10% of the Ordinary Shares in issue on the date of approval by the Shareholders of the 2011 Share Option Scheme. (As at the Latest Practicable Date, such 10% limit represented 135,027,436 Ordinary Shares.) Options which have lapsed in accordance with the terms of the 2011 Share Option Scheme will not be counted in calculating the 10% limit. However, the Company may “refresh” this 10% limit with Shareholders’ approval with the issue of an appropriate circular to Shareholders provided that each such renewal may not exceed the 10% of the Ordinary Shares in issue as at the date of the Shareholders’ approval. Options previously granted under the 2011 Share Option Scheme and other share option schemes (including those outstanding, cancelled, lapsed in accordance with its terms or exercised), shall not be counted for the purpose of calculating the limit as “refreshed”. The Company may seek separate approval by Shareholders in general meeting, with the issue of an appropriate circular to Shareholder, for granting Options beyond the 10% limit provided the Options in excess of the limit are granted only to the Participants specifically identified by the Company before such approval is sought. The total number of Ordinary Shares which may be issued upon exercise of all outstanding Options granted and yet to be exercised under the 2011 Share Option Scheme or any other share option scheme adopted by the Company must not exceed 30% of the Shares in issue from time to time. No Options may be granted under the 2011 Share Option Scheme or any other share option scheme adopted by the Company if it will result in the 30% limit being exceeded.

4. Unless approved by Shareholders in the manner set out in this paragraph below, the total number of Ordinary Shares issued and to be issued upon exercise of the Options granted and to be granted to each Participant or Grantee (as the case may be) (including both exercised and unexercised Options) under the 2011 Share Option Scheme or any other share option scheme adopted by the Company in any 12 month period must not exceed 1% of the Ordinary Shares in issue. Any further grant of Options which would result in the number of Ordinary Shares issued and to be issued upon exercise of the Options granted and to be granted in the 12 month period up to and including the date of such further grant exceeding the said 1% limit shall be subject to prior Shareholders' approval with the relevant Participant or Grantee (as the case may be) and his associates (such term shall have the meaning ascribed to the definition of "associate" under rule 1.01 of the Listing Rules in relation to any director, chief executive or substantial shareholder (being an individual)) abstaining from voting. A circular must be sent to the Shareholders disclosing the identity of such Participant or Grantee (as the case may be) and the number and terms of the Options granted and to be granted.
5. (a) The period within which the Options must be exercised will be specified by the Company at the time of making an offer of the grant of an Option. This period must expire no later than 10 years from the relevant Date of Grant;
- (b) In the event a Grantee ceases to be a Participant for any reason other than (i) his or her death or (ii) on one or more of the grounds of termination of employment or upon the occurrence of any other events specified in paragraph 13(f) below, the Option shall lapse on the date of cessation of such employment and not be exercisable unless the Board otherwise determines in which event the Option shall be exercisable to the extent and within such period as the Board may determine. The date of cessation of employment shall be the last actual working day on which the Grantee was physically at work with the relevant member of the Group, whether salary is paid in lieu of notice or not;
- (c) In the event the Grantee (who is not a consultant) dies before exercising the Option in full and none of the events for termination of employment under paragraph 13(f)(i) below then exists with respect to such Grantee, the personal representative(s) of the Grantee shall be entitled within a period of 12 months from the date of death to exercise the Option up to the entitlement of such Grantee as at the date of death;
- (d) If a general offer by way of takeover or otherwise (other than by way of scheme of arrangement pursuant to paragraph 5(e) below) is made to all the holders of Ordinary Shares (or all such holders other than the offeror, any person controlled by the offeror and any person acting in association or concert with the offeror) and such offer becomes or is declared unconditional prior to the expiry date of the relevant Option, the Company shall forthwith give notice thereof to the Grantee and the Grantee shall be entitled to exercise the Option either to its full extent or to the extent notified by the Company pursuant to paragraph 5(h) at any time within such period as shall be notified by the Company;

