
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action 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 Bingo Group Holdings Limited (the “**Company**”), you should at once hand this circular and the accompanying form of proxy to the purchaser or the transferee or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

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BINGO GROUP HOLDINGS LIMITED
比高集團控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8220)

- (1) GENERAL MANDATES TO ISSUE AND REPURCHASE SHARES;**
(2) RE-ELECTION OF DIRECTORS;
(3) ADOPTION OF NEW SHARE OPTION SCHEME;
(4) PROPOSED AMENDMENTS TO THE MEMORANDUM OF ASSOCIATION
AND ADOPTION OF THE AMENDED AND
RESTATED ARTICLES OF ASSOCIATION; AND
(5) NOTICE OF AGM

A notice convening the annual general meeting of the Company to be held at City Garden Hotel, First Floor, Yue-Function Room II, 9 City Garden Road, Hong Kong on 15 August 2012 at 11:00 a.m. is set out on pages 44 to 49 of this circular. A form of proxy for use at the annual general meeting is enclosed with this circular.

Whether or not you are able to attend the annual general meeting, you are requested to complete the accompanying form of proxy, in accordance with the instructions printed thereon and deposit the same at the Hong Kong branch share registrar of the Company, Tricor Tengis Limited at 26th Floor, Tesbury Centre, 28 Queen’s Road East, Wanchai, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the annual general meeting or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the annual general meeting or any adjournment thereof should you so wish, and in such event, the instrument appointing the proxy shall be deemed to be revoked.

This circular will remain on the GEM website at <http://www.hkgem.com> on the “Latest Company Announcements” page for at least seven days from the date of its publication and on the website of the Company at www.bingogroup.com.hk.

The English text of this circular shall prevail over the Chinese text in case of inconsistency.

13 July 2012

CHARACTERISTICS OF GEM

GEM has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

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DEFINITIONS

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

“Adoption Date”	the date on which the New Share Option Scheme becomes unconditional upon fulfillment of the conditions as set out in the paragraph headed “Conditions precedent of the New Share Option Scheme” in the section headed “Letter from the Board” of this circular
“AGM”	the annual general meeting of the Company to be held at City Garden Hotel, First Floor, Yue-Function Room II, 9 City Garden Road, Hong Kong on 15 August 2012 at 11:00 a.m., notice of which is set out on pages 44 to 49 of this circular
“Annual Report”	the annual report of the Company for the year ended 31 March 2012
“Articles of Association”	the articles of association of the Company, and “ Article ” shall mean an article thereof
“Board”	the board of Directors from time to time
“Company”	Bingo Group Holdings Limited, a company incorporated in the Cayman Islands with limited liability and the Shares of which are listed on the GEM of the Stock Exchange
“Directors”	the directors of the Company from time to time
“Existing Share Option Scheme”	the existing share option scheme of the Company adopted by the Company on 19 October 2002
“GEM”	the Growth Enterprise Market of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on the GEM
“Grantee”	any Participant who accepts the Offer in accordance with the terms of the New Share Option Scheme or his Personal Representative(s) (where the New Share Option Scheme permits)
“Group”	the Company and the Subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China

DEFINITIONS

“Issue Mandate”	the general and unconditional mandate proposed to be granted to Directors to allot, issue and deal with new Shares not exceeding 20% of the aggregate nominal amount of the share capital of the Company in issue as at the date of passing of the relevant resolution at the AGM, which is extended by the addition of the number of Shares purchased under the Repurchase Mandate
“Latest Practicable Date”	11 July 2012, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained in this circular
“Memorandum”	the memorandum of association of the Company
“New Share Option Scheme”	the new share option scheme which is proposed to be adopted by the Company at the AGM, the principal terms of which are set out in Appendix III to this circular
“Offer”	an offer for the grant of an Option made in accordance with the New Share Option Scheme
“Offer Date”	the date on which an Offer is made to a Participant
“Option(s)”	option(s) granted or to be granted to Participant(s) to subscribe for Share(s) under the Existing Share Option Scheme or, after its termination, under the New Share Option Scheme
“Participant(s)”	any employees of the Group (including any directors, whether executive or non-executive and whether independent or not, of the Company or any Subsidiary) and any distributor, contractor, business partner, promoter, service provider, customer, supplier, consultants, agents and advisers or any person who, in the sole discretion of the Board, has contributed or may contribute to the Group eligible for Options under this Share Option Scheme
“Personal Representative(s)”	the person or persons who, in accordance with the laws of succession applicable in respect of the death of a Grantee, is or are entitled to exercise the Option granted to such Grantee (to the extent not already exercised)
“Repurchase Mandate”	the general and unconditional mandate proposed to be granted to Directors to exercise the power 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 as at the date of passing of the relevant resolution at the AGM

DEFINITIONS

“Share(s)”	ordinary share(s) of par value of HK\$0.02 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s) from time to time
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subsidiary”	a company which is for the time being and from time to time a subsidiary of the Company (within the meaning of the Companies Ordinance (Chapter 32 of the Laws of Hong Kong)), whether incorporated in Hong Kong, the Cayman Islands or elsewhere
“Takeovers Code”	The Hong Kong Code on Takeovers and Mergers
“Termination Date”	close of business of the Company on the date which falls ten (10) years after the Adoption Date
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong

LETTER FROM THE BOARD



BINGO GROUP HOLDINGS LIMITED
比高集團控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8220)

Executive Directors:

Mr. Chiau Sing Chi
Mr. Chan Cheong Yee
Mr. Yik Chok Man
Mr. Fok Wai Ming Jackie

Non-executive Directors:

Mr. Chong Lee Chang
Mrs. Chin Chow Chung Hang Roberta

Independent non-executive Directors:

Mrs. Chen Chou Mei Mei Vivien
Mr. Wong Chak Keung
Mr. Chum Kwan Yue Desmond

Registered office:

Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman
KY1-1111
Cayman Islands

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

Room 1201-1204
12th Floor, Sea Bird House
22-28 Wyndham Street
Central, Hong Kong

13 July 2012

To the Shareholders

Dear Sir or Madam,

- (1) GENERAL MANDATES TO ISSUE AND REPURCHASE SHARES;**
(2) RE-ELECTION OF DIRECTORS;
(3) ADOPTION OF NEW SHARE OPTION SCHEME;
(4) PROPOSED AMENDMENTS TO THE MEMORANDUM OF ASSOCIATION
AND ADOPTION OF THE AMENDED AND
RESTATED ARTICLES OF ASSOCIATION; AND
(5) NOTICE OF AGM

INTRODUCTION

The purpose of this circular is to provide you with the information relating to the resolutions to be proposed at the AGM for (i) general mandates to issue and repurchase shares; (ii) re-election of directors; (iii) adoption of the New Share Option Scheme and termination of the Existing Share Option Scheme; and (iv) the

LETTER FROM THE BOARD

proposed amendments to the Memorandum and adoption of an amended and restated Articles of Association (the “**Amended and Restated Articles of Association**”), and to give you the notice of AGM in order to enable you to make an informed decision on whether to vote for or against the resolutions to be proposed.

