
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in doubt as to any aspect about this circular, 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 PERFECTECH INTERNATIONAL HOLDINGS LIMITED, you should at once hand this circular and proxy form enclosed herein to the purchaser or transferee or to the bank or 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.

**PERFECTECH INTERNATIONAL HOLDINGS LIMITED****威發國際集團有限公司****(incorporated in Bermuda with limited liability)*

(Stock Code: 00765)

**GENERAL MANDATES TO ISSUE AND REPURCHASE SHARES,
ADOPTION OF NEW SHARE OPTION SCHEME AND
TERMINATION OF EXISTING SHARE OPTION SCHEME,
ELECTION AND RE-ELECTION OF DIRECTORS,
AND
PROPOSED ADOPTION OF THE NEW BYE-LAWS**

A notice convening the annual general meeting of Perfectech International Holdings Limited to be held at Falcon Room I, Gloucester Luk Kwok Hong Kong, 72 Gloucester Road, Wanchai, Hong Kong, on 30 May 2012, (Wednesday), at 3:00 p.m. is contained in the 2011 annual report of the Company.

Whether or not you are able to attend the annual general meeting, please complete the accompanying form of proxy in accordance with the instructions printed thereon and return it to the Company's branch share registrar in Hong Kong, Tricor Standard Limited, at 26/F., 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 annual general meeting or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the annual general meeting or any adjournment thereof should you so wish.

* For identification purpose only

CONTENTS

	<i>Page</i>
DEFINITIONS	1
LETTER FROM THE BOARD	3
APPENDIX I – EXPLANATORY STATEMENT ON REPURCHASE OF SHARES ...	11
APPENDIX II – PRINCIPAL TERMS OF NEW SHARE OPTION SCHEME	15
APPENDIX III – DETAILS OF DIRECTORS STANDING FOR ELECTION AND RE-ELECTION	26
APPENDIX IV – PROPOSED AMENDMENTS TO THE BYE-LAWS	32

DEFINITIONS

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

“AGM”	the annual general meeting of the Company to be held at Falcon Room I, Gloucester Luk Kwok Hong Kong, 72 Gloucester Road, Wanchai, Hong Kong, on 30 May 2012, (Wednesday), at 3:00 p.m. for the purpose of considering and, if thought fit, approving the resolutions proposed in the AGM Notice
“AGM Notice”	the notice dated 20 April 2012 for convening the AGM
“Associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors (including non-executive Directors and independent non-executive Directors)
“Bye-laws”	the bye-laws of the Company as amended from time to time
“Company”	Perfectech International 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 (Stock Code: 00765)
“Connected Person(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Existing Share Option Scheme”	the share option scheme adopted by the Company on 17 May 2002
“General Mandate”	a general mandate to the Directors to allot and issue Shares with an aggregate nominal value not exceeding 20 per cent of the aggregate nominal value of the issued share capital of the Company as at the date of approval of the mandate
“General Extension Mandate”	a general mandate to the Directors to add to the General Mandate any Shares representing the number of Shares repurchased under the Repurchase Mandate
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC

DEFINITIONS

“Latest Practicable Date”	13 April 2012, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange as amended from time to time
“New Bye-laws”	a new set of Bye-Laws which consolidates all the Proposed Amendments and all previous amendments made pursuant to resolutions passed by the Shareholders at general meeting proposed to be adopted at the AGM in substitution for and to the exclusion of the existing Bye-Laws
“New Share Option Scheme”	the new share option scheme proposed to be adopted at the AGM, a summary of the principal terms is set out in the Appendix II to this circular
“PRC”	the People’s Republic of China excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan for the purposes of this circular
“Proposed Amendments”	the proposed amendments to the Bye-laws as set out in Appendix IV to this circular
“Repurchase Mandate”	a general mandate to the Directors to repurchase Shares with an aggregate nominal value not exceeding 10 per cent of the aggregate nominal value of the issued share capital of the Company as at the date of approval of the mandate
“Share(s)”	ordinary share(s) of HK\$0.10 each in the capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	The Hong Kong Codes on Takeovers and Mergers

LETTER FROM THE BOARD

The logo for Perfectech, featuring the word "Perfectech" in a bold, sans-serif font inside a black rounded rectangle.

PERFECTECH INTERNATIONAL HOLDINGS LIMITED

威發國際集團有限公司*

(incorporated in Bermuda with limited liability)

(Stock Code: 00765)

Executive Directors:

Poon Siu Chung (*Chairman and Managing Director*)

Ip Siu On

Tsui Yan Lee, Benjamin

Poon Wai Tsun, William

Poon Wai Yip, Albert

Registered office:

Canon's Court

22 Victoria Street

Hamilton HM 12

Bermuda

Independent Non-executive Directors:

Lam Yat Cheong

Yip Chi Hung

Choy Wing Keung, David

*Head Office and principal place of
business in Hong Kong*

7/F., E Tat Factory Building

4 Heung Yip Road

Wong Chuk Hang, Aberdeen

Hong Kong

20 April 2012

To the Shareholders,

Dear Sir or Madam,

**GENERAL MANDATES TO ISSUE AND REPURCHASE SHARES
ADOPTION OF NEW SHARE OPTION SCHEME AND
TERMINATION OF EXISTING SHARE OPTION SCHEME,
ELECTION AND RE-ELECTION OF DIRECTORS,
AND
PROPOSED ADOPTION OF THE NEW BYE-LAWS**

1. INTRODUCTION

The purpose of this circular is to provide the Shareholders with information regarding the following proposals to be put forward at the AGM for the Shareholder's consideration and, if thought fit, approval of:

- (a) the granting to the Directors of the General Mandate;

* For identification purpose only

LETTER FROM THE BOARD

- (b) the granting to the Directors of the Repurchase Mandate;
- (c) the granting to the Directors of the General Extension Mandate;
- (d) the adoption of the New Share Option Scheme and termination of the Existing Share Option Scheme;
- (e) the election and re-election of Directors; and
- (f) the adoption of the New Bye-laws.

2. VARIOUS MANDATES

On 25 May 2011, resolutions for the General Mandate, Repurchase Mandate and the General Extension Mandate were passed by the Shareholders and all the aforesaid mandates will lapse at the conclusion of the forthcoming AGM.

(a) GENERAL MANDATE

An ordinary resolution will be proposed at the AGM to approve the granting of the General Mandate. The new General Mandate, if granted, will allow the Directors to issue and allot further Shares prevailing up to 20 per cent of the issued share capital of the Company as at the date of passing the relevant resolution.

As at the Latest Practicable Date, the issued share capital of the Company was 263,107,607 fully paid-up Shares. Subject to the passing of the resolution granting the General Mandate and on the basis that no further Shares will be allotted and issued or repurchased from the Latest Practicable Date to the date of the AGM, exercise in full of the General Mandate could result in up to new issue of 52,621,521 Shares. There is no present intention for any issuance of Shares pursuant to the General Mandate.

(b) REPURCHASE MANDATE

An ordinary resolution will be proposed at the AGM to approve the granting of the Repurchase Mandate. The new Repurchase Mandate, if granted, will allow the Directors to exercise all the powers of the Company to repurchase its own Shares not exceeding 10% of the issued share capital of the Company as at the date of passing the relevant resolution.

LETTER FROM THE BOARD

Subject to the passing of the proposed resolution granting the Repurchase Mandate, and on the basis that there were 263,107,607 fully paid-up Shares as at the Latest Practicable Date and no Shares will be issued or repurchased by the Company from the Latest Practicable Date to the date of AGM, the Company will be allowed under the Repurchase Mandate to repurchase a maximum of 26,310,760 Shares. There is no present intention for any issuance of Shares pursuant to the General Mandate.

An explanatory statement required under Rule 10.06(1)(b) of the Listing Rules to be sent to the Shareholders in relation to the Repurchase Mandate is set out in Appendix I to this circular. The explanatory statement contains all the information reasonably necessary for Shareholders to make an informed decision on whether to approve the relevant resolution at the AGM.

(c) GENERAL EXTENSION MANDATE

It is recommended that the General Extension Mandate be granted to the Directors permitting them, after the grant of the Repurchase Mandate referred to above, to add to the General Mandate any Shares repurchased pursuant to the Repurchase Mandate.

The authority conferred on the Directors by the General Mandate, the Repurchase Mandate and the General Extension Mandate would continue in force until 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 law or the Bye-laws to be held; and (iii) its revocation or variation by ordinary resolution of the Shareholders in general meeting.

3. PROPOSED ADOPTION OF NEW SHARE OPTION SCHEME AND TERMINATION OF EXISTING SHARE OPTION SCHEME

The Existing Share Option Scheme was adopted by the Company on 17 May 2002 and will expire on 17 May 2012. In view of the expiration of the Existing Share Option Scheme and in order to enable the Group to grant options to selected eligible participants, including Directors, as incentives or rewards for their contribution to the Group, as well as a way to attract and retain eligible participants, the Directors propose to recommend to the Shareholders at the AGM to adopt the New Share Option Scheme and to simultaneously terminate the operation of the Existing Share Option Scheme. As at the Latest Practicable Date, the Company does not maintain any share option scheme other than the Existing Share Option Scheme.

The purpose of the New Share Option Scheme is to recognise and motivate the contribution of eligible participants, to provide incentives to them, to help the Company retaining eligible participants and recruiting additional employees and to provide them with a direct economic interest in attaining the long term business objectives of the Company.

It is proposed that, subject to the approval of the Shareholders for the adoption of the New Share Option Scheme at the AGM, the operation of the Existing Share Option Scheme shall be terminated with effect from the conclusion of the AGM (such that no further options could thereafter be offered under the Existing Share Option Scheme but in all other respects the provisions of the Existing Share Option Scheme shall remain in full force and effect) and the New Share Option Scheme will take effect, subject to

LETTER FROM THE BOARD

the approval of the Stock Exchange, on the date of its adoption at the AGM. Operation of the New Share Option Scheme will commence after all conditions precedent have been fulfilled. Options granted under the Existing Share Option Scheme prior to such termination will continue to be valid and exercisable in accordance with the rules of the Existing Share Option Scheme.

