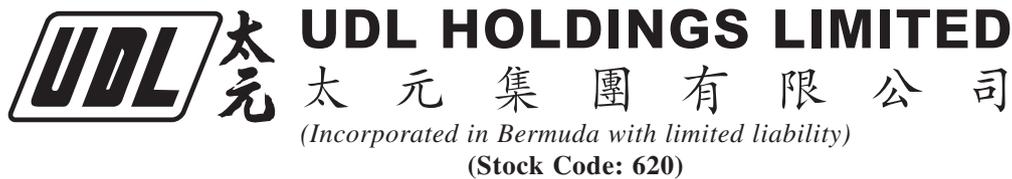

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action you should take, 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 **UDL HOLDINGS LIMITED** (the “Company”), you should at once hand this circular and the accompanying proxy form to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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.



PROPOSALS FOR
(A) GENERAL MANDATES TO REPURCHASE SHARES
AND ISSUE SHARES
(B) RE-ELECTION OF RETIRING DIRECTORS
(C) TERMINATION OF AN EXISTING SHARE OPTION SCHEME
(D) ADOPTION OF A NEW SHARE OPTION SCHEME
AND
NOTICE OF ANNUAL GENERAL MEETING

A notice convening an annual general meeting of UDL HOLDINGS LIMITED to be held at Meeting Room 727, 7th Floor, Kowloonbay International Trade & Exhibition Centre, No. 1 Trademart Drive, Kowloon Bay, Hong Kong on 6 December 2012 at 10:00 a.m. is set out on the notice of Annual General Meeting on pages 21 to 24 of this circular. Whether or not you are able to attend the annual general meeting, you are requested to complete the accompanying proxy form in accordance with the instructions printed thereon 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 as soon as possible and in any event not later than 48 hours before the time appointed for holding of the annual general meeting or any adjournment thereof. Completion and return of the proxy form will not preclude you from attending and voting in person at the annual general meeting should you so wish.

Hong Kong, 7 November 2012

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DEFINITIONS

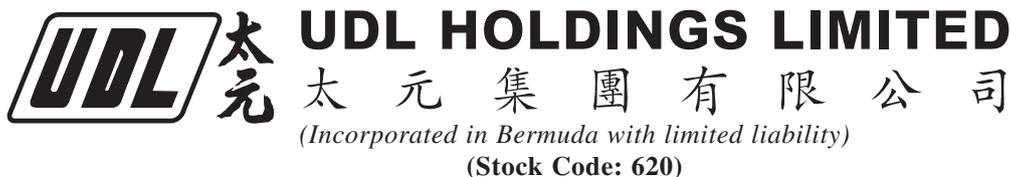
In this circular, the following expressions shall have the following meanings unless the context requires otherwise:

“Annual General Meeting”	an annual general meeting of the Company to be held on 6 December 2012 at 10:00 a.m. at Meeting Room 727, 7th Floor, Kowloonbay International Trade & Exhibition Centre, No. 1 Trademart Drive, Kowloon Bay, Hong Kong
“Associates”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of directors of the Company or a duly authorised committee thereof
“Business day”	any day on which the Stock Exchange is generally open for the business of dealing in securities. For the avoidance of doubt, where the Stock Exchange is closed for the business of dealing in securities in Hong Kong on a business day by reason of a number 8 or higher typhoon signal, black rainstorm warning, such day shall for the purposes of these Bye-Laws be counted as a business day
“Bye-Laws”	the Bye-Laws of the Company currently in force
“Company”	UDL HOLDINGS LIMITED, an exempted company incorporated in Bermuda with limited liability, the Shares of which are listed on the Main Board of the Stock Exchange
“Director(s)”	the director(s) of the Company for the time being
“Eligible Participant”	means (i) any full-time employees of the Company or of any of its Subsidiaries; (ii) any directors (including non-executive directors and independent non-executive directors) of the Company or of any of its Subsidiaries; (iii) any advisers, consultants, suppliers and agents to the Company or to any of its Subsidiaries; and (iv) such other persons who have contributed to the Group, the assessment criteria of which are: (a) contribution to the development and performance of the Group; (b) quality of work performed for the Group; (c) initiative and commitment in performing his/her duties; and (d) length of service or contribution to the Group
“Employees”	any employee or executive director of the Company or of any of its Subsidiaries
“Grantee”	any Eligible Participant who accepts an offer of an Option in accordance with the terms of the Share Option Scheme 2012 or (where the context so permits) a person entitled to any such Option in consequence of the death of the original Grantee
“Group”	the Company and its Subsidiaries
“Latest Practicable Date”	2 November 2012 being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended from time to time
“Option(s)”	an option to subscribe for Shares granted pursuant to the Share Option Scheme 2012

DEFINITIONS

“Option Period”	a period to be notified by the Board to each Grantee as being the period during which an Option may be exercised as the Board determines at its discretion, save that such period shall not be more than 10 years from the date of grant of the Option
“Ordinary Resolution(s)”	the proposed ordinary resolution(s) as referred to in the notice of Annual General Meeting
“Repurchase Mandate”	a general mandate to the Directors to exercise the powers of the Company to repurchase Shares during the period as set out in Ordinary Resolution No. 5 representing up to a maximum of 10 per cent of the issued share capital of the Company as at the date of passing of Ordinary Resolution No. 5
“Share(s)”	ordinary share(s) of HK\$0.50 each in the capital of the Company or if there has been a subsequent sub-division, consolidation, reclassification or reconstruction of the share capital of the Company, shares forming part of the ordinary equity share capital of the Company
“Shareholder(s)”	shareholder(s) of the Company
“Share Issue Mandate”	a general mandate to the Directors to exercise the powers of the Company to issue Shares during the period as set out in the Ordinary Resolution No. 6 representing up to 20 per cent of the issued share capital of the Company as at the date of passing of Ordinary Resolution No. 6
“Share Option Scheme 2002”	the existing share option scheme for the Eligible Participants adopted by the Company at its annual general meeting on 31 December 2002 with life of 10 years expiring on 30 December 2012
“Share Option Scheme 2010”	the existing share option scheme of UDL Ventures Limited, a direct wholly-owned subsidiary of the Company, adopted by the Company at its annual general meeting on 30 December 2010 with life of 10 years
“Share Option Scheme 2012”	the new share option scheme to be adopted by the Company at the Annual General Meeting under Ordinary Resolution No. 9
“Share Repurchase Rules”	the relevant rules set out in the Listing Rules to regulate the repurchase by companies with primary listings on the Stock Exchange of their own securities on the Stock Exchange
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subsidiary”	a company which is for the time being and from time to time a subsidiary (within the meaning of the Companies Ordinance of Hong Kong or The Companies Act 1981 of Bermuda (as amended)) of the Company
“Takeover Code”	the Codes on Takeovers and Mergers and Share Repurchases issued by the Securities and Futures Commission in Hong Kong, as amended from time to time
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong Special Administrative Region of The People’s Republic of China
“S\$”	Singapore dollars, the lawful currency of Republic of Singapore
“%”	per cent

LETTER FROM THE BOARD



Executive Directors:

Mr. Leung Yat Tung (*Chief Executive Officer*)

Mrs. Leung Yu Oi Ling, Irene (*Chairman*)

Miss Leung Chi Yin, Gillian

Mr. Leung Chi Hong, Jerry

Registered Office:

Crawford House

4th Floor

50 Cedar Avenue

Hamilton HM11

Bermuda

Independent Non-executive Directors/Audit Committee:

Mr. Pao Ping Wing, JP

Prof. Yuen Ming Fai, Matthew

Ms. Tse Mei Ha

Principal Place of Business:

Room 702, 7th Floor

Aitken Vanson Centre

61 Hoi Yuen Road

Kwun Tong

Kowloon

Hong Kong

7 November 2012

To the shareholders of the Company

Dear Sir or Madam,

PROPOSALS FOR
(A) GENERAL MANDATES TO REPURCHASE SHARES
AND ISSUE SHARES
(B) RE-ELECTION OF RETIRING DIRECTORS
(C) TERMINATION OF AN EXISTING SHARE OPTION SCHEME
(D) ADOPTION OF A NEW SHARE OPTION SCHEME
AND
NOTICE OF ANNUAL GENERAL MEETING

1. INTRODUCTION

This circular contains an explanatory statement to be sent to the Shareholders in compliance with the Listing Rules to give all the information reasonably necessary to enable them to make an informed decision on whether to vote for or against the resolutions to approve the Repurchase Mandate, Share Issue Mandate, the re-election of retiring Directors, the termination of Share Option Scheme 2002 and the adoption of the new Share Option Scheme 2012. To the extent that the Directors are aware having made all reasonable enquiries, none of the Shareholders is required to abstain from voting on the resolutions.

