

---

**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

---

**If you are in doubt** as to any aspect of this circular or as to the action to be taken, you should consult a 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 Ngai Hing Hong Company Limited (the “Company”), you should at once hand this circular with the accompanying form of proxy to the purchaser or the transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

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

---

**NGAI HING HONG COMPANY LIMITED****毅興行有限公司\****(Incorporated in Bermuda with limited liability)**(Stock Code: 1047)*

**GRANT OF GENERAL MANDATES  
TO ISSUE NEW SHARES AND REPURCHASE SHARES,  
EXTENSION OF GENERAL MANDATE TO ISSUE SHARES,  
RE-ELECTION OF DIRECTORS,  
TERMINATION OF EXISTING SHARE OPTION SCHEME,  
ADOPTION OF NEW SHARE OPTION SCHEME  
AND  
NOTICE OF ANNUAL GENERAL MEETING**

---

Notice of the annual general meeting of the Company to be held at 10:00 a.m. on Thursday, 22nd November 2012 at Caine Room, Level 7, Conrad Hotel, Pacific Place, 88 Queensway, Hong Kong is set out on pages 26 to 30 of this circular. Whether or not you are able to attend the meeting, you are requested to complete and return the accompanying form of proxy in accordance with the instructions printed thereon and deposit the same as soon as possible and in any event no later than 48 hours before the time of the meeting or any adjournment thereof to the Company’s branch share registrar in Hong Kong, Union Registrars Limited, 18/F, Fook Lee Commercial Centre, Town Place, 33 Lockhart Road, Wanchai, Hong Kong. Completion and return of the form of proxy will not preclude you from attending and voting at the meeting or any adjournment thereof should you so wish.

\* *For identification purpose only*

18th October 2012

---

## CONTENTS

---

	<i>Page</i>
<b>Definitions</b> .....	1
<b>Letter from the Board</b>	
Introduction .....	4
Grant of Issue Mandate and Repurchase Mandate and Extension of Issue Mandate .....	5
Actions to be taken .....	6
Recommendation .....	6
Voting by Poll .....	6
Re-election of Directors .....	6
Termination of Existing Share Option Scheme and Adoption of New Share Option Scheme .....	11
Responsibility Statement .....	13
Additional Information .....	13
<b>Appendix I — Explanatory Statement</b> .....	14
<b>Appendix II — Principal Terms of the New Share Option Scheme</b> .....	17
<b>Notice of Annual General Meeting</b> .....	26

---

## DEFINITIONS

---

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

“Adoption Date”	the date on which the New Share Option Scheme is adopted upon fulfilment of the conditions set out in the provisions of the New Share Option Scheme
“AGM Notice”	the notice for convening the Annual General Meeting set out on pages 26 to 30 in this circular
“Annual General Meeting”	the annual general meeting of the Company convened to be held at Caine Room, Level 7, Conrad Hotel, Pacific Place, 88 Queensway, Hong Kong at 10:00 a.m. on Thursday, 22nd November 2012 or any adjournment thereof
“Associate”	shall bear the meaning as defined in the Listing Rules
“Auditor”	the auditor for the time being of the Company
“Board”	the board of Directors
“Business Day”	any day on which the Stock Exchange is open for the business of dealing in securities
“Bye-Laws”	the bye-laws of the Company, as amended from time to time and “Bye-Law” shall mean a bye-law of the Bye-Laws
“Company”	Ngai Hing Hong Company Limited, an exempted company incorporated in Bermuda with limited liability, the Shares of which are listed on the Stock Exchange
“Director(s)”	director(s) of the Company
“Eligible Employee”	any employee (whether full time or part time, including any executive director but excluding any non-executive director) of the Company or any Subsidiary
“Eligible Participants”	the persons to whom the Directors may extend an Offer to take up Options as referred to in paragraph (2) of Appendix II of this circular
“Existing Share Option Scheme”	the share option scheme adopted by the Company on 5th December 2002
“Grantee”	any Eligible Participant who accepts the Offer in accordance with the terms of the New Share Option Scheme or (where the context so permits and as referred to in paragraph (13) of Appendix II of this circular) his Personal Representative

---

## DEFINITIONS

---

“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Issue Mandate”	a general mandate granted to the Directors to exercise the power of the Company to allot, issue or otherwise deal with Shares up to a maximum of 20% of the existing share capital of the Company in issue as at the date of passing the relevant resolution at the Annual General Meeting
“Latest Practicable Date”	12th October 2012, being the latest practicable date prior to the printing of this circular for ascertaining certain information in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issuers prescribed by the Listing Rules or any corresponding code or securities dealing restrictions adopted by the Company
“New Share Option Scheme”	the new share option scheme proposed to be adopted by the Company at the Annual General Meeting
“Offer”	an offer for the grant of an Option made in writing (and unless so made shall be invalid) in such form as the Directors may from time to time determine, either generally or on a case-by-case basis, specifying the number of Shares under the Option and the Option Period in respect of which the offer is made and further requiring the Eligible Participant to undertake to hold the Option on the terms on which it is to be granted and to be bound by the provisions of the New Share Option Scheme and shall remain open for acceptance by the Eligible Participant concerned (and by no other person) for a period of up to 21 days from the Offer Date
“Offer Date”	the date, which must be a Business Day, on which an Offer is made to an Eligible Participant
“Option”	an option to subscribe for the Shares granted pursuant to the New Share Option Scheme

---

## DEFINITIONS

---

“Option Period”	in respect of any particular Option, a period (which may not expire later than 10 years from the Offer Date of that Option) to be determined and notified by the Directors to the Grantee thereof and, in the absence of such determination, from the Offer Date to the earlier of (i) the date on which such Option lapses under the provisions of paragraphs (14) and (15) of Appendix II of this circular; and (ii) 10 years from the Offer Date of that Option
“Personal Representative(s)”	the person or persons who, by virtue of the laws of succession applicable in respect of the death of a Grantee (being an individual), is or are entitled to exercise the Option granted to such Grantee (to the extent not already exercised)
“Repurchase Mandate”	a general mandate granted to the Directors to enable them to repurchase Shares not exceeding 10% of the existing share capital in issue as at the date of passing the relevant resolution at the Annual General Meeting
“SF Ordinance”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) of HK\$0.10 each in the capital of the Company
“Shareholder(s)” or “Member(s)”	holder(s) of Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Price”	the price per Share at which a Grantee may subscribe for the Shares on the exercise of an Option, as determined in accordance with paragraph (8) of Appendix II of this circular
“Subsidiary”	a company which is for the time being and from time to time a subsidiary or a subsidiary undertaking (within the meaning of the Companies Ordinance (Cap. 32 of the Laws of Hong Kong)) of the Company, whether incorporated in Hong Kong, Bermuda, British Virgin Islands, the People’s Republic of China or elsewhere or any entity which is accounted for or consolidated in the audited accounts of the Company pursuant to the applicable Hong Kong Financial Reporting Standards or International Financial Reporting Standards
“Takeovers Code”	The Hong Kong Code on Takeovers and Mergers
“Termination Date”	close of business of the Company on the date which falls 10 years after the Adoption Date
“%”	per cent.