As at 17 May 2002, being the date on which the Existing Share Option Scheme was adopted by the Company, the maximum number of shares which may be issued upon exercise of all options to be granted under the Existing Share Option Scheme was 283,071,607 shares, being 10% of the Shares in issue on 17 May 2002. The 10% general limit under the Existing Share Option Scheme was subsequently and lastly refreshed by the then Shareholders on 9 June 2010. Under the refreshed limit, the Company may grant options to eligible participants to subscribe for a maximum of 27,597,560 Shares.

Since the adoption of the Existing Share Option Scheme as refreshed, a total of 27,596,000 options with an exercise price of HK\$0.74 and HK\$0.77 per share were granted on 13 April 2011 and 28 April 2011 respectively. All these options are not yet exercised. As at the Last Practicable Date, there were 39,196,000 option(s) outstanding.

The New Share Option Scheme is conditional upon:-

- (i) the passing of an ordinary resolution at the AGM approving the termination of the Existing Share Option Scheme and the adoption of the New Share Option Scheme; and
- (ii) the Stock Exchange granting approval of the listing of, and permission to deal in, any Shares to be issued pursuant to the exercise of any options granted under the New Share Option Scheme.

Under the New Share Option Scheme, the Board has the authority to set terms and conditions in granting of the options (i.e. to set conditions in relation to the minimum period of the options to be held and/or the performance targets to be achieved before such options can be exercised and the requirement for a minimum subscription price). With such authority and flexibility, the Directors may impose different conditions in the grant of the options to the eligible participants as they consider appropriate with a view to achieving the purpose of the New Share Option Scheme as stated above.

Unless the Board exercises its authority as set out above to determine otherwise, no performance target must be met before the options granted under the New Share Option Scheme can be exercised, and there is no minimum period for which the options granted under the New Share Option Scheme must be held before they can be exercised.

Based on 263,107,607 Shares in issue as at the Latest Practicable Date and assuming that no further issue or repurchase of Shares from the Latest Practicable Date up to the date of approval of the New Share Option Scheme at the AGM, options to subscribe for up to 26,310,760 Shares may be issued under the New Share Option Scheme or any other schemes of the Company pursuant to Rule 17.03(3) of the Listing Rules, representing 10% of the Shares in issue as at the date of approval of the New Share Option Scheme at the AGM.

No trustees will be appointed under the New Share Option Scheme.

LETTER FROM THE BOARD

The exercise price of the options is to be determined by the Board in its absolute discretion at the time of the grant of the relevant option but in any case it shall be at least the higher of (i) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the date of grant; (ii) the average of the closing price of the Shares as stated in the Stock Exchange's daily quotations sheets for the five (5) business days immediately preceding the date of grant; or (iii) the nominal value of a Share.

Given that (i) the Existing Share Option Scheme will expire on 17 May 2012; and (ii) the purpose of the New Share Option Scheme is to enable the Group to grant options to participants as incentives or rewards for their contribution to the Group and hence can enable the Group to recruit and retain senior management and key employees, attract human resources that are valuable to the Group and to provide the participants with an opportunity to have a personal stake in the Company through the Company offering the grant of options with the view to motivate the participants to optimize their performance and efficiency for the benefit of the Group, the Directors consider that the adoption of the New Share Option Scheme is in the interests of the Company and the Shareholders as a whole.

A summary of the principal terms of the New Share Option Scheme which is proposed to be approved and adopted by the Company at the AGM is set out in the Appendix II to this circular. A copy of the rules of the New Share Option Scheme is available for inspection at the principal place of business of the Company in Hong Kong at 7/F., E Tat Factory Building, 4 Heung Yip Road, Wong Chuk Hang, Aberdeen, Hong Kong during normal business hours on any weekdays other than public holidays from the date of this circular up to and including the date of the AGM.

Value of the options

The Company considers that it would not be appropriate to state the value of all options that can be granted under the New Share Option Scheme as if they had been granted on the Latest Practicable Date, as a number of variables which are crucial for the calculation of the option value are yet to be determined. Such variables include the subscription price payable for the Shares, exercise period, any lock-up period and any performance target. The Company believes that any calculation of the value of the options as at the Latest Practicable Date based on a number of speculative assumptions would not be meaningful to the Shareholders.

4. RE-ELECTION OF DIRECTORS

Mr. Poon Wai Yip, Albert, who was appointed by the Board as an executive Director effective from 6 December 2011, will be subject to election by Shareholders at the AGM.

In accordance with bye-law 99 of the Bye-laws and the Code on Corporate Governance of the Company, every Director, including those appointed for a specific term, shall be subject to retirement by rotation at the annual general meeting at least once every 3 years. All retiring Directors shall be eligible for re-election.

Accordingly, the following Directors shall retire from office by rotation at the conclusion of the AGM:

LETTER FROM THE BOARD

Name	Position
Mr. Ip Siu On	Executive Director
Mr. Tsui Yan Lee, Benjamin	Executive Director

Mr. Tsui Yan Lee, Benjamin, being eligible, will offer himself for re-election at the AGM.

Mr. Ip Siu On, being eligible, will not offer himself for re-election and shall retire from office at the AGM.

Further, the following Directors will hold office until the conclusion of the AGM:

Name	Position
(a) Mr. Lam Yat Cheong	Independent Non-executive Director
(b) Mr. Yip Chi Hung	Independent Non-executive Director
(c) Mr. Choy Wing Keung, David	Independent Non-executive Director

Mr. Lam Yat Cheong, Mr. Yip Chi Hung and Mr. Choy Wing Keung, David, being eligible, will offer themselves for re-election at the AGM.

If re-elected at the AGM, Mr. Lam Yat Cheong, Mr. Yip Chi Hung and Mr. Choy Wing Keung, David, will hold office until the conclusion of the next annual general meeting of the Company.

If re-elected, all the aforesaid Directors, subject to the terms agreed otherwise which expire earlier, will be subject to rotation, removal, vacation or termination of their offices as Directors as set out in the Bye-laws or the disqualification to act as a Director under the Bye-laws, the laws of Bermuda and the Listing Rules. Their particulars required to be disclosed under the Listing Rules are set out in Appendix III to this circular.

5. ADOPTION OF THE NEW BYE-LAWS

The existing Bye-Laws can be read from the website of the Stock Exchange and the Company. In light of the amendments to the Listing Rules and the Code on Corporate Governance Practices contained in Appendix 14 of the Listing Rules, it is proposed that certain amendments to be made to the existing Bye-Laws to align them with the new requirements under the revised Listing Rules and the Code on Corporate Governance Practices. It is proposed that the New Bye-Laws be adopted and a special resolution will be proposed at the AGM to adopt the New Bye-Laws. The Proposed Amendments are set out in Appendix IV to this Circular. Set out hereunder are some of the major amendments:

1. the notice period for convening an annual general meeting shall not be less than twenty-one (21) clear days and not less than twenty (20) clear business days; whereas any special general meeting at which the passing of a Special Resolution is to be considered shall be

LETTER FROM THE BOARD

called by notice in writing of not less than twenty-one (21) clear days and not less than ten (10) clear business days. All other special general meetings may be called by notice in writing of not less than fourteen (14) clear days and not less than ten (10) clear business days. Accordingly, Bye-Laws 1(A), 1(C), 1(D) and 63 are proposed to be amended;

2. all resolutions at general meetings of the Company shall be decided by poll but if the matters relates purely to a procedural or administrative matter, the chairman of the meeting may in good faith allow it to be voted on by a show of hands. Accordingly, Bye-Laws 70 to 72 are proposed to be amended; and
3. subject to certain exceptions, a Director shall not vote on any board resolution approving any contract or arrangement or any other proposal in which he or any of his associates has a material interest nor shall he be counted in the quorum present at the meeting, and the exception that a Director may vote on such board resolution provided that he or any of his associates are not beneficially interested in more than 5% in the party with which the Company proposes to enter into a contract or arrangement is to be removed. Accordingly, Bye-Laws 98(H)(iii), 98(I) and 98(J) are proposed to be amended.

6. ANNUAL GENERAL MEETING

The AGM Notice is contained in the 2011 annual report of the Company and a form of proxy for use at the AGM is herein enclosed.

Whether or not you are able to attend the AGM, please complete the accompanying form of proxy in accordance with the instructions printed thereon and return it to the Company's branch share registrar, Tricor Standard Limited, 26/F, 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 AGM or any adjournment thereof. Completion and return of the form of proxy shall not preclude you from attending and voting at the AGM or any adjournment thereof should you so desire.

7. CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from 29 May 2012, (Tuesday) to 30 May 2012, (Wednesday) (both dates inclusive), for the purposes of determining the entitlements of the Shareholders to attend and vote at the AGM. No transfer of the Shares may be registered on those dates. In order to qualify to attend and vote at the AGM, all transfers accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Standard Limited, at 26/F, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong, no later than 4:30 p.m. on 28 May 2012, (Monday).

The register of members of the Company will be closed from 6 June 2012, (Wednesday) to 7 June 2012, (Thursday) (both dates inclusive), for the purpose of determining the entitlements of the Shareholders to the proposed final and special dividends upon passing of relevant resolution. No transfer of Shares may be registered during the said period. In order to qualify for the proposed final and special dividends, all transfers of shares accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Standard Limited at 26/F., Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong no later than 4:30 p.m. on 5 June 2012, (Tuesday).

LETTER FROM THE BOARD

8. VOTING BY POLL

In accordance with Rule 13.39(4) of the Listing Rules, all vote of shareholders at a general meeting must be taken by poll. Accordingly, the voting on all resolutions at the AGM will be conducted by way of poll.

