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

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

**If you have sold or transferred** all your shares in **CNT Group Limited**, you should at once hand this circular to the purchaser or transferee or to the bank, licensed securities dealer or other agent through whom the sale or the transfer was effected for transmission to the purchaser or transferee.

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**CNT GROUP LIMITED**

**北海集團有限公司**

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 701)**

**PROPOSALS FOR RE-ELECTION OF DIRECTORS,  
GENERAL MANDATES TO ISSUE AND REPURCHASE SHARES,  
ADOPTION OF NEW SHARE OPTION SCHEME  
AND  
NOTICE OF ANNUAL GENERAL MEETING**

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A notice convening an annual general meeting of the Company to be held at 31st Floor, CNT Tower, 338 Hennessy Road, Wanchai, Hong Kong on Thursday, 28 June 2012 at 11:00 a.m. is appended to this circular. A form of proxy for use at the annual general meeting is enclosed with this circular. Such form of proxy is also published on the websites of The Stock Exchange of Hong Kong Limited ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company ([www.cntgroup.com.hk](http://www.cntgroup.com.hk)). Whether or not you are able to attend the annual general meeting, please complete and sign the accompanying form of proxy in accordance with the instructions printed thereon and return it to the Company's registrar in Hong Kong, Tricor Tengis Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for the holding of the annual general meeting. Completion and return of the form of proxy will not preclude shareholders from attending and voting in person at the meeting or any adjournment thereof if they so wish.

30 April 2012

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## DEFINITIONS

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

“Adoption Date”	the date on which the New Scheme is conditionally adopted by resolutions of the Shareholders in the AGM;
“AGM”	the annual general meeting of the Company to be held at 31st Floor, CNT Tower, 338 Hennessy Road, Wanchai, Hong Kong on Thursday, 28 June 2012 at 11:00 a.m. to consider and, if appropriate, to approve the resolutions as set out in the notice of AGM, which is appended to this circular, or any adjournment thereof;
“associate”	has the same meaning as defined in the Listing Rules;
“Auditors”	the auditors for the time being of the Company;
“Board”	the board of directors of the Company;
“Bye-laws”	the bye-laws of the Company from time to time in force;
“chief executive”	has the same meaning as defined in the Listing Rules;
“Company”	CNT Group Limited, a company incorporated in Bermuda with limited liability and the securities of which are listed on the Stock Exchange;
“connected person”	has the same meaning as defined in the Listing Rules;
“Date of Grant”	the business day on which an Option is granted by resolution of the Board and issue of an Option certificate, provided that such resolution and issue of Option certificate shall not be later than 7 days after the end of the period for acceptance by the Participant;
“Directors”	the directors of the Company;
“Existing Scheme”	the existing share option scheme adopted by the Company on 28 June 2002;
“Grantee”	any Participant who accepts the offer for the grant of any Option in accordance with the terms of the New Scheme or (where the context so permits) a person entitled to any such Option in consequence of the death of the original Grantee;
“Group”	the Company and its subsidiaries;

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## DEFINITIONS

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“HK\$”	Hong Kong dollars, the lawful currency for the time being of Hong Kong;
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China;
“Invested Entity”	any entity in which any member of the Group holds any equity interest;
“Latest Practicable Date”	19 April 2012, being the latest practicable date prior to the printing of this circular for ascertaining certain information referred to in this circular;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“New Scheme”	the new share option scheme proposed to be adopted by the Company at the AGM;
“Offer”	the offer for the grant of an Option made in accordance with the terms of the New Scheme;
“Offer Date”	the date on which an Offer is made to a Participant;
“Option(s)”	option(s) to subscribe for Shares granted or to be granted pursuant to the terms of the New Scheme;
“Option Period”	the period for the exercise of an Option to be notified by the Board to the Grantee in the Offer, but in any event such period shall not be more than 10 years from the Date of Grant;
“Participant(s)”	any person(s) who fall within any of the classes of participants eligible under the New Scheme, a summary of which is set out in paragraph 3 of the Appendix III to this circular;
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong);
“Share(s)”	ordinary share(s) in the capital of the Company with a par value of HK\$0.10 each (or such other prevailing par value from time to time);
“Shareholder(s)”	holder(s) of Shares;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;

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## DEFINITIONS

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“Subscription Price”	the price per Share at which a Grantee may subscribe for Shares on the exercise of an Option pursuant to the terms of the New Scheme;
“substantial shareholder”	has the same meaning as defined in the Listing Rules;
“Takeover Code”	The Codes on Takeovers and Mergers and Share Repurchases approved by the Securities and Futures Commission as amended from time to time; and
“%”	per cent.

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LETTER FROM THE BOARD

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**CNT GROUP LIMITED**

**北海集團有限公司**

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 701)**

**Executive Directors**

Lam Ting Ball, Paul (Chairman)  
Tsui Ho Chuen, Philip (Executive Deputy Chairman)  
Tsui Yam Tong, Terry (Managing Director)  
Chong Chi Kwan (Finance Director)

**Registered office**

Clarendon House  
2 Church Street  
Hamilton HM 11  
Bermuda

**Non-executive Directors**

Chan Wa Shek  
Hung Ting Ho, Richard  
Zhang Yulin  
Ko Sheung Chi

**Principal Office**

31st Floor  
CNT Tower  
338 Hennessy Road  
Wanchai  
Hong Kong

**Independent Non-executive Directors**

Sir David Akers-Jones (Deputy Chairman)  
Danny T Wong  
Steven Chow

**Alternate Director**

Chong Shaw Swee, Alan (alternate to Hung Ting Ho, Richard)

30 April 2012

*To the Shareholders*

Dear Sir or Madam,

**PROPOSALS FOR RE-ELECTION OF DIRECTORS,  
GENERAL MANDATES TO ISSUE AND REPURCHASE SHARES,  
ADOPTION OF NEW SHARE OPTION SCHEME  
AND  
NOTICE OF ANNUAL GENERAL MEETING**

**1. INTRODUCTION**

The purpose of this circular is to provide you with the notice of the AGM and information in respect of the ordinary resolutions to be proposed at the AGM for the approval of (a) the re-election of Directors at the AGM; (b) the granting of general mandates to issue and repurchase Shares; and (c)

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## **LETTER FROM THE BOARD**

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the adoption of the New Scheme and the grant to the Directors authority to grant Options under the New Scheme and to issue, allot and deal in the Shares following the exercise of such Options by the Grantees thereof.

### **2. RE-ELECTION OF DIRECTORS**

In accordance with the Bye-laws, Messrs. Lam Ting Ball, Paul, Tsui Yam Tong, Terry, Chong Chi Kwan, Chan Wa Shek and Dr. Steven Chow are subject to re-election at the AGM. Details of the Directors proposed for re-election are set out in the Appendix I to this circular.

