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If you are in doubt as to any aspect of this circular or as to the action to be taken, you should consult your 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 Ming Fung Jewellery Group Limited, you should at once hand this circular and the accompanying form of proxy to the purchaser or the transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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MING FUNG JEWELLERY GROUP LIMITED

明豐珠寶集團有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 860)

**(1) PROPOSED ADOPTION OF NEW SHARE OPTION SCHEME,
(2) PROPOSED GRANTING OF GENERAL MANDATES TO
ISSUE NEW SHARES AND TO REPURCHASE SHARES,
(3) INFORMATION ON THE RETIRING DIRECTORS TO BE
RE-ELECTED AT THE 2013 ANNUAL GENERAL MEETING
AND
(4) NOTICE OF ANNUAL GENERAL MEETING**

A letter from the Board of the Company is set out on pages 5 to 11 of this circular. A notice convening the 2013 AGM of the Company to be held at 9:00 a.m. on Friday, 1 March 2013 at Novotel Century Hong Kong, Plaza III No. 238 Jaffe Road, Wanchai, Hong Kong, is set out on pages 35 to 40 of this circular.

A form of proxy for the 2013 AGM is enclosed with this circular. Whether or not you desire to attend the 2013 AGM, you are requested to complete the form of proxy and return the same to the Company's branch share registrar in Hong Kong, Tricor Tengis Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong in accordance with the instructions printed thereon not less than 48 hours before the time appointed for the 2013 AGM or any adjournment thereof. Completion and delivery of the form of proxy will not preclude you from subsequently attending and voting at the 2013 AGM or any adjournment thereof if you so wish.

* For identification purpose only

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RESPONSIBILITY STATEMENT

This circular, for which the directors of the Company 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 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.

DEFINITIONS

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

“2013 AGM”	the annual general meeting of the Company to be held at 9:00 a.m. on Friday, 1 March 2013 at Novotel Century Hong Kong, Plaza III No. 238 Jaffe Road, Wanchai, Hong Kong, and the notice of which is set out in this circular
“Adoption Date”	1 March 2013 (the date on which the New Share Option Scheme is adopted by an ordinary resolution of the Shareholders at the 2013 AGM)
“Articles of Association”	the articles of association of the Company as amended from time to time
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“associated company”	has the meaning ascribed to it under the Takeovers Code
“Board” or “Directors”	the board of directors of the Company
“Company”	Ming Fung Jewellery Group Limited, a company incorporated in the Cayman Islands with limited liability and the Shares of which are listed on the Stock Exchange
“Companies Law”	the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands
“Connected person”	has the same meaning as defined in the Listing Rules
“Eligible Employee”	any employee (whether full time or part time, including any executive director but excluding any non-executive director) of the Company, any Subsidiary or any Invested Entity
“Eligible Participant(s)”	any person who satisfies the eligibility requirements in the New Share Option Scheme namely: (a) any Eligible Employee; (b) any non-executive directors (including independent non-executive directors) of the Company, any Subsidiary or any Invested Entity;

DEFINITIONS

- (c) any supplier of goods or services to any member of the Group or any Invested Entity;
 - (d) any customer of the Group or any Invested Entity;
 - (e) any person or entity that provides or will provide research, development or other technological support to the Group or any Invested Entity;
 - (f) any shareholder of any member of the Group or any Invested Entity or any holder of any securities issued by any member of the Group or any Invested Entity; and
 - (g) any adviser (professional or otherwise) or consultant to any area of business or business development of any member of the Group or any Invested Entity.
- “Exercise Price” the price per Share at which an Eligible Participant who accepts an offer of the grant of option in accordance with the terms of the New Share Option Scheme may subscribe for Shares on the exercise of an Option
- “Existing Share Option Scheme” the Share Option Scheme adopted by the Company on 12 August 2002 and expired on 11 August 2012
- “General Scheme Limit” the total number of Shares which may be issued upon exercise of all Options to be granted under the New Share Option Scheme and any other share option scheme of the Group must not in aggregate exceed 10% of the Shares in issue as at the day of the passing of the relevant ordinary resolution approving the New Share Option Scheme
- “Group” the Company and its subsidiaries
- “Hong Kong” the Hong Kong Special Administrative Region of the People’s Republic of China
- “HK\$” Hong Kong dollars, the lawful currency of Hong Kong
- “Invested Entity” any entity in which any member of the Group holds any equity interest

DEFINITIONS

“Issue Mandate”	the general and unconditional mandate proposed to be granted to Directors to allot, issue and deal with new Shares not exceeding 20% of the aggregate nominal amount of the issued share capital of the Company as at the date of passing of the relevant resolution, as set out in the notice of the 2013 AGM, which is also extended by the addition of the number of Shares purchased under the Repurchase Mandate
“Latest Practicable Date”	10 January 2013, being the latest practicable date before the printing of this circular for ascertaining certain information for the purpose of inclusion in this circular
“Listing Committee”	the listing committee of the Stock Exchange for considering applications for listing and the granting of listing
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange
“New Share Option Scheme”	the New Share Option Scheme of the Company to be proposed for adoption by the Company at the 2013 AGM, the principal terms of which are set out in Appendix I
“Option(s)”	an option (if any) to subscribe for Shares granted or to be granted under the Existing Share Option Scheme or the New Share Option Scheme, as the context requires
“Repurchase Mandate”	the general and unconditional mandate proposed to be granted to Directors to exercise the power of the Company to repurchase Shares not exceeding 10% of the aggregate nominal amount of the issued share capital of the Company as at the date of passing of the relevant resolution, as set out in the notice of the 2013 AGM
“Share(s)”	share(s) of nominal value of HK\$0.01 each in the capital of the Company
“Shareholder(s)”	holder(s) for the time being of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

DEFINITIONS

“Subsidiary”	a company which is for the time being and from time to time a subsidiary (within the meaning of the Companies Ordinance (Cap. 32 of the Laws of Hong Kong)) of the Company, whether incorporated in Hong Kong or elsewhere
“substantial shareholder(s)”	shall have the meaning ascribed to it under the Listing Rules
“Takeovers Code”	Hong Kong Code on Takeovers and Mergers
“%”	per cent.

LETTER FROM THE BOARD



MING FUNG JEWELLERY GROUP LIMITED

明豐珠寶集團有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 860)

Executive Directors:

Wong Chi Ming, Jeffry (*Chairman*)

Chung Yuk Lun

Yu Fei Philip

Independent non-executive Directors:

Chan Man Kiu

Tam Ping Kuen, Daniel

Jiang Chao

Registered office:

Cricket Square

Hutchins Drive

P.O. Box 2681

Grand Cayman,

KY1-1111

Cayman Islands

Principal office in Hong Kong:

Room 1825, 18th Floor

Hutchison House

10 Harcourt Road

Central, Hong Kong

17 January 2013

To the Shareholders

Dear Sir or Madam,

- (1) PROPOSED ADOPTION OF NEW SHARE OPTION SCHEME,
(2) PROPOSED GRANTING OF GENERAL MANDATES TO
ISSUE NEW SHARES AND TO REPURCHASE SHARES,
(3) INFORMATION ON THE RETIRING DIRECTORS TO BE
RE-ELECTED AT THE 2013 ANNUAL GENERAL MEETING
AND
(4) NOTICE OF ANNUAL GENERAL MEETING**

1. INTRODUCTION

The Directors will propose various resolutions at the 2013 AGM regarding (i) proposed adoption of the New Share Option Scheme; (ii) proposed granting of the Issue Mandate and the Repurchase Mandate; and (iii) proposed re-election of the retiring directors. The purpose of this circular is to provide you with the necessary information on these issues and the related resolutions to be proposed at the 2013 AGM.

* *For identification purpose only*

LETTER FROM THE BOARD

2. THE NEW SHARE OPTION SCHEME

Expiry of the Existing Share Option Scheme and Adoption of the New Share Option Scheme

The Existing Share Option Scheme allowing the Company to grant share options to Eligible Participants for the purpose of, among others, providing incentive or rewards to the Eligible Participants for their contribution to the Group, is valid and effective for a period of 10 years commencing on 12 August 2002. Accordingly, the Existing Share Option Scheme expired on 11 August 2012.

The Board proposes to the Shareholders to adopt the New Share Option Scheme at the 2013 AGM. A summary of the principal terms of the New Share Option Scheme is set out in Appendix I to this circular. This serves as a summary of the terms of the New Share Option Scheme but does not constitute the full terms of the same. A copy of the rules of the New Share Option Scheme is available for inspection at the principal place of business of the Company at Room 1825, 18th Floor, Hutchison House, 10 Harcourt Road, Central, Hong Kong during normal business hours for a 14-day period immediately preceding the 2013 AGM and at the venue of the 2013 AGM during the 2013 AGM.