LETTER FROM THE BOARD

2. GENERAL MANDATES TO REPURCHASE AND ISSUE SHARES

At the Annual General Meeting of the Company to be held on 6 December 2012, an Ordinary Resolution will be proposed to renew a general mandate previously granted to the Directors, on the terms set out in the notice of the Annual General Meeting, allowing them to exercise all powers of the Company to repurchase its fully-paid Shares. Under such a mandate, the number of Shares that the Company may repurchase shall not exceed 10% of the issued share capital of the Company at the date of passing the Ordinary Resolution. The Company's authority shall be restricted to repurchase made on the Stock Exchange.

The mandate allows the Company to make repurchases only during the period ending on the earliest of the date of the next annual general meeting, the date by which the next annual general meeting of the Company is required by any applicable laws or the Company's Bye-Laws to be held or the date upon which such mandate is revoked or varied by an ordinary resolution of shareholders of the Company in general meeting.

It will also be proposed to grant a general mandate to the Directors, in the terms set out in the notice of the Annual General Meeting, allowing them to exercise all powers of the Company to allot, issue and deal with Shares not exceeding 20% of the issued share capital of the Company at the date of passing the related Ordinary Resolution, to provide flexibility to the Directors if desirable.

An Ordinary Resolution will also be proposed at the Annual General Meeting to authorise the extension of the Share Issue Mandate by adding to the mandate the number of Shares to be repurchased by the Company under the Repurchase Mandate in the terms set out in the notice of Annual General Meeting.

An explanatory statement as required under the Share Repurchase Rules to provide the Shareholders with requisite information of the Repurchase Mandate is set out in Appendix I to this circular.

3. RE-ELECTION OF RETIRING DIRECTORS

Pursuant to clause 99(A) as amended by clause 182(vi) of the Company's Bye-Laws and the code provisions in the Corporate Governance Code and Corporate Governance Report contained in Appendix 14 of the Listing Rules, Mrs. Leung Yu Oi Ling, Irene, Miss Leung Chi Yin, Gillian and Ms. Tse Mei Ha will retire and, being eligible, offer themselves for re-election in the Annual General Meeting.

Brief biographical and other details of the above Directors are set out in Appendix II to this circular.

4. TERMINATION OF THE EXISTING SHARE OPTION SCHEME 2002 AND ADOPTION OF THE NEW SHARE OPTION SCHEME 2012

The existing Share Option Scheme 2002 was adopted by the Company on 31 December 2002 with life of 10 years expiring on 30 December 2012. The Directors consider that in order to enable the Group to attract and retain employees of appropriate qualifications and with the necessary experience to work for the Group, it is important that the Group should continue to provide such employees with an additional incentive by offering them an opportunity to obtain an ownership interest in the Company and to reward them for contributing to the long-term success of the business of the Group.

LETTER FROM THE BOARD

Pursuant to the existing Share Option Scheme 2002, the Company may by ordinary resolution in general meeting at any time terminate the operation of the existing Share Option Scheme 2002, such that no further options will be offered but the provisions of the existing Share Option Scheme 2002 shall remain in force and effect to the extent necessary to give effect to the exercise of any options, to the extent not yet exercised, granted prior to the termination of the existing Share Option Scheme 2002.

The Directors consider that in order to enable the Group to motivate Eligible Participants to optimise their performance and efficiency for the benefit of the Group and to attract and retain or otherwise maintain on-going business relationship with the Eligible Participants whose contributions are or will be beneficial to the long-term growth of the Group, it is important that the Group should be permitted to provide them, where appropriate, with an additional incentive by offering them an opportunity to obtain an ownership interest in the Company and to reward them for contributing to the long-term success of the business of the Group.

The new Share Option Scheme 2012 is a share incentive scheme with the purpose to enable the Company to grant share options to Eligible Participants as rewards or incentives for their contribution to the development of the Group. It will thus provide Eligible Participants an opportunity to acquire ownership interests in the Company with the view to motivate, attract and retain them to contribute to the benefit and value of the Group as a whole. The terms of the new Share Option Scheme 2012 provide that in granting Options under the Share Option Scheme 2012, the Board may, at its discretion, offer to grant any Options to Eligible Participants. The Board will have discretion in determining the exercise price in respect of any Option, save that such price will not be less than the highest of: (i) the closing price of the Shares as quoted on the Stock Exchange on the date of grant; (ii) the average of the closing prices of the Shares as quoted on the Stock Exchange for the 5 Business Days immediately preceding the date of grant; and (iii) the nominal value of a Share. The Board will also have discretion in determining the period during which an Option may be exercised. A Grantee is not required to achieve any performance targets or to hold the Options for a minimum period before such Options can be exercised. The Directors are of the view that with the flexibility given to the Grantees in exercising the Options, it will encourage the Grantees to acquire ownership interests in the Company which will in turn encourage them to work towards enhancing the value of the Company and the Group as a whole. With the flexibility given to the Directors in determining the Exercise Price, the time of exercise, and any performance targets which may apply to an Option on a case by case basis, it is expected that the Grantees will have an incentive to contribute to the development of the Company and the Group as a whole.

As at the Latest Practicable Date, there were no other share option schemes adopted by the Company other than (i) the existing Share Option Scheme 2002 and (ii) the Share Option Scheme 2010 of its subsidiary, UDL Ventures Limited.

As at the Latest Practicable Date, the Company had an adjusted number of 396,000 outstanding share options granted pursuant to the existing Share Option Scheme 2002 with an adjusted exercise price of HK\$2.02 per Share exercisable on or before 21 March 2021. Whereas for its subsidiary, UDL Ventures Limited, there were no outstanding options granted pursuant to the Share Option Scheme 2010 as at the Latest Practicable Date.

The Directors propose to recommend the Shareholders at the Annual General Meeting to approve the termination of the existing Share Option Scheme 2002 and the adoption of the new Share Option Scheme 2012.

LETTER FROM THE BOARD

As at the Latest Practicable Date, the Company had 272,292,484 Shares in issue. Assuming that there is no change in the issued share capital between the period from the Latest Practicable Date and the date of the adoption of the new Share Option Scheme 2012, the number of Shares issuable pursuant to the new Share Option Scheme 2012 on the date of its adoption will be 26,833,248 Shares, which together with the adjusted number of 396,000 Shares issuable upon exercise of the outstanding share options mentioned in the paragraph above, represents in aggregate 10% of the issued share capital of the Company as at the date of Annual General Meeting.

None of the Directors are trustees of the new Share Option Scheme 2012 or have any direct or indirect interests in such trustees.

