

## **IMPORTANT**

*If you are in any doubt about this circular, you should consult your stockbroker, bank manager, solicitor, professional accountant or other professional adviser.*

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

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

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# **TAI CHEUNG HOLDINGS LIMITED**

(Incorporated in Bermuda with limited liability)

(Stock Code: 88)

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### **Directors:**

David Pun CHAN (*Chairman*)

Ivy Sau Ching CHAN

\* Joseph Wing Siu CHEUNG

\* Karl Chi Leung KWOK

\* Man Sing KWONG

William Wai Lim LAM

Wing Sau LI

### **Registered Office:**

Rosebank Centre

14 Bermudiana Road

Pembroke

Bermuda

### **Head Office:**

20th Floor

The Hong Kong Club Building

3A Chater Road, Central

Hong Kong

\* *Independent non-executive directors*

29th June 2011

*To the shareholders*

Dear Sir/Madam,

## **PROPOSALS INVOLVING GENERAL MANDATES TO REPURCHASE SHARES AND TO ISSUE SHARES NOTICE OF ANNUAL GENERAL MEETING (“AGM”) AND RE-ELECTION OF DIRECTORS**

### **INTRODUCTION**

The purpose of this circular is to give you Notice of AGM and information relating to (i) the Ordinary Resolutions to renew the general mandates to repurchase shares and to issue shares; and (ii) the re-election of directors to be proposed at the forthcoming 2011 AGM.

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## LETTER FROM THE BOARD

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### **GENERAL MANDATE TO REPURCHASE SHARES**

A general mandate for repurchase of the Company's own shares was granted by shareholders of the Company at the Company's AGM held on 31st August 2010. This general mandate will lapse at the forthcoming 2011 AGM unless the authority is renewed by ordinary resolution at that meeting. At the 2011 AGM, an ordinary resolution will be proposed to grant a general mandate to the directors of the Company (the "Directors") to exercise the powers of the Company to repurchase shares of the Company up to a maximum of 61,753,142 shares, being 10% of the issued share capital of the Company at the date of the resolution (the "Repurchase Mandate") on the basis that no further shares are issued or repurchased prior to the 2011 AGM. The Directors have no present intention to repurchase any shares. Details of the Repurchase Mandate are set out in the ordinary resolution no. 5 in the notice of AGM.

Information relating to the Repurchase Mandate as required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") is set out in Appendix II hereto.

### **GENERAL MANDATE TO ISSUE SHARES**

It will be proposed at the 2011 AGM two ordinary resolutions (i) granting to the Directors a general mandate to allot, issue and deal with shares of the Company not exceeding 123,506,285 shares, being 20% of the issued share capital of the Company at the date of the resolution (the "Issue Mandate") on the basis that no further shares are issued or repurchased prior to the 2011 AGM and (ii) extending the Issue Mandate by adding to it the number of shares repurchased by the Company under the Repurchase Mandate. The Issue Mandate will provide the Company the flexibility to make such issue when appropriate and beneficial to the Company. The Directors have no immediate plans to issue new shares. Details of the Issue Mandate and extension of the Issue Mandate are set out in the ordinary resolutions no. 6 and 7 respectively in the notice of AGM.

### **ANNUAL GENERAL MEETING**

Notice of the 2011 AGM is set out on pages 8 to 10 of this circular. A form of proxy for use at the AGM is enclosed with this circular. Whether or not you intend to be present at the meeting you are requested to complete the form of proxy and return it to the Company's Registrars in Hong Kong in accordance with the instructions printed thereon not less than 48 hours before the time fixed for holding that meeting.

The completion of a form of proxy and returning it to the Registrars of the Company will not preclude you from attending and voting in person at the meeting if you so wish and in such event, the form of proxy will be deemed to be revoked.

Pursuant to Rule 13.39(4) of the Listing Rules, any vote of shareholders at a general meeting must be taken by poll. The Chairman of the 2011 AGM will exercise his power under Bye-law 63(a) of the Company's Bye-laws to put each of the resolutions to be proposed at the AGM to the vote by way of a poll.

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## LETTER FROM THE BOARD

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### RE-ELECTION OF THE RETIRING DIRECTORS

Pursuant to Bye-law 84 of the Company, Ms. Ivy Sau Ching Chan and Mr. Joseph Wing Siu Cheung will retire by rotation at the 2011 AGM of the Company and, being eligible, offer themselves for re-election.

Details of Directors proposed to be re-elected at the AGM that are required to be disclosed under Rule 13.51(2) of the Listing Rules are set out in Appendix I hereto.

### RECOMMENDATION

The Board considers that the resolutions set out in the notice of AGM are all in the interests of the Company and its shareholders. The Board would recommend that all shareholders should vote in favour of the proposed resolutions.