9. RECOMMENDATION

The Board believes that the resolutions proposed in the AGM Notice are in the best interests of the Company and the Shareholders as a whole. The Board recommends that the Shareholders vote in favour of all resolutions to be proposed at the AGM.

10. RESPONSIBILITY OF THE DIRECTORS

This document, for which the directors of the issuer collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited for the purpose of giving information with regard to the issuer. 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.

Yours faithfully,
By order of the Board
Poon Siu Chung
Chairman and Managing Director

APPENDIX I EXPLANATORY STATEMENT ON REPURCHASE OF SHARES

This explanatory statement contains all the information required pursuant to Rule 10.06(1)(b) and other relevant provisions of the Listing Rules to enable the Shareholders to make an informed decision on whether to vote for or against the ordinary resolutions to be proposed at the AGM in relation to the new Repurchase Mandate.

1. SHARE CAPITAL

As at the Latest Practicable Date, the issued share capital of the Company was 263,107,607 fully paid-up Shares.

Subject to the passing of the resolution granting the new Repurchase Mandate and on the basis that no further Shares will be allotted and issued or repurchased from the Latest Practicable Date to the date of the AGM, the Directors would be allowed under the Repurchase Mandate to repurchase up to 26,310,760 Shares, representing 10% of the issued share capital of the Company as at the Latest Practicable Date, during the period from the date of resolution granting the Repurchase Mandate until 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 law or the Bye-laws to be held; and (iii) its revocation or variation by ordinary resolution of the Shareholders in general meeting.

2. REASONS FOR REPURCHASES

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

3. FUNDING OF REPURCHASES

In repurchasing Shares, the Company may apply funds legally available for such purpose from distributable profit or funds from a new issue in accordance with its memorandum and Bye-laws and the laws of Bermuda.

That is to say, any repurchase of Shares may be purchased out of capital paid up on the repurchased Shares or the profits of the Company which would otherwise be available for dividend and, in the case of any premium payable on such repurchase, out of profits of the Company which would otherwise be available for dividend or from the Company's share premium account.

On the basis of the combined net tangible assets of the Group as at 31 December 2011, and taking into account the current working capital position of the Group, the Directors consider that there would be no material adverse effect on the working capital and gearing position of the Group may result in the event that the Repurchase Mandate is to be exercised in full at any time during the proposed purchase period. The Directors will not propose to exercise the Repurchase Mandate to such extent as would, in the circumstances, have a material adverse effect on the working capital requirements of the Company or the gearing levels.

4. EFFECT ON THE TAKEOVERS CODE

If, as the result of a Share repurchase, a Shareholder's proportionate interest in the voting rights of the Company increases, such increase will be treated as an acquisition for the purpose of Rule 32 of the Takeovers Code. In certain circumstances, a Shareholder or a group of Shareholders acting in concert (depending on the level of increase of the Shareholders' interest) could as a result of increase of its or their interest, obtain or consolidate control of the Company and become obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code.

Assuming that no further Shares will be allotted and issued or repurchased from the Latest Practicable Date to the date of the AGM, on exercise in full of the Repurchase Mandate, the number of issued Shares will decrease from 263,107,607 to 236,796,847.

As at the Latest Practicable Date, Mr. Poon Siu Chung directly or indirectly, held 118,303,430 Shares representing approximately 44.96% of the issued Share capital of the Company. The decrease of issued Shares resulted from the full exercise of the Repurchase Mandate will cause the percentage shareholding of Mr. Poon to increase to approximately 49.96%. In the event of such increase, Mr. Poon may be obliged to make a mandatory offer under Rule 26 of the Takeovers Code as the aggregate percentage shareholding of them would increase by more than 2% of the voting rights of the Company. Save as above, the Directors are not aware of any consequences which may arise under the Takeovers Code as a result of any repurchases made under the Repurchase Mandate. The Board currently has no intention to exercise the Repurchase Mandate to the extent which will trigger a mandatory offer under Rule 26 of the Takeovers Code.

The Company has no intention to exercise the Repurchase Mandate to the effect that it will result in the public float to fall below 25% or such other minimum percentage prescribed by the Listing Rules from time to time.

5. SHARE PRICE

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

APPENDIX I EXPLANATORY STATEMENT ON REPURCHASE OF SHARES

	Share Price	
	Highest (HK\$)	Lowest (HK\$)
2011		
April	0.80	0.71
May	0.80	0.75
June	0.78	0.72
July	0.83	0.75
August	0.80	0.69
September	0.76	0.62
October	0.72	0.66
November	0.75	0.66
December	0.77	0.70
2012		
January	0.76	0.70
February	0.75	0.66
March	0.80	0.68
April (up to the Latest Practicable Date)	0.80	0.76

6. REPURCHASE OF SHARES

During the previous six months ended on the Latest Practicable Date, the Company repurchased its own Shares on the Stock Exchange and the details are as follows:

Date of repurchase	No. of shares purchased	Purchase price per share		Aggregate consideration paid (HK\$)
		Highest (HK\$)	Lowest (HK\$)	
19 October 2011	300,000	0.67	0.67	201,000
24 October 2011	600,000	0.68	0.67	405,000
7 November 2011	500,000	0.68	0.68	340,000
14 November 2011	500,000	0.72	0.72	360,000
23 November 2011	600,000	0.72	0.71	429,000
1 December 2011	600,000	0.71	0.71	426,000
13 December 2011	780,000	0.71	0.70	548,000
20 December 2011	900,000	0.72	0.71	645,000
10 January 2012	1,000,000	0.71	0.71	710,000
18 January 2012	1,200,000	0.71	0.71	852,000
Total:	6,980,000			4,916,000

APPENDIX I EXPLANATORY STATEMENT ON REPURCHASE OF SHARES

7. GENERAL

None of the Directors, and to the best of their knowledge having made all reasonable enquiries, nor any Associates of any Director, have any present intention in the event that the Repurchase Mandate is approved by the Shareholders to sell any Shares to the Company.

No Connected Person has notified the Company that he has a present intention to sell Shares to the Company, or has undertaken not to do so, if the Repurchase Mandate is approved by the Shareholders.

The Directors have undertaken to the Stock Exchange to exercise the power of the Company to make purchases pursuant to the Repurchase Mandate in accordance with the Listing Rules and the applicable laws of Bermuda.

APPENDIX II PRINCIPAL TERMS OF NEW SHARE OPTION SCHEME

The following is a summary of the principal terms of the New Share Option Scheme proposed to be adopted at the AGM which serves to summarize the terms of the New Share Option Scheme, but does not constitute the full terms of the same.

In this Appendix, unless the context otherwise requires:

“Adoption Date”	30 May 2012 (the date on which this Scheme is adopted by resolution of the Company in general meeting);
“Auditors”	the auditors for the time being of the Company;
“Business Day”	a day (excluding Saturday) banks are generally open in Hong Kong;
“Employee(s)”	any (full-time or part-time) employee of the Company or any Subsidiary including any executive and non-executive director or proposed executive and non-executive director of the Company or any Subsidiary;
“Grantee”	any Participant who accepts the offer of the grant of any Option in accordance with the terms of the Scheme or (where the context so permits) a person entitled to any such Option in consequence of the death of the original Grantee;
“Offer”	an offer for the grant of an Option pursuant to the Scheme;
“Offer Date”	the date on which an Option is offered to any Participants; pursuant to Clause 8(h), the date of grant of the Option in question is deemed to be the Offer Date;
“Option”	an option to subscribe for Shares granted pursuant to the Scheme;
“Option Period”	in respect of any particular Option, such period as the Board may in its absolute discretion determine, save that such period shall not be more than ten (10) years from the date of grant of the Option and the Board may provide restrictions on the exercise of an Option during the period an Option may be exercised;
“Participant”	any Employee, adviser, consultant, customer and supplier and/or such other person who in the sole discretion of the Board has contributed or may contribute to the Group;
“Scheme”	the New Share Option Scheme proposed to be adopted by the Company at the AGM;

APPENDIX II PRINCIPAL TERMS OF NEW SHARE OPTION SCHEME

“Scheme Period”	the period of 10 years commencing from the Adoption Date;
“Scheme Mandate Limit”	the total number of Shares which may be issued upon exercise of all options to be granted under the Scheme and all other share option scheme(s) of the Company;
“Subscription Price”	the price per Share at which a Grantee may subscribe for Shares on the exercise of an Option as described in Clause 7;
“Subsidiary”	a company which is for the time being and from time to time a subsidiary (within the meaning of section 2 of the Companies Ordinance (Chapter 32 of the Laws of Hong Kong) as modified from time to time) of the Company and the word “Subsidiaries” shall be construed accordingly; and
“Trading Day”	a day on which the Stock Exchange is open for the trading of securities.

1. PURPOSE OF THE NEW SHARE OPTION SCHEME

The purpose of the Scheme is to recognise and motivate the contribution of Participants, to provide incentives to them, and to help the Company in retaining its existing Employees and recruiting additional Employees and to provide them with a direct economic interest in attaining the long term business objectives of the Company.

2. ELIGIBLE PARTICIPANTS FOR THE PURPOSE OF THE NEW SHARE OPTION SCHEME

The Directors may at their discretion make an Offer to any person belonging to the following classes of Participants to subscribe for Shares: any Employee, adviser, consultant, customer and supplier and/or such other person who in the sole discretion of the Board has contributed or may contribute to the Group.

3. PERIOD OF THE SCHEME

Subject to Clause 13, the Scheme shall be valid and effective for the Scheme Period, after which period no further Options will be granted but in respect of all Options which have been granted but have not been exercised, the provision of this Scheme shall remain in full force and effect in all other respects.

4. PERFORMANCE TARGETS

There is no performance target that must be achieved before the Options can be exercised except otherwise imposed by the Board and stated in the offer of grant of an Option.