Under the Existing Share Option Scheme, the Board may offer Options to the eligible persons prescribed in the Existing Share Option Scheme in its absolute discretion. As at the Latest Practicable Date, the Company had granted 742,455,000 Options to subscribe for a total of 742,455,000 Shares, of which 500,755,000 Options to subscribe for 500,755,000 Shares have been exercised, 132,300,000 Options to subscribe for 132,300,000 Shares have lapsed, and no Options have been cancelled under the Existing Share Option Scheme. Accordingly, there were 109,400,000 outstanding Options to subscribe for 109,400,000 Shares as at the Latest Practicable Date. Such 109,400,000 outstanding Options shall continue to be valid and exercisable in accordance the rules of the Existing Share Option Scheme.

The adoption of the New Share Option Scheme is conditional upon:

- (i) the passing of an ordinary resolution at the 2013 AGM approving the adoption of the New Share Option Scheme, and authorising the Directors to grant Options thereunder and to allot and issue Shares pursuant to the exercise of any Option; and
- (ii) the Listing Committee of the Stock Exchange granting approval for the listing of, and permission to deal in, any new Shares which may be allotted and issued upon the exercise of the subscription rights attaching to the Options granted under the New Share Option Scheme up to the General Scheme Limit.

As at the Latest Practicable Date, there were 4,366,027,293 Shares in issue. Assuming that there are no further allotment of Shares from the Latest Practicable Date up to the date of approval of the New Share Option Scheme, Options to subscribe for up

LETTER FROM THE BOARD

to 436,602,729 Shares may be issued under the New Share Option Scheme and any other schemes of the Company pursuant to Rule 17.03(3) of the Listing Rules, representing 10% of Shares in issue as at the date of approval of the New Share Option Scheme.

The Directors consider that it is not appropriate to state the value of all the Options that can be granted under the New Share Option Scheme as if they had been granted as at the Latest Practicable Date prior to the approval of the New Share Option Scheme given that the variables which are critical for the calculation of the value of such Options cannot be determined. These variables include but are not limited to, the Exercise Price, whether or not Options will be granted under the New Share Option Scheme and the timing of the granting of such Options, the period during which the subscription rights may be exercised, the discretion of the Board to impose any performance target that has to be achieved before the subscription rights attaching to the Options can be exercised and any other conditions that the Board may impose with respect to the Options and whether or not such Options, if granted, will be exercised. The Exercise Price depends on the price of the Shares as quoted on the Stock Exchange, which in turn depends on when the Board is to grant Options under the New Share Option Scheme. With a scheme life of ten years, the Board is of the view that it is too premature to state whether or not Options will be granted under the New Share Option Scheme and, if so, the number of Options that may be granted. It is also difficult to ascertain with accuracy the Exercise Price given the volatility to which the price of Shares may be subject to during the ten-year life span of the New Share Option Scheme.

The Directors are of the view that the value of the Options depends on a number of variables which are either difficult to ascertain or can only be ascertained subject to a number of theoretical bases and speculative assumptions. Accordingly, the Directors believe that any calculation of the value of the Options will not be meaningful and may be misleading to Shareholders in the circumstances.

The Company is not required to appoint any trustee for the purpose of administering the New Share Option Scheme. The New Share Option Scheme will be subject to administration of the Board. None of the Directors is or will be a trustee of the New Share Option Scheme or have a direct or indirect interest in any such trustee.

Application for Listing

An application will be made to the Listing Committee of the Stock Exchange for the approval of the listing of, and permission to deal in, the Shares which may fall to be allotted and issued pursuant to the exercise of any Options that may be granted under the New Share Option Scheme up to the General Scheme Limit.

Reasons for Adopting the New Share Option Scheme

The Existing Share Option Scheme expired on 11 August 2012. The Directors consider that it is appropriate to adopt the New Share Option Scheme. The Directors consider that the New Share Option Scheme, which will be valid for ten years from the

LETTER FROM THE BOARD

date of its adoption, will provide the Company with more flexibility in long term planning of granting of the share options to eligible persons in a longer period in the future. The New Share Option Scheme also provides appropriate incentives or rewards to eligible persons for their contributions or potential contributions to the Group. The purpose of the New Share Option Scheme is to attract and retain the best available personnel, to provide additional incentive to employees, directors, consultants, advisers and shareholders of the Group and to promote the success of the business of the Group.

The New Share Option Scheme also expressly provides that, the Board may, with respect to each grant of Options, determine the Exercise Price (being not less than the minimum price specified in the Listing Rules), the conditions precedent and any performance targets that apply to the Options. The Directors believe the New Share Option Scheme will provide the Board with flexibility in determining the applicable performance targets and any other conditions to which the specific grant of Options may be subject on a case-by-case basis, and thus will place the Group in a better position to attract human resources that are valuable to the long term growth and development of the Group.

3. THE ISSUE MANDATE

The Company's existing mandate to allot and issue Shares was approved by the Shareholders at the annual general meeting held on 28 February 2012. Unless otherwise renewed, the existing mandate to allot and issue Shares will lapse at the conclusion of the 2013 AGM.

In order to ensure flexibility when it is desirable to allot and issue or otherwise deal with additional shares, the Directors will seek the approval of Shareholders to grant the Issue Mandate at the 2013 AGM and will put forward the following resolutions as set out in the notice of 2013 AGM for the following purposes:

- Ordinary resolution no. 5 – to grant a general mandate to the Directors to exercise the power of the Company to allot, issue and otherwise deal with new Shares up to a maximum of 20% of the aggregate nominal amount of the share capital of the Company in issue as at the date of passing of this resolution; and
- Ordinary resolution no. 7 – to increase the aggregate nominal amount of share capital of the Company which the Directors may issue under the Issue Mandate by adding thereto the aggregate nominal amount of share capital of the Company repurchased under the Repurchase Mandate.

The Directors have no immediate plans to allot and issue any new Shares other than Shares which may fall to be issued under the share option scheme(s) (if any) of the Company or pursuant to any scrip dividend scheme or pursuant to any exercise of the existing warrants or under similar arrangement which may be approved by the Shareholders from time to time.

LETTER FROM THE BOARD

The Company had in issue an aggregate of 4,366,027,293 Shares as at the Latest Practicable Date. Subject to the granting of the Issue Mandate on the terms thereof, the Company would be allowed to issue new Shares up to a maximum of 873,205,458 Shares on the basis that no further Shares will be issued or repurchased before and up to the date of 2013 AGM.

4. THE REPURCHASE MANDATE

The Company's existing mandate to repurchase Shares was approved by the Shareholders at its annual general meeting held on 28 February 2012 and, unless otherwise renewed, such mandate will lapse at the conclusion of the 2013 AGM.

In order to seek the approval of Shareholders to grant the Repurchase Mandate at the 2013 AGM, the Directors will put forward the following resolution as set out in the notice of 2013 AGM:

- Ordinary resolution no. 6 – to grant a general mandate to the Directors to exercise the power of the Company to repurchase Shares on the Stock Exchange representing up to a maximum of 10% of the aggregate nominal amount of the share capital of the Company in issue as at the date of passing of this resolution.

The Listing Rules contain provisions to regulate the repurchase by companies with primary listings on the Stock Exchange of their own securities on the Stock Exchange. The Company is required to give Shareholders information which is reasonably necessary to enable them to make an informed decision as to whether to vote for or against the resolution to renew the grant of the Repurchase Mandate. In this regard, this circular contains an explanatory statement required by the Listing Rules as set out in the Appendix.

5. INFORMATION OF THE RETIRING DIRECTORS TO BE RE-ELECTED AT THE 2013 AGM

For your further information, we set out below the relevant details of the retiring directors proposed to be re-elected at the 2013 AGM:

Mr. Yu Fei Philip ("Mr. Yu"), aged 55, was appointed as an executive director of the Company with effect from 2 April 2004 under a service agreement dated 2 April 2004. His term of service commenced from 2 April 2004 for an initial term of 24 months and expired on 1 April 2006 renewable automatically for successive terms of one year each commencing from the day next after the expiry of the then current term of the appointment. In addition, Mr. Yu is subject to retirement and re-election provisions in accordance with the Company's Articles of Association. Currently, Mr. Yu's remuneration is fixed at HK\$100,000 per annum which is commensurate with his duties and responsibilities as an executive director and the prevailing market situation for similar appointment. Save as aforesaid, Mr. Yu is not entitled to any bonus or other forms of benefits.

LETTER FROM THE BOARD

He also acts as a director of certain subsidiaries of the Company. Mr. Yu is responsible for the sales and marketing of the Group's products. He obtained a Bachelor of Science degree from California State University, Los Angeles and has over 20 years of experience in trading businesses. Other than the directorship with the Company, Mr. Yu did not hold any directorship in the last three years in public companies the securities of which are listed on any securities market in Hong Kong or overseas. Mr. Yu is not related to any directors, senior management or substantial or controlling shareholders of the Company nor has any interests in the shares of the Company within the meaning of the Securities and Futures Ordinance ("SFO").