GENERAL MANDATE TO ISSUE SHARES

At the AGM, it will be proposed, by way of ordinary resolution, that the Directors be given a general and unconditional mandate to exercise all powers of the Company to allot, issue and deal with new Shares in the capital of the Company up to a maximum of 1,219,361,825 Shares, representing 20% of the aggregate nominal amount of the share capital of the Company in issue as at the date of passing of the ordinary resolution. In addition, it is further proposed, by way of a separate ordinary resolution, that the Issue Mandate be extended by adding the number of Shares that may be purchased under the Repurchase Mandate.

GENERAL MANDATE TO REPURCHASE SHARES

At the AGM, it will also be proposed, by way of ordinary resolution, that the Directors be given a general unconditional mandate to repurchase Shares not exceeding 10% of the aggregate nominal amount of the share capital of the Company in issue as at the date of passing such resolution.

An explanatory statement containing all relevant information relating to the Repurchase Mandate and pursuant to the GEM Listing Rules, in particular rule 13.08, is set out in the Appendix I to this circular. The information in the explanatory statement is intended to provide you with the information reasonably necessary to enable you to make an informed decision on whether to vote for or against the resolutions relating to the Repurchase Mandate.

RE-ELECTION OF DIRECTORS

According to Article 87, at each annual general meeting one-third of the Directors for the time being shall retire from office by rotation and a retiring Director shall be eligible for re-election.

In accordance with the Articles of Association, Mr. Chiau Sing Chi, Mr. Yik Chok Man, Mrs. Chin Chow Chung Hang Roberta and Mrs. Chen Chou Mei Mei Vivien will retire from office and, be eligible to offer themselves for re-election at the AGM.

Details of the retiring Directors who are proposed to be re-elected at the AGM are set out in Appendix II to this circular.

ADOPTION OF THE NEW SHARE OPTION SCHEME

In light of that the Existing Share Option Scheme will be terminated by 2012, the Board proposes to adopt the New Share Option Scheme for the Company and to terminate the Existing Share Option Scheme (without prejudice to the rights and benefits of and attached to all those Option(s), if any, granted under the Existing Share Option Scheme which are outstanding) subject to the approval of the Shareholders.

LETTER FROM THE BOARD

The total issued share capital of the Company as at the Latest Practicable Date is HK\$121,936,182.50 divided into 6,096,809,125 Shares. Assuming that there is no change in the issued share capital between the period from the Latest Practicable Date to the date of the adoption of the New Share Option Scheme, the number of Shares which may fall to be allotted and issued upon exercise in full of New Share Option Scheme would be 609,680,912, representing approximately 10% of the Shares in issue as at the Latest Practicable Date, which is within the overall limit of 30% prescribed under Rule 23.03(3) of the GEM Listing Rules.

Existing Share Option Scheme

The Existing Share Option Scheme has been adopted by the Company on 19 October 2002 under which the Directors may at their discretion grant options to eligible participants to subscribe for Shares in the Company subject to the terms and conditions stipulated in the Existing Share Option Scheme.

As at the Latest Practicable Date, 321,000,000 Options granted under the Existing Share Option Scheme were outstanding.

Termination of the Existing Share Option Scheme

Under the terms of the Existing Share Option Scheme, the Company may at any time by ordinary resolution in general meeting terminate the operation of the Existing Share Option Scheme. It is proposed that the Existing Share Option Scheme is to be terminated upon adoption of the New Share Option Scheme subject to approval of the Shareholders.

Upon termination of the Existing Share Option Scheme, no further Options can be offered thereunder but the provisions of the Existing Share Option Scheme shall remain in all other respects in full force and effect in respect of any Options granted prior to such termination but not yet exercised at the time of termination. The Directors confirm that prior to the AGM, they will not grant any options under the Existing Share Option Scheme.

New Share Option Scheme

The purpose of the New Share Option Scheme is to recognize the contribution to the Group of quality personnel and other persons and to provide them with incentive to contribute to the Group through granting of Options to Participants.

The rules of the New Share Option Scheme provide that the Company may specify the Participants to whom Options shall be granted, the number of Shares subject to each Option and the date on which the Options shall be granted. The basis for determining the subscription price is also specified precisely in the rules of the New Share Option Scheme. There is no performance target specified in the New Share Option Scheme. The Directors consider that the aforesaid criteria and rules will serve to preserve the value of the Company and encourage Participants to acquire proprietary interests in the Company.

LETTER FROM THE BOARD

Subject to the approval of the New Share Option Scheme by the Shareholders, a resolution will be proposed at the AGM for the Board to grant options under the New Share Option Scheme and any other schemes for the subscription of not more than 10% of the entire issued capital of the Company (excluding, for this purpose, Options which have lapsed in accordance with the terms any other share option scheme of the Group) as at the date of the passing of the relevant resolution.

The Directors consider that it is not appropriate to state the value of all Options that can be granted pursuant to the New Share Option Scheme as if they had been granted on the Latest Practicable Date as a number of variables which are crucial for the calculation of the Option value have not been determined. Such variables include but not limited to the exercise price, exercise period and lock-up period (if any). 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 Shareholders.

With respect to the operation of the New Share Option Scheme, the Company will, where applicable, comply with the relevant requirement under Chapter 23 of the GEM Listing Rules.

Conditions

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

- (a) the Listing Committee of the Stock Exchange granting approval for the listing of and permission to deal in any Shares which may fall to be issued and allotted by the Company pursuant to the exercise of Options in accordance with the terms and conditions of the New Share Option Scheme; and
- (b) the passing of the necessary resolution to approve and adopt the New Share Option Scheme in the AGM.