5. MAXIMUM NUMBER OF SHARE AVAILABLE FOR SUBSCRIPTION

- (a) The Scheme Mandate Limit shall not exceed ten per cent. (10%) of the total number of Shares in issue as at the Adoption Date. The Company may obtain approval from its Shareholders for refreshing the Scheme Mandate Limit pursuant to Clause 5(b) below. Option lapsed in accordance with the terms of the Scheme or any other share option schemes of the Company under which such options are granted, as the case may be, shall not be counted for the purpose of calculating whether the Scheme Mandate Limit has been exceeded.
- (b) The Company may seek approval of the Shareholders in general meetings to renew the Scheme Mandate Limit provided that the Scheme Mandate Limit so renewed must not exceed ten per cent. (10%) of the Shares in issue at the date of the approval of the renewal by the Shareholders. Upon any such renewal, all Options granted under the Scheme and any other share option schemes of the Company (including those outstanding, cancelled, lapsed in accordance with the Scheme and any other share option schemes of the Company and exercised options) prior to the approval of such renewal shall not be counted for the purpose of calculating whether the renewed Scheme Mandate Limit has been exceeded. In seeking approval, the Company shall send a circular to the Shareholders.
- (c) The Company may grant Options to Participant(s) beyond the Scheme Mandate Limit if the grant of such Options is specifically approved by the Shareholders in general meeting. In seeking such approval, a circular must be sent to the Shareholders containing a generic description of the specified Participants, the number and terms of the Options to be granted, the purpose of granting Options to the specified Participants, and how these Options serve such purpose.
- (d) Notwithstanding Clauses 5(a), 5(b) and 5(c) above, the maximum number of Shares which may be issued upon exercise of all outstanding Options under the Scheme and options which may be granted under any other share option schemes of the Company shall not exceed thirty per cent.(30%) or such higher percentage as may be allowed under the Listing Rules of the total number of Shares in issue from time to time. No option may be granted under any scheme of the Company if this will result in the limit being exceeded.
- (e) No Participant shall be granted an Option if the total number of Shares issued and to be issued upon exercise of the Options granted and to be granted (including exercised, cancelled and outstanding options) in any twelve (12) month period up to and including the date of grant to such Participant would exceed one per cent.(1%) of the Shares for the time being in issue unless the proposed grant has been approved by the Shareholders in general meeting with the proposed Grantee and his Associates abstaining from voting. A circular must be sent to the Shareholders disclosing the identity of the proposed Grantee, the number and terms of the Options granted and to be granted and other information required under the Listing Rules. The number and terms (including the exercise price) of Options to be granted to such proposed Grantee must be fixed before the Shareholders' approval and the date of meeting of the Board for proposing such further grant should be taken as the date for the purpose of calculating the Subscription Price.

6. EXERCISE OF OPTIONS

- (a) An Option shall be personal to the Grantee and shall not be assignable and 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. Any breach of the foregoing by the Grantee shall entitle the Company to cancel any outstanding Option or part thereof granted to such Grantee (to the extent not already exercised).

- (b) An Option may be exercised in whole or in part (but if in part only, in respect of a board lot or any integral multiple thereof) in the manner as set out in Clause 6(c) below by the Grantee (or, as the case may be, his legal personal representatives) 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 exercised. Each such notice must be accompanied by a remittance for the full amount of the aggregate Subscription Price for the Shares in respect of which the notice is given and relevant and sufficient Option certificate(s) to cover the number of Shares in respect of which the Option is being exercised. Within twenty-one (21) days after receipt of the notice and the remittance and, where appropriate, receipt of the independent financial advisor or the Auditors' certificate pursuant to Clause 9, the Company shall allot the relevant Shares to the Grantee (or his legal personal representatives) credited as fully paid and issue to the Grantee (or his legal personal representatives) a share certificate in respect of the Shares so allotted. If the number of Shares in respect of which Option certificate(s) lodged under this Clause 6(b) exceeds the number of Shares comprised in the notice of exercise of an Option, the Company shall issue to the Grantee an Option certificate in relation to the balance of the Shares to the Grantee (or his legal personal representatives(s)).

- (c) Subject as hereinafter provided in this Scheme and the letter containing the offer of the grant of the Option to the relevant Participants, the Option may be exercised by the Grantee (or, as the case may be, his legal personal representatives) at any time during the Option Period provided that:
 - (i) in the event of the Grantee, being an Employee at the date of grant, ceasing to be an Employee for any reason other than his retirement, death or the termination of his employment on one or more of the grounds specified in Clause 10(d), the Grantee may exercise the Option up to his entitlement at the date of cessation (to the extent which has become exercisable and not already exercised) within the period of one month following the date of such cessation, which date shall be the Grantee's last actual working day with the Company or the relevant Subsidiary (as the case may be) whether salary is paid in lieu of notice or not or, if any of the events referred to in Clause 6(c)(iii), 6(c)(iv) or 6(c)(v) occurs during such period, the Grantee may exercise the Option within the period stipulated in Clause 6(c)(iii), 6(c)(iv) or 6(c)(v) instead of the period referred to in this Clause 6(c)(i) (provided that the retirement of any director of the Group pursuant to the constitution of the relevant member of the Group at an annual general meeting of such member who is re-elected at the same annual general meeting shall not be regarded as ceasing employment for the purpose of this paragraph);

APPENDIX II PRINCIPAL TERMS OF NEW SHARE OPTION SCHEME

- (ii) in the event of the death of the Grantee (provided that none of the events which would be a ground for termination of his employment under Clause 10(d) arises prior to his death, in the case the Grantee is an Employee at the date of grant), the legal personal representative(s) of the Grantee shall be entitled within a period of twelve (12) months from the date of death or, if any of the events referred to in Clause 6(c)(iii), 6(c)(iv) or 6(c)(v) occurs during such period, within the period stipulated in Clause 6(c)(iii), 6(c)(iv) or 6(c)(v) instead of the period referred to in this Clause 6(c)(ii) to exercise the Option up to the entitlement of such Grantee as at the date of death (to the extent which has become exercisable and not already exercised);
- (iii) if a general offer (whether by way of takeover offer, share repurchase offer or scheme of arrangement or otherwise in like manner) is made to all the holders of 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) and such offer becomes or is declared unconditional prior to the expiry of the Option, the Grantee (or, as the case may be, his legal personal representatives) shall be entitled to exercise the Option in full (to the extent which has become exercisable and not already exercised) at any time within twenty-one (21) days after the date on which the offer becomes or is declared unconditional;
- (iv) in the event that 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 or an order of the court is made for the winding-up of the Company, the Company shall on the same date as or soon after it dispatches such notice to each member of the Company or such order is made, give notice thereof to all Grantees (together with a notice of the existence of the provisions of this Clause) and thereupon, each Grantee (or where permitted under Clause 6(c)(ii) his legal personal representatives) shall be entitled to exercise all or any of his Options (to the extent which has become exercisable and not already exercised) at any time not later than five (5) Business Days prior to the proposed general meeting of the Company by giving notice in writing to the Company, accompanied by a remittance for the full amount of the aggregate Subscription 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 referred to above, allot the relevant Shares to the Grantee credited as fully paid; and
- (vi) if, pursuant to the Companies Law, a compromise or arrangement between the Company and its members or creditors is proposed for the purposes of or in connection with a scheme for the reconstruction of the Company or its amalgamation with any other company or companies, the Company shall give notice thereof to all Grantees (together with a notice of the existence of the provisions of this Clause 6(c)(iv)) on the same date as it despatches to each member or creditor of the Company a notice summoning the meeting to consider such a compromise or arrangement, and thereupon each Grantee (or his legal personal representative(s)) shall be entitled to exercise all or any of his Options in whole (or in part) (to the extent not already

lapsed or exercised) at any time no later than five (5) Business Days prior to the date of the meeting directed to be convened by the court for the purposes of considering such compromise or arrangement by notice in writing to Company, accompanied by a remittance for the full amount of the aggregate Subscription Price for the Shares in respect of which the notice is given whereupon the Company shall as soon as practicable and, in any event, no later than 3:00 p.m. on the Business Day immediately prior to the date of the proposed general meeting, allot and issue the relevant Shares to the Grantee credited as fully paid. 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. The Board shall endeavour to procure that the Shares issued as a result of the exercise of Options under this Clause 6(c)(v) shall for the purposes of such compromise or arrangement form part of the issued share capital of the Company on the effective date thereof and that such Shares shall in all respects be subject to such compromise or arrangement. If for any reason such compromise or arrangement is not approved by the court (whether upon the terms presented to the court or upon any other terms as may be approved by such court) the rights of Grantees to exercise their respective Options shall with effect from the date of the making of the order by the court be restored in full but only up to the extent not already exercised and shall thereupon become exercisable (but subject to the other terms of this Scheme) (provided that the Option Period shall accordingly be extended by the length of the period of the suspension) as if such compromise or arrangement had not been proposed by the Company and no claim shall lie against the Company or any of its officers for any loss or damage sustained by any Grantee as a result of the aforesaid suspension, unless any such loss or damage shall have been caused by the act, neglect, fraud or wilful default on the part of the Company or any of its officers.

- (d) The Shares to be allotted upon the exercise of an Option will be subject to all the provisions of the Bye-Laws of the Company for the time being in force and will rank *pari passu* in all respects with the fully paid Shares in issue on the date of allotment and accordingly will entitle the holders of Options to participate in all dividends or other distributions paid or made on or after the date of allotment other than any dividend or other distribution previously declared or recommended or resolved to be paid or made with respect to a record date which shall be before the date of allotment.

A Share issued upon the exercise of an Option shall not carry voting rights until the registration of the Grantee (or any other person) as the holder thereof.