Mr. Chan Man Kiu ("Mr. Chan"), aged 51, was appointed as an independent non-executive director ("INED") of the Company in March 2004. Pursuant to the appointment letter, the appointment of Mr. Chan is for a term of one year and thereafter can be extended for such period as the Company and Mr. Chan may agree in writing. Mr. Chan is subject to retirement and re-election provisions in accordance with the Company's articles of association. Mr. Chan's remuneration is fixed at HK\$100,000 per annum which is commensurate with his duties and responsibilities as an INED and the prevailing market situation for similar appointment.

Mr. Chan is a fellow member of the Association of Chartered Certified Accountants and a member of the Hong Kong Institute of Certified Public Accountants. Mr. Chan possesses over 28 years of experience in the financial services sector, excelling in development and management of internal operations, business integration and financial controls. He obtained his Professional Diploma in Accountancy from the Hong Kong Polytechnic University and EMBA from the City University of Hong Kong. He is a chief financial officer and company secretary of Jiangnan Group Limited (江南集團有限公司 stock code: 1366). Mr. Chan did not hold any directorship in the last three years in public companies the securities of which are listed on any securities market in Hong Kong or overseas. Mr. Chan is the member of audit committee, remuneration committee and nomination committee of the Company. Save as disclosed above, Mr. Chan had not held and is not holding any other position with the Company or its subsidiaries. He is independent of the directors, senior management, substantial or controlling shareholders of the Company for the purpose of the Listing Rules. As at the Latest Practicable Date, Mr. Chan does not have any interests in shares of the Company within the meaning of the SFO.

Mr. Chan has met the independence guidelines set out in rule 3.13 of the Listing Rules and he has also given an annual confirmation of his independence to the Company this year. The Board and the nomination committee, therefore, consider him to be independent. The Board and the nomination committee also believes that Mr. Chan should be elected because he continues to bring relevant financial knowledge and experience to the Board.

LETTER FROM THE BOARD

Save as disclosed above, the Board is not aware of any other matters or information that need to be brought to the attention of the shareholders of the Company or to be disclosed pursuant to Rule 13.51(2) (h) to (v) of the Listing Rules in relation to the proposed re-election of the aforesaid retiring directors.

6. ACTION TO BE TAKEN

On pages 35 to 40 of this circular is the notice of the 2013 AGM containing the resolutions to be put forward for the aforesaid proposed matters.

Pursuant to Rule 13.39(4) of the Listing Rules, the vote of Shareholders at the 2013 AGM will be taken by poll and a scrutineer will be appointed by the Company for vote taking at the 2013 AGM. An announcement on the poll vote results will be made by the Company after the 2013 AGM in the manner prescribed under Rule 13.39(5) of the Listing Rules.

Whether or not you intend to attend the 2013 AGM, you are requested to complete and return the accompanying form of proxy in accordance with the instructions printed thereon to the Company's Hong Kong branch share registrar, Tricor Tengis Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong, as soon as possible and in any event not later than 48 hours before the time appointed for holding the 2013 AGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from subsequently attending and voting in person at the 2013 AGM or any adjournment thereof if you so wish.

7. RECOMMENDATION

The Directors believe that the adoption of the New Share Option Scheme, the granting of the Issue Mandate and the Repurchase Mandate, the extension of the Issue Mandate and proposed re-election of the retiring directors as set out in the notice of 2013 AGM, are in the best interests of the Company and the Shareholders as a whole. The necessary information for seeking Shareholders' approval on the proposed matters is already set out herein for consideration. The Directors recommend that all Shareholders should vote in favour of all such ordinary resolutions to be proposed at the 2013 AGM. As at the Latest Practicable Date, no Shareholder is required to abstain from voting under the Listing Rules in respect of any of the Resolutions to be proposed at the 2013 AGM.

Yours faithfully,
By order of the Board
Ming Fung Jewellery Group Limited
Wong Chi Ming, Jeffrey
Chairman

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1. DEFINITIONS

1.1 In this Scheme the following expressions shall have the following meanings:

“Adoption Date”

the date on which this Scheme is adopted upon fulfillment of the condition set out in **paragraph 2.1(b)**;

“associate”

shall bear the meaning as defined in the Listing Rules;

“Auditors”

the auditors for the time being of the Company;

“Business Day”

any day on which the Stock Exchange is open for the business of dealing in securities;

“Companies Law”

the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands;

“Company”

Ming Fung Jewellery Group Limited, a company incorporated in the Cayman Islands under the Companies Law as an exempted company;

“Directors”

the directors of the Company for the time being or a duly authorized committee thereof;

“Eligible Employee”

any employee (whether full time or part time, including any executive director but excluding any non-executive director) of the Company, any Subsidiary or any Invested Entity;

“Eligible Participants”

the persons who may be invited by the Directors to take up Options as referred to in **paragraph 4.1**, and “Eligible Participant” shall be construed accordingly;

“General Scheme Limit”

the total number of Shares which may be issued upon exercise of all Options to be granted under this Scheme and any other share option scheme of the Group must not in aggregate exceed 10% of the Shares in issue as at the day of the passing of the relevant ordinary resolution approving this Scheme;

“Grantee”

any Eligible Participant who accepts the Offer in accordance with the terms of this Scheme or (where the context so permits and as referred to in **paragraph 6.4(a)**) his Personal Representative;

“Group”

the Company and the Subsidiaries;

“Hong Kong”

the Hong Kong Special Administrative Region of the People’s Republic of China;

“Invested Entity”

any entity in which any member of the Group holds any equity interest;

“Listing Rules”

Rules Governing the Listing of Securities on the Stock Exchange;

“Offer”

an offer for the grant of an Option made in accordance with **paragraph 4.4**;

“Offer Date”

the date, which must be a Business Day, on which an Offer is made to an Eligible Participant;

“Option”

an option to subscribe for the Shares granted pursuant to this Scheme;

“Option Period”

in respect of any particular Option, a period (which may not expire later than 10 years from the Offer Date of that Option) to be determined and notified by the Directors to the Grantee thereof and, in the absence of such determination, from the date of acceptance of the Offer of such Option to the earlier of the date on which such Option lapses under the provisions of **paragraph 7** or 10 years from the Offer Date of that Option;

“Personal Representative(s)”

the person or persons who, in accordance with the laws of succession applicable in respect of the death of a Grantee (being an individual), is or are entitled to exercise the Option granted to such Grantee (to the extent not already exercised);

“Scheme”

this Share Option Scheme in its present form or as may be amended in accordance with **paragraph 13**;

“Shares”

shares of \$0.01 each of the Company, or, if there has been a sub-division, consolidation, re-classification or re-construction of the share capital of the Company, shares forming part of the ordinary equity share capital of the Company of such other nominal amount as shall result from any such sub-division, consolidation, re-classification or re-construction;

“Stock Exchange”

The Stock Exchange of Hong Kong Limited or other principal stock exchange in Hong Kong for the time being or such other stock exchange which is the principal stock exchange (as determined by the Directors) on which the Shares are for the time being listed or traded;

“Exercise Price”

the price per Share at which a Grantee may subscribe for the Shares on the exercise of an Option pursuant to **paragraph 6**;

“Subsidiary”

a company which is for the time being and from time to time a subsidiary (within the meaning of the Companies Ordinance (Cap.32 of the Laws of Hong Kong)) of the Company, whether incorporated in Hong Kong, the Cayman Islands or elsewhere;

“Termination Date”

close of business of the Company on the date which falls ten (10) years after the Adoption Date; and

“\$”

Hong Kong dollars

“%”

per cent.

1.2 In this Scheme:

- (a) paragraph headings are for ease of reference only and shall be ignored in construing this Scheme;
- (b) references to paragraphs or sub-paragraphs are references to paragraphs or sub-paragraphs hereof;
- (c) words importing the singular include the plural and vice versa;
- (d) words importing one gender include both genders and the neuter and vice versa;
- (e) references to persons include bodies corporate and unincorporated;
- (f) references to any statutory provisions or rules prescribed by any statutory bodies shall include the same as from time to time amended, consolidated and re-enacted; and
- (g) references to any statutory body shall include the successor thereof and any body established to replace or assume the functions of the same.

2. CONDITIONS

2.1 This Scheme is conditional upon:

- (a) the Listing Committee of the Stock Exchange granting approval for the listing of and permission to deal in any Shares representing the General Scheme Limit to be allotted and issued by the Company pursuant to the exercise of Options in accordance with the terms and conditions of this Scheme; and
- (b) the passing of the necessary resolution to approve and adopt this Scheme in general meeting or by way of written resolution of the shareholder(s) of the Company.

2.2 If the conditions referred to in **paragraph 2.1** are not satisfied on or before the date falling 60 days after the date of this circular in connection with its application for listing of the Shares on the Stock Exchange, this Scheme shall forthwith determine and no person shall be entitled to any rights or benefits or be under any obligations under or in respect of this Scheme.

2.3 Reference in **paragraph 2.1** to the Listing Committee of the Stock Exchange formally granting the listing and permission referred to therein shall include any such listing and permission which are granted subject to the fulfillment of any condition precedent.

2.4 A certificate of a director of the Company that the conditions set out in **paragraph 2.1** have been satisfied and the date on which such conditions were satisfied or that such conditions have not been satisfied as of any particular date and the exact date of the “Adoption Date” shall be conclusive evidence of the matters certified.