A summary of the principal terms of the New Share Option Scheme which is proposed to be approved and adopted by the Company at the AGM is set out in Appendix III to this circular on pages 18 to 26. A copy of the rules of the New Share Option Scheme is available for inspection at the head office and principal place of business of the Company in Hong Kong at Room 1201-1204, 12/F, Sea Bird House, 22-28 Wyndham Street, Central, Hong Kong during normal business hours from the date hereof up to and including the date of the AGM.

Application for listing

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

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

LETTER FROM THE BOARD

PROPOSED AMENDMENTS TO THE MEMORANDUM AND ADOPTION OF THE AMENDED AND RESTATED ARTICLES OF ASSOCIATION

The Memorandum has not been amended since year 2002 and certain corporate information may no longer be up-to-date. The Directors propose to seek the approval of the Shareholders by way of special resolution at the AGM to amend certain provisions of the Memorandum.

The Stock Exchange has amended the GEM Listing Rules relating to, among other things, the articles or equivalent constitutional documents of listed issuers. Some of the amendments to the Listing Rules came into effect on 1 January 2012 and 1 April 2012. Accordingly, the Directors propose to seek the approval of the Shareholders by way of special resolutions for the adoption of the Amended and Restated Articles of Association, so as to bring the Articles of Association in line with current amendments made to the Listing Rules. The Amended and Restated Articles of Association, once adopted, will be in substitution for and to the exclusion of the existing Articles of Association.

The major changes brought about by the amendments to the Memorandum and the Amended and Restated Articles of Association are summarized as follows:

Major changes to the Memorandum

The location of registered office and details of share capital are proposed to be amended to reflect the current situation of the Company.

Major changes to the Articles of Association

- (a) all resolutions at general meetings of the Company shall be decided by poll other than resolution which relates purely to a procedural or administrative matter as may be permitted under the Listing Rules to be voted by a show of hands;
- (b) an annual general meeting shall be called by written notice of not less than 21 clear days and not less than 20 clear business days, any extraordinary general meeting called for the passing of a special resolution shall be called by written notice of not less than 21 clear days and not less than 10 clear business days, all other extraordinary general meetings may be called by written notice of not less than 14 clear days and not less than 10 clear business days;
- (c) to no longer permit a Director to disregard 5% interests when considering whether the Director has a material interest which would prevent him from forming part of the quorum or voting at a board meeting;
- (d) if a substantial shareholder or a Director has a conflict of interest in a matter to be considered by the Board which the Board has determined to be material, the matter shall be dealt with by a physical board meeting rather than a written resolution; and
- (e) the Directors may not remove the Company's auditor before the end of the auditor's term of office without first obtaining the requisite Shareholders' approval at a general meeting.

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A summary of certain provisions of the Amended and Restated Articles of Association is set out in Appendix IV to this circular. A copy of the Amended and Restated Articles of Association is available for inspection at the Company's head office and principal place of business in Hong Kong at Room 1201-1204, 12th Floor, Sea Bird House, 22-28 Wyndham Street, Central, Hong Kong from the date of this circular up to and including the date of the AGM, both days inclusive, and will be posted on the Stock Exchange's website and the Company's website after the special resolutions are duly passed by the Shareholders at the AGM.

The legal adviser to the Company as to Hong Kong laws has confirmed that the amendments to the Memorandum and the Amended and Restated Articles of Association comply with the requirements of the Listing Rules. The legal adviser to the Company as to the Cayman Islands laws has confirmed that the amendments to the Memorandum and the Amended and Restated Articles of Association do not violate the applicable laws of the Cayman Islands. The Company confirms that there is nothing unusual about the amendments to the Memorandum and the Amended and Restated Articles of Association for a Cayman Islands company listed on the Stock Exchange.

Shareholders are advised that the Chinese translation of the amendments to the Memorandum provided in the notice of AGM in Chinese is for reference only. In case of any inconsistency, the English version shall prevail.

AGM

A notice convening the AGM to be held at City Garden Hotel, First Floor, Yue-Function Room II, 9 City Garden Road, Hong Kong on 15 August 2012 at 11:00 a.m. is set out on pages 44 to 49 of this circular. Ordinary resolutions will be proposed at the AGM to approve, among other things, the granting of the General Mandate (including the extended General Mandate) and the Repurchase Mandate, the re-election of Directors and the adoption of New Share Option Scheme whereas special resolutions will be proposed at the AGM to approve the amendments to the Memorandum and the adoption of the Amended and Restated Articles of Association.

A form of proxy for use at the AGM is enclosed with this circular. Whether or not you are able to attend the AGM, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and deposit the same at the Hong Kong branch share registrar of the Company, Tricor Tengis Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the AGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the AGM or any adjournment thereof should you so wish and in such event, the proxy shall be deemed to be revoked.

The resolution proposed to be approved at the AGM will be taken by poll and an announcement will be made by the Company after the AGM on the results of the AGM.

RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM 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

LETTER FROM THE BOARD

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.

RECOMMENDATION

The Directors consider (i) general mandates to issue and repurchase shares; (ii) re-election of directors; (iii) adoption of the New Share Option Scheme; and (iv) the proposed amendments to the Memorandum and adoption of the Amended and Restated Articles of Association are in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend the Shareholders to vote in favour of the relevant resolutions to be proposed at the AGM.

GENERAL

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, no Shareholder has a material interest in the resolutions to be proposed at the AGM and is required to abstain from voting on the resolution(s) to be proposed at the AGM.

Yours faithfully
For and on behalf of the Board of
Bingo Group Holdings Limited
Chan Cheong Yee
Executive Director

This is an explanatory statement given to Shareholders of the Company relating to the Resolution 5 to be proposed at the AGM authorising the Repurchase Mandate. This explanatory statement contains all the information required pursuant to Rule 13.08 of the GEM Listing Rules which is set out as follows:

1. SHARE CAPITAL

As at the Latest Practicable Date, the issued share capital of the Company comprised 6,096,809,125 Shares.