7. SUBSCRIPTION PRICE

The Subscription Price in respect of any particular Option shall be such price as determined by the Board in its absolute discretion at the time of the grant of the relevant Option (and shall be stated in the letter containing the offer of the grant of the Option) but in any case the Subscription Price shall not be less than the higher of (i) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the relevant Offer Date in respect of such Option, which must be a Trading Day; (ii) the average closing price of the Shares as stated in the Stock Exchange's daily quotations sheets for the five (5) Trading Days immediately preceding the relevant Offer Date in respect of such Option; or (iii) the nominal value of a Share. In the event of fractional prices, the Subscription Price per Share shall be rounded upwards to the nearest whole cent. Without prejudice to the generality of the foregoing, the Board may grant Options in respect of which the Subscription Price is fixed at different prices for certain periods during the Option Period.

8. GRANT OF OPTION

- (a) On and subject to the terms of the Scheme, the Board shall be entitled at any time and from time to time within the Scheme Period to offer to grant to any Participant as the Board may in its absolute discretion select, and subject to such conditions (including but not limited to terms and conditions in relation to vesting, exercise or otherwise) as the Board may think fit provided that such conditions shall not be inconsistent with any other terms and conditions of the Scheme, an Option to subscribe for such number of Shares as the Board may determine at the Subscription Price.
- (b) Any grant of Option to a director, chief executive, substantial shareholder or Connected Person of the Company or any of their respective Associates under the Scheme must be approved by the independent non-executive directors of the Company (excluding any independent non-executive director who is the Grantee of the Option).
- (c) Where a grant of Option is proposed to be granted to a substantial shareholder (as defined in the Listing Rules) of the Company or an independent non-executive director of the Company or any of their respective Associates and the proposed grant of Option, when aggregated will result in the Shares issued and to be issued upon exercise of all Options already granted and to be granted (including exercised, cancelled and outstanding options) to such person(s) in the past twelve (12) months period up to and including such date of such grant, would entitle such person(s) to subscribe for over 0.1 per cent. (0.1%) of the total Shares in issue for the time being and having an aggregate value in excess of HK\$5 million based on the closing price of the Shares as stated in the Exchange's daily quotations sheet at the date of each grant, then the proposed grant of Option must be subject to approval by Shareholders on a poll in a general meeting where all Connected Person(s) of the Company must abstain from voting in favour (except where such Connected Person(s) intend(s) to vote against the proposed grant of Options and his/their intention to do so has been stated in the circular). A Shareholders' circular must be prepared by the Company explaining the proposed grant of Option, disclosing the number and terms (including the Subscription Price) of the Options proposed to be granted to each such Participant, the recommendation from the independent non-executive directors of the Company (excluding any independent non-executive director

APPENDIX II PRINCIPAL TERMS OF NEW SHARE OPTION SCHEME

of the Company who is the proposed Grantee of the Option) as to voting and all information required under the Listing Rules. The Shareholders' approval as described above will also be required for any change in the terms of any Options granted to a substantial shareholder (as defined in the Listing Rules) of the Company or an independent non-executive director of the Company or any of their respective Associates.

- (d) For the avoidance of doubt, the requirements for the granting of Options to an executive or non-executive director of the Company set out in Clauses 8(b) and 8(c) above shall not apply where the Participant is only a proposed executive or non-executive director of the Company.
- (e) Disclosures will be made in the annual and interim reports of the Company including details of the Options granted to the following person(s): (i) a director, chief executive, substantial shareholder or Connected Person of the Company or any of their respective Associates of the Company; (ii) each Participant with Options granted in excess of the individual limit referred to herein or in the Listing Rules; (iii) aggregate figures for Employees; (iv) aggregate figures for suppliers of goods or services; and (v) other Participants in aggregate.
- (f) No offer of options shall be made after a price sensitive development or 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, during the period commencing one month immediately preceding the earlier of (i) the date of the Board meeting for approval of the Company's, interim or annual results; and (ii) the deadline for the Company to publish its, interim or annual results announcement under the Listing Rules, and ending on the date of the results announcement, no Option shall be granted until such information has been announced pursuant to the requirements of the Listing Rules.
- (g) An offer of the grant of an Options shall be made to a Participant by letter in such form as the Board may from time to time determine specifying the number of Shares, the Subscription Price, the Option Period in respect of which the offer is made, the date by which the Option must be applied for and further requiring the 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 the Scheme and shall remain open for acceptance by the Participant concerned until 5:00 p.m. on the fifth (5th) Business Day following the Offer Date provided that no such offer shall be open for acceptance after the Scheme Period or after the Scheme has been terminated.
- (h) An Option shall be deemed to have been granted and accepted when the duplicate letter comprising acceptance of the Option duly signed by the Grantee together with a remittance in favour of the Company of HK\$1.00 by way of consideration for the grant thereof is received by the Company. Such remittance shall in no circumstances be refundable. Once the Offer is accepted by the Grantee in accordance with the terms of the Scheme, for the purpose of the Scheme, the date of grant is deemed to be the date which has the same meaning as the "Offer Date".

- (i) Any offer of the grant of an Option may be accepted in respect of less than the number of Shares in respect of which it is offered provided that it is accepted in respect of such number of Shares as represents a board lot for the time being for the purposes of trading on the Exchange or an integral multiple thereof. To the extent that the offer of the grant of an Option is not accepted by 5:00 p.m. the fifth (5th) Business Day following the Offer Date in the manner indicated in Clause 8(h), it will be deemed to have been irrevocably declined and lapsed automatically.

9. REORGANISATION OF CAPITAL STRUCTURE

- (a) In the event of any alteration in the capital structure of the Company (other than an issue of Shares as consideration in respect of a transaction to which the Company in a party) pursuant to a capitalisation issue (including an issue of scrip dividend), rights issue, open offer, sub-division or consolidation of shares or reduction of capital whilst any Option remains exercisable such corresponding alterations (if any) shall be made in:

- (i) the number of Shares subject to the Option so far as unexercised; and/or
- (ii) the Subscription Price;

as an independent financial adviser or the Auditors shall certify in writing to the Board to be in their opinion fair and reasonable and in accordance with, either generally or as regards any particular Grantee that any such alterations shall satisfy the requirements set out in note to Rule 17.03(13) of the Listing Rules (or such rule as from time to time amended by the Exchange) or any guidance note issued by the Exchange in relation thereto, provided that (i) any alteration shall be made on the basis that the proportion of the issued share capital of the Company to which a Grantee is entitled after such alteration shall remain as far as possible the same as but not greater than that to which he was entitled before such alteration; (ii) no such alteration shall be made the effect of which would be to enable any Share to be issued at less than its nominal value or to increase the proportion of the issued share capital of the Company for which any Grantee would have been entitled to subscribe had he exercised all the Options held by him immediately prior to such adjustments; and (iii) no alteration shall be made to the advantage of any Grantee without specific prior approval by the Shareholders. In case of any alterations other than any made on a capitalisation issue, a written confirmation from an independent financial adviser or the Auditors to the Directors is required to confirm that the provisos herein have been satisfied.

- (b) The capacity of the independent financial adviser or the Auditors in this Clause 9 is that of experts and not of arbitrators and their certification shall, in the absence of manifest error, be final and binding on the Company and the Grantees.
- (c) The costs of the independent financial adviser or the Auditors shall be borne by the Company.

10. LAPSE OF OPTION

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

- (a) the expiry of the Option Period;
- (b) the expiry of any of the periods referred to in Clauses 6(c)(i), 6(c)(ii) or 6(c)(iii);
- (c) subject to Clause 6(c)(iv), the date of the commencement of the winding-up of the Company (as determined in accordance with the Companies Law or such other applicable law in the jurisdiction in which the winding-up takes place);
- (d) in the case the Grantee is an Employee at the date of grant, the date on which the Grantee ceases to be any Employee by reason of the termination of his employment on any one or more of the grounds that he has been guilty of misconduct, or has committed an 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 involving his integrity or honesty or (if so determined by the Board) on any other ground on which an employer would be entitled to terminate his employment at common law or pursuant to any applicable laws or under the Grantee's service contract with the Company or the relevant Subsidiary. A resolution of the Board (or a duly authorised committee thereof) of the Company or of the relevant Subsidiary to the effect that employment of a Grantee has or has not been terminated on one or more of the grounds specified in this Clause 10(d) shall be conclusive and binding on the Grantee;
- (e) subject to the proposed compromise or arrangement becoming effective, the expiry of the period referred to in Clause 6(c)(v);
- (f) the date on which the Grantee commits a breach of Clause 6(a);
- (g) the date on which the Option is cancelled by the Board in accordance with Clause 11; and
- (h) the offer of the grant of an Option is not accepted by 5:00 p.m. on the fifth (5th) Business Day following the Offer Date in the manner indicated in Clause 8(g).

11. CANCELLATION OF OPTIONS

Subject to Clause 6(a), the Board may with the approval of the relevant Grantees cancel any Option granted but not exercised. The Board may issue new Option to the Grantee of any cancelled Option provided that the issue of such new Option may only be made under a scheme with available unissued Options (excluding the cancelled Options) within the Scheme Mandate Limit.

12. ALTERATION OF THE SCHEME

- (a) The Scheme may be altered in any respect by resolution of the Board except that alterations of the provisions of the Scheme relating to (i) matters set out in Rule 17.03 of the Listing Rules to the advantage of the Participants; (ii) any change to the authority of the Board or scheme administrators in relation to any alteration to the terms of the Scheme; and (iii) the terms and conditions of the Scheme which are of a material nature (except where such alterations take effect automatically under the existing terms of the Scheme) shall not be made except with the prior sanction of a resolution by the Shareholders, 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 in writing of such number of Grantees who shall together hold Options in respect of not less than three-fourths in nominal value of all Shares that to be issued on exercise of the to Options granted under the Scheme.

- (b) The amended terms of the Scheme or the Options must still comply with the relevant requirements of Chapter 17 of the Listing Rules, the supplemental guidance issued on 5 September 2005 and any future guidance or interpretation of the Listing Rules issued by the Stock Exchange from time to time.