3. PURPOSE AND ADMINISTRATION

3.1 The purpose of this Scheme is to enable the Group to grant Options to the Eligible Participants as incentives or rewards for their contribution to the Group.

3.2 This Scheme shall be subject to the administration of the Directors whose decision on all matters arising in relation to this Scheme or their interpretation or effect shall (save for the grant of Options referred to in **paragraph 4.2** which shall be approved in the manner referred to therein and save as otherwise provided herein) be final and binding on all persons who may be affected thereby and any Options granted prior thereto but not yet exercised shall continue to be valid and exercisable in accordance with this Scheme.

3.3 Subject to **paragraphs 2 and 14**, this Scheme shall be valid and effective until the Termination Date, after which period no further Options may be issued but the provisions of this Scheme shall remain in force to the extent necessary to give effect to the exercise of any Options granted or exercised prior thereto or otherwise as may be required in accordance with the provisions of this Scheme.

3.4 A Grantee shall ensure that the acceptance of an Offer, the holding and exercise of his Option in accordance with this Scheme, the allotment and issue of Shares to him upon the exercise of his Option and the holding of such Shares are valid and comply with all laws, legislation and regulations including all applicable exchange control, fiscal and other laws to which he is subject. The Directors may, as a condition precedent of making an Offer and allotting and issuing Shares upon an exercise of an Option, require an Eligible Participant to produce such evidence as it may reasonably require for such purpose.

4. GRANT OF OPTIONS

4.1 Subject to **paragraph 4.2**, the Directors shall, in accordance with the provisions of this Scheme, be entitled but shall not be bound at any time within a period of ten (10) years commencing from the Adoption Date to make an Offer to any person belonging to the following classes of participants to subscribe, and no person other than the Eligible Participant named in such Offer may subscribe for such number of Shares (being a board lot for dealings in the Shares on the Stock Exchange or an integral multiple thereof) at such Exercise Price as the Directors shall, subject to **paragraph 9**, determine:

- (a) any Eligible Employee;

APPENDIX I PRINCIPAL TERMS OF THE NEW SHARE OPTION SCHEME

- (b) any non-executive directors (including independent non-executive directors) of the Company, any Subsidiary or any Invested Entity;
- (c) any supplier of goods or services to any member of the Group or any Invested Entity;
- (d) any customer of the Group or any Invested Entity;
- (e) any person or entity that provides or will provide research, development or other technological support to the Group or any Invested Entity;
- (f) any shareholder of any member of the Group or any Invested Entity or any holder of any securities issued by any member of the Group or any Invested Entity; and
- (g) any adviser (professional or otherwise) or consultant to any area of business or business development of any member of the Group or any Invested Entity.

and, for the purposes of this Scheme, the Offer may be made to any company wholly owned by one or more Eligible Participants. For the avoidance of doubt, the grant of any options by the Company for the subscription of Shares or other securities of the Group to any person who falls within any of the above classes of Eligible Participants shall not, by itself, unless the Directors otherwise determined, be construed as a grant of Option under this Scheme.

- 4.2 The making of an Offer to any Director, chief executive or substantial shareholder of the Company, or any of their respective associates must be approved by the independent non-executive Directors (excluding any non-executive Director who or whose associate is the proposed Grantee of an Option).
- 4.3 The eligibility of any of the Eligible Participants to an Offer shall be determined by the Directors from time to time on the basis of their contribution to the development and growth of the Group.
- 4.4 An Offer shall be made to an Eligible Participant in writing (and unless so made shall be invalid) in such form as the Directors may from time to time determine, either generally or on a case-by-case basis, specifying the number of Shares and the Option Period in respect of which the Offer is made and further requiring the Eligible Participant to undertake to hold the Option on the terms on which it is to be granted and to be bound by the provisions of this Scheme and shall remain open for acceptance by the Eligible Participant concerned (and by no other person) for a period of up to 21 days from the Offer Date.

- 4.5 An Offer shall state, in addition to the matters specified in **paragraph 4.4**, the following:
- (a) the name, address and position of the Eligible Participant;
 - (b) the number of Shares in respect of which the Offer is made and the Exercise Price for such Shares;
 - (c) the Option Period in respect of which the Offer is made or, as the case may be, the Option Period in respect of separate parcels of Shares comprised in the Offer;
 - (d) the last date by which the Offer must be accepted (which may not be later than 21 days from the Offer Date);
 - (e) the procedure for acceptance;
 - (f) the performance target(s) (if any) that must be attained by the Eligible Participant before any Option can be exercised;
 - (g) such other terms and conditions of the Offer as may be imposed by the Directors which in their opinion are fair and reasonable and as are not inconsistent with this Scheme; and
 - (h) a statement requiring the Eligible Participant to undertake to hold the Option on the terms on which it is to be granted and to be bound by the provisions of this Scheme including, without limitation, the conditions specified in **paragraphs 3.4, 6.1, 15.8 to 15.11**, inclusive.
- 4.6 An Offer shall have been accepted by an Eligible Participant in respect of all Shares which are offered to such Eligible Participant when the duplicate letter comprising acceptance of the Offer duly signed by the Eligible Participant together with a remittance in favour of the Company of \$1.00 by way of consideration for the grant thereof is received by the Company within such time as may be specified in the Offer (which shall not be later than 21 days from the Offer Date). Such remittance shall in no circumstances be refundable.
- 4.7 Any Offer may be accepted by an Eligible Participant in respect of less than the number of Shares which are offered provided that it is accepted in respect of a board lot for dealing in the Shares on the Stock Exchange or an integral multiple thereof and such number is clearly stated in the duplicate letter comprising acceptance of the Offer duly signed by such Eligible Participant and received by the Company together with a remittance in favour of the Company of \$1.00 by way of consideration for the grant thereof within such time as may be specified in the Offer (which may not be later than 21 days from the Offer Date). Such remittance shall in no circumstances be refundable.

4.8 Upon an Offer being accepted by an Eligible Participant in whole or in part in accordance with **paragraphs 4.6 or 4.7**, an Option in respect of the number of Shares in respect of which the Offer was so accepted will be deemed to have been granted by the Company to such Eligible Participant on the date of such acceptance. To the extent that the Offer is not accepted within the time specified in the Offer in the manner indicated in **paragraph 4.6 or 4.7**, it will be deemed to have been irrevocably declined.

4.9 The Option Period of an Option may not end later than ten (10) years after the Offer Date of that Option.

4.10 Options will not be listed or dealt in on the Stock Exchange.

4.11 For so long as the Shares are listed on the Stock Exchange:

(a) an Offer may not be made by the Company after an inside information has come to its knowledge until such inside information has been announced in accordance with the Listing Rules. In particular, during the period commencing one month immediately preceding the earlier of:

(i) the date of the board meeting (as such date is first notified to the Stock Exchange in accordance with the Listing Rules) for the approval of the Company's results for any year, half-year, quarter or any other interim period (whether or not required under the Listing Rules);

(ii) the deadline for the Company to publish an announcement of its results of any year, half-year, quarter or any other interim period (whether or not required under the Listing Rules),

and ending on the actual date of the publication of results announcement, no Offer may be made;

(b) the Directors may not make any Offer to an Eligible Participant who is a Director during the periods or times in which the Directors are prohibited from dealing in Shares pursuant to the Model Code for Securities Transactions by Directors of Listed Companies prescribed by the Listing Rules or any corresponding code or securities dealing restrictions adopted by the Company.

5. EXERCISE PRICE

5.1 The Exercise Price in respect of any Option shall, subject to any adjustments made pursuant to **paragraph 9**, be at the discretion of the Directors, provided that it shall be not less than the highest of:

(a) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the Offer Date;

- (b) the average closing price of the Shares as stated in the Stock Exchange's daily quotation sheets for the five Business Days immediately preceding the Offer Date; or

- (c) the nominal value of a Share on the Offer Date.

6. EXERCISE OF OPTIONS

- 6.1 An Option shall be personal to the Grantee and shall not be transferable or assignable and no Grantee shall in any way sell, transfer, charge, mortgage, encumber or otherwise dispose of or create any interest whatsoever in favour of any third party over or in relation to any Option or enter into any agreement so to do. Any breach of the foregoing by a Grantee shall entitle the Company to cancel any Option granted to such Grantee to the extent not already exercised.

- 6.2 Unless otherwise determined by the Directors and stated in the Offer to a Grantee, a Grantee is not required to achieve any performance targets before the exercise of an Option granted to him.