---

LETTER FROM THE BOARD

---



**NGAI HING HONG COMPANY LIMITED**

**毅興行有限公司\***

*(Incorporated in Bermuda with limited liability)*

(Stock Code: 1047)

*Executive Directors:*

Hui Sai Chung (*Chairman*)

Hui Kwok Kwong

*(Deputy Chairman and Managing Director)*

Wong Chi Ying, Anthony (*Vice Chairman*)

Lai Kam Wah (*Deputy Managing Director*)

Liu Sau Lai

Ng Chi Ming

*Independent Non-executive Directors:*

Ho Wai Chi, Paul

Chan Dit Lung

Ching Yu Lung

*Registered office:*

Clarendon House

2 Church Street

Hamilton HM 11

Bermuda

*Head office and principal place  
of business in Hong Kong:*

Unit 3, 6th Floor

Hopeful Factory Centre,

10 Wo Shing Street,

Fo Tan, New Territories,

Hong Kong

18th October 2012

*To the Shareholders and, for information only, holders of Share options of the Company*

Dear Sir/Madam

**GRANT OF GENERAL MANDATES  
TO ISSUE NEW SHARES AND REPURCHASE SHARES,  
EXTENSION OF GENERAL MANDATE TO ISSUE SHARES,  
RE-ELECTION OF DIRECTORS,  
TERMINATION OF EXISTING SHARE OPTION SCHEME,  
ADOPTION OF NEW SHARE OPTION SCHEME  
AND  
NOTICE OF ANNUAL GENERAL MEETING**

**INTRODUCTION**

The primary purposes of this circular are to provide you with information regarding the resolutions to be proposed at the Annual General Meeting and to give you notice of the Annual General Meeting. Resolutions to be proposed at the Annual General Meeting include ordinary resolutions on the grant of the Issue Mandate and the Repurchase Mandate, extension of general mandate to issue Shares, re-election of Directors, termination of Existing Share Option Scheme and adoption of New Share Option Scheme.

*\* For identification purpose only*

---

## LETTER FROM THE BOARD

---

Under the Listing Rules, the Company is required to provide you with information reasonably necessary to enable you to make an informed decision as to whether to vote for or against the resolutions to be proposed at the Annual General Meeting. This circular is also prepared for such purpose.

### **GRANT OF ISSUE MANDATE AND REPURCHASE MANDATE AND EXTENSION OF ISSUE MANDATE**

At the annual general meeting of the Company held on 22nd November 2011, the Directors were granted a issue mandate to allot, issue and deal with Shares in the capital of the Company and a repurchase mandate to repurchase Shares on the Stock Exchange. These general mandates will expire at the conclusion of the Annual General Meeting. At the Annual General Meeting, separate ordinary resolutions will be proposed to renew the general mandates given to the Directors (i) to allot, issue and otherwise deal with Shares not exceeding 20% of the aggregate nominal amount of the issued share capital of the Company at the date of passing of the resolution; (ii) to exercise all powers of the Company to repurchase issued and fully paid Shares on the Stock Exchange up to a maximum of 10% of the aggregate nominal amount of the issued share capital of the Company at the date of the passing of the resolution; and (iii) to extend the general mandate granted to the Directors to allot, issue and deal with additional Shares as mentioned in paragraph (i) above by the amount representing the aggregate nominal amount of the share capital of the Company repurchased by the Company under the Repurchase Mandate.

The Repurchase Mandate allows the Company to make or agree to make repurchases only during the period ending on the earliest of (a) the date of the next annual general meeting; (b) the date by which the next annual general meeting of the Company is required to be held by law or by its Bye-Laws; or (c) the date upon which such authority is revoked or varied by an ordinary resolution of the Shareholders in a general meeting of the Company.

As at the Latest Practicable Date, the issued share capital of the Company comprised 369,200,000 Shares. Assuming that there is no change in the issued share capital of the Company between the period from the Latest Practicable Date and the date of passing the relevant resolutions, the maximum number of Shares which may be issued pursuant to the Issue Mandate will be 73,840,000 Shares and the maximum number of Shares which may be repurchased pursuant to the Repurchase Mandate will be 36,920,000 on the date of passing the relevant resolutions.

To facilitate future allotment and issue of Shares by the Directors on behalf of the Company, the Directors will seek the approval of the Shareholders for the grant of the Issue Mandate and the Repurchase Mandate. The Directors have no immediate plans to allot and issue any new Shares other than such Shares which may fall to be issued upon the exercise of any options granted under the share option schemes of the Company.

The explanatory statement required by the Listing Rules to be included in this circular is set out in the Appendix I to this circular.

---

## LETTER FROM THE BOARD

---

### ACTIONS TO BE TAKEN

At the Annual General Meeting, resolutions will be proposed to approve, among other matters, the following:

- (a) the grant of the Issue Mandate;
- (b) the grant of the Repurchase Mandate;
- (c) the extension of the Issue Mandate;
- (d) the re-election of Directors;
- (e) the termination of Existing Share Option Scheme; and
- (f) the adoption of New Share Option Scheme.

Whether or not you are able to attend the Annual General Meeting in person, you are requested to complete and return the form of proxy in accordance with the instructions printed thereon as soon as possible and, in any event not later than 48 hours before the time for the Annual General Meeting or any adjournment thereof to the Company's branch share registrar, Union Registrars Limited, 18/F, Fook Lee Commercial Centre, Town Place, 33 Lockhart Road, Wanchai, Hong Kong. Completion and return of the form of proxy will not preclude you from attending and voting at the Annual General Meeting or any adjournment thereof should you so wish.

### RECOMMENDATION

The Directors consider that the Issue Mandate, the Repurchase Mandate, the extension of the Issue Mandate, the re-election of the Directors, the termination of Existing Share Option Scheme and the adoption of New Share Option Scheme are in the best interests of the Company and the Shareholders. The Directors therefore recommend the Shareholders to vote in favour of the relevant resolutions as set out in the AGM Notice on pages 26 to 30 of this circular.

### VOTING BY POLL

Pursuant to Rule 13.39(4) of the Listing Rules, any vote of shareholders at a general meeting must be taken by poll except where the chairman, in good faith, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands. Accordingly all resolutions to be proposed at the Annual General Meeting shall be voted by poll.

### RE-ELECTION OF DIRECTORS

In accordance with Bye-Law 87, Mr Hui Sai Chung, Dr Wong Chi Ying, Anthony and Mr Ching Yu Lung, will retire from office as Directors by rotation. They are eligible and will offer themselves for re-election as Directors at the Annual General Meeting.



---

## LETTER FROM THE BOARD

---

Mr Ho Wai Chi, Paul was appointed to be independent non-executive Director on 1st April 2003. Therefore, Mr Ho has accordingly served the Company for more than nine years. In order to comply with the code provision A.4.3 as set out in Appendix 14 of the Listing Rules, separate resolution should be set out for Shareholders to approve the further appointment of Mr Ho as independent non-executive Director at the Annual General Meeting.

### **Biographical details**

#### *Executive Directors*

#### **Mr Hui Sai Chung (“Mr Hui”)**

Mr Hui, aged 65, is the Chairman and a co-founder of the Group. He is responsible for formulating and overseeing the implementation of the Group’s business strategy. He is also responsible for the marketing and sales functions of the Group. He has more than 42 years’ experience in the plastics industry. He is also the director of Ngai Hing (International) Company Limited, Ngai Hing Hong Plastic Materials Limited, Ngai Hing Hong Plastic Materials (Hong Kong) Limited, Hong Kong Colour Technology Limited, NHH Coltec Limited, Ngai Hing Engineering Plastic Materials Limited, Ngai Hing Engineering Plastic (Hong Kong) Limited, Dongguan Ngai Hing Plastic Materials Limited, Shanghai Ngai Hing Plastic Materials Company Limited, Tsing Tao Ngai Hing Plastic Materials Company Limited, Ngai Hing Engineering Plastic (Shanghai) Company Limited, Lucky Eagle Development Limited, Multi Well Limited, Form Best Limited, (B.V.I.) Safeway Development Company Limited, Safeway Development Company Limited, Foment Company Limited, Techpro Enterprises Limited, Topwell (BVI) Limited, Extrabest Holdings Limited, Easefame Investments Limited, NHH Biodegradable Plastics Company Limited, Ngai Hing Engineering Plastic (Dongguan) Company Limited, Top Success Holdings Limited, Top Excellent Investments Limited, Richam Investments Limited, NHH Worldwide Logistics Limited and Letibe Limited, all of which are subsidiaries of the Group.