Subject to the passing of the Repurchase Mandate and on the basis that no further Shares are issued or repurchased prior to the AGM, the Company would be allowed under the Repurchase Mandate to repurchase Shares up to a maximum of 609,680,912 Shares representing not more than 10% of the share capital of the Company in issue as at the Latest Practicable Date, during the period from the date of passing of the resolution for the approval of the Repurchase Mandate up to (i) the conclusion of the next annual general meeting of the Company; (ii) the expiration of the period within which the next annual general meeting of the Company is required by the Articles of Association of the Company or any other applicable laws of the Cayman Islands to be held; or (iii) the revocation or variation or renewal of the Repurchase Mandate by ordinary resolution of the Shareholders in general meeting, whichever occurs first.

2. REASONS FOR REPURCHASE

Although the Directors have no present intention of repurchasing the Shares, they believe that it is in the best interest of the Company and its Shareholders for the Directors to have general authority from the Shareholders to enable the Directors to repurchase Shares in the market. Such repurchases may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net asset value and/or earnings per Share and will only be made when the Directors believe that such repurchases will benefit the Company and its Shareholders.

3. FUNDING OF REPURCHASE

The Company is empowered by its Memorandum and Articles of Association to repurchase its Shares. The Cayman Islands law provides that the amount of capital repaid in connection with a share repurchase may only be paid out of either the capital paid up on the relevant shares, or the profits that would otherwise be available for distribution by way of dividend or the proceeds of a new issue of shares made for such purpose. The amount of premium payable on redemption may only be paid out of either the profits that would otherwise be available for distribution by way of dividend or out of the share premium of the Company. Under the Cayman Islands law, the repurchased Shares will remain part of the authorised but unissued share capital.

In repurchasing any Shares, the Company may only apply funds legally available for such purpose in accordance with its Memorandum and Articles of Association and the applicable laws and regulations of the Cayman Islands. The Company may not purchase securities on the GEM for a consideration other than cash or for settlement otherwise than in accordance with the trading rules of the Stock Exchange from time to time.

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 accounts contained in the Annual Report for the year ended 31 March 2012) in the event that the Repurchase Mandate is exercised in full. However, the Directors do not propose to exercise the Repurchase Mandate to such an extent as would, in the circumstances, have a material adverse effect on the working capital requirements of the Company or the gearing levels which in the opinion of the Directors are from time to time appropriate for the Company.

4. SHARE PRICES

The highest and lowest prices at which the Shares have traded on the Stock Exchange in each of the previous twelve calendar months immediately prior the Latest Practicable Date are as follows:

	Price Per Share	
	Highest <i>HK\$</i>	Lowest <i>HK\$</i>
2011		
July	0.200	0.160
August	0.181	0.122
September	0.153	0.067
October	0.124	0.060
November	0.104	0.084
December	0.095	0.065
2012		
January	0.088	0.068
February	0.120	0.081
March	0.104	0.085
April	0.090	0.080
May	0.084	0.082
June	0.084	0.070
July (up to the Latest Practicable Date)	0.080	0.073

5. UNDERTAKING

The Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the power of the Company to make purchases pursuant to the Repurchase Mandate in accordance with the GEM Listing Rules, the Memorandum and Articles of Association of the Company and the applicable laws of the Cayman Islands.

None of the Directors nor, to the best of their knowledge and belief having made all reasonable enquiries, their associates (as defined in the GEM Listing Rules), have any present intention to sell any Shares to the Company or its subsidiaries under the Repurchase Mandate if such resolution is approved by the Shareholders.

No connected persons (as defined in the GEM Listing Rules) of the Company has notified the Company that they have a present intention to sell Shares to the Company or its subsidiaries, or have undertaken not to do so, in the event that the Repurchase Mandate is approved by the Shareholders.

6. TAKEOVERS CODE

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

As at the Latest Practicable Date, the register of Shareholders maintained by the Company pursuant to Section 336 of the Securities and Futures Ordinance showed that the Company has been notified of the following interests, being 5% or more of the Company's issued share capital:

Name of Shareholders	Number of Shares held	Approximate percentage of existing shareholding	Approximate percentage of shareholding if the Repurchase Mandate is exercised in full
Chiau Sing Chi (<i>Note</i>)	3,216,969,926	52.76%	58.66%
Lee Sherman	367,500,000	6.03%	6.70%
Bhanusak Asvaintra	315,000,000	5.17%	5.74%

Note: 2,636,969,926 Shares are held by Beglobal Investments Limited and 580,000,000 Shares are held by Golden Treasure Investments Limited. Beglobal is ultimately owned by the trustee of a discretionary trust, The Sino Star Trust. The discretionary objects of The Sino Star Trust include Mr. Chiau Sing Chi and his family. Beglobal is the sole beneficial owner of Golden Treasure Global Investment.

Based on information known as at the Latest Practicable Date, the Directors are not aware of any consequences of such repurchases of Shares that would result in the above substantial Shareholders or any other Shareholder, or group of Shareholders acting in concert, becoming obliged to make a mandatory offer under Rule 26 of the Takeovers Code if the Repurchase Mandate were exercised in full.

The Directors have no intention to exercise the Repurchase Mandate to such an extent that will result in a requirement of the above Shareholders, or any other persons to make a general offer under the Takeovers Code or the number of Shares in the hands of the public falling below the prescribed minimum percentage of 25%.

7. SHARE REPURCHASES MADE BY THE COMPANY

The Company had not purchased any of its Shares (whether on the Stock Exchange or otherwise) during the previous six months immediately prior to the Latest Practicable Date.

The details of the Directors who will retire from office at the AGM and being eligible, will offer themselves for re-election at the AGM, are set out below:

(1) Mr. Chiau Sing Chi (“Mr. Chiau”)

Mr. Chiau, aged 50, has over 22 years of performance and management experience in the movie industry. Mr. Chiau has been a leading icon of the movie and entertainment industry in the Greater China Region for over 22 years, and had received numerous awards in the industry, including best supporting actor, best actor and best director awards presented by leading film academies.

Mr. Chiau has entered into a letter of appointment with the Company. Pursuant to his letter of appointment, Mr. Chiau’s appointment shall continue unless terminated by not less than one month’s notice in writing served by either party and is subject to normal retirement and re-election by the Shareholders pursuant to the Articles of Association.

Mr. Chiau did not hold any directorship in other public company in the last three years or any other position with the Company or any of its subsidiaries. As at the Latest Practicable Date, save as disclosed herein, Mr. Chiau does not have any relationship with any directors, senior management or substantial or controlling shareholders of the Company.