- 6.3 Subject to **paragraphs 3.4 and 15.8** and the fulfillment of all terms and conditions set out in the Offer, including the attainment of any performance targets stated therein, an Option shall be exercisable in whole or in part in the circumstances and in the manner as set out in **paragraphs 6.4 and 6.5** by giving notice in writing to the Company stating that the Option is thereby exercised and the number of Shares in respect of which it is so exercised (which, except where the number of Shares in respect of which the Option remains unexercised is less than one board lot or where the Option is exercised in full, must be for a board lot for dealings in Shares on the Stock Exchange or an integral multiple thereof). Each such notice must be accompanied by a remittance for the full amount of the Exercise Price for Shares in respect of which the notice is given. Within 21 days (7 days in the case of an exercise pursuant to **paragraph 6.4(c)**) after receipt of the notice and, where appropriate, receipt of the certificate of the Auditors or the independent financial advisers pursuant to **paragraph 9**, the Company shall accordingly allot and issue the relevant number of Shares to the Grantee (or, in the event of an exercise of Option by a Personal Representative pursuant to **paragraph 6.4(a)**, to the estate of the Grantee) fully paid and issue to the Grantee (or his estate in the event of any exercise by his Personal Representative as aforesaid) a share certificate for every board lot of Shares so allotted and issued and a share certificate for the balance (if any) of the Shares so allotted which do not constitute a board lot.

6.4 Subject as hereinafter provided, an Option may only be exercised by the Grantee at any time or times during the Option Period provided that:

- (a) if the Grantee is an Eligible Employee and in the event of his ceasing to be an Eligible Employee by reason of his death, ill-health or retirement in accordance with his contract of employment before exercising the Option in full, his Personal Representative(s) or, as appropriate, the Grantee may exercise the Option (to the extent not already exercised) in whole or in part in accordance with the provisions of **paragraph 6.3** within a period of 12 months following the date of cessation of employment which date shall be the last day on which the Grantee was at work with the Company or the relevant Subsidiary or the Invested Entity whether salary is paid in lieu of notice or not, or such longer period as the Directors may determine or, if any of the events referred to in **paragraph 6.4(c) or 6.4(d)** occur during such period, exercise the Option pursuant to **paragraph 6.4(c) or 6.4(d)** respectively;
- (b) If the Grantee is an Eligible Employee and in the event of his ceasing to be an Eligible Employee for any reason other than his death, ill-health or retirement in accordance with his contract of employment or the termination of his employment on one or more of the grounds specified in **paragraph 7.1(d)** before exercising the Option in full, the Option (to the extent not already exercised) shall lapse on the date of cessation or termination and not be exercisable unless the Directors otherwise determine in which event the Grantee may exercise the Option (to the extent not already exercised) in whole or in part in accordance with the provisions of **paragraph 6.3** within such period as the directors may determine following the date of such cessation or termination or, if any of the events referred to in **sub-paragraph 6.4(c) or 6.4(d)** occur during such period, exercise the Option pursuant to **paragraph 6.4(c) or 6.4(d)** respectively. The date of cessation or termination as aforesaid shall be the last day on which the Grantee was actually at work with the Company or the relevant Subsidiary or the Invested Entity whether salary is paid in lieu of notice or not;
- (c) if a general or partial offer, whether by way of take-over offer, share re-purchase offer, or scheme of arrangement or statutory merger or otherwise in like manner is made to all the holders of the Shares, or all such holders other than the offeror and/or any person controlled by the offeror and/or any person acting in association or concert with the offeror, the Company shall use all reasonable endeavours to procure that such offer is extended to all the Grantees on the same terms, mutatis mutandis, and assuming that they will become, by the exercise in full of the Options granted to them, shareholders of the Company. If such offer becomes or is declared unconditional or such scheme of arrangement or statutory merger is formally proposed to shareholders in the Company, the Grantee shall, notwithstanding any other terms on which his Options were granted, be entitled to exercise the Option (to the extent not

already exercised) to its full extent or to the extent specified in the Grantee's notice to the Company in accordance with the provisions of **paragraph 6.3** at any time thereafter and up to the close of such offer (or any revised offer) or the record date for entitlements under scheme of arrangement, as the case may be;

- (d) in the event of a resolution being proposed for the voluntary winding-up of the Company during the Option Period, the Grantee may subject to the provisions of all applicable laws, by notice in writing to the Company at any time not less than two (2) Business Days prior to the date on which such resolution is to be considered and/or passed, exercise his Option (to the extent not already exercised) either to its full extent or to the extent specified in such notice in accordance with the provisions of **paragraph 6.3** and the Company shall allot and issue to the Grantee the Shares in respect of which such Grantee has exercised his Option not less than one (1) day before the date on which such resolution is to be considered and/or passed whereupon he shall accordingly be entitled, in respect of the Shares falling to be allotted and issued upon the exercise of his Option, to participate in the distribution of the assets of the Company available in liquidation *pari passu* with the holders of the Shares in issue on the day prior to the date of such resolution. Subject thereto, all Option then outstanding shall lapse and determine on the commencement of the winding up; and

6.5 Shares to be allotted and issued upon the exercise of an Option will be subject to all the provisions of the articles of association of the Company for the time being in force and will rank *pari passu* in all respects with the then existing fully paid Shares in issue on the date on which the Option is duly exercised or, if that date falls on a day when the register of members of the Company is closed, the first day of the re-opening of the register of members ("**Exercise Date**") and accordingly will entitle the holders thereof to participate in all dividends or other distributions paid or made on or after the Exercise Date other than any dividend or other distribution previously declared or recommended or resolved to be paid or made if the record date therefore shall be before the Exercise Date. A Share allotted and issued upon the exercise of an Option shall not carry voting rights until the name of the Grantee has been duly entered on the register of members of the Company as the holder thereof.

6.6 There is no minimum period for which an Option must be held before an Option can be exercised.

7. EARLY TERMINATION OF OPTION PERIOD

7.1 The Option Period in respect of any Option shall automatically terminate and that Option (to the extent not already exercised) shall lapse on the earliest of:

- (a) the expiry of the Option Period;

- (b) the expiry of any of the periods referred to in **paragraph 6.4**;
- (c) the date of commencement of the winding-up of the Company;
- (d) in respect of a Grantee who is Eligible Employee, the date on which the Grantee ceases to be an Eligible Employee by reason of a termination of his employment on the grounds that he has been guilty of persistent or serious misconduct, or has committed any act of bankruptcy or has become insolvent or has made any arrangement or composition with his creditors generally, or has been convicted of any criminal offence (other than an offence which in the opinion of the Directors does not bring the Grantee or the Group into disrepute);
- (e) in respect of a Grantee other than an Eligible Employee, the date on which the Directors shall at their absolute discretion determine that (i) the Grantee or his associate has committed any breach of any contract entered into between the Grantee or his associate on the one part and the Group or any Invested Entity on the other part or that the Grantee has committed any act of bankruptcy or has become insolvent or is subject to any winding-up, liquidation or analogous proceedings or has made any arrangement or composition with his creditors generally; and (ii) the Option shall lapse; and
- (f) the date on which the Directors shall exercise the Company's right to cancel the Option by reason of a breach of **paragraph 6.1** by the Grantee in respect of that or any other Option;

7.2 A resolution of the Directors to the effect that the employment of a Grantee has or has not been terminated on one or more of the grounds specified in **paragraph 7.1(d)** or that any event referred to in **paragraph 7.1(e)(i)** has occurred shall be conclusive and binding on all persons who may be affected thereby.

8. MAXIMUM NUMBER OF SHARES AVAILABLE FOR SUBSCRIPTION

8.1 The maximum number of Shares which may be issued upon exercise of all outstanding Options granted and yet to be exercised under this Scheme and any other share option schemes adopted by the Group shall not exceed 30% of the share capital of the Company in issue from time to time. No options may be granted under this Scheme or any other share option scheme adopted by the Group if the grant of such option will result in the limit referred to in this **paragraph 8.1** being exceeded.

8.2 The total number of Shares which may be allotted and issued upon exercise of all Options (excluding, for this purpose, Options which have lapsed in accordance with the terms of this Scheme and any other share option scheme of the Group) to be granted under this Scheme and any other share option scheme of the Group must not in aggregate exceed the General Scheme Limit provided that:

- (a) subject to **paragraph 8.1** and without prejudice to **paragraph 8.2(b)**, the Company may seek approval of its shareholders in general meeting to refresh the General Scheme Limit provided that the total number of Shares which may be issued upon exercise of all Options to be granted under this Scheme and any other share option scheme of the Group must not exceed 10% of the Shares in issue as at the date of approval of the limit and for the purpose of calculating the limit, options (including those outstanding, cancelled, lapsed or exercised in accordance with this Scheme and any other share option scheme of the Group) previously granted under this Scheme and any other share option scheme of the Group will not be counted; and
 - (b) subject to **paragraph 8.1** and without prejudice to **paragraph 8.2(a)**, the Company may seek separate shareholders' approval in general meeting to grant Options under this Scheme beyond the General Scheme Limit or, if applicable, the extended limit referred to in **paragraph 8.2(a)** to Eligible Participants specifically identified by the Company before such approval is sought.
- 8.3 Subject to **paragraph 8.4**, the total number of Shares issued and which may fall to be issued upon exercise of the Options and the options granted under any other share option scheme of the Group (including both exercised or outstanding options) to each Grantee in any 12-month period shall not exceed 1% of the issued share capital of the Company for the time being. Where any further grant of Options to a Grantee under this Scheme would result in the Shares issued and to be issued upon exercise of all Options granted and proposed to be granted to such person (including exercised, cancelled and outstanding options) under this Scheme and any other share option schemes of the Group in the 12-month period up to and including the date of such further grant representing in aggregate over 1% of the Shares in issue, such further grant must be separately approved by shareholders of the Company in general meeting with such Grantee and his associates abstaining from voting and the number and terms (including the Exercise Price) of Options to be granted to such person must be fixed prior to the approval by the shareholders of the Company.
- 8.4 Any grant of options under this Scheme to a Director, chief executive or substantial shareholder of the Company or any of their respective associates must be approved by the independent non-executive Directors (excluding any independent non-executive Director who is the Grantee). Where any grant of Options to a substantial shareholder or an independent non-executive Director or any of their respective associates, would result in the 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% of the Shares in issue; and
 - (b) having an aggregate value, based on the closing price of the Shares at the Offer Date of each Offer, in excess of \$5 million;

such further grant of options must be approved by shareholders of the Company in general meeting. The Company shall send a circular to the Shareholders containing all information as required under the Listing Rules in this regard. All connected persons (as defined in the Listing Rules) of the Company shall abstain from voting (except where any connected person intends to vote against the proposed grant and his/her intention to do so has been stated in the aforesaid circular).