A summary of the principal terms of the new Share Option Scheme 2012 is set out in Appendix III hereto. A copy of the new Share Option Scheme 2012 document will be available for inspection at the office of 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 during the 14 days period immediately preceding the Annual General Meeting and at the Annual General Meeting.

5. VALUE OF THE OPTION

The Directors consider that it is not appropriate to state the value of all the Options as if they had been granted at the Latest Practicable Date prior to the approval of the new Share Option Scheme 2012 given that the crucial variables for the calculation of the value of such Options cannot be determined. Such variables include the subscription price for the Share upon the exercise of the subscription rights attaching to the Options and the period during which the subscription rights may be exercised. The subscription price payable for the Shares 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. It is also difficult to ascertain with accuracy the subscription price of the Shares given the volatility to which the Share price may be subject during the 10-year life span of the new Share Option Scheme 2012. With a scheme life of 10 years, the Board is of the view that it is too premature to state when Options may be granted and the number of Options that may be granted. Moreover the value of such Options is affected by the factors such as the discretion of the Board to impose any performance target that has to be achieved before the subscription right attaching to the Options can be exercised and any other conditions that the Board may impose on the Options.

Taking into account the aforesaid, the Directors are of the view that the value of the Options depends on a number of variables which are either too difficult to ascertain or can only be ascertained subject to a number of theoretical basis and speculative assumptions. Accordingly, the Directors consider that any calculation of the value of the Options will not be meaningful and may be misleading to the shareholders of the Company in the circumstances.

6. CONDITIONS PRECEDENT OF THE NEW SHARE OPTION SCHEME 2012

The adoption of the new Share Option Scheme 2012 is subject to the following conditions:

- (i) the approval of the Shareholders for the termination of the existing Share Option Scheme 2002;
- (ii) the approval of the Shareholders for the adoption of the new Share Option Scheme 2012; and

LETTER FROM THE BOARD

- (iii) the Listing Committee of the Stock Exchange granting approval for the new Share Option Scheme 2012 and the subsequent granting of Options thereunder, the listing of and permission to deal in the Shares in the Company or any part thereof to be issued and allotted pursuant to the exercise of the Options granted under the new Share Option Scheme 2012.

Subject to the approval of the Shareholders of the adoption of the new Share Option Scheme 2012 and conditional upon the Stock Exchange granting approval of the new Share Option Scheme 2012 and the subsequent granting of Options thereunder and the listing of and permission to deal in the Shares in the Company or any part thereof to be issued and allotted pursuant to the exercise of the Options granted under the new Share Option Scheme 2012, the Directors will have the right to grant to Eligible Participants Options to subscribe for Shares in the Company under the new Share Option Scheme 2012 that, when aggregated with any Share which may be issued upon exercise of Options to be granted under any other share option schemes, represent up to 10% of the Shares in issue as at the date of approval of the new Share Option Scheme 2012 unless the Company obtains a fresh approval from its shareholders to renew the 10% limit. In any event, the maximum number of Shares which may be issued upon exercise of all outstanding Options granted and yet to be exercised under the new Share Option Scheme 2012 and any other share option schemes shall not exceed 30% of the issued share capital of the Company from time to time.

An application will be made to the Stock Exchange for the approval of the new Share Option Scheme 2012 and the subsequent granting of Options thereunder and the listing of and permission to deal in the Shares in the Company to be issued pursuant to the exercise of the Options granted under the new Share Option Scheme 2012.

The new Share Option Scheme 2012 may be altered in any respect by a resolution of the Board except that the provisions of the Share Option Scheme 2012 relating to matters contained in Rule 17.03 of the Listing Rules shall not be altered to the advantage of Grantees or prospective Grantees except with the prior approval of the Shareholders in general meeting. Once the new Share Option Scheme 2012 is adopted, any alterations to the terms and conditions thereof, which are of a material nature, must be approved by the Shareholders in general meeting, except where the alterations take effect automatically under the existing terms of the Share Option Scheme 2012. The amended terms of the Share Option Scheme 2012 and all Options must continue to comply with the relevant requirements of Chapter 17 of the Listing Rules. Any change to the authority of the Board in relation to any alteration to the terms of the Share Option Scheme 2012 must be approved by Shareholders in general meeting. The Company will publish an announcement on the outcome of Annual General Meeting regarding the adoption of the new Share Option Scheme 2012 on the business day following the date of Annual General Meeting.

7. ANNUAL GENERAL MEETING

The notice of the Annual General Meeting is contained in this circular. A form of proxy for use at the Annual General Meeting is also enclosed therewith. Such form is also published on the websites of the Stock Exchange (www.hkexnews.hk) and of the Company (www.udl.com.hk) respectively.

The following Ordinary Resolutions, will be respectively proposed at the Annual General Meeting:

- to grant to the Directors a general mandate to exercise all powers of the Company to repurchase its Shares on the Stock Exchange representing up to 10% of the issued share capital of the Company as at the date of passing of Ordinary Resolution No. 5;

LETTER FROM THE BOARD

- to grant to the Directors a general mandate to authorise the Directors to issue, allot and deal with Shares with an aggregate nominal value not exceeding 20% of the aggregate nominal amount of the issued share capital of the Company as at the date of passing of Ordinary Resolution No. 6; and
- to extend the general mandate which will be granted to the Directors to issue, allot and deal with additional Shares by adding to it the number of Shares repurchased under the Repurchase Mandate after the granting of the Share Issue Mandate.
- to approve the termination of the existing Share Option Scheme 2002 and the adoption of the new Share Option Scheme 2012 with effect from the conclusion of the Annual General Meeting.

8. VOTING BY POLL AT GENERAL MEETING

Pursuant to Rule 13.39(4) of the Listing Rules, any vote of Shareholders at a general meeting must be taken by poll and therefore, the resolutions put to vote at the Annual General Meeting will be taken by way of poll. An announcement on the poll vote results will be published by the Company after the Annual General Meeting on the websites of the Stock Exchange (www.hkexnews.hk) and of the Company (www.udl.com.hk) respectively.

9. ACTION TO BE TAKEN

Whether or not you intend to attend the Annual General Meeting, you are requested to complete the accompanying proxy form and return it 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 not later than 48 hours before the time appointed for holding the Annual General Meeting or any adjournment thereof. Completion and return of the proxy form will not preclude you from attending and voting in person at the Annual General Meeting if you so wish.

10. RESPONSIBILITY STATEMENT

This document, 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 document 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 document misleading.

11. RECOMMENDATION

The Directors believe that the granting of the Repurchase Mandate, Share Issue Mandate, the termination of the existing Share Option Scheme 2002 and the adoption of the new Share Option Scheme 2012 are all in the best interests of the Company and its Shareholders. Accordingly, the Directors recommend all Shareholders to vote in favour of the related resolutions to be proposed at the Annual General Meeting. The Directors will exercise their voting rights in respect of all of their shareholdings (if any) in favour of the resolutions.

Yours faithfully,
For and on behalf of the Board
Leung Yu Oi Ling, Irene
Chairman

This appendix serves as an explanatory statement, as required by the Share Repurchase Rules, to provide requisite information to you for your consideration of the proposal to permit the repurchase of Shares up to a maximum of 10% of the issued share capital of the Company as at the date of approval for the Repurchase Mandate.

SHARE CAPITAL

As at the Latest Practicable Date, the number of Shares in issue was 272,292,484 of HK\$0.50 each. On the basis of such figure, assuming that no Shares would be issued or repurchased thereafter and prior to the Annual General Meeting, the Directors would be authorised to repurchase Shares up to a limit of 27,229,248 Shares (representing 10% of 272,292,484 issued share capital of the Company).