### **3. GENERAL MANDATES TO ISSUE AND REPURCHASE SHARES**

The existing general mandates granted to the Directors to issue and repurchase Shares will expire at the conclusion of the AGM. To renew these general mandates, ordinary resolutions are proposed at the AGM that: (i) the Board be granted a general mandate to allot and issue new Shares up to an amount of not exceeding 20% of the aggregate nominal amount of the share capital of the Company in issue and fully paid-up at the date of passing of such resolution; (ii) the Board be granted a general mandate to exercise all the powers of the Company to repurchase Shares up to a maximum of 10% of the aggregate nominal amount of the share capital of the Company in issue and fully paid-up at the date of passing of such resolution; and (iii) the allotment mandate be extended by adding the nominal amount of all the Shares repurchased by the Company pursuant to the repurchase mandate to the aggregate nominal amount of the share capital of the Company to be allotted and issued pursuant to the allotment mandate.

The Board wishes to state that, as at the Latest Practicable Date, it has no immediate plans to issue any new Share or to repurchase any existing Share.

As at the Latest Practicable Date, the issued share capital of the Company comprised 1,888,405,690 Shares. On the basis that no further Share is issued or repurchased prior to the AGM, the maximum number of Shares under the general mandate to allot and issue new Shares of not exceeding 20% of the Shares in issue as at the date of the AGM, if approved, shall be 377,681,138 Shares.

An explanatory statement as required under the Listing Rules to provide the requisite information concerning the repurchase mandate is set out in the Appendix II to this circular.

### **4. EXISTING SCHEME AND PROPOSED ADOPTION OF NEW SCHEME**

Pursuant to a resolution of the then Shareholders passed on 28 June 2002, the Company had adopted the Existing Scheme. Under the Existing Scheme, the Directors were authorised to grant to the participants options to subscribe for Shares for the purpose of, among other things, providing incentives and rewards to, and recognizing the contributions of, the participants who were eligible under the Existing Scheme. The Existing Scheme is valid and effective for a period of 10 years commencing on 28 June 2002 and accordingly, it will expire on 27 June 2012.

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## LETTER FROM THE BOARD

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As at the Latest Practicable Date, the Company does not maintain any other share option scheme other than the Existing Scheme and a total of 152,800,000 options carrying the right to subscribe for 152,800,000 Shares had been granted pursuant to the Existing Scheme and remained unexercised which options will lapse and determine on 26 May 2015.

The Directors confirm that no further options will be granted under the Existing Scheme prior to the date of the AGM but the Existing Scheme would in all other respects remain in force to the extent necessary to give effect to the exercise of the outstanding options granted under it prior to its expiry which outstanding options will continue to be valid and exercisable in accordance with the terms of the Existing Scheme.

For the reasons stated below, the Board proposes to adopt the New Scheme which is subject to the approval of the Shareholders at the AGM.

### **The New Scheme**

A summary of the principal terms of the New Scheme is set out in the Appendix III to this circular. A copy of the New Scheme proposed to be adopted by the Company at the AGM will be available for inspection at the principal office of the Company in Hong Kong at 31st Floor, CNT Tower, 338 Hennessy Road, Wanchai, Hong Kong during normal business hours from the Latest Practicable Date up to and including the date of AGM.

The initial maximum number of Shares which may be allotted and issued upon exercise of all Options to be granted under the New Scheme may represent up to 10% of the Shares in issue on the date of approval of the New Scheme by the Shareholders at the AGM (the “Scheme Mandate Limit”), which maximum number may however be refreshed as detailed in paragraph 8.2 of “Summary of Principal Terms of New Scheme” to this circular.

On the basis of 1,888,405,690 Shares in issue as at the Latest Practicable Date and assuming that, prior to the AGM, no Shares are issued or repurchased by the Company, the Scheme Mandate Limit will be 188,840,569 Shares.

The maximum number of Shares which may be allotted and issued upon exercise of all outstanding Options granted and yet to be exercised under the New Scheme and any other share option schemes of the Group shall not exceed 30% of the Shares in issue from time to time and no Options may be granted under the New Scheme or any other share option scheme of the Company if the grant of such Option will result in the said limit being exceeded.

The terms of the New Scheme provide that in granting Options under the New Scheme, the Board may offer to grant any Options subject to such terms and conditions in relation to the minimum period of the Options to be held and/or the performance targets to be achieved or satisfied before such Options can be exercised and/or any other terms as the Board may determine in its absolute discretion. The Board will also have the discretion in determining the Subscription Price in respect of any Option, provided that the relevant requirements in the Listing Rules are complied with.



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## LETTER FROM THE BOARD

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

To the best knowledge of the Directors, as at the Latest Practicable Date, no Shareholders have a material interest in the New Scheme different to that of any other Shareholders and accordingly, no Shareholders will have to abstain from voting at the AGM on the resolution approving the adoption of the New Scheme.

### **Conditions of the adoption of the New Scheme**

The adoption of the New Scheme is conditional upon:

- (i) the approval by the Shareholders of the adoption of the New Scheme at the AGM and the grant to the Directors authority to grant Options under the New Scheme and to allot, issue and deal with the Shares which may fall to be issued and allotted upon the exercise of the Options granted under the New Scheme; and
- (ii) the Stock Exchange granting approval of the listing of, and permission to deal in, the Shares which may fall to be issued and allotted upon the exercise of any Options granted under the New Scheme up to 10% of the Shares in issue as at the date of the AGM and the adoption of the New Scheme.

Application will be made to the Stock Exchange for the approval of the listing of, and permission to deal in, the Shares representing 10% of the issued share capital of the Company as at the date of the AGM and the adoption of the New Scheme, which may fall to be issued and allotted upon the exercise of Options to be granted under the New Scheme.

### **Reasons for the proposal**

The Existing Scheme will expire on 27 June 2012. The Directors consider that it is appropriate to adopt the New Scheme at the AGM so as to ensure the Company's continuity in providing rewards, motivations or incentives to the Participants for recognition of their contributions to the Group and to utilise their performance and efficiency and to make contributions for the benefit of the Group, by way of granting the Options.

The Directors consider that the adoption of the New Scheme is in the interest of and would be advantageous to the Company and the Shareholders as a whole as it enables the Company to grant Options to the Participants under the New Scheme to provide them with a personal stake in the Company and direct economic interest which the Directors believe will help in retaining of the existing employees and recruiting additional human resources that are valuable to the Group for attaining the long-term development and growth of the Group and in building of common objectives of the Group and the Participants for the betterment of business and profitability of the Group.