Mr Hui has entered into a service contract with the Company for a term of three years commencing on 1st April 2012. The emoluments of Mr Hui are determined by reference to his duties and responsibilities, individual performances, the financial results of the Group, and the prevailing market benchmark. The emoluments (including director’s fee and bonus payment) of Mr Hui for the year ended 30th June 2012 is HK\$3,979,748. For the financial year ending 30th June 2013, Mr Hui will be entitled to a remuneration of approximately HK\$3,979,748 per annum and discretionary bonus as may be decided by the Board having regard to the Group’s performance and profitability. Mr Hui is subject to retirement by rotation and re-election at annual general meetings of the Company in accordance with the Bye-Laws which requires one third of the Directors shall retire from office by rotation and shall be eligible for re-election.

#### **Dr Wong Chi Ying, Anthony (“Dr Wong”)**

Dr Wong, aged 56, is the Vice Chairman of the Group. He is in charge of R&D Centre of the Group, as well as developing business activities and opportunities for the Group. Before joining the Group in the present capacity, Dr Wong was an Associate Professor in the Department of Industrial and Manufacturing Systems Engineering of The University of Hong Kong. He holds a B.Tech (Hons)

---

## LETTER FROM THE BOARD

---

degree and a Ph.D degree in chemical engineering and is also a Chartered Engineer, Chartered Scientist, a corporate member of The Institution of Chemical Engineers and a member of The Hong Kong Institution of Engineers. He had worked for two multinational chemical companies prior to taking up a lecturer post with The University of Hong Kong in 1986. He is also the director of Hong Kong Colour Technology Limited, Shanghai Ngai Hing Plastic Materials Company Limited, Tsing Tao Ngai Hing Plastic Materials Company Limited, Ngai Hing Hong Plastic Materials (Hong Kong) Limited, NHH Biodegradable Plastics Company Limited and NHH Coltec Limited, all of which are subsidiaries of the Group.

Dr Wong has entered into a service contract with the Company for a term of three years commencing on 1st April 2012. The emoluments of Dr Wong are determined by reference to his duties and responsibilities, individual performances, the financial results of the Group, and the prevailing market benchmark. The emoluments (including director's fee and bonus payment) of Dr Wong for the year ended 30th June 2012 is HK\$2,591,002. For the financial year ending 30th June 2013, Dr Wong will be entitled to a remuneration of approximately HK\$2,591,002 per annum and discretionary bonus as may be decided by the Board having regard to the Group's performance and profitability. Dr Wong is subject to retirement by rotation and re-election at annual general meetings of the Company in accordance with the Bye-Laws which requires one third of the Directors shall retire from office by rotation and shall be eligible for re-election.

### *Independent Non-executive Directors*

#### **Mr Ching Yu Lung ("Mr Ching")**

Mr Ching, aged 42, is the assistant to Chairman of a reputable real estate company. He had been the Vice President - Finance for Hong Kong and China Gas Investment Limited, a subsidiary of the Hong Kong and China Gas Company Limited (香港中華煤氣有限公司), a company listed on the Stock Exchange of Hong Kong Limited, and was responsible for the overall financial management of its joint ventures in the People's Republic of China. Mr Ching had also been executive director, finance director, company secretary and qualified accountant of the Company and resigned from all the above mentioned posts with effect from 1st January 2007. Mr Ching was appointed as independent non-executive Director on 9th February 2009. He has more than 20 years of experience in auditing, finance and accounting. He obtained a bachelor of business administration degree from the Chinese University of Hong Kong and an executive master of business administration degree from the Tsinghua University in 1992 and 2006 respectively. Mr Ching is a fellow member of Hong Kong Institute of Certified Public Accountants and Association of Chartered Certified Accountants, and a member of American Institute of Certified Public Accountants.

Pursuant to an appointment letter entered into between Mr Ching and the Company, Mr Ching was appointed as an independent non-executive Director for a term of three years from 1st July 2011. The emoluments of Mr Ching are determined by reference to his duties and responsibilities, individual performances, the financial results of the Group, and the prevailing market benchmark. The emoluments (including director's fee and bonus payment) of Mr Ching for the year ended 30th June 2012 is HK\$150,000. For the financial year ending 30th June 2013, Mr Ching will be entitled to a

---

## LETTER FROM THE BOARD

---

remuneration of approximately HK\$150,000 per annum. Mr Ching is subject to retirement by rotation and re-election at annual general meetings of the Company in accordance with the Bye-Laws which requires one third of the Directors shall retire from office by rotation and shall be eligible for re-election.

### **Mr Ho Wai Chi, Paul (“Mr Ho”)**

Mr Ho, aged 61, is the managing partner of Paul W.C. Ho & Company, Certified Public Accountants (Practising). He holds a Bachelor degree in Social Sciences and is an associate member of the Institute of Chartered Accountants in England and Wales, United Kingdom and a fellow member of the Hong Kong Institute of Certified Public Accountants. He also holds directorships as independent non-executive director of companies listed on the Main Board of the Stock Exchange which include China Star Entertainment Limited and Bel Global Resources Holdings Limited.

Pursuant to an appointment letter entered into between Mr Ho and the Company, Mr Ho was appointed as an independent non-executive Director for a term of three years from 1st July 2011. The emoluments of Mr Ho are determined by reference to his duties and responsibilities, individual performances, the financial results of the Group, and the prevailing market benchmark. The emoluments (including director’s fee and bonus payment) of Mr Ho for the year ended 30th June 2012 is HK\$200,000. For the financial year ending 30th June 2013, Mr Ho will be entitled to a remuneration of approximately HK\$200,000 per annum. Mr. Ho is subject to retirement by rotation and re-election at annual general meetings of the Company in accordance with the Bye-Laws which requires one third of the Directors shall retire from office by rotation and shall be eligible for re-election.

Mr Ho was appointed to the Board on 1st April 2003 and so has served on the Board for over nine years. The Board recognises that length of service may have impact on the independence of an independent non-executive Director and has therefore kept his position under careful review. The Board believes Mr Ho is still independent as Mr Ho, being (1) an associate member of the Institute of Chartered Accountants of England and Wales, (2) a fellow member of the Hong Kong Institute of Certified Public Accountants and (3) a practicing Certified Public Accountant in Hong Kong of long standing, is fully aware of the requirement of independence and impartiality in performing his duties in his capacity as an independent non-executive Director.

The Board is of the view that Mr Ho should be re-elected as an independent non-executive Director on the basis of Mr Ho’s past contribution and performance such as (1) providing valuable recommendations to improve the management and performance of the Company in various aspects, (2) expressing independent views from the perspective of the minority shareholders of the Company, and (3) in his capacity as the chairman of (a) the audit committee, (b) the remuneration committee, (c) the nomination committee and (d) the corporate governance committee of the Company, together with the fact that Mr Ho is familiar with the operations and the business environments of the Company.

---

## LETTER FROM THE BOARD

---

### *Interests in Shares and underlying Shares*

As at the Latest Practicable Date, the interests in the Shares (within Part XV of the SF Ordinance) of Mr Hui Sai Chung were as follows:

Name of Director		Number of Shares beneficially held			Other interests	Number of Shares convertible by unlisted share options (physically settled equity derivatives)
		Personal interests	Corporate interests			
Mr Hui Sai Chung	Long positions	15,787,600	202,721,500(a)	—	—	

*Notes:*

- (a) 196,721,500 of these shares are held by Good Benefit Limited (“Good Benefit”), a company in which Ever Win Limited (“Ever Win”) holds a 45.1% interest (Note (b)). In addition, 6,000,000 shares are held by Ever Win directly.

50,000 ordinary shares of one Canadian dollar each in Ever Win are held by Mr Hui Sai Chung. Mr Hui Sai Chung and his spouse further owns 33,957 and 5 class A non-convertible redeemable preferred shares of no par value in Ever Win respectively.