By Order of the Board

**David Pun Chan**

*Chairman*

Details of Directors proposed to be re-elected at the AGM are provided below.

**Ms. Ivy Sau Ching Chan**, BA, aged 58, is a Non-executive Director of the Company and has been a Director since 1981. Ms. Chan is also a member of the Audit Committee and Remuneration Committee and a director of certain subsidiaries of the Company. She is a Partner with Messrs Woo, Kwan, Lee & Lo with over 25 years' experience in the legal field. Ms. Chan is the sister of Mr. David Pun Chan, Chairman of the Company, daughter of Madam Chan Poon Wai Kuen, a substantial shareholder of the Company and cousin of Mr. Poon Chi Hung, Head of US Operations of the Company. She has an interest of 20,132,706 shares of the Company within the meaning of Part XV of the Securities and Futures Ordinance.

**Mr. Joseph Wing Siu Cheung**, MS, aged 65, has been an Independent Non-executive Director of the Company since 2004. Mr. Cheung is also a member of the Audit Committee of the Company. He does not hold other directorships in the Company's group of companies. He is a director of The Garden Company Limited and its major subsidiaries ("The Garden Group") and has over 30 years' experience in manufacturing, sales and marketing management in The Garden Group. Mr. Cheung is not connected with any directors, senior management or substantial or controlling shareholders of the Company. He does not have any interests in shares of the Company within the meaning of Part XV of the Securities and Futures Ordinance.

Each of the above Directors did not hold other directorships in listed companies in the last three years. There is no service contract signed between each of the above Directors and the Company for service as director. They do not have fixed term of service with the Company and are subject to retirement by rotation and re-election at the AGM of the Company in accordance with the Company's Bye-laws. They receive directors' fees as approved from time to time by shareholders at AGM of the Company (2010: HK\$150,000 for each director). The basis of determining the directors' fees is by reference to the level of fees of similar nature normally paid by a listed company in Hong Kong to its directors. Other than the directors' fees as mentioned above, they do not receive any director's emolument. Save as disclosed above, there are no other matters that need to be brought to the attention of the shareholders of the Company in connection with the re-election of the above Directors and there is no information that should be disclosed pursuant to Rules 13.51(2)(h) to (v) of the Listing Rules.

This explanatory statement contains all the information required by the Listing Rules on repurchase of shares:

**Share Capital**

As at 20th June 2011, being the latest practicable date prior to the printing of this circular, the issued share capital of the Company comprised 617,531,425 shares of HK\$0.10 each.

Subject to the passing of the ordinary resolution to approve the Repurchase Mandate and on the basis that no further shares are issued or repurchased prior to the 2011 AGM, the Company will be allowed under the Repurchase Mandate to repurchase a maximum of 61,753,142 shares, being 10% of the entire issued share capital of the Company.

**Shareholders' Approval**

All repurchase of shares must be approved by shareholders in advance by means of an ordinary resolution, either by way of a general mandate or by specific resolution in relation to specific transactions.

**Reason for the Repurchase**

Repurchase of shares will only be made when the Directors consider that it will benefit the Company and its shareholders. Such repurchase may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net asset value and/or earnings per share.

**Source of Funds**

Repurchases must be financed out of funds legally available for the purpose in accordance with the memorandum of association and Bye-laws of the Company and the laws of Bermuda. The law of Bermuda provide that the amount of capital repaid in connection with a share repurchase may only be paid out of either capital paid up on the shares to be repurchased, or the profits that would otherwise be available for dividend or distribution or the proceeds of a fresh issue of shares made for that purpose. The premiums payable on repurchase must only be paid out of either the profits that would otherwise be available for dividends or out of the share premium or contributed surplus account of the Company. It is envisaged that any repurchase of shares by the Company would be financed out of the same sources of fund as above described.

There might be material adverse impact on the working capital or gearing position of the Company (as compared with the position disclosed in the audited consolidated financial statements contained in the annual report for the year ended 31st March 2011) in the event that the proposed Repurchase Mandate were to be exercised in full at any time during the proposed repurchase period. However, the Directors do not propose to exercise the Repurchase Mandate to such extent as would, in the circumstances, have a material adverse effect on the working capital requirements of the Company or the gearing levels which in the opinion of the Directors are from time to time appropriate for the Company.

**Trading Restrictions**

A maximum of 10% of the fully paid-up issued shares of a company at the date of the resolution authorizing the repurchase mandate may be repurchased on market.

**Disclosure of Interests**

None of the Directors nor, to the best of their knowledge having made all reasonable enquiries, their associates have any present intention to sell any shares to the Company under the proposed Repurchase Mandate if such is approved by the shareholders of the Company.