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## LETTER FROM THE BOARD

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### **Values of all options that can be granted under the New Scheme**

The Directors consider that it would not be appropriate to state the value of all Options that may be granted pursuant to the New 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, unexpected volatility and other relevant variables. As Options have not been granted under the New 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 number of speculative assumptions would not be meaningful and would be misleading to the Shareholders.

### **5. AGM**

A notice convening the AGM to be held on Thursday, 28 June 2012 at 11:00 a.m. at 31st Floor, CNT Tower, 338 Hennessy Road, Wanchai, Hong Kong is appended to this circular.

A form of proxy for use at the AGM is enclosed. The form of proxy, in order to be valid, must be deposited in accordance with the instructions printed thereon not less than 48 hours before the time for holding the AGM. Completion and return of the form of proxy will not preclude you from attending and voting at the AGM or any adjournment thereof in person if you so wish.

### **6. LISTING RULES REQUIREMENT**

According to rule 13.39(4) of the Listing Rules, any vote of shareholders at a general meeting must be taken by poll. Therefore, all the resolutions put to the vote at the AGM will be taken by way of poll.

### **7. 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 misleading.

### **8. RECOMMENDATION**

The Directors consider that the re-election of Directors, the granting of general mandates to issue and repurchase Shares, the adoption of the New Scheme and the grant to the Directors authority to grant Options under the New Scheme and to allot, issue and deal with Shares following the exercise of such Options by the Grantees thereof are in the interests of the Company and the Shareholders as a whole. The Directors therefore recommend the Shareholders to vote in favour of each of the relevant resolutions on terms as set out in the notice of the AGM.

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## LETTER FROM THE BOARD

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### 9. FURTHER INFORMATION

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

Yours faithfully,  
On behalf of the Board  
**Lam Ting Ball, Paul**  
*Chairman*

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## **APPENDIX I DETAILS OF DIRECTORS PROPOSED TO BE RE-ELECTED**

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*Stated below are the details of the Directors proposed to be re-elected at the AGM.*

### **1. Mr. Lam Ting Ball, Paul, aged 70, Chairman**

Mr. Lam joined the Group in May 1973. He has more than 39 years of experience in the paint industry. Mr. Lam has no service agreement with the Company and he is not appointed for a specific term but is subject to re-election once every three years pursuant to the Bye-laws. Mr. Lam presently receives a monthly salary of HK\$100,000 and an accommodation allowance of not more than HK\$70,000 per month and other fringe benefits. For the year ended 31 December 2011, the total remuneration paid to Mr. Lam by the Group, including the director's fees of HK\$300,000, was HK\$2,285,000.

### **2. Mr. Tsui Yam Tong, Terry, aged 66, Managing Director**

Mr. Tsui joined the Group in July 1987. He has more than 39 years of experience in administration and management. Mr. Tsui is the uncle of Mr. Tsui Ho Chuen, Philip, the executive deputy chairman of the Company. He is also the sole director and shareholder of Rapid Growth Ltd. ("RGL", a substantial shareholder of the Company) and a discretionary beneficiary of a discretionary trust of which RGL is the trustee. As at Latest Practicable Date, Mr. Tsui held interests in 346,231,521 Shares of the Company and derivative interests in 98,000,000 Shares of the Company, in aggregate representing approximately 23.52% of the existing issued share capital of the Company, within the meaning of Part XV of the SFO. Mr. Tsui has no service agreement with the Company and he is not appointed for a specific term but is subject to re-election once every three years pursuant to the Bye-laws. Mr. Tsui presently receives a monthly salary of HK\$450,000 and an accommodation allowance of not more than HK\$100,000 per month and other fringe benefits. For the year ended 31 December 2011, the total remuneration paid to Mr. Tsui by the Group, including the director's fees of HK\$760,000, was HK\$8,167,000.

### **3. Mr. Chong Chi Kwan, aged 44, Finance Director**

Mr. Chong joined the Group in November 2005. He has over 20 years of experience in auditing, finance and accounting. He holds a master degree in professional accounting from The Hong Kong Polytechnic University and is a fellow member of the Hong Kong Institute of Certified Public Accountants and The Association of Chartered Certified Accountants. Mr. Chong has no service agreement with the Company and he is not appointed for a specific term but is subject to re-election at least once every three years pursuant to the Bye-laws. Mr. Chong presently receives a monthly salary of HK\$75,000 and a fixed travelling allowance of RMB5,000 per month and other fringe benefits. For the year ended 31 December 2011, the total remuneration paid to Mr. Chong by the Group, including the director's fee of HK\$280,000, was HK\$1,336,000.

### **4. Mr. Chan Wa Shek, aged 81, Non-executive Director**

Mr. Chan was appointed an independent non-executive Director in February 2007 and was re-designated as a non-executive Director in September 2011. Mr. Chan is the former Commissioner of Correctional Services of Hong Kong. He holds a master degree in public service from the University

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## APPENDIX I DETAILS OF DIRECTORS PROPOSED TO BE RE-ELECTED

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of San Francisco. Mr. Chan has no service agreement with the Company and he is not appointed for a specific term but is subject to re-election at least once every three years pursuant to the Bye-laws. For the year ended 31 December 2011, the total remuneration paid to Mr. Chan, including the director's fee of HK\$100,000, was HK\$200,000.

### 5. Dr. Steven Chow, aged 67, Independent Non-executive Director

Dr. Chow was appointed an independent non-executive Director in February 2007. He has over 35 years of experience in finance and management. He holds a master degree in education from the Suffolk University and a master degree in business administration and a doctor of economics degree from the Boston University. He is also an independent non-executive director of Haitian International Holdings Limited, and was an independent non-executive director of C Y Foundation Group Limited up to 21 December 2009, both listed on the Stock Exchange. Dr. Chow has no service agreement with the Company and he is not appointed for a specific term but is subject to re-election at least once every three years pursuant to the Bye-laws. For the year ended 31 December 2011, the remuneration being the director's fee paid to Dr. Chow was HK\$100,000.

The remuneration of the executive Directors are determined by the remuneration committee and the remuneration of the non-executive Directors are determined by the Board on the recommendation of the remuneration committee, by reference to their duties and responsibilities, performance, experiences, time commitment and the market conditions.

As a result of dealings in the Shares by the trustee of a discretionary trust in which Mr. Tsui Yam Tong, Terry is a discretionary beneficiary during the dealing prohibition period, the Stock Exchange publicly censured Mr. Tsui in December 1999 for breaches of the Listing Rules. The Stock Exchange considered that he had an obligation to inform the trustee not to deal when necessary.