REASON FOR REPURCHASES

The Directors have no present intention to make any repurchase of the Company's own Shares but consider that the mandate will provide the Company the flexibility to make such repurchases when appropriate and beneficial to the Company and its Shareholders. Such repurchases may enhance the net asset value of the Company and/or earnings per Share. Based on the financial position of the Company as at 31 July 2012 (being the date of its latest published audited accounts), there could be a material adverse impact on the working capital and on the gearing position of the Company in the event that the proposed repurchases were to be carried out in full during the proposed repurchase period. However, the Directors do not propose to make any repurchases in the circumstances that would have a material adverse impact on the working capital or gearing ratio of the Company.

FUNDING FOR REPURCHASES

Repurchases must be funded out of funds legally available for the purpose in accordance with the laws of Bermuda, the Bye-Laws of the Company and/or any other applicable law, as the case may be. It is envisaged that the Company will derive the funds for repurchase of its shares in accordance therewith.

The Company is empowered by its Bye-Laws to repurchase its own Shares. Bermuda law provides that the amount of capital repaid in connection with a share repurchase may only be paid out of either the capital paid up on the relevant shares, or out of the funds of the Company that would otherwise be available for distribution by way of dividend or the proceeds of a new issue of shares made for such purpose. The amount of premium payable on the repurchases, if any, may only be paid out of either the funds of the Company that would otherwise be available for distribution by way of dividend or out of the share premium of the Company. Further, the Company may not purchase its own Shares if, on the date on which the purchase is to be effected, there are reasonable grounds for believing that the Company is or, after the purchase would be, unable to pay its liabilities as they become due.

DIRECTORS, THEIR ASSOCIATES AND CONNECTED PERSONS

None of the Directors, to the best of the knowledge and belief of the Directors having made all reasonable enquiries, nor any of their Associates has any present intention, in the event that the proposed general mandate is approved by Shareholders, to sell Shares to the Company.

No connected person (as defined in the Listing Rules) of the Company has notified the Company that he/she has any present intention to sell Shares to the Company nor has he/she undertaken not to sell any Shares held by him/her to the Company in the event that the Company is authorised to make repurchases of its own Shares.

UNDERTAKING OF THE DIRECTORS

The Directors have undertaken to the Stock Exchange to exercise the power of the Company to make repurchases pursuant to the proposed Repurchase Mandate in accordance with the Listing Rules, all applicable laws of Bermuda and the regulations and the Bye-Laws of the Company.

EFFECT OF TAKEOVER CODE

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

As at the Latest Practicable Date, to the best of the knowledge and belief of the Company, Mrs. Leung Yu Oi Ling, Irene ("Mrs. Leung"), the Chairman of the Company and her husband and children, and their Associates together were interested in approximately 69.16% of the issued share capital of the Company. In the event that the Directors would exercise the power in full to repurchase Shares which is proposed to be granted pursuant to the relevant Ordinary Resolution and if there is no other change in issued share capital of the Company, total interests of Mrs. Leung and her husband and children, and their Associates in the issued shares would be increased to approximately 76.84% of the total issued share capital of the Company. Save as aforesaid, the Directors are not aware of any consequences which would arise under the Takeovers Code as a consequence of any repurchase pursuant to the Repurchase Mandate. The Company is not aware of any Takeover Code implication in respect of the Repurchase Mandate. The Directors will not exercise the Repurchase Mandate that will result in the number of Shares held by the public being reduced to less than 25%. The Directors do not have any present intention to exercise the proposed Repurchase Mandate to such an extent as would give rise to such a situation. Save as disclosed above, the Directors, to the best of their knowledge and belief, are not aware of any other substantial Shareholders holding 5% or more of the issued share capital of the Company as at the Latest Practicable Date.

REPURCHASES AND SHARE PRICES

During the six months preceding the date of this circular, the Company has not repurchased any of its Shares. During the previous twelve months from 1 November 2011 to the Latest Practicable Date, the highest and lowest traded prices for Shares on the Stock Exchange were as follows:

	Share Price (per share)	
	Highest <i>HK\$</i>	Lowest <i>HK\$</i>
2011		
November	1.675	1.525
December	1.600	1.413
2012		
January	1.563	1.375
February	1.675	1.488
March	1.600	1.338
April	1.450	1.150
May	1.413	1.113
June	1.488	1.113
July	1.788	1.188
August	1.525	0.625
September	0.780	0.573
October	0.790	0.630
From 1 November up to the Latest Practicable Date	0.710	0.660

The biographical and other details of the retiring Directors standing for re-election at the Annual General Meeting are set out below:

Mrs. Leung Yu Oi Ling, Irene, aged 59, joined the Group in June 1991 and is currently an Executive Director and the Chairman of the Company. She is a graduate of Leicester Polytechnic in UK and has had extensive experience in running her own interior design company prior to joining the Group. She is the spouse of Mr. Leung Yat Tung, and the mother of Miss Leung Chi Yin, Gillian and Mr. Leung Chi Hong, Jerry. She is responsible for the general management, business development and marketing of the Group.

She is related to three Executive Directors of the Company, being the spouse of Mr. Leung Yat Tung, and the mother of Miss Leung Chi Yin, Gillian and Mr. Leung Chi Hong, Jerry. She is connected to the substantial and controlling shareholders of the Company. She is the beneficiaries of the trust, in which the trustee of the trust is the substantial and controlling shareholder of the Company pursuant to Listing Rules 13.51(2)(e). As such, She was interested in 187,274,059 shares (representing 68.78% of the issued share capital of the Company as at the Latest Practicable Date) of the Company within the meaning of Part XV of the Securities and Futures Ordinance.

Save as the above, she did not hold any directorship in other listed public companies in the last three years. She is and was not connected with any other directors or senior management of the Company. She is connected to the substantial or controlling shareholders of the Company.

Mrs. Leung has a service contract with the Company for no specific term of appointment and is subject to retirement by rotation and be eligible for re-election at the Annual General Meeting in accordance with the provision of the Bye-Laws and the Corporate Governance Code and Corporate Governance Report; and receives salary of HK\$40,000 per month with Mandatory Provident Fund, staff quarter and performance bonus (if any), which was determined/reviewed by the Remuneration Committee and the Board based on authorisation to be granted by the Shareholders at the Annual General Meeting and with reference to her duties and responsibility with the Company, the Company's performance and current market condition. She is also entitled to participate in the share option schemes of the Group.

Save as the above, there is no other information relating to Mrs. Leung that is required to be disclosed pursuant to Listing Rules 13.51(2)(h) to (v), and there are no other matters that need to be brought to the attention of the Shareholders of the Company.

Miss Leung Chi Yin, Gillian, aged 32, daughter of Mr. Leung Yat Tung and Mrs. Leung Yu Oi Ling, Irene, sister of Mr. Leung Chi Hong, Jerry, was designated in September 2002 as an Executive Director. She graduated in Commerce from Queen's University, Canada and also completed MSc in Law and Accounting from the London School of Economics and Political Science, London. She is responsible for the financial management and administration of the Group.

She is related to three Executive Directors of the Company, being the daughter of Mr. Leung Yat Tung and Mrs. Leung Yu Oi Ling, Irene and the sister of Mr. Leung Chi Hong, Jerry. She was interested in 185,147,621 shares (representing 68.00% of the issued share capital of the Company as at the Latest Practicable Date) of the Company within the meaning of Part XV of the Securities and Futures Ordinance.

Save as the above, she did not hold any directorship in other listed public companies in the last three years. She is and was not connected with any other director or senior management of the Company. She is connected to the substantial or controlling shareholders of the Company.