- (b) The beneficial interests of the Directors in the share capital of Good Benefit, which held 196,721,500 shares of the Company as at the Latest Practicable Date, are as follows:

Name of Directors	Number of shares	Percentage of holding
Mr Hui Sai Chung	4,510	45.1%
Mr Hui Kwok Kwong	4,510	45.1%
Madam Liu Sau Lai	80	0.8%
Others	900	9.0%
	10,000	100.0%

Dr Wong Chi Ying, Anthony, Mr Ching Yu Lung and Mr Ho Wai Chi, Paul did not have any interests in the Shares within the meaning of Part XV of the SF Ordinance.

Save as disclosed above, Mr Hui Sai Chung, Dr Wong Chi Ying, Anthony, Mr Ching Yu Lung and Mr Ho Wai Chi, Paul have not held any other positions or directorship in any members of the Group, nor have any previous experience including other directorships held in listed companies in the last three years, except that Mr Ho Wai Chi, Paul is an independent non-executive director of Bel

---

## LETTER FROM THE BOARD

---

Global Resources Holdings Limited and China Star Entertainment Limited. Mr Ho Wai Chi, Paul was an independent non-executive director of Eternity Investment Limited (formerly known as China Star Investment Holdings Limited) and resigned from the above mentioned post with effect from 25th May 2010.

Save that Mr Hui Yan Kit, Sam being the General Manager of Shanghai Ngai Hing Plastic Materials Co., Limited which is a subsidiary of the Company, is the son of Mr Hui Sai Chung, Mr Hui Sai Chung, Dr Wong Chi Ying, Anthony, Mr Ching Yu Lung and Mr Ho Wai Chi, Paul are not connected with and have no relationship with any directors, senior management, substantial or controlling Shareholders of the Company. There is no information to be disclosed pursuant to any of the requirements of Rules 13.51(2)(h) to (w) of the Listing Rules for Mr Hui Sai Chung, Dr Wong Chi Ying, Anthony, Mr Ching Yu Lung and Mr Ho Wai Chi, Paul and there are no other matters that need to be brought to the attention of the Shareholders.

### **TERMINATION OF EXISTING SHARE OPTION SCHEME AND ADOPTION OF NEW SHARE OPTION SCHEME**

#### **A. The Existing Share Option Scheme and the New Share Option Scheme**

The Existing Share Option Scheme was adopted by a resolution duly passed by the Shareholders on 5th December 2002. Under the Existing Share Option Scheme, the Directors were authorised to grant to any Eligible Participant the options to subscribe for Shares as incentives or rewards for their contribution to the Company and its subsidiaries. As the Existing Share Option Scheme is due to expire on 4th December 2012, in order to enable the continuity of the share option scheme of the Company, the Company proposes to terminate the Existing Share Option Scheme and adopt the New Share Option Scheme. An ordinary resolution will be proposed at the Annual General Meeting to approve the termination of the Existing Share Option Scheme and the adoption of the New Share Option Scheme. So far as the Directors are aware, no Shareholder is prohibited from voting in respect of such resolution.

It is proposed that subject to the approval of the Shareholders for the adoption of the New Share Option Scheme, the Existing Share Option Scheme will be terminated upon the adoption of the New Share Option Scheme after all conditions precedent as referred to under the paragraph headed “Conditions of the adoption of the New Share Option Scheme” have been fulfilled. Operation of the New Share Option Scheme will commence after all the conditions precedent as referred to under the paragraph headed “Conditions of the adoption of the New Share Option Scheme” have been fulfilled. A summary of the principal terms of the rules of the New Share Option Scheme is set out in Appendix II to this circular.

Under the New Share Option Scheme, the Board has discretion to set a minimum period for which an Option has to be held before the exercise of the subscription rights attaching thereto. This discretion allows the Board to provide incentive to an Eligible Participant to keep contributing to the Group during the minimum period and thereby enables the Group to continue to benefit from the services of such Eligible Participant during such period. This discretion, coupled with the power of the Board to impose any performance target as it considers appropriate before any Option can be exercised, enables the Group to provide incentives to the Eligible Participants to use their best endeavours in assisting the growth and development of the Group.

---

## LETTER FROM THE BOARD

---

The Subscription Price of Options granted under the New Share Option Scheme shall be a price solely determined by the Board subject to such minimum amount as set out in the rules of the New Share Option Scheme, and the Board may specify in the offer letter granting the Options the performance targets that need to be achieved by an Eligible Participant as well as the minimum period for which an Option must be held before an Option can be exercised. The Directors believe that in providing the Board with the discretion to determine the Subscription Price, set performance targets and prescribe a vesting period before Options can be exercised, the Group will be in a better position to attract and retain valuable human resources as well as to achieve the purposes of the New Share Option Scheme. Unless otherwise determined by the Board, there are no performance targets under the New Share Option Scheme which must be achieved nor are there any minimum period for which Options must be held before the Options can be exercised. The Company does not at present intend to appoint a trustee to the New Share Option Scheme.

As at the Latest Practicable Date, the Company had outstanding 1,500,000 share options granted pursuant to the Existing Share Option Scheme which remained outstanding and not exercised. Other than the Existing Share Option Scheme, the Company currently does not maintain any other share option scheme.

Upon termination of the Existing Share Option Scheme, no further options may be granted but in all other respects the provisions of the Existing Share Option Scheme shall remain in full force and effect. Therefore, the adoption of the New Share Option Scheme will not in any event affect the terms of the grant of such outstanding options that have already been granted under the Existing Share Option Scheme and the above outstanding options granted under the Existing Share Option Scheme shall continue to be valid and subject to the provisions of the Existing Share Option Scheme.

As at the Latest Practicable Date, the number of Shares in issue is 369,200,000 Shares. Assuming that there is no change in the number of issued Shares between the period from the Latest Practicable Date and the Adoption Date, the number of Shares issuable pursuant to the New Share Option Scheme and any other share option schemes of the Company on the date of approval of the New Share Option Scheme will initially be 36,920,000 Shares, being 10% of the total number of Shares in issue on the date of approval of the New Share Option Scheme, unless the Company obtains a fresh approval from its Shareholders to renew the 10% limit on the basis that the maximum number of Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the New Share Option Scheme and any other share option schemes of the Company shall not exceed 30% of the issued share capital of the Company from time to time.

No Shareholder is required to abstain from voting on the termination of the Existing Share Option Scheme and the adoption of the New Share Option Scheme.

---

## LETTER FROM THE BOARD

---

### **B. Conditions of the adoption of the New Share Option Scheme**

The adoption of the New Share Option Scheme is conditional upon (i) the passing of an ordinary resolution by the Shareholders in general meeting approving the termination of the Existing Share Option Scheme and the adoption of the New Share Option Scheme and authorising the Directors to grant Options to subscribe for Shares thereunder and to allot, issue and deal with Shares pursuant to the exercise of any Options granted under the New Share Option Scheme; and (ii) the Listing Committee of 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.

Application will be made to the Stock Exchange for the approval of the listing of, and permission to deal in, the Shares to be issued pursuant to the exercise of Options granted under the New Share Option Scheme.

### **C. Principal terms of the New Share Option Scheme**

The principal terms of the New Share Option Scheme are set out in Appendix II to this circular. The rules of the New Share Option Scheme proposed to be adopted by the Company at the Annual General Meeting will be available for inspection at the principal place of business in Hong Kong at Unit 3, 6th Floor, Hopeful Factory Centre, 10 Wo Shing Street, Fo Tan, New Territories, Hong Kong during normal business hours from the date of this circular up to and including the date of Annual General Meeting and at the Annual General Meeting.

### **D. Value of all Options that can be granted under the New Share Option Scheme**

The Directors consider that it is not appropriate to state the value of all Options that may be granted pursuant to the New Share Option Scheme as if they had been granted on the Latest Practicable Date, because the calculation of the value of the Options is based on a number of variables such as the exercise price, exercise period, interest rate, expected volatility and other relevant variables. As Options have not been granted under the New Share Option Scheme, certain variables are not available for calculating the value of the Options. The Directors believe that any calculation of the value of the Options as at the Latest Practicable Date based on a great number of speculative assumptions would not be meaningful to the Shareholders.