- (e) If a general offer for Ordinary Shares by way of scheme of arrangement is made to all the holders of Ordinary Shares and has been approved by the necessary number of holders of Ordinary Shares at the requisite meetings, the Company shall forthwith give notice thereof to the Grantee and the Grantee may at any time thereafter (but before such time as shall be notified by the Company) exercise the Option either to its full extent or to the extent notified by the Company pursuant to paragraph 5(h);
- (f) In the event a notice is given by the Company to its Shareholders to convene a Shareholders' meeting for the purpose of considering and, if thought fit, approving a resolution to voluntarily wind-up the Company, the Company shall forthwith give notice thereof to the Grantee and the Grantee may at any time thereafter (but before such time as shall be notified by the Company) exercise the Option either to its full extent or to the extent notified by the Company pursuant to paragraph 5(h), and the Company shall as soon as possible and in any event no later than three days prior to the date of the proposed Shareholders' meeting, allot, issue and register in the name of the Grantee such number of fully paid Ordinary Shares which fall to be issued on exercise of such Option;
- (g) In the event of a compromise or arrangement, other than a scheme of arrangement contemplated in paragraph 5(e) above, between the Company and its members and/or creditors being proposed in connection with a scheme for the reconstruction or amalgamation of the Company, the Company shall give notice thereof to all Grantees on the same day as it first gives notice of the meeting to its members and/or creditors to consider such a scheme and the Grantee may at any time thereafter but before such time as shall be notified by the Company exercise the Option either to its full extent or to the extent notified by the Company pursuant to paragraph 5(h), and the Company shall as soon as possible and in any event no later than three days prior to the date of the proposed meeting, allot, issue and register in the name of the Grantee such number of fully paid Ordinary Shares which fall to be issued on exercise of such Option; and
- (h) Upon the occurrence of any of the events referred to in paragraphs 5(d), (e), (f) and (g) above, the Company may in its discretion notwithstanding the terms of the relevant Option at the same time as giving the notice provided under each of those paragraphs, also give notice to a Grantee that his or her Option may be exercised at any time within such period as shall be notified by the Company and/or to the extent (not being less than the extent to which it could then be exercised in accordance with its terms) notified by the Company, notwithstanding that the period of the Option has not come into effect. If the Company gives such notice, the balance of the Option shall lapse.

6. Each grant of Options to any Director, chief executive or substantial shareholder of the Company, or any of their respective associates (as such term is defined in rule 1.01 of the Listing Rules) shall be subject to the prior approval of the independent non-executive Directors of the Company (excluding any independent non-executive Director who is a proposed grantee of the Option). Where any grant of Options to a substantial shareholder or an independent non-executive Director of the Company, or any of their respective associates (as such term is defined in rule 1.01 of the Listing Rules), would result in the Ordinary Shares issued and to be issued upon exercise of all Options already granted and to be granted (including Options exercised, cancelled and outstanding) to such person in the 12 month period up to and including the date of such grant:
- (a) representing in aggregate over 0.1% (or such other percentage as may from time to time be specified by the Stock Exchange) of the Ordinary Shares in issue; and
 - (b) having an aggregate value, based on the closing price of the Ordinary Shares as stated in the daily quotations sheets issued by the Stock Exchange on the Date of Grant, in excess of HK\$5 million (or such other amount as may from time to time be specified by the Stock Exchange),
- such grant of Options shall be subject to prior approval by the Shareholders (voting by way of poll). All connected persons (as defined in the Listing Rules) of the Company shall abstain from voting at such general meeting, except that any connected person may vote against the relevant resolution at the general meeting provided that his intention to do so has been stated in the circular to be sent to the Shareholders in connection therewith.
7. At the time of grant of the Options, the Company must specify the minimum period(s), if any, for which an Option must be held before it can be exercised in whole or in part.
8. At the time of the grant of the Options, the Company must specify the minimum performance target(s), if any, which must be achieved before the Options can be exercised in whole or in part.
9. The amount payable on acceptance of an Option is HK\$1.
10. The subscription price for the Ordinary Shares the subject of the Options shall be no less than the higher of (i) the closing price of the Ordinary Shares as stated in the daily quotations sheets issued by the Stock Exchange on the Date of Grant; (ii) the average closing price of the Ordinary Shares as stated in the daily quotations sheets issued by the Stock Exchange for the five Stock Exchange business days immediately preceding the Date of Grant; and (iii) the nominal value of an Ordinary Share on the Date of Grant. The subscription price will be established by the Board at the time the Option is offered to the Participant.