Mr. Tsui Yam Tong, Terry is the subject of two unsatisfied judgments both made in favour of The New China Hong Kong Finance Limited (in liquidation) and in respect of the same or substantially the same matters concerning, inter alia, Eternal March Limited, namely (i) judgment under High Court Action No. 668 of 2005 which was entered against Mr. Tsui Yam Tong, Terry for payment of the sum of HK\$7,425,096.89 plus interest and costs in respect of his liabilities in providing a guarantee for the indebtedness of Eternal March Limited, and (ii) judgment under High Court Action No. 1276 of 2005 which was entered against, inter alia, Mr. Tsui Yam Tong, Terry for payment of the sum of HK\$29 million being damages assessed plus interest and costs. According to Mr. Tsui Yam Tong, Terry, discussions and negotiations for settlement and disposal of the proceedings in respect of the said judgments are underway. In view of that and the fact that Mr. Tsui Yam Tong, Terry has joined the Group for more than 24 years and has extensive experience and contribution to the Group, the Board considers that the said judgments, which are personal in nature and not related to the Group, would not affect the performance of the duties as director by Mr. Tsui Yam Tong, Terry and would not have any adverse effect on the re-election of Mr. Tsui Yam Tong, Terry as executive Director.

Mr. Lam Ting Ball, Paul was a director of Whole Rich Investment Limited, a company incorporated in Hong Kong and engaged in restaurant operation, which had been put into compulsory winding up on 22 February 1995 and was dissolved on 23 July 1999.

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## **APPENDIX I DETAILS OF DIRECTORS PROPOSED TO BE RE-ELECTED**

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The following companies incorporated in Hong Kong, in which Mr. Tsui Yam Tong, Terry is/was a director, had been put into receiverships or creditors' or compulsory winding up: Champion Rich Investment Limited (property holding and investment, appointment of receivers over charged properties for HK\$64,803,777.28 plus costs of interests on 25 May 1999 and settlement and cessation of receiverships on 29 December 1999), Chrysanthemum Chinese Restaurant Limited (restaurant operation, commencement of creditors' voluntary winding up on 5 February 1999 and dissolution on 15 May 2001), Happy Trade Limited (investment holding, appointment of receivers over charged property and commencement of compulsory winding up on 10 September 1999 and 17 November 1999 respectively and dissolution on 7 June 2003) and Oriental Property Maintenance Limited (provision of property maintenance service, commencement of winding up by court on 8 January 2003 and dissolution on 7 October 2009).

Save as disclosed above, there is no other information required to be disclosed pursuant to any of the requirements of Rule 13.51(2) of the Listing Rules and there is no other matter that needs to be brought to the attention of the Shareholders.

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## **APPENDIX II EXPLANATORY STATEMENT FOR REPURCHASE MANDATE**

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*This Appendix serves as an explanatory statement required by the Listing Rules to provide the Shareholders with the information reasonably necessary to enable the Shareholders to make an informed decision on whether to vote for or against the repurchase mandate.*

### **1. SHARE CAPITAL**

As at the Latest Practicable Date, the issued share capital of the Company comprised 1,888,405,690 Shares.

Subject to the passing of the relevant resolution and on the basis that no further Share is issued or repurchased prior to the AGM, the Company would be allowed under the repurchase mandate to repurchase a maximum of 188,840,569 Shares representing 10% of the Shares in issue as at the date of the AGM. The Shares proposed to be repurchased by the Company must be fully-paid up.

The repurchase mandate may continue in force until the earliest of: (i) the conclusion of the next annual general meeting of the Company for the year of 2013; (ii) the expiration of the period within which the next annual general meeting of the Company is required by law to be held; and (iii) the revocation or variation of the repurchase mandate by ordinary resolution of the Shareholders in general meeting.

### **2. REASONS FOR REPURCHASES**

The Directors believe that the repurchase mandate is in the interests of the Company and the Shareholders as a whole. Such repurchases may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net assets and/or earnings per Share and will only be made when the Directors believe that such a repurchase will benefit the Company and the Shareholders as a whole.

### **3. FUNDING OF REPURCHASES**

In repurchasing Shares, the Company may only apply funds legally available for such purpose in accordance with the memorandum of association and the Bye-laws of the Company and the laws of Bermuda. It is presently proposed that any repurchase under the repurchase mandate would be repurchased out of the capital paid up on the repurchased Shares, the profits of the Company which would otherwise be available for dividend, the Company's share premium account and/or contributed surplus account in each case to the extent as permitted by the laws of Bermuda.

There might be an adverse impact on the working capital or gearing position of the Company as compared with the position disclosed in the audited consolidated accounts contained in the Company's annual report for the year ended 31 December 2011 in the event that the repurchase mandate was to be carried out in full at any time during the proposed repurchase period. However, the Directors do 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 of the Company which in the opinion of the Directors are from time to time appropriate for the Company.

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**APPENDIX II EXPLANATORY STATEMENT FOR REPURCHASE MANDATE**

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**4. SHARE PRICES**

The highest and lowest prices at which the Shares were traded on the Stock Exchange during each of the previous twelve months before the printing of this circular were as follows:

	Share price	
	Highest HK\$	Lowest HK\$
<b>2011</b>		
April	0.3650	0.3450
May	0.3650	0.3400
June	0.3950	0.3500
July	0.4150	0.3300
August	0.3900	0.3100
September	0.3950	0.3100
October	0.4100	0.3150
November	0.3750	0.3500
December	0.4000	0.3650
<b>2012</b>		
January	0.3950	0.3750
February	0.3950	0.3750
March	0.3850	0.3750
April (up to the Latest Practicable Date)	0.3800	0.3750

**5. UNDERTAKING**

The Directors have undertaken to the Stock Exchange that they will exercise the powers of the Company to make repurchases in accordance with the Listing Rules and the applicable laws of Bermuda so far as the same may be applicable and in accordance with the regulations set out in the memorandum of association and the Bye-laws of the Company.

None of the Directors nor, to the best of their knowledge having made all reasonable enquiries, their associates have any present intention to sell Shares to the Company under the repurchase mandate if such is approved by the Shareholders.

No connected person of the Company has notified the Company that he has a present intention to sell Shares to the Company, nor has undertaken not to do so, in the event that the repurchase mandate is approved by the Shareholders.



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## **APPENDIX II EXPLANATORY STATEMENT FOR REPURCHASE MANDATE**

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### **6. TAKEOVER CODE**

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

As at the Latest Practicable Date, to the best knowledge and belief of the Directors, Rapid Growth Ltd. ("RGL") is the largest shareholder of the Company beneficially interested in 346,231,521 Shares, representing approximately 18.33% of the issued share capital of the Company. In the event that the repurchase mandate is exercised in full and no further Share is issued during the proposed repurchase period, the beneficial interest of RGL in the issued share capital of the Company will increase to approximately 20.37%. Accordingly, the Directors are not aware of any consequences which would arise under the Takeover Code as a result of any repurchase of Shares pursuant to the repurchase mandate.