13. TERMINATION

The Company, by resolution in general meeting, or the Board may at any time terminate the operation of the Scheme and in such event no further Option will be offered but in respect of any Option granted but not exercised, the provisions of the Scheme shall remain in full force and effect in all other respects. Upon such termination, details of the Options granted, including Options exercised or outstanding and, if applicable, Options that become void and non-exercisable as a result of such termination must be disclosed in the circular to Shareholders seeking approval of the first new scheme established thereafter.

Set out below are details of the Directors who are proposed to be elected and re-elected at the AGM.

1. MR. POON WAI YIP, ALBERT

Mr. Poon Wai Yip, Albert (“Mr. Poon”), aged 28, is currently an executive Director. He graduated from the University of Nottingham in the United Kingdom with a Bachelor degree of Engineering in Civil Engineering and the Imperial College of Science, Technology and Medicine in the United Kingdom with a Master of Science degree in Management. Mr. Poon is the President of the Friends of the University of Nottingham, Hong Kong, a director of Hong Kong United Youth Association and an honourable consultant of Yau Tsim Mong Youths Society. Mr. Poon joined the Group in 2011 as Investment Manager. Mr. Poon has three years’ experience in corporate finance and is responsible for the investment activities and corporate finance function of the Group. Prior to joining the Group in 2011, he worked for the corporate finance division of a licensed corporation registered under the Securities and Futures Ordinance (the “SFO”) in Hong Kong and has been involved in several corporate finance transactions including mergers and acquisitions, corporate reorganisation, takeover matters and a variety of fund raising exercises. Mr. Poon is a licensed person registered under the SFO to carry on type 6 regulated activities on advising corporate finance. Save as disclosed herein, Mr. Poon does not at present, and in the past three years did not, hold any directorship in any listed public company.

Mr. Poon is a son of Mr. Poon Siu Chung, Chairman, Managing Director and a substantial shareholder of the Company and his mother, Ms. Lau Kwai Ngor, is a substantial shareholder of the Company. He is also the younger brother of Dr. Poon Wai Tsun, William, an executive Director of the Company.

Mr. Poon has entered into a service contract with the Company which shall continue to be effective unless terminated by one month’s notice in writing served by either party on the other or payment in lieu. Save as his position with the Company abovesaid, Mr. Poon does not hold any positions with the Company and other members of the Group. His remuneration for his services with the Group shall be HK\$420,000.00 per annum plus discretionary bonus, which is determined by the Board based on the remuneration policy of the Company, with reference to his duties and responsibilities with the Group.

Mr. Poon holds options to subscribe for 2,700,000 Shares.

2. MR. TSUI YAN LEE, BENJAMIN

Mr. Tsui Yan Lee, Benjamin, aged 52, is currently an executive Director. He is responsible for the sales and marketing of the Group's novelties and festival decorations. Prior to joining the Group in 1983, he worked in a manufacturing company as a sales executive for over 3 years.

Save as his position with the Company abovesaid and that Mr. Tsui is the director of a number of subsidiaries of the Company, Mr. Tsui does not hold any positions with the Company and other members of the Group. His remuneration for his services with the Group shall be HK\$90,000.00 per month on a twelve months basis plus performance bonus of 6% on the net profits after tax from the novelties and decorations segment, which is determined by the Board based on the remuneration policy of the Company, with reference to his duties and responsibilities with the Group.

Mr. Tsui has not entered into any service contract with the Company.

Mr. Tsui holds 1,111,000 Shares and options to subscribe for 3,700,000 Shares.

3. MR. LAM YAT CHEONG

Mr. Lam Yat Cheong, aged 50, is currently an independent non-executive Director. He graduated from the Hong Kong Baptist University. He is a certified public accountant and a sole proprietor of an audit firm and has over 20 years of auditing and accounting experience. He is a member of the Association of Chartered Certified Accountants and the Hong Kong Institute of Certified Public Accountants. He is also an independent non-executive director of Lee's Pharmaceutical Holdings Limited (stock code: 950) and Wuyi International Pharmaceutical Company Limited (stock code: 1889), companies listed in Hong Kong.

Mr. Lam does not hold any positions with the Company and other members of the Group. He has not entered into any service contract with the Company. The annual emoluments payable to Mr. Lam is HK\$50,000.00 which was determined by reference to his duties and responsibilities and the prevailing market conditions (subject to review by the Board from time to time).

Mr. Lam holds options to subscribe for 600,000 Shares.

If re-elected at the AGM, Mr. Lam will hold office until the conclusion of the next annual general meeting of the Company.

4. MR. YIP CHI HUNG

Mr. Yip Chi Hung, aged 53, is currently an independent non-executive Director. He is experienced in the construction industry. He is a director of Fong Wing Shing Construction Company Limited. He has over 20 years of experience on a variety of building and maintenance projects for both the public and private sectors and is also well versed in development of properties in Hong Kong and Singapore. He is also the chairman and executive director of PacMOS Technologies Holdings Limited ("PacMOS"), a company listed in Hong Kong (Stock Code: 1010).

Mr. Yip does not hold any positions with the Company and other members of the Group. He has not entered into any service contract with the Company. The annual emoluments payable to Mr. Yip is HK\$50,000.00 which was determined by reference to his duties and responsibilities and the prevailing market conditions (subject to review by the Board from time to time).

Mr. Yip is deemed to be interested in 1,100,000 Shares held by First Canton Investment Limited, a company wholly-owned by him. He also holds options to subscribe for 300,000 Shares.

If re-elected at the AGM, Mr. Yip will hold office until the conclusion of the next annual general meeting of the Company.

In about September 2004, legal proceedings (the “First Legal Action”) were instituted in the High Court of the Hong Kong Special Administrative Region (the “High Court”) by Pacific Electric Wire and Cable Company Limited (the “Plaintiff”) claiming, amongst others, title to approximately 43.3% ordinary shares of PacMOS held by Texan Management Limited (“Texan”) (Details concerning the First Legal Action are disclosed in the announcements of PacMOS dated 21 March 2006, 18 April 2006, 25 January 2008 and 20 October 2008). Amongst others, Mr. Yip is a director of PCL Holdings Limited (“PCL”) and each of its wholly owned subsidiaries (the “PCL Subsidiaries”), being China Dragon International Limited (“China Dragon”), Ever Dragon Investments Limited (“Ever Dragon”), PCL Development Limited (“PCL Development”), Pacific Capital (Asia) Limited (“PC Asia”) and Marina Square Property Management Limited (“Marina Management”), but Mr. Yip does not hold any shares in PCL or any of the PCL Subsidiaries and is not named as a defendant in the First Legal Action. PCL and PC Asia are named as defendants in the First Legal Action.

According to information provided by Mr. Yip, with respect to PCL and PC Asia, the First Legal Action relate to, amongst others, accounting of certain previous dealings of the shares of PacMOS by PCL and the dispute on the ownership of 1 share of PacMOS registered in the name of PC Asia. PCL and PC Asia are investment holding and/or inactive companies and incorporated in Hong Kong on 6 August 1991 and 27 August 1991 respectively. On or about 18 January 2008, summary judgments were given in favour of the Plaintiff against, amongst others, Texan and PC Asia and receivers were appointed to PCL and PC Asia. On or about 23 June 2008, the High Court, amongst others, also ordered (“First Action Order”) Texan and PC Asia to transfer the 145,609,998 shares of PacMOS and 1 share of PacMOS respectively to a wholly owned subsidiary of the Plaintiff (“PAH”). The Plaintiff and PAH had undertaken to the High Court that they would not (a) dispose, transfer, encumber, pledge, charge or otherwise deal with the said shares of PacMOS transferred to PAH without leave of the High Court; and/or (b) exercise any shareholders’ rights in respect of the said shares of PacMOS without prior approval of the High Court, until all appeals had been concluded or further order of the High Court (Further details are set out in the announcements of PacMOS dated 25 January and 20 October 2008). On or about 2 October 2009, the summary judgments given in favour of the Plaintiff against, amongst others, Texan and PC Asia had been set aside, and the receivers appointed to PCL and PC Asia had been discharged, on appeal by, amongst others, Texan and PC Asia. The 145,609,998 Shares and 1 Share previously transferred by Texan and PC Asia respectively to PAH had been re-transferred to them. Further details are also set out in the announcements of PacMOS dated 5 March and 25 August 2009.

In about December 2004, legal proceedings (the “Second Legal Action”) were instituted in the High Court against, amongst others, Mr. Yip, All Dragon International Limited (“All Dragon”), Casparson Properties Limited (“Casparson”), Haddowe Limited (“Haddowe”) and Harmutty Limited (“Harmutty”), companies (the “Second Action Defendant Companies”) of which Mr. Yip is a director. According to information provided by Mr. Yip, the Second Legal Action relates to, amongst others, disputes on the ownership of the shares of the Second Action Defendant Companies, but Mr. Yip does not hold any shares of any of the Second Action Defendant Companies. All Dragon, Casparson, Haddowe and Harmutty are investment holding companies and incorporated in the British Virgin Islands on 20 November 1996, 23 September 1992, 13 October 1992 and 29 September 1992 respectively. The principal assets of the Second Action Defendant Companies and their subsidiaries include approximately 43.3% shares of PacMOS held by Texan (which is a subsidiary of All Dragon); various commercial properties and car parking spaces in the Marina Square of the South Horizons (the “South Horizon Properties”); and various residential houses in Shouson Hill Road (the “Shouson Hill Properties”). On or about 18 January 2008, summary judgments were given in favour of the plaintiff against, amongst others, the Second Action Defendant Companies and receivers to Casparson, Haddowe, PCL and the PCL Subsidiaries were appointed. Mr. Yip is a director of PCL and each of the PCL Subsidiaries, but does not hold any shares in any of them. China Dragon, Ever Dragon, PCL Development, PC Asia and Marina Management are investment holding and/or inactive companies and incorporated in Hong Kong on 7 February 1992, 28 July 1992, 23 January 1992, 27 August 1991 and 9 February 1993 respectively. On or about 23 June 2008, the High Court, amongst others, also ordered (“Second Action Order”) the shares of Casparson and Haddowe be transferred to PAH. The plaintiff and PAH had undertaken to the High Court that they would not (a) dispose, transfer, encumber, pledge, charge or otherwise deal with the said shares without leave of the High Court; and/or (b) exercise any shareholders’ rights in respect of the said shares without prior approval of the High Court, until all appeals had been concluded or further order of the High Court. Mr. Yip was also ordered to pay the costs of certain defendants in the Second Legal Action, to be taxed if not agreed (“Second Legal Action Costs”). As at the date of the announcement of PacMOS dated 21 January 2009, the amount of the Second Legal Action Costs have not been agreed or taxed. The Second Action Defendant Companies had filed appeal notices against the said judgments and the Second Action Order. On or about 2 October 2009, the summary judgments given in favour of the Plaintiff against, amongst others, the Second Action Defendant Companies had been set aside, and the receivers appointed to Casparson, Haddowe, PCL and the PCL Subsidiaries had been discharged, on appeal by, among others, the Second Action Defendant Companies.