## **RESPONSIBILITY STATEMENT**

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

## **ADDITIONAL INFORMATION**

Your attention is drawn to the additional information set out in the appendices to this circular.

Yours faithfully,  
For and on behalf of the Board  
**Hui Sai Chung**  
*Chairman*

---

## APPENDIX I — EXPLANATORY STATEMENT

---

This appendix serves as an explanatory statement, as required by the Listing Rules, to provide the requisite information to enable you to make an informed decision whether to vote for or against the resolution to approve the grant of the Repurchase Mandate to the Directors.

### **Listing Rules relating to the repurchase of securities**

The Listing Rules permit companies whose primary listing is on the Stock Exchange to repurchase their securities on the Stock Exchange subject to certain restrictions, the most important of which is summarised below. The Company is empowered by its memorandum of association and the Bye-Laws to repurchase its own securities.

### **Share capital**

As at the Latest Practicable Date, the issued share capital of the Company comprised 369,200,000 Shares. Subject to the passing of the proposed resolution for the grant of the Repurchase Mandate and on the basis that no Shares are allotted and issued or repurchased by the Company prior to the Annual General Meeting, the Company will be allowed under the Repurchase Mandate to repurchase up to a maximum of 36,920,000 Shares.

### **Reasons for the repurchase**

The Directors believe that the Repurchase Mandate is in the best interests of the Company and the Shareholders. An exercise of the Repurchase Mandate may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net asset value per Share and/or earnings per Share and will only be made if the Directors believe that such repurchases will benefit the Company and its Shareholders.

### **Funding of repurchases**

In repurchasing securities, the Company may only apply funds legally available for such purpose in accordance with its memorandum of association and the Bye-Laws, the Listing Rules and the applicable laws of Bermuda.

Taking into account the current working capital position of the Group, the Directors consider that, if the Repurchase Mandate were to be exercised in full, it might have a material adverse effect on the working capital and/or the gearing position of the Group as compared with the position as at 30th June 2012. However, the Directors do not intend to make any repurchases to such an extent as would, in the circumstances, have a material adverse effect on the working capital requirements or the gearing position of the Group which in the opinion of the Directors are from time to time appropriate for the Group.



---

## APPENDIX I — EXPLANATORY STATEMENT

---

### Share prices

The highest and lowest prices at which the Shares have traded on the Stock Exchange during each of the previous twelve months and in the current month up to the Latest Practicable Date, before the printing of this circular were as follows:

<b>2011</b>	<b>Highest</b>	<b>Lowest</b>
	<i>HK\$</i>	<i>HK\$</i>
October	0.380	0.330
November	0.360	0.300
December	0.380	0.265
<b>2012</b>		
January	0.330	0.290
February	0.380	0.300
March	0.320	0.305
April	0.310	0.290
May	0.305	0.290
June	0.300	0.250
July	0.280	0.280
August	0.247	0.247
September	0.310	0.260
October ( <i>Up to the Latest Practicable Date</i> )	0.310	0.290

### Disclosure of interests and minimum public holding

None of the Directors or, to the best of their knowledge, having made all reasonable enquiries, their Associates, have any present intention to sell to the Company or its subsidiaries any of the securities in the Company if the Repurchase Mandate is approved at the Annual General Meeting and exercised.

The Directors have undertaken to the Stock Exchange that they will exercise the power of the Company to make purchases of the Shares pursuant to the Repurchase Mandate in accordance with the Listing Rules, applicable laws of Bermuda and the regulations set out in the memorandum of association of the Company and the Bye-Laws.

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

---

## APPENDIX I — EXPLANATORY STATEMENT

---

As at the Latest Practicable Date, to the best knowledge and belief of the Directors, each of (1) Hui Sai Chung; and (2) Hui Kwok Kwong were interested in approximately 59.18% and 59.22% of the then issued share capital of the Company. Each of Mr Hui Sai Chung and Mr Hui Kwok Kwong holds 45.1% interest in Good Benefit Limited, a company which holds approximately 53.28% of the issued capital of the Company. Mr Hui Sai Chung and Mr Hui Kwok Kwong are deemed to be holding 53.28% interest in the Company indirectly through Good Benefit Limited under the SF Ordinance. On the basis that 369,200,000 Shares were in issue as at the Latest Practicable Date and assuming no further issue nor repurchase of Shares prior to the date of the Annual General Meeting, if the Repurchase Mandate were exercised in full, the percentage interests in the capital of the Company held by each of (1) Hui Sai Chung; and (2) Hui Kwok Kwong would increase to approximately 65.76% and 65.80% respectively of the issued share capital of the Company.

On the basis of the current percentage interests in the Company of such persons, an exercise of the Repurchase Mandate in full will not result in any of such persons becoming obliged to make a mandatory offer under the Takeovers Code.

The Directors have no intention to exercise the Repurchase Mandate to such an extent that it will result in less than 25% of the Shares being held by the public.

As at the Latest Practicable Date, no connected person (within the meaning ascribed to it in the Listing Rules) of the Company has notified the Company that he/she/it has a present intention to sell any securities of the Company nor has such connected person undertaken not to sell any of the securities held by him/her/it to the Company in the event that the Repurchase Mandate is granted.

### **Securities repurchase made by the Company**

The Company had not purchased any of the Shares (whether on the Stock Exchange or otherwise) during the six months preceding the date of this circular.

---

## **APPENDIX II — PRINCIPAL TERMS OF THE NEW SHARE OPTION SCHEME**

---

Set out below is a summary of the principal terms and conditions of the New Share Option Scheme to provide sufficient information to the Shareholders for their consideration of the New Share Option Scheme proposed to be adopted at the Annual General Meeting.

### **(1) PURPOSES OF THE SCHEME**

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

### **(2) WHO MAY JOIN**

The Directors may, at its absolute discretion, invite any person belonging to any of the following classes of participants (“Eligible Participants”), to take up Options to subscribe for Shares:

- (a) any Eligible Employee;
- (b) any non-executive directors (including independent non-executive directors) of the Company or any of our subsidiaries;
- (c) any supplier of goods or services to any member of the Group;
- (d) any customer of any member of the Group;
- (e) any person or entity that provides research, development or other technological support to any member of the Group;
- (f) any shareholder of any member of the Group or any holder of any securities issued by any member of the Group;
- (g) any adviser (professional or otherwise) or consultant to any area of business or business development of the Group; and
- (h) any other group or classes of participants who have contributed or may contribute by way of joint venture, business alliance or other business arrangement to the development and growth of the Group,

and, for the purposes of the New Share Option Scheme, the Options may be granted to any company wholly owned by one or more Eligible Participants.

The basis of eligibility of any of the above class of Eligible Participants to the grant of any Options shall be determined by the Directors from time to time on the basis of their contribution to the development and growth of the Group.

---

## APPENDIX II — PRINCIPAL TERMS OF THE NEW SHARE OPTION SCHEME

---

### (3) MAXIMUM NUMBER OF SHARES

- (a) The maximum number of Shares to be issued upon the exercise of all outstanding Options granted and yet to be exercised under the New Share Option Scheme and any other share option scheme of the Group must not in aggregate exceed 30% of the issued share capital of the Company in issue from time to time.
- (b) The total number of Shares which may be allotted and issued upon exercise of all Options (excluding, for this purpose, options which have lapsed in accordance with the terms of the New Share Option Scheme and any other share option scheme of the Group) to be granted under the New Share Option Scheme and any other share option scheme of the Group must not in aggregate exceed 10% of the Shares in issue as at the date of approval of the New Share Option Scheme (“General Mandate Limit”). Assuming that there is no change in the issued share capital of the Company between the period from the Latest Practicable Date and the date of passing the relevant resolution, the maximum number of Shares may be issued upon exercise of the Options granted under the General Mandate Limit is 36,920,000 Shares.
- (c) Subject to (a) above but without prejudice to (d) below, the Company may seek approval of the Shareholders in general meeting to refresh the General Mandate Limit provided that the total number of Shares which may be allotted and issued upon exercise of all Options to be granted under the New Share Option Scheme and any other share options scheme of the Group must not exceed 10% of the Shares in issue as at the date of approval of the limit and for the purpose of calculating the refreshed limit, options (including those outstanding, cancelled, lapsed or exercised in accordance with the New Share Option Scheme and any other share option scheme of the Group) previously granted under the New Share Option Scheme and any other share option scheme of the Group will not be counted.
- (d) Subject to (a) above and without prejudice to (c) above, the Company may seek separate Shareholders’ approval in general meeting to grant Options beyond the General Mandate Limit or, if applicable, the extended limit referred to in (c) above to Eligible Participants specifically identified by the Company before such approval is sought.