8.5 For the purpose of seeking the approval of the shareholders of the Company under **paragraphs 8.2, 8.3 and 8.4**, the Company must send a circular to the shareholders containing the information required under the Listing Rules and where the Listing Rules shall so require, the vote at the shareholders' meeting convened to obtain the requisite approval shall be taken on a poll with those persons required under the Listing Rules abstaining from voting.

8.6 Any change in the terms of options granted to a substantial shareholder or an independent non-executive director of the Company, or any of their respective associates must be approved by the shareholders of the Company in general meeting.

9. ADJUSTMENTS TO THE EXERCISE PRICE

9.1 In the event of any alteration in the capital structure of the Company whilst any Option remains exercisable or this Scheme remains in effect, and such event arises from a capitalization of profits or reserves, rights issue, consolidation, sub-division or reduction of the share capital of the Company then, in any such case the Company shall instruct the Auditors or an independent financial adviser to certify in writing the adjustment, if any, that ought in their opinion fairly and reasonably to be made either generally or as regards any particular Grantee, to:

- (a) the number or nominal amount of Shares to which this Scheme or any Option(s) relates (insofar as it is/they are unexercised); and/or
- (b) the Exercise Price of any Option; and/or
- (c) (unless the relevant Grantee elects to waive such adjustment) the number of Shares comprised in an Option or which remain comprised in an Option,

and an adjustments as so certified by the Auditors or such independent financial adviser shall be made, provided that:

- (a) any such adjustment shall give the Grantee the same proportion of the issued share capital of the Company for which such Grantee would have been entitled to subscribe had he exercised all the Options held by him immediately prior to such adjustment;
- (b) no such adjustment shall be made the effect of which would be to enable a Share to be issued at less than its nominal value;

- (c) the issue of Shares or other securities of the Group as consideration in a transaction shall not be regarded as a circumstance requiring any such adjustment.

In respect of any adjustment referred to in this **paragraph 9.1**, other than any adjustment made on a capitalization issue, the Auditors or such independent financial adviser must confirm to the Directors in writing that the adjustments satisfy the requirements of the relevant provisions of the Listing Rules.

- 9.2 If there has been any alteration in the capital structure of the Company as referred to in **paragraph 9.1**, the Company shall, upon receipt of a notice from a Grantee in accordance with **paragraph 6.3**, inform the Grantee of such alteration and shall either inform the Grantee of the adjustment to be made in accordance with the certificate of the Auditors or the independent financial adviser obtained by the company for such purpose or, if no such certificate has yet been obtained, inform the Grantee of such fact and instruct the Auditors or the independent financial adviser as soon as practicable thereafter to issue a certificate in that regard in accordance with **paragraph 9.1**.

- 9.3 (a) In giving any certificate under this **paragraph 9**, the Auditors or the independent financial adviser appointed under **paragraph 9.1** shall be deemed to be acting as experts and not as arbitrators and their certificate shall, in the absence of manifest error, be final, conclusive and binding on the Company and all persons who may be affected thereby.

- (b) Where the Company cancels any Option granted to a Grantee but not exercised and issues new Option(s) to the same Grantee, the issue of such new Option(s) may only be made with available unissued Options (excluding, for this purpose, the Options so cancelled) within the General Scheme Limit or the limits approved by the Shareholders pursuant to **paragraph 8.2(a) or 8.2(b)**.

10. CANCELLATION OF OPTIONS

- 10.1 Subject to **paragraph 6.1** and Chapter 17 of the Listing Rules, any Option granted but not exercised may not be cancelled except with the prior written consent of the relevant grantee and the approval of the Directors.

11. SHARE CAPITAL

- 11.1 The exercise of any Option shall be subject to the members of the Company in general meeting approving any necessary increase in the authorized share capital of the Company. Subject thereto, the Directors shall make available sufficient authorized but unissued share capital of the Company to allot and issue the Shares on the exercise of any Option.

12. DISPUTES

12.1 Any dispute arising in connection with the number of Shares the subject of an Option, or any adjustment under **paragraph 9.1** shall be referred to the decision of the Auditors who shall act as experts and not as arbitrators and whose decision shall, in the absence of manifest error, be final, conclusive and binding on all persons who may be affected thereby.

13. ALTERATION OF THIS SCHEME

13.1 Subject to **paragraphs 13.2 and 13.4** this Scheme may be altered in any respect by a resolution of the Directors except that:

- (a) the provisions of this Scheme as to the definitions of “Eligible Participants”, “Grantee”, “Option Period” and “Termination Date” in **paragraph 1.1**;
- (b) the provisions of this Scheme relating to the matters governed by Rule 17.03 of the Listing Rules;

shall not be altered to the advantage of Grantees or prospective Grantees except with the prior sanction of a resolution of the Company in general meeting, provided that no such alteration shall operate to affect adversely the terms of issue of any Option granted or agreed to be granted prior to such alteration except with the consent or sanction of such majority of the Grantees as would be required of the holders of the Shares under the articles of association for the time being of the Company for a variation of the rights attached to the Shares.

13.2 Subject to **paragraph 13.3**, any alterations to the terms and conditions of this Scheme which are of a material nature shall be approved by the shareholders of the Company except where the alterations take effect automatically under the existing terms of this Scheme.

13.3 Any change to the authority of the Directors or the administrators of this Scheme in relation to any alteration to the terms of this Scheme must be approved by the shareholders of the Company in general meeting.

13.4 The terms of this Scheme and/or any Options amended pursuant to this **paragraph 13** must comply with the applicable requirements of the Listing Rules.

14. TERMINATION

14.1 The Company by resolution in general meeting may at any time terminate the operation of this Scheme and in such event no further Options will be offered but in all other respects the provisions of this Scheme shall remain in force to the extent necessary to give effect to the exercise of any Options (to the extent not already

exercised) granted prior thereto or otherwise as may be required in accordance with the provisions of this Scheme and Options (to the extent not already exercised) granted prior to such termination shall continue to be valid and exercisable in accordance with this Scheme.

15. MISCELLANEOUS

15.1 This Scheme shall not form part of any contract of employment between the Company, any Subsidiary or any Invested Entity and any Eligible Employee and the rights and obligations of any Eligible Employee under the terms of his office or employment shall not be affected by his participation in this Scheme or any right which he may have to participate in it and this Scheme shall afford such an Eligible Employee no additional rights to compensation or damages in consequence of the termination of such office or employment for any reason.

15.2 This Scheme shall not confer on any person any legal or equitable rights (other than those constituting the Options themselves) against the Company directly or indirectly or give rise to any cause of action at law or in equity against the Company.

15.3 The Company shall bear the costs of establishing and administering this Scheme, including any costs of the Auditors or any independent financial adviser in relation to the preparation of any certificate by them or provision of any other service in relation to this Scheme.

15.4 A Grantee shall be entitled to receive copies of all notices and other documents sent by the Company to holders of the Shares at the same time or within a reasonable time of any such notices or documents being sent to holders of Shares

15.5 Any notice or other communication between the Company and a Grantee may be given by sending the same by prepaid post or by personal delivery to, in the case of the Company, its principal place of business in Hong Kong and, in the case of the Grantee, his address in Hong Kong as notified to the Company from time to time or, if none or incorrect or out of date, his last place of employment with the Company or the Company's principal place of business in Hong Kong from time to time.

15.6 Any notice or other communication if sent by the Grantee shall be irrevocable and shall not be effective until actually received by the Company.

15.7 Any notice or other communication if sent to the Grantee shall be deemed to be given or made:

- (a) one (1) day after the date of posting, if sent by mail; and
- (b) when delivered, if delivered by hand.