### **7. SHARE REPURCHASES MADE BY THE COMPANY**

The Company has not repurchased any of the Shares (whether on the Stock Exchange or otherwise) in the six months prior to the printing of this circular.

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## **APPENDIX III                      SUMMARY OF PRINCIPAL TERMS OF NEW SCHEME**

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*This Appendix summarises the principal terms of the New Scheme proposed to be adopted at the AGM:*

### **1.    PURPOSE**

The purpose of the New Scheme is to provide the Company with a flexible and effective means to recognize and acknowledge the contributions which the Participants have made or will make to the Group and to provide the Participants with an opportunity to have a personal stake in the Company and a direct economic interest with a view to providing rewards, motivations or incentives to the Participants for recognition of their contributions to the Group and to utilise their performance and efficiency and to make contributions for the benefit of the Group, retaining the existing employees and recruiting additional human resources that are valuable to the Group for attaining the long-term development and growth of the Group, and building of common objectives of the Group and the Participants for the betterment of business and profitability of the Group.

### **2.    COMMENCEMENT, DURATION AND ADMINISTRATION**

- 2.1 The New Scheme shall be valid and effective for a period of ten (10) years commencing on the Adoption Date, after which period no further Options may be granted but the provisions of the New Scheme shall remain in full force and effect to the extent necessary to give effect to the exercise of any Options granted or exercised prior thereto or otherwise as may be required in accordance with the provisions of the New Scheme.
- 2.2 The New Scheme shall be administered by the Board whose decision on all matters arising in relation thereto or its interpretation or effect shall be final and binding on all persons who may be affected thereby.

### **3.    PARTICIPANTS ELIGIBLE FOR THE NEW SCHEME**

- 3.1 The Board may, at its absolute discretion, invite any person belonging to any of the following classes of Participants, to take up Options to subscribe for Shares:
- (a) any employee or proposed employee (whether full time or part time) of the Company, any of its subsidiaries or any Invested Entity, including any executive Director of the Company, any of its subsidiaries or Invested Entity;
  - (b) any non-executive Directors (including independent non-executive Directors) of the Company, any of its subsidiaries or any Invested Entity;
  - (c) any supplier of goods or services to any member of the Group or any Invested Entity;
  - (d) any customer of the Group or any Invested Entity;
  - (e) any person or entity that provides research, development or other technological support to the Group or any Invested Entity;

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## APPENDIX III SUMMARY OF PRINCIPAL TERMS OF NEW SCHEME

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- (f) any shareholder of any member of the Group or any Invested Entity or any holder of any securities issued by any member of the Group or any Invested Entity;
  - (g) any adviser (professional or otherwise) or consultant to any area of business or business development of the Group or any Invested Entity; 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.
- 3.2 The basis of eligibility of any of the above classes of Participants to the grant of any Option shall be determined by the Board from time to time on the basis of their contribution to the development and growth of the Group.
- 3.3 Any person or company whom or which the Board has resolved is qualified to be a Participant must remain eligible during the period when any Option granted to him or it remains outstanding. In the event that the Board has resolved that a Grantee fails or otherwise is unable to meet the continuing eligibility criteria, the Company is entitled to cancel any outstanding Option or part thereof granted to such Grantee to the extent not already exercised. The alteration of the eligibility criteria relating to the Participant must be approved by the Shareholders in general meeting.

### 4. GRANT AND ACCEPTANCE OF OPTIONS

- 4.1 Subject to the terms of the New Scheme, the Board shall be entitled, during the period commencing on the Adoption Date and ending on the expiration of 10 years therefrom, to make an Offer to any Participants as the Board may in its absolute discretion select to subscribe, during the Option Period, for such number of Shares as the Board may determine at the Subscription Price subject to such conditions as the Board may think fit including, but not limited to, any minimum period for which an Option must be held and performance targets that must be achieved before an Option can be exercised. The Company shall on the Date of Grant issue Option certificate in such form as the Board may from time to time determine.
- 4.2 An Offer shall remain open for acceptance by the Participant concerned for a period of 21 days or such longer or shorter period as the Board may specify from and inclusive of the Offer Date provided that no such offer shall be open for acceptance after the tenth anniversary of the Adoption Date or after the New Scheme has been terminated in accordance with the terms thereof.
- 4.3 An Offer must be accepted in its entirety and can under no circumstances be accepted in respect of less than the number of Shares for which it is offered. To the extent that the Offer is not accepted within 21 days or such longer or shorter period as the Board may specify, it will be deemed to have been irrevocably rejected by the Participant and the Offer shall lapse and become null and void.

**5.    SUBSCRIPTION PRICE**

The Subscription price shall be determined by the Board at its absolute discretion provided that it shall not be less than the highest of:

- (a) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the Date of Grant;
- (b) the average of the closing prices 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; and
- (c) the nominal value of the Shares.

**6.    EXERCISE OF OPTIONS**

- 6.1 An Option may be exercised in accordance with the terms of the New Scheme at any time during an Option Period to be notified by the Board to each Grantee and in a period within which the Shares must be taken up. The Option Period shall be determined by the Board in its absolute discretion, save that no Option may be exercised later than ten years from the Date of Grant. Any Option not exercised within the Option Period shall lapse and determine.
- 6.2 An Option may be exercised in whole or in part subject to the terms of the New Scheme by the Grantee (or, as the case may be, his legal personal representatives) giving notice in writing, in such form as the Board may from time to time determine and notify to the Grantee, 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 of the Shares in respect of which the notice is given and any reasonable administration charges specified by the Company from time to time together with the relevant Option certificate.
- 6.3 The Shares to be allotted upon the exercise of an Option will be subject to all the provisions of the Bye-laws and will rank *pari passu* in all respects with the existing fully paid Shares in issue on the relevant date of exercise of the Option and accordingly will entitle the holders to participate in all dividends or other distributions (including distributions made upon the liquidation of the Company) paid or made on or after the relevant date of exercise of the Option 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 relevant date of exercise of the Option. A Share issued and allotted upon the exercise of an Option shall not carry voting rights until the name of the Grantee has been duly entered onto the register of members of the Company as the holder thereof.