The Second Legal Action Costs had been set aside and the Plaintiff was further ordered to pay the costs of, among other, Mr. Yip.

In about December 2004, legal proceedings (the “Third Legal Action”) were instituted in the High Court against, amongst others, Mr. Yip, Greateam Limited (“Greateam”), Gold Global Limited (“Gold Global”) and Harmutty, companies (the “Third Action Defendant Companies”) of which Mr. Yip is a director. According to information provided by Mr. Yip, the Third Legal Action relates to, amongst others, disputes on the ownership of the shares of the Third Action Defendant Companies, but Mr. Yip does not hold any shares of any of the Third Action Defendant Companies. Greateam is an investment holding company and incorporated in Hong Kong on 5 March 1997. Gold Global and Harmutty are investment holding companies and incorporated in the British Virgin Islands on 28 July 1997 and 29 September 1992 respectively. The principle assets of the Third Action Defendant Companies and their subsidiaries include the South Horizons Properties and the Shouson Hill Properties. On or about 18

January 2008, summary judgments were given in favour of the plaintiff against, amongst others, the Third Action Defendant Companies and receivers to Greateam were appointed. On or about 23 June 2008, the High Court, amongst others, also ordered (“Third Action Order”) the shares of Gold Global and Greateam be transferred to PAH. The plaintiff and PAH had undertaken to the High Court that they would not (a) dispose, transfer, encumber, pledge, charge or otherwise deal with the said shares without leave of the High Court; and/or (b) exercise any shareholders’ rights in respect of the said shares without prior approval of the High Court, until all appeals had been concluded or further order of the High Court. Mr. Yip was also ordered to pay the costs of certain defendants in the Third Legal Action, to be taxed if not agreed (“Third Legal Action Costs”). As at the date of the announcement of PacMOS dated 21 January 2009, the amount of the Third Legal Action Costs have not been agreed or taxed. The Third Action Defendant Companies had filed appeal notices against the said judgments and the Third Action Order. On or about 2 October 2009, the summary judgments given in favour of the Plaintiff against, amongst others, the Third Action Defendant Companies had been set aside, and the receivers appointed to Greateam had been discharged, on appeal by, among others, the Third Action Defendant Companies. The Third Legal Action Costs had been set aside and the Plaintiff was further ordered to pay the costs of, among other, Mr. Yip.

5. MR. CHOY WING KEUNG, DAVID

Mr. Choy Wing Keung, aged 46, is currently an independent non-executive Director. He graduated from the Hong Kong Shue Yan University and is the sole proprietor of David Choy & Co., Certified Public Accountants (Practising). He is a member of the Hong Kong Institute of Certified Public Accountants and the Association of Certified Chartered Accountants. He has over 20 years of experience in the areas of auditing, accounting, secretarial services and taxation.

Mr. Choy does not hold any positions with the Company and other members of the Group. He has not entered into any service contract with the Company. The annual emoluments payable to Mr. Choy is HK\$50,000.00 which was determined by reference to his duties and responsibilities and the prevailing market conditions (subject to review by the Board from time to time).

Mr. Choy holds options to subscribe for 600,000 Shares.

If re-elected at the AGM, Mr. Choy will hold office until the conclusion of the next annual general meeting of the Company.

DIRECTORS' EMOLUMENTS

The amounts of emoluments received in 2011 by the above Directors to be re-elected at the AGM are set out in the table below:

Directors	Fees (HK\$)	Salaries, allowances and benefits in kind (HK\$)	Employee share option benefits (HK\$)	Pension scheme contributions (HK\$)	Total remuneration (HK\$)
Mr. Poon Wai Yip, Albert	–	26,839	–	1,000	27,839
Mr. Ip Siu On	–	1,160,000	598,875	30,000	1,788,875
Mr. Tsui Yan Lee, Benjamin	–	1,160,000	598,875	30,000	1,788,875
Mr. Lam Yat Cheong	50,000	–	66,542	–	116,542
Mr. Yip Chi Hung	50,000	–	66,542	–	116,542
Mr. Choy Wing Keung, David	50,000	–	66,542	–	116,542

The emoluments to be received in 2012 by the above Directors to be re-elected at the AGM will be determined by the Board based on the adopted remuneration policy reviewed by the Remuneration Committee of the Company, with reference to the Directors' qualification and experience, responsibilities undertaken, contribution to the Group, and the prevailing market level of remuneration of similar position.

OTHER INFORMATION

If re-elected at the AGM, all the aforesaid Directors, subject to the terms agreed otherwise which expire earlier, will be subject to the rotation, removal, vacation or termination of such offices as set out in the Bye-laws or the disqualification to act as a Director under the Bye-laws, the laws of Bermuda and the Listing Rules. Save as disclosed herein, the above Directors did not in the past three years up to the Latest Practicable Date hold any directorship in any listed public company in Hong Kong or overseas, did not as at the Latest Practicable Date have other major appointments and professional qualifications, any interests in the Shares within the meaning of Part XV of the Securities and Futures Ordinance and any relationship with any other Directors, senior management or any substantial or controlling shareholders of the Company, and there is no information which is discloseable or are/were the above Directors to be re-elected involved in any of the matters required to be disclosed pursuant to any of the requirements of the provisions under paragraphs 13.51(2)(h) to 13.51(2)(v) of the Listing Rules, and the Board is not aware of any other matters which need to be brought to the attention of the Shareholders.

In light of the amendments to the Listing Rules and the Code on Corporate Governance Practices contained in Appendix 14 of the Listing Rules (the “Amendments”), it is proposed that the following amendments to be made to the existing Bye-Laws to align them with the new requirements under the revised Listing Rules and the Code on Corporate Governance Practices.

According to the Amendments, the notice period for convening an annual general meeting shall not be less than twenty-one (21) clear days and not less than twenty (20) clear business days; whereas any special general meeting at which the passing of a Special Resolution is to be considered shall be called by notice in writing of not less than twenty-one (21) clear days and not less than ten (10) clear business days. All other special general meetings may be called by notice in writing of not less than fourteen (14) clear days and not less than ten (10) clear business days. Accordingly, the following Bye-Laws 1(A), 1(C), 1(D) and 63 are proposed to be amended as follows: -

1. Bye-Law 1(A)

The following new definition is proposed to be added to the existing Bye-Law 1(A) in alphabetical order:

““business day(s)” shall mean any day on which The Stock Exchange of Hong Kong Limited is generally open for the business of dealing in securities. For the avoidance of doubt, where The Stock Exchange of Hong Kong Limited 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 or black rainstorm warning, such day shall for the purposes of these Bye-laws be counted as a business day;”

2. Bye-Law 1(C)

The existing Bye-Law 1(C) reads:

“(C) A resolution shall be a Special Resolution when it has been passed by a majority of not less than three-fourths of the votes cast by such shareholders as, being entitled so to do, vote in person or, by duly authorised corporate representative or, where proxies are allowed, by proxy at a general meeting of which not less than 21 days’ notice, specifying (without prejudice to the power contained in these presents to amend the same) the intention to propose the resolution as a Special Resolution, has been duly given. Provided that, if it is so agreed by a majority in number of the shareholders having a right to attend and vote at any such meeting, being a majority together holding not less than 95 per cent. in nominal value of the shares giving that right, a resolution may be proposed and passed as a Special Resolution at a meeting of which less than 21 days’ notice has been given.”

The above existing Bye-Law 1(C) is proposed to be deleted in its entirety and substituting therefor the following as the new Bye-Law 1(C):

“(C) A resolution shall be a Special Resolution when it has been passed by a majority of not less than three-fourths of votes cast by such shareholders as, being entitled so to do, vote in person or by duly authorised corporate representative or, where proxies are allowed, by proxy at a general meeting held in accordance with these presents and of which notice specifying the intention to propose the resolution as a Special Resolution, has been duly given in accordance with Bye-law 63.”

3. Bye-Law 1(D)

The existing Bye-Law 1(D) reads:

“(D) A resolution shall be an Ordinary Resolution when it has been passed by a simple majority of the votes cast by such shareholders as, being entitled so to do, vote in person or by duly authorised corporate representative or, where proxies are allowed, by proxy at a general meeting held in accordance with these presents and of which not less than 14 days’ notice has been duly given. Provided that, if it is so agreed by a majority in number of the shareholders having a right to attend and vote at any such meeting, being a majority together holding not less than 95 per cent. in nominal value of the shares giving that right, a resolution may be proposed and passed as an Ordinary Resolution at a meeting of which less than 14 days’ notice has been given.”

The above existing Bye-Law 1(D) is proposed to be deleted in its entirety and substituting therefor the following as the new Bye-Law 1(D):

“(D) A resolution shall be an Ordinary Resolution when it has been passed by a simple majority of votes cast by such shareholders as, being entitled so to do, vote in person or by duly authorised corporate representative or, where proxies are allowed, by proxy at a general meeting held in accordance with these presents and of which notice has been duly given in accordance with Bye-law 63.”