15.8 A Grantee shall, before accepting an Offer or exercising his Option, obtain all necessary consents that may be required to enable him to accept the Offer or to exercise the Option and the Company to allot and issue to him in accordance with the provisions of this Scheme the Shares falling to be allotted and issued upon the exercise of his Option. By accepting an Offer or exercising his Option, the Grantee thereof is deemed to have represented to the Company that he has obtained all such consents. Compliance with this paragraph shall be a condition precedent to an acceptance of an Offer by a Grantee and an exercise by a Grantee of his Options.

15.9 A Grantee shall pay all tax and discharge all other liabilities to which he may become subject as a result of his participation in this Scheme or the exercise of any Option.

15.10 By accepting an Offer, an Eligible Participant shall be deemed irrevocably to have waived any entitlement, by way of compensation for loss of office or otherwise howsoever, to any sum or other benefit to compensate him for loss of any rights under this Scheme.

15.11 This Scheme and all Options granted hereunder shall be governed by and construed in accordance with the laws of Hong Kong.

This Appendix II serves as an explanatory statement, as required by the Listing Rules, to provide requisite information to you for consideration as to whether to vote for or against the ordinary resolution to be proposed at the 2013 AGM for granting the Repurchase Mandate.

This explanatory statement contains all the information required pursuant to rule 10.06 of the Listing Rules which is set out as follows:

1. SHARE CAPITAL

As at the Latest Practicable Date, the issued share capital of the Company comprised 4,366,027,293 Shares.

Subject to the granting of the Repurchase Mandate and in accordance with the terms thereof, on the basis that no Shares are issued or repurchased by the Company before and up to the date of 2013 AGM, the Company will be allowed under the Repurchase Mandate to repurchase Shares up to a maximum of 436,602,729 Shares.

2. REASONS FOR THE REPURCHASE

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

3. FUNDING OF REPURCHASES

Repurchase must be funded out of funds which are legally available for such purpose in accordance with the memorandum and articles of association of the Company and the Companies Law. The Company may not repurchase its own securities on the Stock Exchange for a consideration other than cash or for settlement otherwise than in accordance with the trading rules of the Stock Exchange. Under the Cayman Islands law, repurchases by the Company may only be made out of profits of the Company or out of the proceeds of a fresh issue of shares made for the purpose, or, if so authorised by its articles of association and subject to the provisions of the Companies Law, out of capital under certain circumstances. Any premium payable on a redemption or purchase over the par value of the shares to be purchased must be provided for out of profits of the Company or out of the Company's share premium account, or, if so authorised by its articles of association and subject to the provisions of the Companies Law, out of capital under certain circumstances.

4. POSSIBLE MATERIAL ADVERSE IMPACT

Taking into account the current working capital position of the Company, the Directors consider that, if the Repurchase Mandate were to be exercised in full, it might have a material adverse effect on the working capital and/or the gearing position of the Company as compared with the position as at 30 September 2012, being the date of its latest audited consolidated financial statements. Therefore, the Directors do not intend to make any repurchases to such an extent as would, in the circumstances, have a material adverse effect on the appropriate working capital requirements or the gearing position of the Company as they would consider from time to time.

The number of Shares to be repurchased on any occasion and the price and other terms upon which the same are repurchased will be decided by the Directors at the relevant time having regard to the circumstances then pertaining.

5. SHARE PRICES

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

	Highest <i>HK\$</i>	Lowest <i>HK\$</i>
December 2011	0.5300	0.4500
January 2012	0.5100	0.4300
February 2012	0.6100	0.4650
March 2012	0.5900	0.4700
April 2012	0.4900	0.4400
May 2012	0.4600	0.2850
June 2012	0.4000	0.3100
July 2012	0.4100	0.3300
August 2012	0.3750	0.3300
September 2012	0.4050	0.3500
October 2012	0.3750	0.3400
November 2012	0.3750	0.3350
December 2012	0.4000	0.3200
January 2013 to the latest practicable date	0.4450	0.3450

6. THE TAKEOVERS CODE AND MINIMUM PUBLIC HOLDING

If a Shareholder's proportionate interest in the voting rights of the Company increases on the Company exercising its powers to repurchase securities pursuant to the Repurchase Mandate, such increase will be treated as an acquisition for the purposes of Rule 32 of the Takeovers Code. As a result, a Shareholder or group of Shareholders acting in concert could, depending on the level of such increase, obtain or consolidate control of the Company and become obliged to make a mandatory offer in accordance with Rule 26 and 32 of the Takeovers Code.

As at the Latest Practicable Date and to the best of knowledge and belief of the Company, the following persons were directly or indirectly interested in 5% or more of the nominal value of the issued ordinary shares that carry a right to vote in all circumstances at general meetings of the Company:

Name	Number of Issued Share held/interested	Approximate Percentage of Shareholding
(1) Equity Base Holdings Limited (<i>Note 1</i>)	295,025,799	6.76%
(2) Wong Chi Ming, Jeffrey (<i>Note 1</i>)	295,025,799	6.76%
(3) Lui Ching Han, Magda (<i>Note 1</i>)	295,025,799	6.76%
(4) Choy Shiu Tim	280,000,000	6.41%
(5) Atlantis Capital Holdings Limited (<i>Note 2</i>)	428,000,000	9.80%
(6) Liu Yang (<i>Note 2</i>)	428,000,000	9.80%
(7) L Capital Asia, L.L.C. (<i>Note 3</i>)	310,000,000	7.10%
(8) L Capital MF Limited (<i>Note 3</i>)	310,000,000	7.10%
(9) Hengdeli Holdings Limited (<i>Note 4</i>)	666,666,667	15.27%
(10) Alpha Key Investments Limited (<i>Note 4</i>)	666,666,667	15.27%

In the event that the Directors exercised in full the power to repurchase shares of the Company in accordance with the terms of the ordinary resolution no. 6 to be proposed at the 2013 AGM, the aforesaid interests of (1) Equity Base Holdings Limited; (2) Wong Chi Ming, Jeffrey; (3) Lui Ching Han, Magda; (4) Choy Shiu Tim; (5) Atlantis Capital Holdings Limited; (6) Liu Yang; (7) L Capital Asia, L.L.C.; (8) L Capital MF Limited; (9) Hengdeli Holdings Limited; and (10) Alpha Key Investments Limited in the issued share capital of the Company as at the Latest Practicable Date would be proportionally increased to approximately (1) 7.51%; (2) 7.51%; (3) 7.51%; (4) 7.13%; (5) 10.89%; (6) 10.89%; (7) 7.89%; (8) 7.89%; (9) 16.97%; and (10) 16.97% respectively.

On the basis of the aforesaid increase of shareholding held by each substantial shareholder set out above, the Directors are not aware of the consequences of such increases as a result of repurchases of Shares that would result in the aforesaid persons or any shareholder, or group of shareholders acting in concert, becoming obliged to make a mandatory offer under the Takeovers Code. Moreover, the Directors have no intention to exercise the Repurchase Mandate to such extent that would result in the number of Shares in the hands of public falling below the prescribed minimum percentage of 25%.

Note 1: These 295,025,799 shares are registered in the name of Equity Base Holdings Limited, of which the entire issue share capital is wholly held by Mr. Wong Chi Ming, Jeffrey. Ms. Lui Ching Han, Magda as the spouse of Mr. Wong is deemed to be interested in these shares.

Note 2: Atlantis Capital Holdings Limited is a controlled corporation of Ms. Liu. Thus, she is deemed to be interested in the same parcel of shares.

Note 3: L Capital MF Limited is a controlled corporation of L Capital Asia, L.L.C. which is deemed to be interested in the same parcel of shares.

Note 4: Alpha Key Investments Limited is a controlled corporation of Hengdeli Holdings Limited which is deemed to be interested in the same parcel of shares.

7. SHARE REPURCHASE MADE BY THE COMPANY

Neither the Company nor any of its subsidiaries has purchased any of the Company's Shares (whether on the Stock Exchange or otherwise) in the six months immediately preceding the Latest Practicable Date.

8. DIRECTORS' UNDERTAKING

The Directors have undertaken to the Stock Exchange to exercise the powers of the Company to make repurchases under the Repurchase Mandate pursuant to the relevant resolution of the Company and in accordance with the Listing Rules and the applicable laws of the Cayman Islands and as permitted by the regulations in the memorandum and articles of association of the Company.

9. DIRECTORS' DEALINGS

None of the Directors or, to the best of their knowledge, having made all reasonable enquiries, any of their associates, have any present intention to sell to the Company or its subsidiaries any of the Shares if the Repurchase Mandate is approved at the 2013 AGM and exercised.

10. CONNECTED PERSONS

No connected person of the Company has notified the Company that he or she has a present intention to sell any securities to the Company nor has any such connected person undertaken not to sell any of the securities held by him or her to the Company in the event that the Repurchase Mandate is granted.