She has a service contract with the Company for no specific term of appointment and is subject to retirement by rotation and be eligible for re-election at the Annual General Meeting in accordance with the provision of the Bye-Laws and the Corporate Governance Code and Corporate Governance Report; and receives salary of HK\$50,000 per month with Mandatory Provident Fund, which was determined/reviewed by the Remuneration Committee and the Board based on authorisation to be granted by the Shareholders at the Annual General Meeting and with reference to her duties and responsibility with the Company, the Company's performance and current market condition. She is also entitled to participate in the share option schemes of the Group.

Save as the above, there is no other information relating to Miss Leung Chi Yin, Gillian that is required to be disclosed pursuant to Listing Rules 13.51(2)(h) to (v), and there are no other matters that need to be brought to the attention of the Shareholders of the Company.

Ms. Tse Mei Ha, aged 40, was appointed to the Board in September 2004. She is a Certified Public Accountant in Hong Kong. She has over ten years of experience in the accountancy profession including working with public accountants and auditor firms. She did not hold any directorship in other listed public companies in the last three years.

She has no personal interest in the shares of the Company within the meaning of Part XV of the Securities and Futures Ordinance. She does not has any relationship with any directors, senior management, the substantial or controlling shareholders of the Company pursuant to Listing Rules 13.51(2)(e).

She receives a fee of HK\$10,000 per month, which was determined/reviewed by the Remuneration Committee and the Board based on authorisation to be granted by the Shareholders at the Annual General Meeting and with reference to her duties and responsibility with the Company, the Company's performance and current market situation.

She has entered into a services contract with the Company for a specific term, which is less than three years term up to 31 March 2013, and is subject to retirement by rotation and be eligible for re-election at the Annual General Meeting in accordance with the provision of the Bye-Laws and the Corporate Governance Code and Corporate Governance Report.

Save as the above, there is no information relating to Ms. Tse Mei Ha that is required to be disclosed pursuant to Listing Rules 13.51(2)(h) to (v), and there are no other matters that need to be brought to the attention of the Shareholders of the Company.

Save as the above, there are no other matters in respect of the re-election of these directors that need to be brought to the attention of the shareholders of the Company.

SUMMARY OF THE TERMS OF THE SHARE OPTION SCHEME 2012

The following summary of principal terms of the new Share Options Scheme 2012 to be approved by the Shareholders at the Annual General Meeting does not form, nor was it intended to be, part of the Share Option Scheme 2012 nor should it be taken as effecting the interpretation of the rules of the Share Option Scheme 2012.

(a) Purpose

The new Share Option Scheme 2012 is a share incentive scheme and is established to recognise and acknowledge the contributions Eligible Participants had or may have made to the Group.

The new Share Option Scheme 2012 will provide Eligible Participants an opportunity to have a personal stake in the Company with the view to achieving the following objectives:

- (i) motivate the Eligible Participants to optimise their performance and efficiency for the benefit of the Group; and
- (ii) attract and retain or otherwise maintain on-going business relationship with the Eligible Participants whose contributions are or will be beneficial to the long-term growth of the Group.

(b) Who may join and payment on acceptance of Option

The Board may, at its discretion, offer to grant an Option to subscribe for such number of new Shares as the Board may determine at an exercise price determined in accordance with paragraph (e) below to (i) any full-time employees of the Company or of any of its Subsidiaries; (ii) any directors (including non-executive directors and independent non-executive directors) of the Company or of any of its Subsidiaries; (iii) any advisers, consultants, suppliers and agents to the Company or to any of its Subsidiaries; and (iv) such other persons who have contributed to the Group, the assessment criteria of which are: (a) contribution to the development and performance of the Group; (b) quality of work performed for the Group; (c) initiative and commitment in performing his/her duties; and (d) length of service or contribution to the Group.

An offer may be accepted by a Participant not later than 30 days after the Offer Date. Upon acceptance of the Option, the Grantee shall pay HK\$1.00 to the Company by way of consideration for the grant.

Any offer to grant an Option to subscribe for Shares may be accepted in respect of less than the number of Shares for which it is offered provided that it is accepted in respect of a board lot of dealing in Shares on the Stock Exchange or an integral multiple thereof and such number is clearly stated in the duplicate offer document constituting acceptance of the Option in the manner as set out in the above paragraph. To the extent that the offer to grant an Option is not accepted by any prescribed acceptance date, it shall be deemed to have been irrevocably declined.

(c) Maximum number of Shares available for subscription

The maximum number of Shares in respect of which options may be granted (including Shares in respect of which options, whether exercised or still outstanding, have already been granted) under the new Share Option Scheme 2012 and under any other share option schemes must not in aggregate exceed 10% of the Shares in issue as at the date of approval of the Share Option Scheme 2012 by the shareholders of the Company, excluding for this purpose Shares which would have been issuable pursuant to options which have lapsed in accordance with the terms of the Share Option Scheme 2012

(or any other share option schemes). As at the Latest Practicable Date, the Company had 272,292,484 Shares in issue. Assuming that there is no change in the issued share capital between the period from the Latest Practicable Date and the date of the adoption of the new Share Option Scheme 2012, the number of Shares issuable pursuant to the new Share Option Scheme 2012 on the date of its adoption will be 26,833,248 Shares, which together with the adjusted number of 396,000 Shares issuable upon exercise of the outstanding share options granted pursuant to the existing Share Option Scheme 2002 represents in aggregate 10% of the issued share capital of the Company as at the date of Annual General Meeting.

Subject to the issue of a circular by the Company and the approval of the shareholders of the Company in general meeting and/or such other requirements prescribed under the Listing Rules from time to time, the Board may:

- (i) renew this limit at any time to 10% of the Shares in issue as at the date of the approval by the shareholders of the Company in general meeting; and/or
- (ii) grant Options beyond the 10% limit to Eligible Participants specifically identified by the Board. The circular issued by the Company to its shareholders shall contain a generic description of the specified Eligible Participants who may be granted such Options, the number and terms of the Options to be granted, the purpose of granting Options to the specified Eligible Participants with an explanation as to how the Options serve such purpose, the information required under Rule 17.02(2)(d) and the disclaimer required under Rule 17.02(4) of the Listing Rules.

Notwithstanding the foregoing, the Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the new Share Option Scheme 2012 and any other share option schemes or any of its subsidiaries at any time shall not exceed 30% of the Shares in issue from time to time. No options shall be granted under any schemes of the Company or any of its subsidiaries (including the new Share Option Scheme 2012) if this will result in the 30% limit being exceeded.

The maximum number of Shares in respect of which Options may be granted shall be adjusted, in such manner as the auditors of the Company or an approved independent financial adviser shall certify to be appropriate, fair and reasonable in the event of any alteration in the capital structure of the Company in accordance with paragraph (q) below whether by way of consolidation, subdivision or reduction of the share capital of the Company but in no event shall exceed the limit prescribed in this paragraph.

(d) Maximum number of Options to each participant

The total number of Shares issued and which may fall to be issued upon exercise of the options granted under the new Share Option Scheme 2012 and any other share option schemes (including both exercised and outstanding options) to each Eligible Participant in any 12-month period up to the date of grant shall not exceed 1% of the Shares in issue as at the date of grant.

Any further grant of Options in excess of this 1% limited shall be subject to (i) the issue of a circular by the Company containing the identity of the Eligible Participant, the numbers of and terms of the Options to be granted (and options previously granted to such participant), the information as required under Rule 17.02(2)(d) and the disclaimer required under Rule 17.02(4) of the Listing Rules and (ii) the approval of the shareholders of the Company in general meeting and/or other requirements prescribed under the Listing Rules from time to time with such Eligible Participant and his/her Associates abstaining from voting. The numbers and terms (including the exercise price) of Options to be granted to such Eligible Participant must be fixed before shareholders' approval and the date of the Board meeting at which the Board purposes to grant the Options to such Eligible Participant shall be taken as the date of grant for the purpose of calculating the exercise price of the Shares under note(1) to Rule 17.03(9) of the Listing Rules. The Board shall forward to such Eligible Participant an offer document in such form as the Board may from time to time determine.