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**APPENDIX III                      SUMMARY OF PRINCIPAL TERMS OF NEW SCHEME**

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6.4 The Option may be exercised by the Grantee at any time during the Option Period provided that, notwithstanding any terms on which the Option was granted:

- (a) in the event that the Grantee, being an employee (full time or part time employee) or Director of the Group or Invested Entity when an Offer is made to him, subsequently ceases to be an employee (full time or part time employee) or Director of the Group or Invested Entity by reason of death and none of the following events arises before his death, the legal personal representative(s) of the Grantee shall be entitled before the expiration of 6 months from the date of death of the Grantee (or such longer period within the Option Period as the Board may determine) or the expiration / lapse of the relevant Option Period, whichever is earlier, to exercise the Option in full (to the extent not already exercised):
  - (i) the Grantee has been guilty of persistent or serious misconduct;
  - (ii) the Grantee has committed any act of bankruptcy or has become bankrupt or insolvent or has made any arrangement or composition with his creditors generally;
  - (iii) the Grantee has been convicted of any criminal offence involving his integrity or honesty; and
  - (iv) termination or cessation of the Grantee's employment or directorship;
- (b) if a general offer (whether by takeover offer or scheme of arrangement or otherwise in like manner) is made to all the Shareholders (or all such Shareholders other than the offeror and/or any person controlled by the offeror and/or any person acting in concert with the offeror) and such offer becomes or is declared unconditional or such scheme of arrangement is formally proposed to the Shareholders, then the Board shall as soon as practicable thereafter notify every Grantee accordingly and every Grantee (or his legal personal representatives) shall be entitled to exercise the Option in full (to the extent not already exercised) at any time up to the close of the offer or the record date for entitlements under the scheme of arrangement, as the case may be;
- (c) in the event a notice is given by the Company to the Shareholders to convene a general meeting for the purposes of considering, and if thought fit, approving a resolution for the voluntary winding up of the Company, the Company shall on the same date as it despatches such notice to each Shareholder give notice thereof to every Grantees (together with a notice of the existence of the provisions of this paragraph 6.4(c)) and thereupon, each Grantee (or where permitted under paragraph 6.4(a) his legal personal representatives) shall be entitled to exercise all or any of his Options at any time not later than 7 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 and any reasonable administration charges specified by the Company from time to time together with the relevant Option certificate 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, fully paid, to the Grantee and all Options shall, to the extent not having been exercised, lapse and determine without compensation upon the expiry of such period; and

- (d) in the event of a compromise or arrangement between the Company and its Shareholders or creditors being proposed in connection with any scheme for the reconstruction or amalgamation of the Company, the Company shall give notice thereof to every Grantee on the same day as it gives notice of the meeting to its Shareholders or creditors to consider such compromise or arrangement and the Grantee (or his legal personal representatives) may by notice in writing to the Company accompanied by the remittance of the aggregate Subscription Price in respect of the relevant Option and any reasonable administration charges specified by the Company from time to time together with the relevant Option certificate (such notice to be received by the Company not later than 7 business days prior to the proposed meeting) exercise the Option (to the extent not already exercised) either to its full extent or to the extent specified in such notice, and the Company shall as soon as possible and in any event no later than the business day immediately prior to the date of the proposed meeting, allot and issued such number of Shares, fully paid, to the Grantee which falls to be issued on such exercise and register the Grantee as holder of such Shares. Upon such compromise or arrangement becoming effective, all Options shall, to the extent not having been exercised, thereupon lapse and determine without compensation.

## **7. NON-TRANSFERABILITY OF OPTIONS**

Except for the transmission of an Option on the death of a Grantee to his personal representatives, 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 whatsoever in favour of any third party over or in relation to any Option or enter into any agreement to do so. For the avoidance of doubt, where the Grantee is a corporation, any material change in its shareholdings or any substantial change in its management as determined by the Board in its discretion shall be deemed to be a sale or transfer of interest as aforesaid. Any breach of the foregoing by a Grantee shall automatically render the Option lapsed.

## **8. MAXIMUM NUMBER OF SHARES SUBJECT TO THE NEW SCHEME**

- 8.1 Subject to the limits referred to in paragraphs 8.2, 8.3 and 8.4, the total number of Shares which may be issued upon exercise of all Options to be granted under the New Scheme and any other schemes of the Company (excluding Options lapsed in accordance with the terms of the New Scheme and any other schemes of the Company) must not in aggregate exceed 10% of the Shares in issue as at the Adoption Date.
- 8.2 The 10% limit as mentioned under paragraph 8.1 may be “refreshed” by approval by the Shareholders in general meeting. However, the total number of Shares which may be issued upon exercise of all Options to be granted under the New Scheme and any other schemes of the Company as “refreshed” must not exceed 10% of the Shares in issue as at the date of approval of the limit. Options previously granted under the New Scheme and any other schemes of the Company (including those outstanding, cancelled, lapsed in accordance with the New Scheme and other schemes of the Company or exercised Options) will not be counted for the purpose of calculating the limit as “refreshed”. The Company shall issue a circular to the Shareholders containing such information from time to time required under the Listing Rules.

- 8.3 The Company may seek separate approval by the Shareholders in general meeting for granting Options beyond the 10% limit under paragraphs 8.1 or 8.2 provided the Options in excess of the limit are granted only to Participants specifically identified by the Company before such approval is sought. The Company shall issue a circular to its Shareholders containing a generic description of the Participants who may be granted the Options, the number and terms of the Options to be granted, the purpose of granting Options to the Participants with an explanation as to how the terms of the Options serve such purpose and other information required under the Listing Rules.
- 8.4 Notwithstanding paragraphs 8.1, 8.2 and 8.3, the limit on the number of Shares which may be issued upon exercise of all outstanding Options granted and yet to be exercised under the New Scheme and any other schemes of the Company must not exceed 30% of the Shares in issue from time to time. No Options may be granted under the New Scheme and any other schemes of the Company if this will result in the limit being exceeded.

## **9. MAXIMUM ENTITLEMENT OF EACH PARTICIPANT**

The total number of Shares issued and which may fall to be issued upon exercise of the Options granted under the New Scheme and any other schemes of the Company (including both exercised, cancelled and outstanding Options) to each Participant in any 12-month period must not exceed 1% of the total number of Shares in issue for the time being. Where any further grant of Options to a Participant would result in the Shares issued and to be issued upon exercise of all Options granted and to be granted to such person (including exercised, cancelled and outstanding Options) 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 the Shareholders in general meeting with such Participant and his associates abstaining from voting, and the number and terms (including the Subscription Price) of the Options to be granted to such Participant must be fixed before the approval by the Shareholders. A circular disclosing the identity of the Participant, the number and terms of the Options to be granted (and Options previously granted to such Participant) and containing such information as required under the Listing Rules shall be sent to the Shareholders. The date of the meeting of the Board for proposing such further grant should be taken as the Date of Grant for the purpose of calculating the Subscription Price.