As at the Latest Practicable Date, Mr. Chiau is a discretionary object of a discretionary trust which indirectly own Beglobal, which, in turn, holds 3,216,969,926 Shares, and convertible bonds issued by the Company in the principal amount of HK\$30,000,000 entitling the holder thereof to convert the same into up to an aggregate of 441,176,470 Shares at the conversion price of HK\$0.068 per Share. Save as disclosed herein, Mr. Chiau does not have, and is not deemed to have, any interests or short positions in any shares, underlying shares or debentures (as defined under Part XV of the Securities and Futures Ordinance, Cap. 571 of the Laws of Hong Kong) of the Company.

(2) Mr. Yik Chok Man (“Mr. Yik”)

Mr. Yik, aged 53, holds a Master of Professional Accountancy degree from the Hong Kong Polytechnic University. Mr. Yik is a fellow member of the Association of Chartered Certified Accountants and the Hong Kong Institute of Certified Public Accountants. Prior to joining the Company, Mr. Yik had worked at a leading international accounting firm for about 5 years and at an international construction company listed on the main board of the Stock Exchange for about 7 years. As at the Latest Practicable Date, Mr. Yik is an assistant general manager of Ryoden Property Development Company Limited, a substantial Shareholders. Mr. Yik has over 29 years of experience in financial and business management.

Mr. Yik has entered into a letter of appointment with the Company. Pursuant to his letter of appointment, Mr. Yik’s appointment shall continue unless terminated by not less than one month’s notice in writing served by either party and is subject to normal retirement and re-election by the Shareholders pursuant to the Articles of Association. Mr. Yik is entitled to receive a fixed director’s emolument of HK\$120,000 per annum which was determined by the Board with reference to his experience, duties and responsibilities.

Mr. Yik did not hold any directorship in other public company in the last three years or any other position with the Company or any of its subsidiaries. As at the Latest Practicable Date, save as disclosed herein, Mr. Yik does not have any relationship with any directors, senior management or substantial or controlling shareholders of the Company.

As at the Latest Practicable Date, Mr. Yik has deemed interests of 564,000 Shares, representing approximately 0.01% of the entire issued share capital of the Company. Save as disclosed herein, Mr. Yik does not have, and is not deemed to have, any interests or short positions in any shares, underlying shares or debentures (as defined under Part XV of the Securities and Futures Ordinance, Cap. 571 of the Laws of Hong Kong) of the Company.

(3) Mrs. Chin Chow Chung Hang, Roberta (“Mrs. Chin”)

Mrs. Chin, aged 49, has worked in film production and distribution with the Golden Harvest Group, and was an executive director of Golden Harvest Entertainment (Holdings) Limited. She holds a Bachelor of Arts Degree in English Literature from Dominican University of California, USA and a Master’s Degree in Communication – Documentary Film from Stanford University, USA. Mrs. Chin has had more than 27 years’ experience in the film production and distribution industry, and was interim chief executive officer in the JC Group.

Mrs. Chin has entered into a letter of appointment with the Company. Pursuant to her letter of appointment, Mrs. Chin’s appointment shall continue unless terminated by not less than one month’s notice in writing served by either party and is subject to normal retirement and re-election by the Shareholders pursuant to the Articles of Association. Mrs. Chin is entitled to receive a fixed director’s emoluments of HK\$120,000 per annum which was determined by the Board with reference to her experience, duties and responsibilities. Her director’s fee will be reviewed and determined by the Board annually with the authorization granted by the Shareholders at an annual general meeting of the Company and taking reference to her duties and responsibilities with the Company, the Company’s performance and the prevailing market situation.

Mrs. Chin did not hold any directorship in other public company in the last three years or any other position with the Company or any of its subsidiaries.

As at the Latest Practicable Date, and save as disclosed herein, Mrs. Chin does not have any relationship and material interest with any directors, senior management or substantial or controlling shareholders of the Company and does not have any interest or short position in the shares, underlying shares or debentures (as defined under Part XV of the Securities and Futures Ordinance, Cap. 571 of the Laws of Hong Kong) of the Company.

(4) Mrs. Chen Chou Mei Mei, Vivien (“Mrs. Chen”)

Mrs. Chen, aged 63, is an independent non-executive Director, and members of the audit committee and remuneration committee. Mrs. Chen graduated with a Bachelor of Arts degree from the University of Colorado in the US and has over 30 years’ experience in investments, in particular, property related investments. Mrs. Chen has been appointed as an executive director of Winsor Properties Holdings Limited (Stock code: 1036) and non-executive director of Agritrade Resources Limited (Stock code: 1131).

Mrs. Chen has entered into a letter of appointment with the Company. Pursuant to her letter of appointment, Mrs. Chen’s appointment shall continue unless terminated by not less than one month’s notice in writing served by either party and is subject to normal retirement and re-election by Shareholders pursuant to the Articles of Association. Mrs. Chen is entitled to receive a fixed director’s emoluments of HK\$120,000 per annum which was determined by the Board with reference to her experience, duties and responsibilities.

Save as disclosed above, Mrs. Chen did not hold any directorship in other public company in the last three years or any other position with the Company or any of its subsidiaries. As at the Latest Practicable Date, save as disclosed herein, Mrs. Chen does not have any relationship with any directors, senior management or substantial or controlling shareholders of the Company.

As at the Latest Practicable Date, Mrs. Chen has deemed interests of 5,500,000 Shares, representing approximately 0.09% of the entire issued share capital of the Company. Save as disclosed herein, Mrs. Chen does not have, and is not deemed to have, any interests or short positions in any shares, underlying shares or debentures (as defined under Part XV of the Securities and Futures Ordinance, Cap. 571 of the Laws of Hong Kong) of the Company.

There is no information relating to Mr. Chiau, Mr. Yik, Mrs. Chin and Mrs. Chen that is required to be disclosed pursuant to Rules 17.50(2) (h) to (v) of the GEM Listing Rules.

Save as disclosed herein, there is no other matter that needs to be brought to the attention of the Shareholders.

This appendix sets out further information of the New Share Option Scheme and also summarises the rules of the New Share Option Scheme but does not form part of nor was it intended to be, part of the New Share Option Scheme nor should it be taken as affecting the interpretation of the rules of the New Share Option Scheme:

NEW SHARE OPTION SCHEME**Summary of terms**

The following is a summary of the principal terms of the New Share Option Scheme proposed to be approved by a resolution of the Shareholders at the AGM, notice of which is set out on pages 44 to 49 of this circular:

(a) *Purpose of the New Share Option Scheme*

The purpose of this New Share Option Scheme is to enable the Company to grant Options to certain employees of the Company and Subsidiary and any distributor, contractor, business partner, promoter, service provider, customer, supplier, consultants, agents and advisers or any person who, in the sole discretion of the Board, has contributed or may contribute to the Group in recognition of their contribution to the Company and Subsidiary.