(e) Exercise Price

The exercise price of a Share in respect of any particular Option granted under the new Share Option Scheme 2012 shall be such price as the Board in its absolute discretion shall determine, save that such price will not be less than the highest of (i) the closing price of the Shares as quoted on the Stock Exchange on the date of grant, which must be a day on which the Stock Exchange is open for the business of dealing in securities; (ii) the average of the closing prices of the Shares as quoted on the Stock Exchange for the 5 Business Days immediately preceding the date of grant; and (iii) the nominal value of a Share.

(f) Granting options to connected persons

Any grant of Options to a director, chief executive or substantial shareholder of the Company or any of their respective Associates is required to be approved by the independent non-executive Directors (excluding the independent non-executive Director who is the proposed grantee of the Options).

If the Company proposes to grant Options to a substantial shareholder or an independent non-executive Director or any of their respective Associates which will result in the number of Shares issued and to be issued upon exercise of options 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:

- (i) representing in aggregate over 0.1% of the Shares in issue; and
- (ii) having an aggregate value in excess of HK\$5 million, based on the closing price of the Shares as quoted on the Stock Exchange on the date of grant,

such further grant of Options will be subject to the issue of a circular by the Company and the approval of the shareholders of the Company in general meeting on a poll at which all connected persons (as defined in the Listing Rules) of the Company shall abstain from voting, and/or such other requirements prescribed under the Listing Rules from time to time. A connected person (as defined in the Listing Rules) will be permitted to vote against the grant only if his/her intention to do so has been stated in the circular.

The circular to be issued by the Company to its Shareholders pursuant to the above paragraph must contain the following information: (i) the details of the number and terms (including the exercise price) of the Options to be granted to each selected Eligible Participant which must be fixed before the shareholders' meeting and the date of Board meeting for proposing such further grant shall be taken as the date of grant for the purpose of calculating the exercise price of such Options under note(1) to Rule 17.03(9) of the Listing Rules; (ii) a recommendation from the independent non-executive Directors (excluding any independent non-executive Director who is the Grantee) to the independent shareholders as to voting; (iii) the information required under Rules 17.02(2)(c) and (d) and the disclaimer required under Rule 17.02(4) of the Listing Rules; and (iv) the information required under Rule 2.17 of the Listing Rules.

(g) Restrictions on the times of grant of Options

A grant of Options may not be made after a price sensitive event has occurred or a price sensitive matter has been the subject of a decision until such price sensitive information has been announced pursuant to the requirements of the Listing Rules. In particular, no Options may be granted during the period commencing one month immediately preceding the earlier of (i) the date of the Board meeting for the approval of the Company's annual or interim results; and (ii) the deadline for the Company to publish its interim or annual results announcement under the listing agreement and ending on the date of actual publication of the results announcement.

(h) Rights of Options are personal to Grantee

An Option is personal to the Grantee and may be exercised or treated as exercised, as the case may be, in whole or in part. No Grantee shall in any way sell, transfer, charge, mortgage, encumber or create any interest (legal or beneficial) in favour of any third party over or in relation to any Option or attempt so to do.

(i) Time of exercise of Option and life of the new Share Option Scheme 2012

An Option may be exercised in accordance with the terms of the new Share Option Scheme 2012 at any time after the date upon which the Option is deemed to be granted and accepted and prior to the expiry of 10 years from that date. The period during which an Option may be exercised will be determined by the Board in its absolute discretion, save that no Option may be exercised more than 10 years after it has been granted. No Option may be granted more than 10 years after the date of approval of the Share Option Scheme 2012. Subject to earlier termination by the Company in general meeting or by the Board, the new Share Option Scheme 2012 shall be valid and effective for a period of 10 years after the date of adoption of the new Share Option Scheme 2012 by shareholders of the Company by resolution at a general meeting.

(j) Performance target and minimum holding period

Unless the Directors otherwise determined or stated in the offer of the grant of the Option, a Grantee is not required to achieve any performance targets or to hold the Options for a minimum period before any Options granted under the new Share Option Scheme 2012 can be exercised.

(k) Rights on ceasing employment/death

If the Grantee of an Option ceases to be an employee of the Company or its Subsidiaries by any reason (including his/her death) other than his/her own resignation or none of the events which would be a ground for termination of his or her employment specified in the new Share Option Scheme 2012 arises or the termination does not occur during the 12-month period following the date on which his/her Option is deemed to be granted and accepted, the Grantee or his/her legal personal representative(s) may exercise the Option up to the entitlement of the Grantee as at the date of cessation (to the extent not already exercised) within a period of 1 month from such cessation, which date shall be the last actual working day with the Company or the relevant Subsidiary whether salary is paid in lieu of notice or not, failing which it will lapse.

(l) Rights on dismissal

If the Grantee of an Option ceased to be an employee of the Company or its Subsidiaries on the grounds that he/she has been guilty of serious misconduct, or has committed any act of bankruptcy or has become insolvent or has made any arrangements or composition with his/her creditors generally, or has been convicted of any criminal offence involving his or her integrity or honesty, his/her Option will lapse and not be exercisable after the date of termination of his or her employment.

(m) Rights on takeover

If a general offer is made to all the shareholders of the Company (or all such shareholders other than the offeror and/or any person controlled by the offeror and/or any person acting in concert with the offeror (as defined in the Hong Kong Code on Takeovers and Mergers)) and such offer becomes or is declared unconditional during the Option Period of the relevant Option, the Grantee of an Option shall be entitled to exercise the Option in full (to the extent not already exercised) at any time within 1 month after the date on which the offer becomes or is declared unconditional.

(n) Rights on winding-up

In the event a notice is given by the Company to its members to convene a general meeting for the purposes of considering, and if thought fit, approving a resolution to voluntarily wind-up the Company, the Company shall forthwith give notice thereof to all Grantees and thereupon, each Grantee (or his/her legal personal representative(s)) shall be entitled to exercise all or any of his/her Options (to the extent not already exercised) at any time not later than 4 Business Days prior to the proposed general meeting of the Company referred to above by giving notice in writing to the Company, accompanied by a remittance for the full amount of the aggregate exercise price for the Shares in respect of which the notice is given, whereupon the Company shall as soon as possible and, in any event, no later than the Business Day immediately prior to the date of the proposed general meeting, allot the relevant Shares to the Grantee credited as fully paid.

(o) Rights on compromise or arrangement between the Company and its members or creditors

If a compromise or arrangement between the Company and its members or creditors is proposed for the purposes of a scheme for the reconstruction of the Company or its amalgamation with any other companies pursuant to the laws of jurisdictions in which the Company was incorporated, the Company shall give notice to all the Grantees of the Options on the same day as it gives notice of the meeting to its members or creditors summoning the meeting to consider such a scheme or arrangement and any Grantee may by notice in writing to the Company accompanied by a remittance for the full amount of the aggregate exercise price for the Shares in respect of which the notice is given (such notice to be received by the Company not later than 4 Business Days prior to the proposed meeting), exercise the Option to its full extent or to the extent specified in the notice and the Company shall as soon as possible and, in any event no later than the Business Day immediately prior to the date of the proposed meeting, allot and issue such number of Shares to the Grantee which falls to be issued on such exercise of the Option credited as fully paid and register the Grantee as holder thereof.