11. The Ordinary Shares to be allotted and issued upon the exercise of an Option shall be subject to all the provisions of the M&A for the time being in force and will rank pari passu with the fully paid Ordinary Shares in issue on the date the name of the Grantee is registered on the register of members of the Company. Prior to the Grantee being registered on the register of members of the Company, the Grantee shall not have any voting rights, or rights to participate in any dividends or distributions of any rights arising on a liquidation of the Company, in respect of the Shares to be issued upon the exercise of the Option.
12. No Options may be granted under the 2011 Share Option Scheme after the date of the 10th anniversary of the Adoption Date of the 2011 Share Option Scheme.
13. An Option shall lapse automatically and not be exercisable, to the extent not already exercised on the earliest of:
 - (a) the expiry of the Option Period;
 - (b) the expiry of the period for exercising the Option as referred to in paragraphs 5(b), (c), (d), (f) or (g) above;
 - (c) subject to the scheme of arrangement (referred to in paragraph 5(e) above) becoming effective, the expiry of the period for exercising the Option as referred to in paragraph 5(e) above;
 - (d) subject to paragraph 5(f) above, the date of commencement of the winding up of the Company;
 - (e) the date on which the Grantee sells, transfers, charges, mortgages, encumbers or creates any interest in favour of any other person, over or in relation to any Option in breach of the 2011 Share Option Scheme;
 - (f) the date on which the Grantee ceases to be a Participant by reason of (i) the termination of his or her employment on the grounds that he or she has been guilty of serious misconduct, or appears either to be unable to pay or to have no reasonable prospect of being able to pay his or her debts or has become bankrupt or has made any arrangement or composition with his or her creditors generally or has been convicted of any criminal offence involving his or her integrity or honesty or on any other ground on which an employer would be entitled to terminate his or her employment summarily, or (ii) the expiration or termination of his or her contract for employment as consultant whether in accordance with its terms, by agreement between the parties thereto, due to the default of any parties thereto or otherwise; and
 - (g) subject to paragraph 5(b), the date the Grantee ceases to be a Participant by any other reason (including, without limitation, the death of a Grantee who is a consultant).

14. In the event of any capitalisation of profits or reserves, rights issue, subdivision or consolidation of Ordinary Shares, or reduction of the share capital of the Company whilst any Option remains exercisable, the auditors of the Company or an independent financial adviser engaged by the Company for such purpose shall certify what adjustment is required to the subscription price or the number of Ordinary Shares to be issued on exercise of the Options or the number or nominal amount of Ordinary Shares subject to the Option so far as unexercised provided that any such adjustments give the Participant the same proportion of the equity capital of the Company as that Participant was previously entitled to. An issue of Shares as consideration in a transaction shall not be regarded as a circumstance requiring adjustment.
15. Any Options granted but not exercised may be cancelled if the Grantee so agrees and new Options may be granted to the Participant provided such new Options fall within the limits specified in paragraph 3 above and are otherwise granted in accordance with the terms of the 2011 Share Option Scheme with available unissued Options (excluding the cancelled Options).
16. The Ordinary Shares issued on exercise of the Options will on issue be identical to the then existing issued Ordinary Shares of the Company.
17. The Company by ordinary resolution of Shareholders, or the Board may at any time terminate the operation of the 2011 Share Option Scheme and in such event no further Options will be offered or granted. Any Options granted and remain unexpired shall continue to be exercisable in accordance with their terms of issue after the termination of the 2011 Share Option Scheme.
18. The Options granted are personal to the Grantees and are not transferable or assignable.
19. Those specific provisions of the 2011 Share Option Scheme which relate to the matters set out in rule 17.03 of the Listing Rules cannot be altered to the advantage of Participants, and no changes to the authority of the Directors or administrator of the 2011 Share Option Scheme in relation to any alteration of the terms shall be made, without the prior approval of Shareholders in general meeting. Any alterations to the terms and conditions of the 2011 Share Option Scheme, or any change to the terms of Options granted, must be approved by the Shareholders in general meeting, except where the alterations take effect automatically under the existing terms of the 2011 Share Option Scheme.

NOTICE OF ANNUAL GENERAL MEETING

HKR

INTERNATIONAL LTD.
香港興業國際集團

HKR INTERNATIONAL LIMITED

香港興業國際集團有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 00480)

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that an annual general meeting of HKR International Limited (the “Company”) will be held at Concord Room 1, 8th Floor, Renaissance Harbour View Hotel Hong Kong, 1 Harbour Road, Wanchai, Hong Kong on Thursday, 8 September 2011 at 10:00 a.m. for the following purposes:

1. To receive the audited consolidated financial statements and the reports of the directors and the independent auditor of the Company for the year ended 31 March 2011.
2. To declare a final dividend for the year ended 31 March 2011.
3.
 - (1) To re-elect The Honourable Ronald Joseph ARCULLI as a non-executive director;
 - (2) To re-elect Mr CHA Yiu Chung Benjamin as an executive director;
 - (3) To re-elect Dr The Honourable CHEUNG Kin Tung Marvin as an independent non-executive director;
 - (4) To re-elect Mr CHEUNG Tseung Ming as a non-executive director;
 - (5) To re-elect Mr TANG Moon Wah as an executive director;
 - (6) To re-elect Ms WONG CHA May Lung Madeline as a non-executive director; and
 - (7) To authorise the board of directors of the Company to fix the fees of all directors (including any new director who may be appointed) for the year ending 31 March 2012.
4. To re-appoint Messrs Deloitte Touche Tohmatsu as the independent auditor for the ensuing year and to authorise the board of directors of the Company to fix their remuneration.