MING FUNG JEWELLERY GROUP LIMITED

明豐珠寶集團有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 860)

NOTICE IS HEREBY GIVEN that the Annual General Meeting of Ming Fung Jewellery Group Limited (the “Company”) will be held at 9:00 a.m. on Friday, 1 March 2013 at Novotel Century Hong Kong, Plaza III, No. 238 Jaffe Road, Wanchai, Hong Kong for the following purposes:

1. To receive and consider the audited consolidated financial statements and the reports of the directors and auditor of the Company for the year ended 30 September 2012;
2. To re-elect Mr. Yu Fei Philip and Mr. Chan Man Kiu as directors and to authorise the board of directors to fix the directors’ remuneration;
3. To re-appoint Jonten Hopkins CPA Limited (formerly known as Hopkins CPA Limited) as auditor and to authorise the board of directors to fix their remuneration;
4. To consider as special business and, if thought fit, pass with or without amendments, the following resolution as an ordinary resolution:

“THAT

- (a) subject to and conditional upon the Listing Committee of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) granting the approval for the listing of, and permission to deal in, the shares of the Company to be issued and allotted pursuant to the exercise of options granted under the new share option scheme of the Company (the “**New Share Option Scheme**”), the rules of which are contained in the document marked “A” produced to the meeting and for the purposes of identification signed by the chairman thereof, the New Share Option Scheme be and is hereby approved and adopted and the directors of the Company be and are hereby authorised to do all acts and to enter into all such transactions, arrangements and agreements as may be necessary or expedient in order to give full effect to the New Share Option Scheme, including but without limitation:
 - (i) to administer the New Share Option Scheme under which options will be granted to participants eligible under the New Share Option Scheme to subscribe for the shares of the Company, including but not limited to determining and granting the options in accordance with the terms of the New Share Option Scheme;

* For identification purpose only

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- (ii) to modify and/or amend the New Share Option Scheme from time to time provided that such modification and/or amendment is effected in accordance with the provisions of the New Share Option Scheme relating to the modification and/or amendment and subject to Chapter 17 of the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”);
 - (iii) to allot and issue from time to time such number of shares of the Company as may be required to be allotted and issued pursuant to the exercise of the options under the New Share Option Scheme and subject to the Listing Rules;
 - (iv) to make application at appropriate time or times to the Stock Exchange and any other stock exchanges upon which the issued shares of the Company may for the time being be listed, for listing of and permission to deal in, any shares of the Company which may hereafter from time to time be allotted and issued pursuant to the exercise of options under the New Share Option Scheme; and
 - (v) to consent, if it so deems fit and expedient, to such conditions, modifications and/or variations as may be required or imposed by the relevant authorities in relation to the New Share Option Scheme.”
5. To consider as special business and, if thought fit, pass with or without amendments, the following resolution as an ordinary resolution:

“THAT

- (a) subject to paragraph (c) of this resolution, pursuant to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, the exercise by the directors of the Company (“**Directors**”) during the Relevant Period (as defined below) of all the powers of the Company to allot, issue and otherwise deal with additional shares (“**Shares**”) in the capital of the Company or securities convertible into Shares, or options, warrants or similar rights to subscribe for any Shares, and to make, grant, sign or execute offers, agreements or options, deeds and other documents which would or might require the exercise of such powers, subject to and in accordance with all applicable laws, be and it is hereby generally and unconditionally approved;
- (b) the approval in paragraph (a) of this resolution shall authorise the Directors during the Relevant Period to make, grant, sign or execute offers, agreements or options, deeds and other documents which would or might require the exercise of such powers after the end of the Relevant Period;

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- (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 this resolution, otherwise than pursuant to:
- (i) a rights issue (as defined below); or
 - (ii) the exercise of rights of subscription or conversion attaching to any warrants of the Company or any securities which are convertible into Shares; or
 - (iii) the exercise of any option under the share option scheme or similar arrangement for the time being adopted for the grant or issue to officers and/or employees of the Company and/or any of its subsidiaries or any other eligible persons of Shares or rights to acquire Shares of the Company; or
 - (iv) scrip dividends or under similar arrangement providing for the allotment of Shares in lieu of the whole or part of a dividend on Shares in accordance with the articles of association of the Company in force from time to time; and
 - (v) a specific authority granted by the shareholders of the Company,

shall not exceed 20% of the aggregate nominal amount of the share capital of the Company in issue as at the date of passing of this resolution, and the said approval pursuant to paragraph (a) of this resolution shall be limited accordingly;

- (d) for the purpose of this resolution:

“Relevant Period” means the period from the passing of this resolution until whichever is the earliest of:

- (i) the conclusion of the next annual general meeting of the Company;
- (ii) the expiration of the period within which the next annual general meeting of the Company is required by the articles of association of the Company or the applicable laws of the Cayman Islands 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; and

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“Rights Issue” means the allotment, issue or grant of Shares pursuant to an offer of shares open for a period fixed by the Directors to the holders of Shares whose names appear on the register of members of the Company on a fixed record date in proportion to their then holdings of such Shares 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 recognised regulatory body or any stock exchange in, any territory applicable to the Company).”

6. To consider and, if thought fit, pass with or without amendments, the following resolution as an ordinary resolution:

“THAT

- (a) subject to paragraph (b) of this resolution, the exercise by the Directors of the Company during the Relevant Period (as defined below) of all powers of the Company to purchase shares (“Shares”) in the capital of the Company on The Stock Exchange of Hong Kong Limited (“Stock Exchange”) or on any other exchange on which the securities of the Company may be listed and recognised by the Securities and Futures Commission of Hong Kong and the Stock Exchange for this purpose (“Recognised Stock Exchange”), subject to and in accordance with the applicable laws of the Cayman Islands and the requirements of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited or those of any other Recognised Stock Exchange as amended from time to time, be and the same is hereby generally and unconditionally approved;
- (b) the aggregate nominal amount of Shares which may be purchased by the Company pursuant to the approval in paragraph (a) of this resolution during the Relevant Period shall not exceed 10% of the aggregate nominal amount of the share capital of the Company in issue as at the date of passing of this resolution (on the basis that no Shares are issued or repurchased by the Company before and up to the date of passing this resolution, the Company will be allowed to repurchase fully paid Shares up to a maximum of 436,602,729 Shares) and the approval pursuant to paragraph (a) of this resolution shall be limited accordingly;
- (c) for the purpose of this resolution, “Relevant Period” means the period from the date of passing of this resolution until whichever is the earliest 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 articles of association of the Company or the applicable laws of the Cayman Islands to be held; or

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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 shareholders of the Company in general meeting.”

7. To consider as special business and, if thought fit, pass with or without amendments, the following resolution as an ordinary resolution:

“**THAT** subject to the passing of the resolutions numbered 5 and 6 as set out in the notice (the “Notice”) convening this meeting, the general mandate granted to the Directors to exercise the powers of the Company to allot, issue and otherwise deal with Shares in the capital of the Company pursuant to the resolution numbered 5 as set out in the Notice be and the same is hereby extended by the addition to the aggregate nominal amount of share capital of the Company which may be allotted or agreed conditionally or unconditionally to be allotted by the Directors pursuant to such general mandate of an amount representing the aggregate nominal amount of the share capital of the Company purchased by the Company under the authority granted pursuant to the resolution numbered 6 as set out in the Notice provided that such amount shall not exceed 10% of the aggregate nominal amount of the share capital of the Company in issue as at the date of passing of this resolution.”

By order of the Board
Ming Fung Jewellery Group Limited
Wong Chi Ming, Jeffrey
Chairman

Hong Kong
17 January 2013

Registered office:
Cricket Square
Hutchins Drive, P.O. Box 2681
Grand Cayman, KY1-1111
Cayman Islands

*Head office and principal place of
business in Hong Kong:*
Room 1825, 18th Floor
Hutchison House
10 Harcourt Road, Central
Hong Kong

As at the date hereof, the Company’s executive directors are Mr. Wong Chi Ming, Jeffrey, Mr. Chung Yuk Lun and Mr. Yu Fei, Philip and independent non-executive directors are Mr. Chan Man Kiu, Mr. Tam Ping Kuen, Daniel and Mr. Jiang Chao.

NOTICE OF 2013 ANNUAL GENERAL MEETING

Notes:

- (1) A member of the Company entitled to attend and vote at the aforesaid meeting is entitled to appoint one or (if he holds 2 or more shares) more proxies to attend and vote in his stead. A proxy need not be a member of the Company.
- (2) To be valid, the form of proxy together with any power of attorney or other authority under which it is signed or a notarially certified copy of that power of attorney or authority must be deposited with the Hong Kong branch share registrars of the Company, Tricor Tengis Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong not later than 48 hours before the time fixed for holding the meeting or any adjournment thereof.
- (3) Completion and return of the form of proxy will not preclude members from attending and voting at the aforesaid meeting.
- (4) The register of members will be closed from 27 February 2013 to 1 March 2013 (both days inclusive), during which period no transfer of shares will be effected. In order to qualify for attending and voting at the aforesaid meeting, all transfers of shares accompanied by the relevant share certificates must be lodged with the Hong Kong branch share registrars of the Company, Tricor Tengis Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong for registration no later than 4:30 p.m. on 26 February 2013.