With effect from the date of such meeting, the rights of all Grantees to exercise their respective Options shall forthwith be suspended. Upon such compromise or arrangement becoming effective, all Options shall, to the extent that they have not been exercised, lapse and determine. If for any reason such compromise or arrangement does not become effective and is terminated or lapses, the rights of Grantees to exercise their respective Options shall with effect from such termination be restored in full but only upon the extent not already exercised and shall become exercisable.

(p) Ranking of Shares

The Shares to be allotted upon the exercise of an Option will not carry voting rights until completion of the registration of the Grantee (or any other person) as the holder thereof. Subject to the aforesaid, Shares allotted and issued on the exercise of Options will rank *pari passu* and shall have the same voting, dividend, transfer and other rights, including those arising on liquidation as attached to the other fully-paid Shares in issue on the date of exercise, save that they will not rank for any dividend or other distribution declared or recommended or resolved to be paid or made by reference to a record date falling on or before the date of exercise.

(q) Effect of alterations to capital

In the event of any alteration in the capital structure of the Company whilst any Option may become or remains exercisable, whether by way of capitalisation issue, rights issue, consolidation, reclassification, reconstruction, subdivision or reduction of share capital of the Company, or otherwise howsoever, such corresponding alterations (if any) shall be made in the number or nominal amount of Shares subject to any Options so far as unexercised and/or the exercise price per Share of each outstanding Option and/or the method of exercise of the Option as the auditors of the Company or an independent financial adviser shall

certify in writing to the Board to be in their or his/her opinion fair and reasonable in compliance with Rule 17.03(13) of the Listing Rules and the note thereto. Any such alterations will be made on the basis that a Grantee shall have the same proportion of the equity capital of the Company for which any Grantee of an Option is entitled to subscribe pursuant to the Options held by him/her before such alteration and the aggregate exercise price payable on the full exercise of any Option is to remain as nearly as possible the same (and in any event not greater than) as it was before such event. No such alteration will be made the effect of which would be to enable a Share to be issued at less than its nominal value. The issue of securities as consideration in a transaction is not to be regarded as a circumstance requiring any such alterations.

(r) Expiry of Option

An Option shall lapse automatically and not be exercisable (to the extent not already exercised) on the earliest of:

- (i) the date of expiry of the Option as may be determined by the Board;
- (ii) the expiry of any of the periods referred to in paragraph (i), (k), (l), (m), (n) or (o) above;
- (iii) subject to paragraph (n) above, the date of commencement of the winding-up of the Company;
- (iv) the date on which the Grantee ceases to be an Eligible Participant by reason of such Grantee's resignation from his or her employment of the Company and/or of any of the Subsidiaries or the termination of his or her employment on the grounds that he or she has been guilty of serious misconduct, or has committed any act of bankruptcy or is unable to pay his or her debts or has become insolvent or has made any arrangement or has compromised with his or her creditors generally, or has been convicted of any criminal offence involving his or her integrity or honesty. A resolution of the Board to the effect that the employment of a Grantee has or has not been terminated on one or more of the grounds specified in this paragraph shall be conclusive;
- (v) the date on which the Board shall exercise the Company's right to cancel the Option at any time after the Grantee commits a breach of paragraph (h) above or the Options are cancelled in accordance with paragraph (t) below; or
- (vi) the date on which the Eligible Participant ceases to be employed by the Company and/or any of its Subsidiaries if the Eligible Participant is an employee of the Company and/or any of its Subsidiaries and ceases to be so employed by the Company and/or any of its Subsidiaries during the 12-month period following the date of grant in respect of his or her particular Option.

(s) Cancellation of Options

Any cancellation of Options granted but not exercised must be approved by the Grantees of the relevant Options.

(t) Alteration of new Share Option Scheme 2012

The new Share Option Scheme 2012 may be altered in any respect by resolution of the Board except that:

- (i) any alteration to the advantage of the Grantees or the Eligible Participants (as the case may be) in respect of the matters contained in Rule 17.03 of the Listing Rules shall not be altered to the advantage of Grantees of Options except with the prior approval of Shareholders in general meeting; or

- (ii) any material alteration to the terms and conditions of the Share Option Scheme 2012 or any change to the terms of Options granted must be approved by the Shareholders in general meeting, except where the alterations take effect automatically under the existing terms of new Share Option Scheme 2012,

shall first be approved by the shareholders of the Company in general meeting provided that if the proposed alteration shall adversely affect any Option granted or agreed to be granted prior to the date of alteration, such alteration shall be further subject to the Grantees' approval in accordance with the terms of the new Share Option Scheme 2012. The amended terms of the new Share Option Scheme 2012 shall still comply with the Chapter 17 of the Listing Rules and any change to the authority of the Board in relation to any alteration to the terms of the new Share Option Scheme 2012 must be approved by shareholders of the Company in general meeting.

(u) Termination of the new Share Option Scheme 2012

The Company may by resolution in general meeting or the Board may by resolution at any time terminate the new Share Option Scheme 2012 and in such event no further Option shall be offered but the provisions of the new Share Option Scheme 2012 shall remain in force to the extent necessary to give effect to the exercise of any Option granted prior thereto or otherwise as may be required in accordance with the provisions of the new Share Option Scheme 2012. Options granted prior to such termination but not yet exercised at the time of termination shall continue to be valid and exercisable in accordance with the new Share Option Scheme 2012.

(v) Administration of the new Share Option Scheme 2012

The new Share Option Scheme 2012 shall be subject to the administration of the Board whose decision as to all matters arising in relation to the new Share Option Scheme 2012 or its interpretation or effect (save as otherwise provided herein) shall be final and binding on all parties.

(w) Condition of the new Share Option Scheme 2012

The new Share Option Scheme 2012 is conditional on the Listing Committee of the Stock Exchange granting approval of the new Share Option Scheme 2012 and the grant of Options thereunder and granting of the listing of and permission to deal in the Shares which may fall to be issued pursuant to the exercise of Options granted pursuant thereto.

(x) Disclosure in annual and interim reports

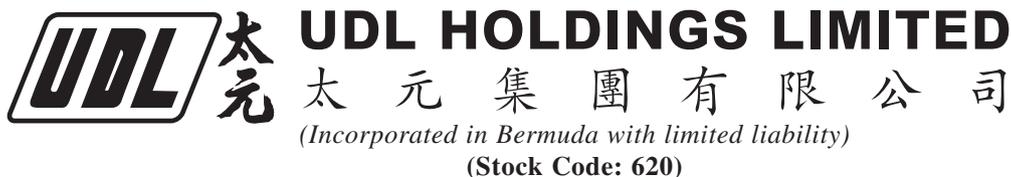
The Company will disclose details in relation to the new Share Option Scheme 2012 in its annual and interim reports in accordance with the requirements of the Listing Rules in force from time to time.

(y) Present status of the new Share Option Scheme 2012

As at the Latest Practicable Date, no Option has been granted or agreed to be granted under the new Share Option Scheme 2012.

Application has been made to the Listing Committee of the Stock Exchange for the approval of the new Share Option Scheme 2012 and the subsequent granting of Options under the new Share Option Scheme 2012 and for the listing of and permission to deal in the Shares which may fall to be issued pursuant to the exercise of the Options granted under the new Share Option Scheme 2012.