* Registered under Part XI of the Companies Ordinance, Chapter 32 of the laws of Hong Kong

NOTICE OF ANNUAL GENERAL MEETING

As special business, to consider and, if thought fit, pass with or without modifications, the following resolutions as ordinary resolutions of the Company:

ORDINARY RESOLUTIONS

5. “**THAT:**

- (1) subject to paragraph (3) of this resolution numbered 5 and all applicable laws, 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, grant, distribute and otherwise deal with additional shares in the capital of the Company and to make, issue or grant offers, agreements and options including warrants, bonds, debentures, notes and other securities which carry rights of subscription for or conversion into shares of the Company, be and is hereby generally and unconditionally approved;
- (2) the approval in paragraph (1) of this resolution numbered 5 shall authorise the directors of the Company during the Relevant Period to make, issue or grant offers, agreements and options including warrants, bonds, debentures, notes and other securities which carry rights of subscription for or conversion into shares of the Company, which would or might require the exercise of such powers after the end of the Relevant Period;
- (3) the aggregate nominal amount of share capital allotted, issued, granted, distributed or otherwise dealt with or agreed conditionally or unconditionally to be allotted, issued, granted, distributed or otherwise dealt with (whether pursuant to an option or otherwise) by the directors of the Company pursuant to the approval in paragraph (1) of this resolution numbered 5, otherwise than pursuant to or in consequence of:
 - (i) a Rights Issue (as hereinafter defined); or
 - (ii) the exercise of any options under any share option scheme or similar arrangement for the time being adopted by the Company in accordance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) for the grant or issue of shares or rights to acquire shares in the Company; or
 - (iii) the exercise of rights of subscription or conversion under the terms of any existing warrants, bonds, debentures, notes or other securities issued by the Company; or
 - (iv) any scrip dividend or similar arrangement providing for the allotment of shares in lieu of the whole or part of a dividend on shares in the Company in accordance with the articles of association of the Company from time to time; or
 - (v) a special authority granted by the shareholders of the Company in general meeting;

shall not exceed the aggregate of twenty per cent (20%) of the aggregate nominal amount of the share capital of the Company in issue at the date of the passing of this resolution numbered 5; and the said approval shall be limited accordingly; and

NOTICE OF ANNUAL GENERAL MEETING

- (4) for the purpose of this resolution numbered 5:

“Relevant Period” means the period from (and including) the date of the passing of this resolution numbered 5 until whichever is the earliest of:

- (i) the conclusion of the next annual general meeting of the Company;
- (ii) the expiration of the period within which the next annual general meeting of the Company is required by the articles of association of the Company or any other applicable laws to be held; or
- (iii) the revocation or variation of the authority given under this resolution numbered 5 by an ordinary resolution of the shareholders of the Company in general meeting; and

“Rights Issue” means an offer of shares in the Company, or an offer of warrants, options or other securities which carry rights to subscribe for or purchase shares of the Company, open for a period fixed by the directors of the Company to holders of shares of the Company on the register of members of the Company (and, where appropriate, to holders of other securities of the Company entitled to the offer) on a fixed record date in proportion to their then holdings of such shares of the Company (or, where appropriate, such other securities) (subject in all cases to such exclusions or other arrangements as the directors of the Company may deem necessary or expedient in relation to fractional entitlements or having regard to any legal or practical restrictions or obligations under the laws of, or the requirements of any recognised regulatory body or any stock exchange in, any jurisdiction or territory outside Hong Kong).”

6. **“THAT:**

- (1) subject to paragraph (2) of this resolution numbered 6 and all applicable laws, the exercise by the directors of the Company during the Relevant Period (as hereinafter defined) of all the powers of the Company to purchase or repurchase shares of all classes and securities which carry a right to subscribe or purchase shares issued directly or indirectly by the Company on the Stock Exchange or on any other stock exchange on which the shares or securities of the Company may be listed and is recognised by the Securities and Futures Commission of Hong Kong and the Stock Exchange for this purpose, subject to and in accordance with all applicable laws and/or the requirements of the Rules Governing the Listing of Securities on the Stock Exchange or of any other stock exchange as amended from time to time, be and is hereby generally and unconditionally approved;
- (2) the aggregate nominal amount of the shares of all classes and securities which carry a right to subscribe or purchase shares issued directly or indirectly by the Company which may be purchased or repurchased by the Company pursuant to the approval in paragraph (1) of this resolution numbered 6 shall not exceed ten per cent (10%) of the aggregate nominal amount of the share capital of the Company in issue at the date of the passing of this resolution numbered 6, and the said approval shall be limited accordingly; and