The Company has not been notified by any “connected persons” (as defined in the Listing Rules) that they have a present intention to sell any shares to the Company, or that they have undertaken not to do so, in the event that the proposed Repurchase Mandate is approved by the shareholders of the Company.

**Effect of the Hong Kong Code on Takeovers and Mergers (the “Takeovers Code”)**

As at 20th June 2011, being the latest practicable date prior to the printing of this circular, Madam Chan Poon Wai Kuen together with her parties acting in concert (i.e. including Mr. David Pun Chan and Ms. Ivy Sau Ching Chan) were interested in 295,928,131 shares, representing approximately 47.92% of the issued share capital of the Company. In the event that the Directors exercise in full the Repurchase Mandate, their collective shareholdings would be increased to approximately 53.25%, the resultant increase in voting rights held by Madam Chan Poon Wai Kuen and parties acting in concert with her will give rise to an obligation to make a mandatory offer in accordance with Rules 26 and 32 of the Takeovers Code. However, the Directors have no present intention to exercise the Repurchase Mandate to such extent as would give rise to such an offer obligation. The Directors do not propose to repurchase shares to such an extent as to result in less than 25% of the shares in public hands.

The Directors have undertaken to The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) that, so far as the same may be applicable, they will exercise the Repurchase Mandate in accordance with the applicable laws of Bermuda and the Listing Rules.

**Repurchase made by the Company**

The Company has not purchased any of its shares (whether on the Stock Exchange or otherwise) in the six months preceding the date of this circular.

**Share Prices**

The highest and lowest prices at which the shares of the Company have traded on the Stock Exchange in the past twelve months were as follows:

	<b>Shares</b>	
	<b>Highest</b>	<b>Lowest</b>
	<i>HK\$</i>	<i>HK\$</i>
June 2010	\$4.70	\$4.23
July 2010	\$5.14	\$4.64
August 2010	\$5.18	\$4.81
September 2010	\$5.34	\$4.84
October 2010	\$5.70	\$5.26
November 2010	\$5.89	\$5.41
December 2010	\$6.04	\$5.68
January 2011	\$6.68	\$5.90
February 2011	\$6.46	\$5.71
March 2011	\$6.15	\$5.64
April 2011	\$5.99	\$5.77
May 2011	\$6.39	\$5.58
June 2011 (up to 20th June 2011)	\$6.28	\$5.84

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## NOTICE OF ANNUAL GENERAL MEETING

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# TAI CHEUNG HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)  
(Stock Code: 88)

### NOTICE OF ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that the Annual General Meeting of the Company will be held at the Sung Room, 4th Floor, Sheraton Hong Kong Hotel & Towers, 20 Nathan Road, Kowloon, Hong Kong on Thursday, 25th August 2011 at 11:00 a.m. for the following purposes:-

1. To receive and consider the audited Financial Statements and the Reports of the Directors and Auditor for the year ended 31st March 2011.
2. To declare a final dividend.
3. To elect Directors and fix the Directors' fees.
4. To appoint Auditor and fix their remuneration.

As special business, to consider and, if thought fit, to pass the following resolutions which will be proposed as ordinary resolutions:

#### ORDINARY RESOLUTIONS

5. **“THAT:**
  - (a) subject to paragraph (b) below, the exercise by the Directors during the Relevant Period (as hereinafter defined) of all the powers of the Company to repurchase shares of HK\$0.10 each in the capital of the Company on The Stock Exchange of Hong Kong Limited (“Stock Exchange”) or on any other stock exchange on which the securities of the Company may be listed and recognized 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 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;
  - (b) the aggregate nominal amount of the shares of the Company which the Directors are authorized to repurchase pursuant to the approval in paragraph (a) above during the Relevant Period (as hereinafter defined) shall not exceed 10 per cent. of the aggregate nominal amount of the issued share capital of the Company as at the date of the passing of this Resolution, and the said approval shall be limited accordingly; and
  - (c) for the purposes of this Resolution, “Relevant Period” means the period from the passing of this Resolution until whichever is the earlier of:
    - (i) the conclusion of the next annual general meeting of the Company; or
    - (ii) the expiration of the period within which the next annual general meeting of the Company is required by the bye-laws of the Company or any applicable law to be held; or



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## NOTICE OF ANNUAL GENERAL MEETING

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(iii) the date on which the authority set out in this Resolution is revoked or varied by an ordinary resolution of the shareholders of the Company in general meeting.”