NOTICE OF ANNUAL GENERAL MEETING



NOTICE IS HEREBY GIVEN that the Annual General Meeting of the Company will be held at Meeting Room 727, 7th Floor, Kowloonbay International Trade & Exhibition Centre, No. 1 Trademart Drive, Kowloon Bay, Hong Kong on 6 December 2012 at 10:00 a.m. for the purpose of considering and if thought fit, passing the following resolutions as ordinary resolutions:

1. To receive and consider the audited consolidated financial statements and reports of the directors and the auditors of the Company for the year ended 31 July 2012.
2.
 - (a) To re-elect Mrs. Leung Yu Oi Ling, Irene as an executive director.
 - (b) To re-elect Miss Leung Chi Yin, Gillian as an executive director.
 - (c) To re-elect Ms. Tse Mei Ha as an independent non-executive director.
3. To authorise the board of directors of the Company to fix the remuneration of the directors.
4. To re-appoint CCIF CPA Limited as the Company's auditors and to authorise the board of directors to fix their remuneration.
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 (b) of this resolution, the exercise by the directors of the Company during the Relevant Period of all the powers of the Company to purchase shares of HK\$0.50 each in the capital of the Company be and is hereby generally and unconditionally approved;
- (b) the total nominal amount of the shares of the Company to be purchased pursuant to the approval in paragraph (a) above shall not exceed 10% of the total nominal amount of the share capital of the Company in issue on the date of passing this resolution, and the said approval shall be limited accordingly; and
- (c) for the purpose of this resolution, “Relevant Period” means the period from the passing of this resolution until whichever is the earlier of:
 - (i) the conclusion of the next annual general meeting of the Company;
 - (ii) the revocation or variation of the authority given under this resolution by passing the ordinary resolution of the shareholders in general meeting; and
 - (iii) the expiration of the period within which the next annual general meeting of the Company is required by the Bye-Laws of the Company or any applicable laws to be held.”

NOTICE OF ANNUAL GENERAL MEETING

6. 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, the exercise by the directors of the Company during the Relevant Period of all the powers of the Company to allot, issue and deal with additional shares in the capital of the Company and to make or grant offers, agreements and options which may require the exercise of such power be and is hereby generally and unconditionally approved;
- (b) the approval in paragraph (a) shall authorise the directors of the Company during the Relevant Period to make or grant offers, agreements and options which might require the exercise of such power after the end of the Relevant Period;
- (c) the aggregate nominal amount of share capital allotted or agreed conditionally or unconditionally to be allotted by the directors of the Company pursuant to the approval in paragraph (a), otherwise than pursuant to (i) a rights issue (as defined in paragraph (e) of this resolution); (ii) the exercise of rights of subscription or conversion under the terms of any warrants issued by the Company or any securities which are convertible into shares of the Company; (iii) any 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 of shares or rights to acquire shares of the Company; or (iv) any scrip dividend or similar arrangement providing for the allotment of shares in lieu of the whole or part of a dividend on shares of the Company in accordance with the Bye-Laws of the Company, shall not exceed 20% of the total nominal amount of the share capital of the Company in issue on the date of passing this resolution and the said approval shall be limited accordingly;
- (d) for the purpose of this resolution, “Relevant Period” means the period from the date of passing this resolution until whichever is the earlier of:
 - (i) the conclusion of the next annual general meeting of the Company;
 - (ii) the revocation or variation of the authority given under this resolution by passing the ordinary resolution of the shareholders in general meeting; and
 - (iii) the expiration of the period within which the next annual general meeting of the Company is required by the Bye-Laws of the Company or any applicable laws to be held; and
- (e) for the purpose of this resolution, “rights issue” means an offer of shares open for a period fixed by the directors of the Company to shareholders on the register of members on a fixed record date in proportion to their holdings of such shares, subject to such exclusions or other arrangements as the directors of the Company may deem necessary or expedient in relation to fractional entitlements or having regard to any restrictions or obligations under the laws of any relevant jurisdiction, or of the requirements of any recognised regulatory body or any stock exchange.”

NOTICE OF ANNUAL 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** conditional upon Resolutions 5 and 6 set out in the notice convening this meeting above being duly passed, the general mandate granted to the directors of the Company to exercise the powers of the Company to issue, allot and dispose of shares pursuant to Resolution 6 above be and is hereby extended by the addition to the total nominal amount of share capital and any shares which may be issued, allotted or agreed conditionally or unconditionally to be allotted by the directors of the Company pursuant to such general mandate an amount representing the total nominal amount of shares in the capital of the Company which has been purchased by the Company since the granting of such general mandate pursuant to Resolution 5 above, provided that such amount shall not exceed 10% of the total nominal amount of the share capital of the Company in issue on the date of passing this resolution.”

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

“**THAT** the Company’s existing share option scheme adopted on 31 December 2002 be terminated and the board of directors of the Company be and is hereby authorized to do all such acts as may be necessary or expedient.”

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

“**THAT** subject to and conditional upon the Listing Committee of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) granting the listing of and permission to deal in the shares to be issued pursuant to the exercise of any options granted under the new share option scheme of the Company (the “**Share Option Scheme 2012**”, a copy of which marked “A” is produced to the meeting and for the purposes of identification signed by the Chairman thereof), the new Share Option Scheme 2012 be and is hereby approved and adopted and with effect from the date of the Share Option Scheme 2012 becoming unconditional and coming into effect, and the board of directors of the Company be and is hereby authorized to do all such 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 Share Option Scheme 2012, including but without limitation:

- (a) to administer the Share Option Scheme 2012 under which options will be granted to participants eligible under the Share Option Scheme 2012 to subscribe for shares of the Company;
- (b) to modify and/or amend the Share Option Scheme 2012 from time to time provided that such modification and/or amendment is effected in accordance with the provisions of the Share Option Scheme 2012 relating to modification and/or amendment;
- (c) to issue and allot from time to time such number of shares in the capital of the Company as may be required to be issued pursuant to the exercise of the options under the Share Option Scheme 2012 provided always that the total number of shares subject to the Share Option Scheme 2012, when aggregated with any shares subject to any other share option schemes, shall not exceed 10% of the relevant class of the issued share capital of the Company as at the date of passing this resolution, but the Company may seek approval of its shareholders in general meeting for refreshing the 10% limit under the Share Option Scheme 2012 and the maximum number of shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme 2012 and any other share option schemes of the Company shall not exceed 30% of the relevant class of the issued share capital of the Company from time to time;

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- (d) to make applications at the 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 which may hereafter from time to time be issued and allotted pursuant to the exercise of the options under the Share Option Scheme 2012; and
- (e) 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 Share Option Scheme 2012.”

By Order of the Board
Leung Yu Oi Ling, Irene
Chairman

Hong Kong, 7 November 2012

At the date of this notice, the Board of the Company comprises:

Executive Directors:

Mr. Leung Yat Tung
Mrs. Leung Yu Oi Ling, Irene
Miss Leung Chi Yin, Gillian
Mr. Leung Chi Hong, Jerry

Independent Non-Executive Directors:

Mr. Pao Ping Wing, JP
Prof. Yuen Ming Fai, Matthew
Ms. Tse Mei Ha

Notes:

1. Every shareholder of the Company entitled to attend and vote at the Annual General Meeting is entitled to appoint one or more proxies to attend and vote instead of him. A proxy need not be a shareholder of the Company.
2. To be valid, a form of proxy, together with any power of attorney or other authority (if any) under which it is signed, or a notarially certified copy of such power of attorney or authority or other authority, must be deposited at the office of 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 not less than 48 hours before the time appointed for holding the Annual General Meeting or any adjournment thereof should he so wish. Delivery of the form of proxy shall not preclude a shareholder of the Company from attending and voting in person at the meeting and, in such event, the instrument appointing a proxy shall be deemed to be revoked.
3. Pursuant to the Listing Rules, all resolutions as set out above must be taken by poll and the results of the poll will be published on the websites of the Stock Exchange and the Company respectively.
4. In relation to the ordinary resolutions set out in items 5, 6 and 7 of this notice, the directors of the Company wish to state that they have no immediate plan to repurchase any existing shares or issue any new shares of the Company.