4. Bye-Law 63

The existing Bye-Law 63 reads:

“63. An annual general meeting and a meeting called for the passing of a Special Resolution shall be called by at least twenty-one days’ notice in writing, and a meeting of the Company other than an annual general meeting or a meeting for the passing of a Special Resolution shall be called by at least fourteen days’ notice in writing. The notice shall be exclusive of the day on which it is served or deemed to be served and of the day for which it is given, and shall specify the place, the day and the hour of meeting and, in case of special business, the general nature of that business, and shall be given, in the manner hereinafter mentioned or in such other manner, if any, as may

be prescribed by the Company in general meeting, to such persons as are, under these Bye-Laws, entitled to receive such notices from the Company, provided that, subject to the provisions of the Companies Act, a meeting of the Company shall notwithstanding that it is called by shorter notice than that specified in this Bye-Law be deemed to have been duly called if it is so agreed:

- i) in the case of a meeting called as the annual general meeting, by all the shareholders entitled to attend and vote thereat; and
- ii) in the case of any other meeting, by a majority in number of the shareholders having a right to attend and vote at the meeting, being a majority together holding not less than ninety-five per cent. in nominal value of the shares giving that right.”

The above existing Bye-law 63 is proposed to be deleted in its entirety and substituting therefor the following as the new Bye-Law 63:

“63. An annual general meeting shall be called by notice in writing of not less than twenty-one (21) clear days and not less than twenty (20) clear business days and any special general meeting at which the passing of a Special Resolution is to be considered shall be called by notice in writing of not less than twenty-one (21) clear days and not less than ten (10) clear business days. All other special general meetings may be called by notice in writing of not less than fourteen (14) clear days and not less than ten (10) clear business days. The notice shall be exclusive of the day on which it is served or deemed to be served and of the day for which it is given, and shall specify the place, the day and the hour of meeting and, in case of special business, the general nature of that business, and shall be given, in the manner hereinafter mentioned or in such other manner, if any, as may be prescribed by the Company in general meeting, to such persons as are, under these Bye-Laws, entitled to receive such notices from the Company, provided that, subject to the provisions of the Companies Act, a meeting of the Company shall notwithstanding that it is called by shorter notice than that specified in this Bye-Law be deemed to have been duly called if it is so agreed:–

- i) in the case of a meeting called as an annual general meeting, by all the shareholders entitled to attend and vote thereat; and
- ii) in the case of any other meeting, by a majority in number of the shareholders having the right to attend and vote at the meeting, being a majority together holding not less than ninety-five per cent. (95%) in nominal value of the issued shares giving that right.”

According to the Amendments, all resolutions at general meetings of the Company shall be decided by poll but if the matters relates purely to a procedural or administrative matter, the chairman of the meeting may in good faith allow it to be voted on by a show of hands. Accordingly, Bye-Laws 70 to 72 are proposed to be amended as follows:

5. Bye-Law 70

The existing Bye-Law 70 reads:

“70. At any general meeting a resolution put to the vote of the meeting shall be decided on a show of hands unless a poll is (before or on the declaration of the result of the show of hands or on the withdrawal of any other demand for a poll) demanded:-

- i) by the Chairman of the meeting; or
- ii) by at least three shareholders present in person or by duly authorised corporate representative or by proxy for the time being entitled to vote at the meeting; or
- iii) by any shareholder or shareholders present in person or by duly authorised corporate representative or by proxy and representing not less than one-tenth of the total voting rights of all the shareholders having the right to vote at the meeting; or
- iv) by any shareholder or shareholders present in person or by duly authorised corporate representative or by proxy and holding shares in the Company conferring a right to vote at the meeting being shares on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid up on all the shares conferring that right.

Unless a poll be so demanded and the demand is not withdrawn, a declaration by the Chairman that a resolution has on a show of hands been carried or carried unanimously, or by a particular majority, or lost, and an entry to that effect in the book containing the minutes of the proceedings of the Company shall be conclusive evidence of the fact without proof of the number or proportion of the votes recorded in favour or against such resolution.”

The above existing Bye-Law 70 is proposed to be deleted in its entirety and substituting therefor the following as the new Bye-Law 70:

“70. At any general meeting, a resolution put to the vote of a meeting shall be decided by way of a poll save that the Chairman may in good faith, allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands. For purposes of this Bye-law, procedural and administrative matters are those that (i) are not on the agenda of the general meeting or in any supplementary circular that may be issued by the Company to the shareholders; and (ii) relate to the Chairman’s duties to maintain the orderly conduct of the meeting and/or allow the business of the meeting to be properly and effectively dealt with, whilst allowing all shareholders a reasonable opportunity to express their views. Where a show of hands is allowed, before or on the declaration of the result of the show of hands, a poll may be demanded by:

- i) by at least three shareholders present in person or by duly authorised corporate representative or by proxy for the time being entitled to vote at the meeting; or
- ii) by any shareholder or shareholders present in person or by duly authorised corporate representative or by proxy and representing not less than one-tenth of the total voting rights of all the shareholders having the right to vote at the meeting; or

- iii) by any shareholder or shareholders present in person or by duly authorised corporate representative or by proxy and holding shares in the Company conferring a right to vote at the meeting being shares on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid up on all the shares conferring that right.

Where a resolution is voted on by a show of hands, unless a poll is demanded and the demand is not withdrawn, a declaration by the Chairman that a resolution has on a show of hands been carried or carried unanimously, or by a particular majority, or lost, and an entry to that effect in the book containing the minutes of the proceedings of the Company shall be conclusive evidence of the fact without proof of the number or proportion of the votes recorded in favour or against such resolution.”

6. Bye-Law 71

The existing Bye-Law 71 reads:

“71. If a poll is demanded as aforesaid, it shall (subject as provided in Bye-Law 72) be taken in such manner (including the use of ballot or voting papers or tickets) and at such time and place not being more than thirty days from the date of the meeting or adjourned meeting at which the poll was demanded, as the Chairman directs. No notice need be given of a poll not taken immediately. The result of the poll shall be deemed to be the resolution of the meeting at which the poll was demanded. The demand for a poll may be withdrawn, with the consent of the Chairman, at any time before the close of the meeting at which the poll was demanded or the taking hands of the poll, whichever is the earlier.”

The above existing Bye-Law 71 is proposed to be deleted in its entirety and substituting therefor the following as the new Bye-Law 71:

“71. If a poll is required or demanded as aforesaid, it shall (subject as provided in Bye-Law 72) be taken in such manner (including the use of ballot or voting papers or tickets) and at such time and place not being more than thirty days from the date of the meeting or adjourned meeting at which the poll was required or demanded, as the Chairman directs. No notice need be given of a poll not taken immediately. The result of the poll shall be deemed to be the resolution of the meeting at which the poll was required or demanded. The demand for a poll may be withdrawn, with the consent of the Chairman, at any time before the close of the meeting at which the poll was demanded or the taking hands of the poll, whichever is the earlier.”

7. Bye-Law 72

The existing Bye-Law 72 reads:

“72. Any poll duly demanded on the election of a Chairman of a meeting or on any question of adjournment shall be taken at the meeting and without adjournment.”

The above existing Bye-Law 72 is proposed to be deleted in its entirety and substituting therefor the following as the new Bye-Law 72:

“72. Any poll required or duly demanded on the election of a Chairman of a meeting or on any question of adjournment shall be taken at the meeting and without adjournment.”

According to the Amendments, subject to certain exceptions, a Director shall not vote on any board resolution approving any contract or arrangement or any other proposal in which he or any of his associates has a material interest nor shall he be counted in the quorum present at the meeting, and the exception that a Director may vote on such board resolution provided that he or any of his associates are not beneficially interested in more than 5% in the party with which the Company proposes to enter into a contract or arrangement is to be removed. Accordingly, Bye-Laws 98(H)(iii), 98(I) and 98(J) are proposed to be amended as follows:–

8. Bye-Law 98(H)(iii)

The existing Bye-Law 98(H)(iii) reads:

“(iii) any proposal concerning any other company in which the Director or his associate(s) is/are interested only, whether directly or indirectly, as an officer or executive or shareholder or in which the Director or his associate(s) is/are beneficially interested in shares of that company, provided that the Director and any of his associates are not in aggregate beneficially interested in 5% or more of the issued shares of any class of such company (or of any third company through which his interest or that of his associate(s) is derived) or of the voting rights;”

The above existing Bye-Law 98(H)(iii) is proposed to be deleted in its entirety and replacing with the words “Intentionally Deleted”.

9. Bye-Law 98(I)

The existing Bye-Law 98(I) reads:

“(I) A company shall be deemed to be a company in which a Director together with any of his associates owns five (5) per cent. or more of the issued shares of any class of the equity share capital of such company or of the voting rights of any class of shares of such company if and so long as (but only if and so long as) he together with his associates is (either directly or indirectly) the holder of or beneficially interested in five (5) per cent. or more of any class of the equity share capital of such company (or of any third company through which his interest is derived) or of the voting rights of any class of shares available to shareholders of the company. For the purpose of this paragraph there shall be disregarded any shares held by a Director as bare or custodian trustee and in which he has no beneficial interest, any shares comprised in a trust in which the Director’s interest is in reversion or remainder if and so long as some other person is entitled to receive the income thereof, and any shares comprised in an authorised unit trust scheme in which the Director is interested only as a unit holder.”

The above existing Bye-Law 98(I) is proposed to be deleted in its entirety and replacing with the words “Intentionally Deleted”.

10. Bye-Law 98(J)

The existing Bye-Law 98(J) reads:

“(J) Where a company in which a Director together with any of his associates holds five (5) per cent. or more of any class of the equity share capital of such company or of the voting rights of any class of shares available to shareholders of the company is materially interested in a transaction, then that Director shall also be deemed materially interested in such transaction.”

The above existing Bye-Law 98(J) is proposed to be deleted in its entirety and replacing with the words “Intentionally Deleted”.