NOTICE OF ANNUAL GENERAL MEETING

- (3) for the purpose of this resolution numbered 6:

“Relevant Period” means the period from (and including) the date of the passing of this resolution numbered 6 until whichever is the earliest of:

- (i) the conclusion of the next annual general meeting of the Company;
 - (ii) the expiration of the period within which the next annual general meeting of the Company is required by the articles of association of the Company or any other applicable laws to be held; and
 - (iii) the revocation or variation of the authority given under this resolution numbered 6 by an ordinary resolution of the shareholders of the Company in general meeting.”
7. “**THAT** conditional upon the passing of resolutions numbered 5 and 6 set out in the notice of this meeting, the general mandate granted to the directors of the Company pursuant to resolution numbered 5 set out in the notice of this meeting and for the time being in force to exercise the powers of the Company to allot, issue, grant, distribute and otherwise deal with additional shares in the capital of the Company and to make, issue or grant offers, agreements and options including warrants, bonds, debentures, notes and other securities which carry rights of subscription for or conversion into shares of the Company be and is hereby extended by the addition thereto of an amount representing the aggregate nominal amount of shares of all classes and securities which carry a right to subscribe or purchase shares issued directly or indirectly by the Company purchased or repurchased by the Company under the authority granted by resolution numbered 6 set out in the notice of this meeting, provided that such extended amount shall not exceed ten per cent (10%) of the aggregate nominal amount of the share capital of the Company in issue at the date of the passing of this resolution.”; and
8. “**THAT** conditional upon the Listing Committee of the Stock Exchange granting the approval of the listing of, and permission to deal in, the shares in the capital of the Company which may fall to be issued pursuant to the share option scheme, as defined and summarised in the circular dated 18 July 2011 of the Company (a copy of which is produced to the meeting marked “A” and signed by the Chairman of this meeting for the purpose of identification) (the “2011 Share Option Scheme”), the 2011 Share Option Scheme be and is hereby approved and adopted by the Company and the directors of the Company be and are hereby authorized to grant options and to allot, issue and deal with the shares pursuant to the exercise of any option granted thereunder and to take such steps and do such acts and to enter into such transactions, arrangements and agreements as may be necessary or expedient in order to give full effect to the 2011 Share Option Scheme”.

By order of the Board
MAK Sau Ching
Company Secretary

Hong Kong, 18 July 2011

NOTICE OF ANNUAL GENERAL MEETING

Notes:

1. Any member of the Company entitled to attend and vote at the annual general meeting is entitled to appoint another person as his proxy to attend and vote instead of him. A proxy need not be a member of the Company. A member may appoint more than one proxy to attend on the same occasion.
2. In case of joint registered holders of any share in the Company, any one of such persons may vote at the annual general meeting, either personally or by proxy, in respect of such share as if he were solely entitled thereto; but if more than one of such joint holders be present at the annual general meeting personally or by proxy, that one of the said persons so present whose name stands first on the register of members of the Company in respect of such share shall alone be entitled to vote in respect thereof.
3. In order to qualify for the proposed final dividend for the year ended 31 March 2011, the registers of members of the Company will be closed on Thursday, 15 September 2011 and Friday, 16 September 2011 during which period no transfer of shares will be registered. All transfers of shares accompanied by the relevant share certificates must be lodged with the Company's share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Wednesday, 14 September 2011.
4. The form of proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power of attorney or other authority shall be deposited at the Investor Centre of the Company's share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at 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 adjourned meeting thereof (as the case may be). Completion and return of the form of proxy will not preclude a member from attending and voting in person at the annual general meeting or any adjourned meeting thereof should he so wish.
5. With regard to the proposed resolution numbered 3 of this notice, the board of directors of the Company recommends that the retiring directors, namely, The Honourable Ronald Joseph ARCULLI, Mr CHA Yiu Chung Benjamin, Dr The Honourable CHEUNG Kin Tung Marvin, Mr CHEUNG Tseung Ming, Mr TANG Moon Wah and Ms WONG CHA May Lung Madeline be re-elected as directors of the Company.
6. With regard to the proposed resolutions numbered 5 to 7 above, the directors of the Company wish to state that they have no immediate plans to issue any new shares or repurchase any shares of the Company pursuant to the general mandates referred to thereunder.
7. The registration of the annual general meeting will start at 9:30 a.m. on Thursday, 8 September 2011. In order to ensure the meeting can start on time, shareholders or their proxies are encouraged to arrive for registration at least 15 minutes before the meeting starts.