(b) *Administration of the New Share Option Scheme*

The New Share Option Scheme shall be subject to the administration of the Directors whose decision on all matters arising in relation to this New Share Option Scheme or their interpretation or effect shall (save as otherwise provided herein) be final and binding on all persons who may be affected thereby.

(c) *Grant and acceptance of Options*

Subject to the terms of the New Share Option Scheme, the Board may, in its absolute discretion, invite any Participant to take up Options to subscribe for Shares at a price calculated in accordance with paragraph (d) below.

An Offer shall be made to a Participant in writing (and unless so made shall be invalid) in such form as the Board may from time to time determine either generally or on a case-by-case basis specifying the number of Shares and the Option Period in respect of which the Offer is made and further requiring the Participant to undertake to hold the Option on the terms on which it is to be granted and to be bound by the provisions of this Scheme and shall remain open for acceptance by the Participant concerned (and by no other person, including his Personal Representative(s)) for a period of twenty-one (21) days inclusive of, and from the Offer Date provided that no such Offer shall be open for acceptance after the earlier of the Termination Date or the termination of this Scheme.

An Offer shall be deemed to have been accepted by a Participant in respect of all Shares which are offered to such Participant when the duplicate letter comprising acceptance of the Offer duly signed by the Participant together with a remittance in favour of the Company of HK\$1.00 by way of consideration for the grant thereof is received by the Company. Such remittance shall in no circumstances be refundable.

Any Offer may be accepted by a Participant in respect of less than the number of Shares which are offered provided that it is accepted in respect of a board lot for dealing in Shares on the Stock Exchange or an integral multiple thereof and such number is clearly stated in the duplicate letter comprising acceptance of the Offer duly signed by such Participant and received by the Company together with a remittance in favour of the Company of HK\$1.00 by way of consideration for the grant thereof within twenty-one (21) days from the Offer Date or such shorter period as the Board may from time to time determine.

Upon an Offer being accepted by a Participant in whole or in part in accordance with this sub-paragraph (c), an Option in respect of the number of Shares in respect of which the Offer was so accepted will be deemed to have been granted by the Company to such Participant on the date of such acceptance. To the extent that the Offer is not accepted within twenty-one (21) days in the manner indicated in this sub-paragraph (c) it will be deemed to have been irrevocably declined.

(d) Exercise of Options and Price of Shares

An Option may be exercised in whole or in part by the grantee giving notice in writing to the Company stating that the Option is thereby exercised and the number of Shares in respect of which it is exercised. Each such notice must be accompanied by a remittance for the full amount of the subscription price for the Shares in respect of which the notice is given. Within 21 days after receipt of the notice and the remittance and, where appropriate, receipt of the certificate of the Company's auditors or independent financial advisers, the Company shall allot and issue the relevant Shares to the grantee (or his legal personal representative(s)) credited as fully paid.

Shares to be allotted and issued upon the exercise of an Option will be subject to all the provisions of the Articles of Association of the Company for the time being in force and will rank pari passu in all respects with the 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 (the "**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 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.

The exercise price for Shares under the New Share Option Scheme may be determined by the Board at its absolute discretion but in any event will not be less than the highest of: (i) the closing price of the Shares on the Stock Exchange (as stated in the Stock Exchange's daily quotations sheet)

on the Offer Date, which must be a Business Day; (ii) the average closing price of the Shares on the Stock Exchange (as stated in the Stock Exchange's daily quotations sheets) for the five (5) Business Days immediately preceding the Offer Date; (iii) the nominal value of the Share on the date of grant.

(e) Maximum number of Shares available for issue

- (i) Subject to the Listing Rules, the maximum number of Shares which may be issued upon exercise of all Options may be granted at any time under this Scheme shall not, when aggregated with any Shares subject to any other schemes involving the issue or grant of option over Shares by the Company to, or for the benefit of the Participants, exceed such number of Shares as shall represent 10 per cent. of the issued share capital of the Company (or the Subsidiaries) as at the Adoption Date (the “**Scheme Mandate Limit**”). Options lapsed in accordance with the terms of this Scheme will not be counted for the purpose of calculating the Scheme Mandate Limit.
- (ii) The Company may seek approval by its Shareholders in general meeting for “refreshing” the Scheme Mandate Limit under this Scheme. However, the total number of Shares which may be issued upon exercise of all Options to be granted under this Scheme and any other schemes of the Company under the limit as “refreshed” must not exceed 10 per cent. of the Shares in issue as at the date of passing the relevant resolution. Options previously granted under this Scheme (including those outstanding, cancelled, lapsed in accordance with this Scheme or exercised Options) will not be counted for the purpose of calculating the Scheme Mandate Limit as “refreshed”.
- (iii) The Company may seek separate approval by its Shareholders in general meeting for granting Options beyond the Scheme Mandate Limit provided the Options in excess of the Scheme Mandate Limit are granted only to Participants specifically identified by the Company before such approval is sought. The Company must send a circular to the Shareholders containing a generic description of the specified Participants who may be granted such Options, the number and terms of the Options to be granted, the purpose of granting Options to the specified Participants with an explanation as to how the terms of the Options serve such purpose, the information required under rule 23.02(2)(d) and the disclaimer required under rule 23.02(4) of the GEM Listing Rules.
- (iv) The limit on the number of Shares which may be issued upon exercise of all outstanding Options granted and yet to be exercised under this Scheme and any other schemes of the Company must not exceed 30 per cent. of the relevant class of Shares in issue from time to time. No Options may be granted under this Scheme or any other schemes of the Company if this will result in this limit being exceeded.