### (4) MAXIMUM ENTITLEMENT OF EACH PARTICIPANT

The total number of Shares issued and which may fall to be issued upon exercise of the Options and the options granted under any other share option scheme of the Group (including both exercised or outstanding options) to each Grantee in any 12-month period shall not exceed 1% of the issued share capital of the Company for the time being. Where any further grant of Options to a Grantee under the New Share Option Scheme would result in the Shares issued and to be issued upon exercise of all options granted and proposed to be granted to such person (including exercised, cancelled and outstanding options) under the New Share Option Scheme and any other share option schemes of the Group in the 12-month period up to and including the date of such further grant representing in aggregate over 1% of the Shares in issue, such further grant must be separately approved by Shareholders in general meeting of the Company with such Grantee and his Associates abstaining from voting.

---

## APPENDIX II — PRINCIPAL TERMS OF THE NEW SHARE OPTION SCHEME

---

### (5) GRANT OF OPTIONS TO CONNECTED PERSONS

- (a) Any grant of Options under the New Share Option Scheme to any director, chief executive or substantial shareholder of the Company, or any of their respective Associates must be approved by the independent non-executive Directors (excluding independent non-executive Director who is the Grantee of an Option).
- (b) Where any grant of Options to a substantial Shareholder or an independent non-executive Director or any of their respective Associates, would result in the Shares issued and to be issued upon exercise of all Options already granted and to be granted (including Options exercised, cancelled and outstanding) to such person in the 12-month period up to and including the date of such grant:
  - (i) representing in aggregate over 0.1% of the Shares in issue; and
  - (ii) having an aggregate value, based on the closing price of the Shares at the date of each grant, in excess of HK\$5 million;

such further grant of Options must be approved by the Shareholders. The Company shall send a circular to all Shareholders. All connected persons of the Company must abstain from voting at such general meeting, except that any connected person may vote against the relevant resolution at the general meeting provided that his intention to do so has been stated in the circular. Any vote taken at the meeting to approve the grant of such Options must be taken on a poll.

- (c) For the purpose of seeking the approval of the Shareholders under paragraphs (5) (a) and (b), the Company must send a circular to the Shareholders containing the information:
  - (i) details of the number and terms (including the Option Period, performance targets (if any), basis of determination of exercise price and the rights attached to the Shares or the Option) of the Options to be granted to each such substantial Shareholder or independent non-executive Director, or any of their respective associates, which must be fixed before the Shareholders' meeting and the date of Board meeting for proposing such further grant should be taken as the date of grant for the purpose of calculating the Subscription Price;
  - (ii) a recommendation from the independent non-executive Directors (excluding any independent non-executive Director who is a Grantee of the Options) to the independent Shareholders as to voting; and
  - (iii) the information and the disclaimer required under the Listing Rules.

### (6) TIME OF ACCEPTANCE AND EXERCISE OF OPTION

An offer shall remain open for acceptance by the Eligible Participant concerned (and by no other person) for a period of up to 21 days from the Offer Date.

---

## **APPENDIX II — PRINCIPAL TERMS OF THE NEW SHARE OPTION SCHEME**

---

An Option may be exercised in accordance with the terms of the New Share Option Scheme at any time during a period to be determined and notified by the Directors to each Grantee, which period may commence on the Offer Date but shall end in any event not later than 10 years from the date of grant of the Option subject to the provisions for early termination thereof. Unless otherwise determined by the Directors and stated in the Offer to a Grantee, a Grantee is not required to hold an Option for any minimum period before the exercise of an Option granted to him.

### **(7) PERFORMANCE TARGETS**

Unless the Directors otherwise determined and stated in the offer of the grant of Options to a Grantee, a Grantee is not required to achieve any performance targets before the exercise of an Option granted to him.

### **(8) SUBSCRIPTION PRICE FOR SHARES AND CONSIDERATION FOR THE OPTION**

The Subscription Price for Shares under the New Share Option Scheme will be a price determined by the Directors, but shall not be less than the higher of (i) the closing price of Shares as stated in the Stock Exchange's daily quotations sheet on the Offer Date; (ii) the average closing price of Shares as stated in the Stock Exchange's daily quotations for the five Business Days immediately preceding the Offer Date; and (iii) the nominal value of a Share.

A nominal consideration of HK\$1 is payable on acceptance of the grant of an Option.

### **(9) RANKING OF SHARES**

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

### **(10) RESTRICTIONS ON THE TIME OF GRANT OF OPTIONS**

For so long as the Shares are listed on the Stock Exchange, an Offer may not be made after a price sensitive event has occurred or a price sensitive matter has been the subject of a decision until such price sensitive information has been announced in accordance with the requirements of the Listing Rules. In particular, during the period commencing one month immediately preceding the earlier of (a) the date of the Board meeting (as such date is first notified to the Stock Exchange in accordance with the Listing Rules) for the approval of the Company's results for any year, half-year,

---

## **APPENDIX II — PRINCIPAL TERMS OF THE NEW SHARE OPTION SCHEME**

---

quarter or any other interim period (whether or not required under the Listing Rules); and (b) the deadline for the Company to publish an announcement of its results for any year, half-year, quarter or any other interim period (whether or not required under the Listing Rules), and ending on the date of the results announcement, no Offer may be made.

The Directors may not make any Offer to an Eligible Participant who is subject to the Model Code during the periods or times in which such Eligible Participant is prohibited from dealing in Shares pursuant to Model Code.

### **(11) PERIOD OF THE NEW SCHEME**

The New Share Option Scheme will remain in force for a period of 10 years commencing on the Adoption Date.

### **(12) RIGHTS ON CEASING EMPLOYMENT**

If the Grantee is an Eligible Employee and in the event of his ceasing to be an Eligible Employee for any reason other than death, ill-health or retirement in accordance with his contract of employment on one or more of the grounds specified in paragraph (14) below before exercising the Option in full, the Option (to the extent not already exercised) shall lapse on the date of cessation or termination and not be exercisable unless the Directors otherwise determine in which event the Grantee may exercise the Option (to the extent not already exercised) in whole or in part in accordance with the provisions in the New Share Option Scheme within such period as the Directors may determine following the date of such cessation or termination or, if any of the events referred to in paragraph (16) or (17) occur during such period, exercise the Option pursuant to paragraph (16) or (17) respectively. The date of cessation or termination as aforesaid shall be the last day on which the Grantee was actually at work with the Company or the relevant Subsidiary whether salary is paid in lieu of notice or not.

### **(13) RIGHTS ON DEATH, ILL-HEALTH OR RETIREMENT**

If the Grantee is an Eligible Employee and in the event of his ceasing to be an Eligible Employee by reason of his death, ill-health or retirement in accordance with his contract of employment before exercising the Option in full, his Personal Representative(s), or, as appropriate, the Grantee may exercise the Option (to the extent not already exercised) in whole or in part in accordance with the provisions in the New Share Option Scheme within a period of 12 months following the date of cessation which date shall be the last day on which the Grantee was at work with the Company or the relevant Subsidiary whether salary is paid in lieu of notice or not, or such longer period as the Directors may determine or, if any of the events referred to in paragraph (16) or (17) occur during such period, exercise the Option pursuant to paragraph (16) or (17) respectively.