## **10. RESTRICTIONS ON GRANT OF OPTIONS TO DIRECTORS, CHIEF EXECUTIVES OR SUBSTANTIAL SHAREHOLDERS, ETC.**

Each grant of Options to a Participant who is a Director, chief executive or substantial shareholder of the Company or any of their respective associates under the New Scheme must be approved by the independent non-executive Directors (excluding any independent non-executive Director who is the Grantee). Where any grant of Options to a substantial shareholder or an independent non-executive Director of the Company 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 under the New Scheme (including Options exercised, cancelled and outstanding) to such person in the 12-month period up to and including the date of such grant:

- (a) representing in aggregate over 0.1% of the Shares in issue; and

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**APPENDIX III                      SUMMARY OF PRINCIPAL TERMS OF NEW SCHEME**

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- (b) 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 subject to the approval of the Shareholders in general meeting. Any connected persons of the Company must abstain from voting in such general meeting (except where any connected person intends to vote against the proposed grant). The Company shall issue a circular to the Shareholders explaining the proposed grant, disclosing the number and terms (including the Subscription Price) of the Options to be granted to each Participant (which shall be fixed before the Shareholders' meeting and the date of the Board meeting for proposing such further grant shall be taken as the Date of Grant for the purpose of calculating the Subscription Price under paragraph 5) and containing a recommendation from the independent non-executive Directors (excluding any independent non-executive Director who is the Grantee) on whether or not to vote in favour of the proposed grant and containing all information required under the Listing Rules. Any change in the terms of Options granted to substantial shareholder or independent non-executive Director of the Company or any of their respective associates must be approved by the Shareholders in general meeting. The requirements for the granting of Options to a Director or chief executive of the Company under this paragraph shall not apply where the Participant is only a proposed Director or chief executive of the Company.

#### **11. RESTRICTIONS ON THE TIME OF GRANT OF OPTIONS**

No Option may be granted after a price sensitive event of any member of the Group has occurred or a price sensitive matter has been the subject of a decision until an announcement of such price sensitive information has been published in accordance with the requirements of the Listing Rules. In particular, no Option may be granted during the period commencing one month immediately preceding the earlier of:

- (a) the date of the meeting of the Board (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, quarterly 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 or half-year under the Listing Rules, or quarterly or any other interim period (whether or not required under the Listing Rules),

and ending on the date of the results announcement. The period during which no Option may be granted will cover any period of delay in the publication of a results announcement.

#### **12. LAPSE AND CANCELLATION OF OPTIONS**

12.1 To the extent not already exercised, an Option shall lapse automatically on the earliest of:

- (a) the expiry of the Option Period;
- (b) the expiry of any of the periods referred to in paragraphs 6.4(a), (b), (c) or (d);



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## APPENDIX III SUMMARY OF PRINCIPAL TERMS OF NEW SCHEME

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- (c) the date of commencement of the winding-up of the Company;
- (d) subject to paragraph 6.4(a),
  - (i) if the Grantee is an employee of the Group when an Offer is made to him and subsequently ceases to be an employee of the Group, the date of termination of his employment (a resolution of the Board to the effect that the employment or appointment of a Grantee has or has not been terminated shall be final and conclusive);
  - (ii) if the Grantee is a director, but not an employee, of the Group, the date of his cessation to be a director of the Group;
- (e) the date on which the Grantee commits a breach of paragraph 7;
- (f) the date on which any of the following events, unless otherwise waived by the Board, happens:
  - (i) the events mentioned in paragraph 6.4(a);
  - (ii) there is unsatisfied judgment, order or award outstanding against the Grantee; and
  - (iii) the Grantee appears either to be unable to pay or to have no reasonable prospect of being able to pay his debts.
- (g) if the Grantee is a corporation, any liquidator, provisional liquidator, receiver or any person carrying out any similar function has been appointed anywhere in the world in respect of the whole or any part of the assets or undertaking of the Grantee, or the Grantee entering into receivership, liquidation or similar situation, or taking steps to enter in receivership, liquidation or such similar situation, or has had such petition presented against it or has made any arrangements or compositions with its creditors.

12.2 The Board and any holder of Option may agree on to cancel the Option granted to such holder but not exercised upon such term as the Board may think fit. New Options may be issued to the same person in place of his cancelled Options only if there are available unissued Options (excluding the cancelled Options) within the limit on the maximum number of Options that can be granted by the Company under paragraphs 8.1, 8.2 and 8.3.

### 13. REORGANISATION OF CAPITAL STRUCTURE

In the event of any alteration in the capital structure of the Company while any Option remains exercisable, including but not limited to any capitalisation issue, rights issue, consolidation or subdivision of Shares or reduction of the share capital of the Company but excluding (i) any alteration in the capital structure of the Company as a result of an issue of Shares as consideration in a

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## **APPENDIX III                      SUMMARY OF PRINCIPAL TERMS OF NEW SCHEME**

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transaction and Shares placement; and (ii) any increase in the number of issued Shares as a consequence of the exercise of Options granted pursuant to the New Scheme or any other schemes of the Company, then such corresponding adjustments shall be made in:

- (a) the number of Shares comprised in the Option so far as unexercised; and/or
- (b) the Subscription Price; and/or
- (c) the maximum number of Shares subject to the New Scheme determined under paragraph 8,

as the Auditors or the independent financial adviser shall at the request of the Company (in respect of alteration in the capital structure of the Company otherwise by way of capitalisation issue) certify in writing either generally or as regards any particular Grantee to be in their opinion fair and reasonable and satisfy the requirement of the Listing Rules, provided that (i) any such adjustment shall be made to give the Grantee the same proportion of the equity capital of the Company as that to which that Grantee was previously entitled; and (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. The capacity of the Auditors or the independent financial adviser in this paragraph 13 is that of experts and not as arbitrators and their certification shall be final and binding on the Company and the Grantees. The costs of the Auditors or the independent financial adviser shall be borne by the Company. Upon any adjustment pursuant to this paragraph 13, the Company shall notify the Grantees in writing of the adjustments that have been made.

### **14. ALTERATION TO THE NEW SCHEME**

14.1 The New Scheme may be altered in any respect by resolution of the Board except that the provisions of the New Scheme as to:

- (a) the definitions of “Participant”, “Grantee” and “Option Period” as specified in the New Scheme; and
- (b) other provisions relating to matters set out in 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 the Shareholders by a resolution in general meeting.