6. **“THAT:**

- (a) subject to paragraph (c) below, the exercise by the Directors during the Relevant Period (as hereinafter defined) of all the powers of the Company to allot, issue and deal with any unissued shares in the capital of the Company and to make or grant offers, agreements and options (including bonds, warrants and debentures, notes and any securities which carry rights to subscribe for or are convertible into shares of the Company) which would or might require the exercise of such power be and is hereby generally and unconditionally approved;
- (b) the approval in paragraph (a) above shall authorize the Directors during the Relevant Period (as hereinafter defined) to make or grant offers, agreements and options (including bonds, warrants and debentures, notes and any securities which carry rights to subscribe for or are convertible into shares of the Company) which would or might require the exercise of such powers after the end of the Relevant Period;
- (c) the aggregate nominal amount of share capital allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to an option or otherwise) and issued by the Directors pursuant to the approval in paragraph (a) above, otherwise than pursuant to (i) a Rights Issue (as hereinafter defined); (ii) an issue of shares as scrip dividends in accordance with the bye-laws of the Company from time to time; or (iii) an issue of shares upon the exercise of rights of subscription or conversion under the terms of any bonds, warrants, debenture, notes and any securities which carry rights to subscribe for or are convertible into shares of the Company; or (iv) an issue of shares under any option scheme or similar arrangement for the time being adopted for the grant or issue to the grantees as specified in such scheme or similar arrangement of shares or rights to acquire shares of the Company, shall not exceed 20 per cent. of the aggregate nominal amount of the issued share capital of the Company as at the date of the passing of this Resolution, and the said approval shall be limited accordingly; and
- (d) for the purpose of this Resolution, “Relevant Period” means the period from the passing of this Resolution until whichever is the earlier of:–
  - (i) the conclusion of the next annual general meeting of the Company; or
  - (ii) the expiration of the period within which the next annual general meeting of the Company is required by the bye-laws of the Company or any applicable law to be held; or
  - (iii) the date on which the authority set out in this Resolution is revoked or varied by an ordinary resolution of the shareholders of the Company in general meeting.

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## NOTICE OF ANNUAL GENERAL MEETING

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“Right Issue” means an offer of shares open for a period fixed by the Directors to the 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 (or, where appropriate, such other securities) as at that date (subject to such exclusions or other arrangements as the Directors may deem necessary or expedient in relation to fractional entitlements or having regard to any restrictions or obligations under the laws of, or the requirements of any recognized regulatory body or any stock exchange in, any territory outside Hong Kong applicable to the Company).”

7. “**THAT** subject to the passing of Ordinary Resolutions Nos. 5 and 6 set out in the notice convening this meeting, the general mandate granted to the Directors to allot, issue and deal with any unissued shares and to make or grant offers, agreements and options which might require the exercise of such powers pursuant to Ordinary Resolution No. 6 set out in the notice convening this meeting be and is hereby extended by the addition thereto of an amount representing the aggregate nominal amount of shares in the capital of the Company repurchased by the Company under the authority granted pursuant to Ordinary Resolution No. 5 set out in the notice convening this meeting, provided that such amount of shares shall not exceed 10 per cent. of the aggregate nominal amount of the issued share capital of the Company as at the date of the passing of the said Resolution.”

By Order of the Board  
**Ivy Yee Har Tam**  
*Secretary*

Hong Kong, 29th June 2011

*Notes:*

1. Any member entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and, on a poll, vote in his stead. A proxy need not be a member of the Company.
2. The form of proxy must be deposited at the Investor Centre of the Company's Registrars in Hong Kong, Computershare Hong Kong Investor Services Limited, 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not less than 48 hours before the time appointed for the Meeting.
3. The Register of Members will be closed from Monday, 22nd August 2011 to Thursday, 25th August 2011, both days inclusive, during which period no transfer of shares will be effected. In order to qualify for the proposed dividend, all transfers accompanied by the relevant share certificates must be lodged with the transfer office of the Company's Registrars in Hong Kong, Computershare Hong Kong Investor Services Limited, Shops 1712-16, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Friday, 19th August 2011.
4. At the meeting, the Chairman of the meeting will exercise his power under Bye-law 63(a) of the Bye-laws of the Company to put each of the above resolutions to the vote by way of a poll as required under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. The poll results will be published on the websites of the Company and Hong Kong Exchanges and Clearing Limited on 25th August 2011 following the conclusion of the meeting.

*As at the date hereof, the Board comprises Mr. David Pun Chan (Chairman), Mr. William Wai Lim Lam and Mr. Wing Sau Li as executive directors, Ms. Ivy Sau Ching Chan as non-executive director and Mr. Joseph Wing Siu Cheung, Mr. Karl Chi Leung Kwok and Mr. Man Sing Kwong as independent non-executive directors.*