### **(14) RIGHTS ON DISMISSAL**

If the Grantee is an Eligible Employee and ceases to be an Eligible Employee by reason of a termination of his employment on the grounds that he has been guilty of persistent or serious misconduct, or has committed any act of bankruptcy or has become insolvent or has made any

---

## **APPENDIX II — PRINCIPAL TERMS OF THE NEW SHARE OPTION SCHEME**

---

arrangements or composition with his creditors generally, or has been convicted of any criminal offence (other than an offence which in the opinion of the Directors does not bring the Grantee or the Group into disrepute), his Option (to the extent not already exercised) shall lapse automatically and will not in any event be exercisable on or after the date of cessation to be an Eligible Employee.

### **(15) RIGHTS ON BREACH OF CONTRACT**

If the Directors shall at their absolute discretion determine that (i) the Grantee (other than an Eligible Employee) or his Associate has committed any breach of any contract entered into between such Grantee or his Associate on the one part and the Group on the other part; or (ii) that such Grantee has committed any act of bankruptcy or has become insolvent or is subject to any winding-up, liquidation or analogous proceedings or has made any arrangement or composition with his creditors generally; or (iii) such Grantee could no longer make any contribution to the growth and development of the Group by reason of the cessation of its relations with the Group or by any other reason whatsoever; the Option shall lapse as a result of any event referred to (i), (ii) or (iii) above.

### **(16) RIGHTS ON A GENERAL OFFER, A COMPROMISE OR ARRANGEMENT**

If a general or partial offer, whether by way of take-over offer, share re-purchase offer, or scheme of arrangement or otherwise in like manner is made to all the holders of the Shares, or all such holders other than the offeror and/or any person controlled by the offeror and/or any person acting in association or concert with the offeror, the Company shall use all reasonable endeavours to procure that such offer is extended to all the Grantees on the same terms, mutatis mutandis, and assuming that they will become, by the exercise in full of the Options granted to them, Shareholders. If such offer becomes or is declared unconditional or such scheme of arrangement if formally proposed to Shareholders, the Grantee shall, notwithstanding any other terms on which his Options were granted, be entitled to exercise the Option (to the extent not already exercised) to its full extent or to the extent specified in the Grantee's notice to the Company in accordance with the provisions of the New Share Option Scheme at any time thereafter and up to the close of such offer (or any revised offer) or the record date for entitlements under scheme of arrangement, as the case may be.

### **(17) RIGHTS ON WINDING UP**

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



---

## **APPENDIX II — PRINCIPAL TERMS OF THE NEW SHARE OPTION SCHEME**

---

### **(18) GRANTEE BEING A COMPANY WHOLLY OWNED BY ELIGIBLE PARTICIPANTS**

If the Grantee is a company wholly-owned by one or more Eligible Participants:

- (a) the provisions of paragraphs (12), (13), (14) and (15) above shall apply to the Grantee and to the Options granted to such Grantee, mutatis mutandis, as if such Options had been granted to the relevant Eligible Participant, and such Options shall accordingly lapse or fall to be exercisable after the event(s) referred to in paragraphs (12), (13), (14) and (15) above shall occur with respect to the relevant Eligible Participant; and
- (b) the Options granted to the Grantee shall lapse and determine on the date the Grantee ceases to be wholly owned by the relevant Eligible Participant provided that the Directors may in their absolute discretion decide that such Options or any part thereof shall not so lapse or determine subject to such conditions or limitations as they may impose.

### **(19) ADJUSTMENTS TO THE SUBSCRIPTION PRICE**

In the event of any alteration in the capital structure of the Company whilst any Option remains exercisable or the New Share Option Scheme remains in effect, and such event arises from a capitalization of profits or reserves, right issue, consolidation or sub-division of the Shares, or reduction of the Share capital of the Company, then, in any such case the Company shall instruct the Auditors or an independent financial adviser to certify in writing the adjustment, if any, that ought in their opinion fairly and reasonably to be made either generally or as regards any particular Grantee, to (i) the number or nominal amount of Shares to which this New Share Option Scheme or any Option(s) relates (insofar as it is/they are unexercised); (ii) the Subscription Price of any Option; and (iii) (unless the relevant Grantee elects to waive such adjustment) the number of Shares comprised in an Option or which remain comprised in an Option, and an adjustment as so certified by the Auditors or such independent financial adviser shall be made, provided that: (i) any such adjustment shall give the Grantee the same proportion of the issued share capital of the Company for which such Grantee would have been entitled to subscribe had he exercised all the Options held by him immediately prior to such adjustment; (ii) no such adjustment shall be made the effect of which would be to enable a Share to be issued at less than its nominal value; (iii) the issue of Shares or other securities of the Group as consideration in a transaction shall not be regarded as a circumstance requiring any such adjustment; and (iv) any such adjustment shall be made in compliance with such rules, codes and guidance notes of the Stock Exchange from time to time.

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

### **(20) CANCELLATION OF OPTIONS**

Any cancellation of Options granted but not exercised may not be cancelled except with the prior written consent of the relevant Grantee and the approval of the Directors.

---

## **APPENDIX II — PRINCIPAL TERMS OF THE NEW SHARE OPTION SCHEME**

---

Where the Company cancels any Option granted to a Grantee but not exercised and issues new Option(s) to the same Grantee, the issue of such new Option(s) may only be made with available unissued Options (excluding, for this purpose, the Options so cancelled) within the General Mandate Limit or the limits approved by the Shareholders pursuant paragraphs (3) (c) and (d) above.

### **(21) TERMINATION OF THE NEW SHARE OPTION SCHEME**

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

### **(22) RIGHTS ARE PERSONAL TO THE GRANTEE**

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

### **(23) 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 the periods or dates referred to in paragraphs (12), (13), (14), (15), (16), (17) and (18); or (c) the date on which the Directors shall exercise the Company's right to cancel the Option by reason of a breach of paragraph (22) above by the Grantee in respect of that or any other Option.

### **(24) OTHERS**

- (a) The New Share Option Scheme is conditional upon the Listing Committee of the Stock Exchange granting the listing of and permission to deal in such number of Shares representing the General Mandate Limit to be allotted and issued by the Company pursuant to the exercise of Options in accordance with the terms and conditions of the New Share Option Scheme; and the passing of the necessary resolution to approve and adopt the New Share Option Scheme in general meeting of the Company.
- (b) Subject to paragraphs (24) (c) and (d), the New Share Option Scheme may be altered in any respect by a resolution of the Directors except that:
  - (i) the provisions of the New Share Option Scheme as to the definitions of "Eligible Participants", "Grantee", "Option Period" and "Termination Date";

---

## APPENDIX II — PRINCIPAL TERMS OF THE NEW SHARE OPTION SCHEME

---

- (ii) the provisions of the New Share Option Scheme relating to the matters governed by Rule 17.03 of the Listing Rules;

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

- (c) Any alterations to the terms and conditions of the New Share Option Scheme which are of a material nature or any change to the terms of Options granted shall be approved by the Shareholders in general meeting, except where the alterations take effect automatically under the existing terms of the New Share Option Scheme.
- (d) Any change to the authority of the Directors or the administrators of the New Share Option Scheme in relation to any alteration to the terms of the New Share Option Scheme must be approved by the Shareholders in general meeting.
- (e) The terms of the New Share Option Scheme and/or the Options amended pursuant to this paragraph (24) must comply with the applicable requirements of the Listing Rules.

---

## NOTICE OF ANNUAL GENERAL MEETING

---

The logo consists of the letters 'NHH' in a bold, white, sans-serif font, centered within a dark grey rectangular box.