(f) Grant of Options to connected persons or any of their associates

Any grant of Option to a Director, chief executive or substantial Shareholder (as defined in the GEM Listing Rules) of the Company, or any of their respective associates, under this Scheme must be approved by the independent non-executive Directors (excluding an independent non-executive

Director who is the proposed grantee of the Option). Where any grant of Options to a substantial Shareholder (as defined in the GEM Listing Rules) of the Company or an independent non-executive Director or any of their respective associates, would result in the Shares issued or to be issued upon exercise of all Options already granted or to be granted (including Options exercised, cancelled and outstanding) to such person in the 12-month period up to and including the date of such grant:

- (a) representing in aggregate over 0.1 per cent. of the relevant class of Shares in issue; and
- (b) having an aggregate value, based on the closing price of the Shares as stated in the daily quotation sheet issued by the Stock Exchange at the date of each grant, in excess of HK\$5 million,

such further grant of Options must be approved by Shareholders of the Company.

A circular must be prepared by the Company explaining the proposed grant, disclosing (i) the number and terms of the Options to be granted, (ii) containing a recommendation from the independent non-executive Directors (excluding any independent non-executive Director who is a grantee) on whether or not to vote in favour of the proposed grant, (iii) containing information relating to any Directors who are trustees of the scheme or have a direct or indirect interest in the trustees, and (iv) the information required under rule 2.28 of the GEM Listing Rules.

Any change in the terms of Options granted to a connected person or its associates must be approved by Shareholders in a general meeting.

(g) Maximum entitlement of each Participant

The total number of Shares issued and to be issued upon exercise of the options granted to each Participant or grantee (including exercised and outstanding options) in any twelve (12)-month period up to the date of grant shall not exceed 1 per cent. of the Shares in issue at the date of grant (the “**Individual Limit**”). Where it is proposed that any offer is to be made to a Participant (or where approximate, an existing grantee) which 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 twelve (12)-month period up to and including the relevant date of grant to exceed his, her or its Individual Limit, such offer and any acceptance thereof must be conditional upon Shareholders’ approval in general meeting with such Participant (or where appropriate, an existing grantee) and his, her or its associates abstaining from voting. The Company must send a circular to the Shareholders disclosing the identity of the Participant or grantee, the number and terms of options to be granted (and options previously granted) to such Participant, the information required under the Listing Rules. The number and terms (including the subscription price) of options to be granted to such Participant must be fixed before the date on which Shareholders’ approval is sought and the date of the Board meeting for proposing such further grant should be taken as the date of grant for the purpose of calculating the subscription price.

(h) Time of Exercise of Options

Subject to the terms of the New Share Option Scheme, an Option may be exercised in whole or in part at any time during the period to be determined and identified by the Board to each grantee at the time of making an offer for the grant of an Option, but in any event no later than 10 years from the date of grant but subject to the early termination of the New Share Option Scheme (the “**Option Period**”).

There is no specified minimum period under the New Share Option Scheme for which an Option must be held or the performance target which must be achieved before an Option can be exercised under the terms of the New Share Option Scheme.

(i) Restrictions on the time of grant of Options

Grant of Options may not be made after a price sensitive event has occurred or a price sensitive matter has been the subject of a decision until such price sensitive information has been announced in accordance with the relevant requirements of the GEM Listing Rules. In particular, no Option may be granted during the period commencing one month immediately preceding the earlier of (i) the date of the Board meeting for the approval of the Company’s quarterly, interim or annual results and (ii) the deadline for the Company to publish its quarterly, interim or annual results announcement and ending on the date of such results announcement.

(j) Rights are personal to grantees

An Option is personal to the grantee and shall not be assignable. An Option shall not be sold, transferred, charged, mortgaged, encumbered or created with any interest in favour of any third party.

(k) Rights on cessation of employment by dismissal

If the grantee of an Option is an Employee and ceases to be an Employee on one or more of the grounds that he or she has been guilty of persistent or serious misconduct, bankruptcy, insolvency, composition with his or her creditors generally or conviction of any criminal offence or other grounds on which an employer would be entitled to terminate his or her employment pursuant to any applicable law, his or her Option (to the extent not already exercised) will lapse on the date of cessation of his or her employment.

(l) Rights on death

If the grantee of an Option is an Employee and ceases to be an Employee by reason of his or her death before exercising the Options in full and none of the events referred to in paragraph (i) above as ground for termination of his or her Options arises, his or her personal representative(s) may exercise the Option (to the extent not already exercised) within a period of 12 months following the date of death (or such longer period as the Board may determine), failing which it will lapse.

(m) Rights on cessation of employment for other reasons

If the grantee of an Option who is an Employee and ceases to be a Participant for any other reason before exercising the Option in full, the Option (to the extent not already exercised) shall lapse on the date of cessation or termination and shall not be exercisable. 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.

(n) Rights on a general offer

In the event of a general offer being made to all Shareholders (or all such holders other than the offeror and/or person controlled by the offeror and/or any person acting in concert (as defined in The Hong Kong Codes on Takeovers and Mergers) with the offeror) and such offer becomes or is declared unconditional during the Option Period of the relevant Option, the grantee (or his personal representative(s)) shall be entitled to exercise the Option in full (to the extent not already exercised) at any time within thereafter and up to the close of such offer.

(o) Rights on winding up

In the event a notice is given by the Company to its members to convene a general meeting for the purpose of considering and, if thought fit, approving a resolution to voluntarily wind-up the Company, the Company shall on the same date as it despatches such notice to each member of the Company give notice thereof to all grantees and any grantee (or his or her personal representative(s)) may by notice in writing to the Company accompanied by a remittance for the full amount of the aggregate subscription price in respect of the relevant Option (such notice to be received by the Company no later than four Business Days prior to the propose general meeting)) exercise the Option (to the extent not already exercised) either to its full extent or to the extent that he or she may specify in his or her 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 general meeting referred to above, allot and issue such number of Shares to the grantee credited as fully paid.

(p) Rights on reconstruction, compromise or arrangement

If a compromise or arrangement between the Company and its members or creditors is proposed for the purpose of or in connection with a scheme for the reconstruction or amalgamation of the Company, the Company shall give notice to the grantee on the same date as it despatches the notice to each member or creditor of the Company to consider such a compromise or arrangement, and thereupon the grantee (or his or her personal representative(s)) may by notice in writing to the Company accompanied by a remittance of the full amount of the subscription price in respect of which the notice is given (such notice to be received by the Company no later than four 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 the notice and the Company shall as soon as possible and in any event no later than the Business Day immediately prior to the date of the proposed general meeting allot and issue such number of Shares to the grantee credited as fully paid.

