
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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

If you have sold or transferred all your shares in HKC International Holdings Limited, you should at once hand this circular and the accompanying election form to the purchaser or the transferee or to the bank, licensed dealer, or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this circular, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this circular.



HKC INTERNATIONAL HOLDINGS LIMITED

香港通訊國際控股有限公司*

(incorporated in the Cayman Islands with limited liability)

(Stock code: 248)

Executive directors:

Chan Chung Yee, Hubert (*Chairman*)
Chan Chung Yin, Roy (*Chief Executive Officer*)
Chan Ming Him, Denny
Wu Kwok Lam
Ip Man Hon
Ng Chi Hoi

Registered office:

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

Independent non-executive directors:

Chu Chor Lup
Chiu Ngar Wing
George Leung

Principal place of business

in Hong Kong:
Block B, 14/F., Vita Tower
29 Wong Chuk Hang Road
Hong Kong

* For identification purposes only

10 September 2012

To the shareholders of the Company

Dear Sir or Madam,

SCRIP DIVIDEND SCHEME IN RELATION TO THE FINAL DIVIDEND FOR THE YEAR ENDED 31 MARCH 2012

INTRODUCTION

On 22 June 2012, the board of directors (the “**Board**”) of HKC International Holdings Limited (the “**Company**”) recommended a final dividend of HK\$0.01 per share (the “**Final Dividend**”) for the year ended 31 March 2012 in cash and that any shareholder of the Company (the “**Shareholder**”) entitled to receive the Final Dividend would be given the option to elect to receive new and fully paid shares of the Company (the “**Scrip Shares**”) in lieu of cash (the “**Scrip Dividend Scheme**”). The Final Dividend will be paid to Shareholders whose names were on the register of members of the Company at the close of business of 22 August 2012 (the “**Record Date**”).

The Scrip Dividend Scheme was approved by the Shareholders on the payment of Final Dividend at annual general meeting held on 13 August 2012 (the “**AGM**”) and is subject to the granting by The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) of the listing of, and permission to deal in, the Shares to be issued pursuant thereto. The purpose of this circular is to give you further information on the Scrip Dividend Scheme and to set out the procedures which apply in relation to the Scrip Dividend Scheme and the action which should be taken by the Shareholders in relation thereto.

DETAILS OF THE SCRIP DIVIDEND SCHEME

Shareholders have an option to elect to receive the Final Dividend in one of the following ways:

- (i) a cash dividend of HK\$0.01 per Share; or
- (ii) an allotment and issue of Scrip Shares (the number of which it is determined is explained below); or
- (iii) partly cash and partly Scrip Shares.

For the purpose of calculating the number of Scrip Shares to be allotted pursuant to the Scrip Dividend Scheme, the market value of the Scrip Share has been fixed at HK\$0.266 per Share (the “**Average Closing Price**”), which is the average value of the closing prices per Share as quoted on the Stock Exchange for the five consecutive trading days commencing from 22 August 2012 to 28 August 2012. Accordingly, the number of Scrip Shares which the Shareholders are entitled to receive in respect of the Shares registered in their names on the Record Date will be calculated as follows:

$$\begin{array}{rcl} \text{Number of Scrip} & & \text{Number of Shares held on} \\ \text{Shares to be} & = & \text{Record Date and elected for} \\ \text{received} & & \text{the Scrip Shares} \end{array} \quad \times \quad \frac{\text{HK\$0.01 (Final Dividend per Share)}}{\text{HK\$0.266 (Average Closing Price)}}$$

Based on 505,784,524 Shares in issue as at the close of business on the Record Date, the maximum number of Scrip Shares which may fall to be issued under the Scrip Dividend Scheme will be 19,014,455 Shares, representing approximately 3.76% of the existing issued share capital of the Company and approximately 3.62% of the issued share capital of the Company as enlarged by the issue of Scrip Shares. If no election for the Scrip Shares were received, the total cash dividend payable by the Company would be approximately HK\$5,057,845.

The Scrip Shares to be allotted and issued pursuant to the Scrip Dividend Scheme will rank *pari passu* in all respects with the Shares in issue on the date of allotment and issue of the Scrip Shares save that they will not be entitled to the Final Dividend. The Scrip Shares to be issued to the Shareholders pursuant to an election under the Scrip Dividend Scheme may be allocated in odd lots (of number less than a board lot of 4,000 Shares). No special dealing arrangements will be put in place by the Company to facilitate the trading or disposal of Scrip Shares issued in odd lots. Shareholders should be aware that odd lots usually trade at a discount to the price of board lots.

The number of Scrip Shares to be allotted and issued will be rounded down to the nearest whole number of Scrip Shares and no Shareholder is entitled to be allotted and issued any fraction of a Share under the Scrip Dividend Scheme. Fractional entitlements to Scrip Shares will be disregarded and the benefit thereof will accrue to the Company.

ADVANTAGES OF THE SCRIP DIVIDEND SCHEME

The Scrip Dividend Scheme will give the Shareholders an opportunity to increase their investment in the Company at market value without incurring brokerage fees, stamp duty and related dealing costs. The Scrip Dividend Scheme will also be advantageous to the Company because, to the extent that the Shareholders elect to receive Scrip Shares, in whole or in part, such cash as would otherwise have been paid to such Shareholders will be retained for use as working capital by the Company.

CONDITION OF THE SCRIP DIVIDEND SCHEME

The Scrip Dividend Scheme is conditional upon the Listing Committee of the Stock Exchange granting the listing of and permission to deal in the Scrip Shares. If this condition is not satisfied, the Final Dividend will then be paid wholly in cash.