14.2 Any alterations or changes to the terms and conditions of the New 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 or changes take effect automatically under the existing terms of the New Scheme. Any change to the authority of the Directors in relation to any alteration to the terms of the New Scheme shall be approved by the Shareholders in general meeting. The amended terms of the New Scheme and all Options shall continue to comply with the relevant requirements of the Listing Rules.

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**APPENDIX III                      SUMMARY OF PRINCIPAL TERMS OF NEW SCHEME**

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14.3 Subject to the provisions of this paragraph 14, the Board may at any time alter or modify the New Scheme in any way to the extent necessary to cause the New Scheme to comply with any statutory provisions or the regulations of any regulatory or other relevant authority.

**15. TERMINATION OF THE NEW SCHEME**

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

**CNT GROUP LIMITED****北海集團有限公司***(Incorporated in Bermuda with limited liability)***(Stock Code: 701)**

**NOTICE IS HEREBY GIVEN** that the annual general meeting of CNT Group Limited (the “Company”) will be held at 31st Floor, CNT Tower, 338 Hennessy Road, Wanchai, Hong Kong on Thursday, 28 June 2012 at 11:00 a.m. for the following purposes:

**Ordinary business**

1. To receive and consider the audited financial statements and the report of the directors and the independent auditors’ report for the year ended 31 December 2011.
2. To declare a final dividend of HK0.5 cent per share for the year ended 31 December 2011.
3. To re-elect directors and to authorise the directors to fix the directors’ remuneration.
4. To re-appoint auditors and to authorise the directors to fix their remuneration.

**Special business**

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

**“THAT:**

- (a) subject to paragraph (c) below, the exercise by the board of directors of the Company (the “Board”) during the Relevant Period of all the powers of the Company to allot, issue and otherwise deal with additional shares in the capital of the Company and to make or grant offers, agreements and options which might require the exercise of such powers be and is hereby generally and unconditionally approved;
- (b) the approval in paragraph (a) above shall authorise the Board during the Relevant Period to make or grant offers, agreements and options which might require the exercise of such powers 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 Board pursuant to the approval in paragraph (a) above, otherwise than pursuant to (i) a Rights Issue; or (ii) the exercise of rights of subscription or conversion under the terms of any warrant or other securities issued by the Company carrying a right to subscribe for shares of the Company; or (iii) the exercise of subscription rights under any share option scheme of the Company; or (iv) an issue of shares as scrip dividends

pursuant to the bye-laws of the Company from time to time, shall not exceed the aggregate of (i) 20% of the nominal amount of the share capital of the Company in issue as at the date of this resolution; and (ii) subject to the passing of resolution 7 below, all those number of shares which may from time to time be repurchased by the Company pursuant to the general mandate granted under resolution 6 below, and the said approval shall be limited accordingly; and

- (d) for the purpose of this resolution:

“Relevant Period” means the period from the passing of this resolution 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 to be held; and
- (iii) the revocation or variation of this resolution by an ordinary resolution of the shareholders of the Company in general meeting.

“Rights Issue” means the allotment, issue or grant of shares of the Company pursuant to an offer open for a period fixed by the Board to holders of shares or any class thereof on the register of members of the Company on a fixed record date pro rata to their then holdings of such shares or class thereof (subject to such exclusions or other arrangements as the Board may deem necessary or expedient in relation to fractional entitlements or having regard to any restriction or obligation under the laws of, or the requirements of any recognised regulatory body of any stock exchange in any territory outside Hong Kong).”

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

“**THAT:**

- (a) subject to paragraph (b) below, the exercise by the board of directors of the Company during the Relevant Period of all the powers of the Company to purchase shares in the capital of the Company on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) or on any other stock exchange recognised for this purpose by the Securities and Futures Commission and the Stock Exchange, subject to and in accordance with all applicable laws and requirements of the Rules Governing the Listing of Securities on the Stock Exchange as amended from time to time, be and is hereby generally and unconditionally approved;
- (b) the aggregate nominal amount of shares of the Company to be purchased by the Company pursuant to the approval in paragraph (a) above shall not exceed 10% of the aggregate nominal amount of the shares of the Company in issue at the date of this resolution, and the said approval shall be limited accordingly; and

- (c) for the purpose of this resolution, “Relevant Period” means the period from the passing of this resolution until 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 to be held; and
  - (iii) the revocation or variation of this resolution by an ordinary resolution of the shareholders of the Company in general meeting.”
7. To consider and, if thought fit, pass with or without amendments, the following resolution as an ordinary resolution:

“**THAT** the board of directors of the Company be and is hereby given a general mandate to add all those shares in the capital of the Company which may from time to time be repurchased by the Company pursuant to the approval granted under resolution 6 above to the general mandate granted under resolution 5 above.”

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

“**THAT:**

- (a) subject to the grant by The Stock Exchange of Hong Kong Limited of the listing of and permission to deal in such number of the shares (“Shares”) in the capital of the Company with a par value of HK\$0.10 each which may fall to be issued and allotted by the Company upon the exercise of options granted under the proposed new share option scheme of the Company (the “New Scheme”), the rules of which are set out in the document produced to the Meeting marked “A” and signed for the purpose of identification by the Chairman of the Meeting, the rules of the New Scheme be and are hereby approved and adopted as the Company’s new share option scheme; and
- (b) the board of directors of the Company be and is hereby authorised to grant options to subscribe for Shares in accordance with the rules of the New Scheme up to a maximum of 10% of the Shares in issue as at the date of passing of this resolution, to issue, allot and deal in the Shares fall to be issued and allotted pursuant to the exercise of the options so granted thereunder, to administer the New Scheme in accordance with its terms and to take all necessary actions incidental thereto as it deems fit.”

By order of the board  
**Ma Lai King**  
*Company Secretary*

Hong Kong, 30 April 2012

## Notes:

1. Any member entitled to attend and vote at the meeting is entitled to appoint another person as his proxy to attend and vote instead of him. A proxy need not be a member of the Company.
2. The instrument appointing a proxy and the power of attorney or other authority (if any) under which it is signed or a certified copy of such power of attorney or authority shall be delivered to the Company's registrar in Hong Kong, Tricor Tengis Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Hong Kong not less than 48 hours before the time appointed for holding the meeting at which the person named in the instrument proposes to vote.
3. The register of members of the Company will be closed from Thursday, 19 July 2012 to Friday, 20 July 2012, both days inclusive, during the period no transfer of shares will be effected. In order to qualify for the proposed final dividend, all transfers accompanied by the relevant share certificates must be lodged for registration with the Company's registrar in Hong Kong, Tricor Tengis Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Hong Kong not later than 4:30 p.m. on Wednesday, 18 July 2012.
4. The translation into Chinese language of this notice is for reference only. In case of any inconsistency, the English version shall prevail.