### NGAI HING HONG COMPANY LIMITED

毅興行有限公司\*

*(Incorporated in Bermuda with limited liability)*

(Stock Code: 1047)

#### NOTICE OF ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that the annual general meeting of Ngai Hing Hong Company Limited (the “Company”) will be held at Caine Room, Level 7, Conrad Hotel, Pacific Place, 88 Queensway, Hong Kong, on Thursday, 22nd November 2012 at 10:00 a.m. for the following purposes:

1. To receive and approve the audited consolidated financial statements, the Report of the Directors and the Independent Auditor’s Report for the year ended 30th June 2012;
2. To re-elect the retiring directors and to authorise the board of directors of the Company (the “Directors”) to fix the Directors’ remuneration;
3. To re-appoint PricewaterhouseCoopers as auditor of the Company and to authorise the board of Directors to fix its remuneration;
4. As special business, to consider and, if thought fit, pass with or without amendments, the following ordinary resolutions:

A. **“THAT:**

- (a) subject to paragraph (c) below, the exercise by the Directors during the Relevant Period (as defined below) of all powers of the Company to allot, issue and deal with additional shares in the capital of the Company and to make and grant offers, agreements and options which would or might require the exercise of such power be and is hereby generally and unconditionally approved;
- (b) the approval in paragraph (a) above shall authorise the Directors during the Relevant Period to make and grant offers, agreements and options which would or might require the exercise of such power during or after the end of the Relevant Period;
- (c) the aggregate nominal amount of share capital allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to an option or otherwise) by the Directors pursuant to the approval in paragraph (a) above, otherwise than pursuant to (i) a Rights Issue (as defined below); (ii) the exercise of rights of subscription under the terms of any warrants or other securities issued by the Company as at the date of this resolution carrying a right to subscribe for or purchase shares of the Company;

\* For identification purpose only

---

## NOTICE OF ANNUAL GENERAL MEETING

---

or (iii) the exercise of the subscription rights under the share option schemes of the Company, shall not exceed 20 per cent. of the aggregate nominal amount of the share capital of the Company in issue as at the date of this resolution and the said approval shall be limited accordingly; and

(d) for the purposes of this resolution:

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

- (i) the conclusion of the next annual general meeting of the Company;
- (ii) the expiration of the period within which the next annual general meeting of the Company is required by the Bye-Laws of the Company or any applicable law to be held; or
- (iii) the revocation or variation of the authority given under this resolution by an ordinary resolution of the shareholders of the Company in general meeting; and

“Rights Issue” means an offer of shares open for a period fixed by the Directors to holders of shares on the register of members of the Company on a fixed record date in proportion to their then holdings of such shares (subject to such exclusions or other arrangements as the Directors may deem necessary or expedient in relation to fractional entitlements or legal or practical problems under the laws of, or the requirements of any recognised regulatory body or any stock exchange in, any territory).”

**B. “THAT:**

- (a) the exercise by the Directors during the Relevant Period (as defined below) of all powers of the Company to repurchase shares of HK\$0.10 each in the capital of the Company on the Stock Exchange, subject to and in accordance with all applicable laws, be and is hereby generally and unconditionally approved;
- (b) the aggregate nominal amount of shares of the Company to be repurchased by the Company pursuant to the approval in paragraph (a) above during the Relevant Period shall not exceed 10 per cent. of the aggregate nominal amount of the share capital of the Company in issue as at the date of this resolution and the said approval shall be limited accordingly; and

---

## NOTICE OF ANNUAL GENERAL MEETING

---

(c) for the purposes of this resolution:

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

- (i) the conclusion of the next annual general meeting of the Company;
- (ii) the expiration of the period within which the next annual general meeting of the Company is required by the Bye-Laws of the Company or any applicable law to be held; or
- (iii) the revocation or variation of the authority given under this resolution by an ordinary resolution of the shareholders of the Company in general meeting.”

C. “**THAT** conditional upon resolution no.4B above being passed, the aggregate nominal amount of the number of shares in the capital of the Company which are repurchased by the Company under the authority granted to the Directors as mentioned in resolution no.4B above shall be added to the aggregate nominal amount of share capital that may be allotted or agreed conditionally or unconditionally to be allotted by the Directors pursuant to resolution no.4A above, provided that such amount shall not exceed 10 per cent. of the aggregate nominal amount of the share capital of the Company in issue as at the date of passing this Resolution.”

5. “**THAT**:

- (a) subject to and conditional upon the Stock Exchange granting the listing of, and permission to deal in, the shares of the Company which may fall to be issued and allotted pursuant to the exercise of any options which may be granted under the new share option scheme of the Company (the “New Share Option Scheme”), the rules of which are contained in the document marked “A” produced to the meeting and for the purpose of identification signed by the chairman of the meeting, the New Share Option Scheme be and is hereby approved and adopted and the Directors be and are hereby authorised to do all such acts and to enter into all such transactions, arrangements and agreements as may be necessary or expedient in order to give full effect to the New Share Option Scheme including but without limitation:
  - (i) to administer the New Share Option Scheme under which options will be granted to participants eligible under the New Share Option Scheme to subscribe for shares in the Company;
  - (ii) to modify and/or amend the New Share Option Scheme from time to time provided that such modification and/or amendment is effected in accordance with the provisions of the New Share Option Scheme relating to modification and/or amendment;
  - (iii) to issue and allot from time to time such number of shares in the capital of the Company as may be required to be issued pursuant to the exercise of the options under the New Share Option Scheme and subject to the Rules Governing the Listing of Securities on the Stock Exchange;

---

## NOTICE OF ANNUAL GENERAL MEETING

---

- (iv) to make application at the appropriate time or times to the Stock Exchange; and any other stock exchanges upon which the issued shares of the Company may for the time being be listed, for listing of and permission to deal in any shares which may hereafter from time to time be issued and allotted pursuant to the exercise of the options under the New Share Option Scheme; and
  - (v) to consent, if it so deems fit and expedient, to such conditions, modifications and/or variations as may be required or imposed by the relevant authorities in relation to the New Share Option Scheme; and
- (b) existing share option scheme which was adopted by the Company on 5th December 2002 be and is hereby terminated with effect from the adoption of the New Share Option Scheme.”

By Order of the Board  
**Chan Ka Ho**  
*Company Secretary*

Hong Kong, 18th October 2012

*Head office and principal place of business in Hong Kong:*

Unit 3, 6th Floor  
Hopeful Factory Centre  
10 Wo Shing Street  
Fo Tan, New Territories  
Hong Kong

**Notes:**

1. A member entitled to attend and vote at the meeting convened by the above notice is entitled to appoint one or more than one proxy to attend and vote in his stead. A proxy need not be a member of the Company.
2. In order to be valid, a form of proxy and (if required by the Board of Directors) the power of attorney or other authority, if any, under which it is signed or a certified copy of that power of attorney or authority, must be deposited at the Company's branch share registrar in Hong Kong, Union Registrars Limited, 18/F, Fook Lee Commercial Centre, Town Place, 33 Lockhart Road, Wanchai, Hong Kong not less than 48 hours before the time for holding the meeting or adjourned meeting.
3. The register of members of the Company will be closed from Monday, 19th November 2012 to Thursday, 22nd November 2012 (both dates inclusive) during which period no transfer of shares will be registered for determining the Shareholders who are entitled to attend and vote at the Annual General Meeting. In order to be eligible to attend and vote at the meeting, all properly

---

## NOTICE OF ANNUAL GENERAL MEETING

---

completed transfer forms accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Union Registrars Limited, 18/F, Fook Lee Commercial Centre, Town Place, 33 Lockhart Road, Wanchai, Hong Kong not later than 4:00 p.m. on Friday, 16th November 2012.

4. The existing Board of Directors comprises six executive Directors, namely, Mr Hui Sai Chung, Mr Hui Kwok Kwong, Dr Wong Chi Ying, Anthony, Mr Lai Kam Wah, Madam Liu Sau Lai and Mr Ng Chi Ming and three independent non-executive Directors, namely, Mr Ho Wai Chi, Paul, Mr Chan Dit Lung and Mr Ching Yu Lung.