DISCLOSURE OF INTERESTS

Shareholders of the Company should note that the allotment and issue of Scrip Shares under the Scrip Dividend Scheme may give rise to disclosure requirements under Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong). Shareholders of the Company who are in any doubt as to how these provisions may affect them are recommended to seek their own professional advice.

FORM OF ELECTION

If you elect to receive your Final Dividend for the year ended 31 March 2012 wholly in cash, you do not need to take any action.

If you elect to receive an allotment of Scrip Shares, or partly cash and partly Scrip Shares, you should use the enclosed form of election (the “Election Form”). Please note that if you sign the Election Form but do not specify the number of Shares in respect of which you wish to receive your Final Dividend to be satisfied by the allotment and issue of the Scrip Shares or, if you elect for payment of the Final Dividend to be satisfied by the allotment and issue of the Scrip Shares in respect of a number of Shares greater than your registered holding of Shares, then in either case you will be deemed to have exercised your election for Scrip Shares in lieu of cash in respect of all the Shares registered in your name.

Election Forms should be completed in accordance with the instructions printed thereon and returned to the Company’s Hong Kong branch registrar, Pilare Limited, 10th Floor, Sun Hung Kai Centre, 30 Harbour Road, Wanchai, Hong Kong, not later than 4:30 p.m. on 25 September 2012. No acknowledgement of receipt of the Election Form will be issued.

The latest time for submission of Election Forms will not be valid if there is a tropical cyclone warning signal no. 8 or above, or a “black” rainstorm warning:

- (i) in force in Hong Kong at any local time before 12:00 noon and no longer in force after 12:00 noon on 25 September 2012. Instead the deadline for the submission of Election Forms will be 5:00 pm on the same business day;
- (ii) in force in Hong Kong at any local time between 12:00 noon and 4:30 pm on 25 September 2012. Instead the deadline for the submission of Election Forms will be rescheduled to 4:30 pm on the next business day which does not have either of those warnings in force at any time between 9:00 am and 4:30 pm.

No elections may, after the relevant Election Forms are signed and lodged with the Company’s Hong Kong branch registrar, be in any way withdrawn, revoked, superseded or altered. If you do not complete and return the Election Form before the time stated above, you will receive the whole of your Final Dividend in cash.

QUALIFYING SHAREHOLDERS

To qualify for the Scrip Dividend Scheme, the Shareholders must at the close of business on the Record Date:

- (i) be registered as a shareholder of the Company; and
- (ii) either have an address in Hong Kong as shown on the register of Shareholders of the Company or have an address which is not in place where, in the Directors' opinion (having made all necessary legal enquiries), the Scrip Dividend Shares may not be offered without compliance with registration and/or other legal or regulatory requirements of that place.

SHAREHOLDERS RESIDENT OUTSIDE HONG KONG

As at Record Date, according to the share registrar, there is no shareholder with registered address outside Hong Kong.

All Shareholders with registered address outside Hong Kong (the “**Overseas Shareholders**”) receiving this circular and/or Election Form outside Hong Kong may not treat the same as an invitation to participate in the Scrip Dividend Scheme unless such invitation could lawfully be made to them without having to comply with any registration or other legal requirements in the relevant territory. In such circumstances, this circular and the Election Form will be deemed to have been sent for information purposes only. Overseas Shareholders should inform themselves about and observe any applicable restrictions and should consult their professional advisers as to whether any governmental or other consents are required or other formalities need to be observed to enable them to participate in the Scrip Dividend Scheme.

This circular and the Election Form do not constitute or form part of an offer or solicitation of any offer to buy securities of the Company, and the Election Form is not transferable. Overseas Shareholders who are in any doubt as to their position should consult their own appropriately authorized professional advisers without delay.

LISTING AND DEALINGS

Application will be made to the Listing Committee of the Stock Exchange for the granting of listing and permission to deal in the Scrip Shares to be issued pursuant to the Scrip Dividend Scheme. It is expected that share certificates and cheques for cash entitlement will be posted at the risk of those entitled about 5 October 2012. On this basis, dealings of the Scrip Shares are expected to commence on 8 October 2012.

Subject to the granting of the listing of, and permission to deal in, the Scrip Shares to be allotted and issued pursuant to the Scrip Dividend Scheme on the Stock Exchange, such Scrip Shares will be accepted as eligible securities by Hong Kong Securities Clearing Company Limited for deposit, clearance and settlement in Central Clearing and Settlement System (the “CCASS”) with effect from the commencement date of dealings in the Scrip Shares on the Stock Exchange or such other date as determined by Hong Kong Securities Clearing Company Limited. Settlement of transactions between participants of the Stock Exchange is required to take place in CCASS on the second business day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time. Shareholders should seek the advice of their licensed securities dealer or other professional adviser for details of these settlement arrangements and how such arrangements will affect their rights and interests.

No part of the Company’s securities is listed or dealt in on any other stock exchange except the Stock Exchange, and no such listing or permission to deal is being, or is proposed to be sought.

RECOMMENDATION AND ADVICE

Whether or not it is to your advantage to receive the Final Dividend in cash or the Scrip Shares, in whole or in part, depends upon your own individual circumstances and on the movement of the Share price in the market. The decision in this regard and all consequences resulting from such decision are the sole responsibility of each Shareholder.

If you are in any doubt as to what to do, you should consult your own professional adviser. This applies particularly to Shareholders who are trustees, who are recommended to seek professional advice as to whether they have the powers to make any relevant election and as to the effect of the election having regard to the terms of the relevant trust instrument.

Yours faithfully
By order of the Board
HKC International Holdings Limited
Chan Chung Yee, Hubert
Chairman