(q) Cancellation of Options

The Board may at any time cancel any Option granted but not exercised if the grantee so agrees. Any cancellation of Options granted but not exercised and the issuance of new Options to the same grantee may only be made under the New Share Option Scheme with available unissued Options (excluding the cancelled Options) within the Scheme Mandate Limit referred to in paragraph (e) (i) above. Options lapsed in accordance with the terms of the New Share Option Scheme will not be counted for the purpose of calculating the Scheme Mandate Limit.

(r) Effect of alterations to share capital

In the event of any alteration in the capital structure of the Company by way of capitalisation of profits or reserved, rights issue, consolidation, subdivision or reduction of the share capital of the Company (other than an issue of Shares as consideration in respect of a transaction while any Option remains exercisable), such corresponding alterations (if any) will be made in (i) the numbers or nominal amount of Shares subject to any Option so far as such Option remains unexercised and/or (ii) the subscription price per Share and/or (iii) the maximum number of Shares available for subscription and/or; (iv) the method of exercise of the Option as the auditors or independent financial advisers for the time being of the Company shall at the request of the Company or any grantee certify in writing to be in their opinion fair and reasonable, provided that any such alterations shall be made on the basis that the grantee shall have the same proportion of the issued share capital of the Company to which he was entitled before such alteration and the aggregate subscription price payable by the grantee on the full exercise of any Option shall remain as nearly as possible the same as (but not greater than) it was before such event, but so that no such alterations shall be made the effect of which would be to enable a Share to be issue at less than its nominal value. Save in the case of a capitalisation issue, the auditors or independent financial advisers for the time being of the Company must confirm to the Directors in writing that such adjustment(s) satisfy the aforesaid requirements.

(s) Ranking of Shares

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

(t) Duration of the New Share Option Scheme

The New Share Option Scheme shall continue in force for the period commencing from the Adoption Date and expiring at the close of business on the tenth anniversary thereof, after such period no further Options will be granted but the provisions of the New Share Option Scheme shall remain in full force and effect in respect of any Options granted before its expiry or termination but not yet exercised.

(u) *Alterations to the terms of the New Share Option Scheme*

- (i) The provisions relating to the matters set out in rule 23.03 of the GEM Listing Rules cannot be altered to the advantage of Participants without the prior approval of Shareholders in a general meeting.
- (ii) 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 must be approved by Shareholders, except where the alterations take effect automatically under the existing terms of the New Share Option Scheme.
- (iii) The amended terms of the New Share Option Scheme or the Options must still comply with the relevant requirements of Chapter 23 of the GEM Listing Rules.
- (iv) Any change to the authority of the Directors or the administrator of the New Share Option Scheme in relation to any alteration to the terms of the New Share Option Scheme must be approved by Shareholders in a general meeting.

(v) *Conditions of the New Share Option Scheme*

The New Share Option Scheme is conditional upon:

- (i) **the Listing Committee of the Stock Exchange granting the listing of and permission to deal in any Shares to be issued by the Company pursuant to the exercise of Options in accordance with the terms and conditions of the New Share Option Scheme; and**
- (ii) **the passing of the necessary resolution to approve and adopt the New Share Option Scheme in general meeting.**

(w) *Lapse of Options*

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

- (i) the expiry of the Option Period;
- (ii) the expiry of any of the periods referred to in paragraphs (k) to (p);
- (iii) the date on which the Directors shall exercise the Company's right to cancel the Option by reason of a breach of paragraph (j) by the grantee of the Option in respect of that or any other Option; and
- (iv) the date of the commencement of the winding-up of the Company.

(x) *Termination*

The Company by ordinary resolution in general meeting may at any time terminate the operation of 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 granted prior to such termination.

Details of the Options granted, including Options exercised or outstanding, under the New Share Option Scheme shall be disclosed in the circular to Shareholders seeking approval of any subsequent share option scheme to be established after such termination.

(y) *Miscellaneous*

The terms of the New Share Option Scheme (and any other schemes adopted by the Company from time to time) shall be in accordance with the new requirements set out in Chapter 23 of the GEM Listing Rules.

The Company will comply with the relevant statutory requirements and the GEM Listing Rules from time to time in force on a continuing basis in respect of the New Share Option Scheme and any other schemes of the Company.

Any dispute arising in connection with the number of Shares of an Option and any of the matters referred to in paragraph (r) above shall be referred to the decision of the auditors or the independent financial advisers of the Company who shall act as experts and not as arbitrators and whose decision, in the absence of manifest error, shall be final and binding.

The following is a summary of certain provisions of the Amended and Restated Articles of Association (hereinafter, the “**Articles**”), which are to be proposed to be adopted by the Company at the AGM.

1. AMENDED AND RESTATED ARTICLES OF ASSOCIATION

(a) Directors

(i) Power to allot and issue shares and warrants

Subject to the provisions of the Companies Law, the Memorandum of Association of the Company (the “**Memorandum**”) and the Articles and to any special rights conferred on the holders of any shares or class of shares, any share may be issued with or have attached thereto such rights, or such restrictions, whether with regard to dividend, voting, return of capital, or otherwise, as the Company may by ordinary resolution determine (or, in the absence of any such determination or so far as the same may not make specific provision, as the board may determine). Subject to the Companies Law, the rules of any Designated Stock Exchange (as defined in the Articles) and the Memorandum and Articles, any share may be issued on terms that, at the option of the Company or the holder thereof, they are liable to be redeemed.

The board may issue warrants conferring the right upon the holders thereof to subscribe for any class of shares or securities in the capital of the Company on such terms as it may from time to time determine.

Subject to the provisions of the Companies Law and the Articles and, where applicable, the rules of any Designated Stock Exchange (as defined in the Articles) and without prejudice to any special rights or restrictions for the time being attached to any shares or any class of shares, all unissued shares in the Company shall be at the disposal of the board, which may offer, allot, grant options over or otherwise dispose of them to such persons, at such times, for such consideration and on such terms and conditions as it in its absolute discretion thinks fit, but so that no shares shall be issued at a discount.

Neither the Company nor the board shall be obliged, when making or granting any allotment of, offer of, option over or disposal of shares, to make, or make available, any such allotment, offer, option or shares to members or others with registered addresses in any particular territory or territories being a territory or territories where, in the absence of a registration statement or other special formalities, this would or might, in the opinion of the board, be unlawful or impracticable. Members affected as a result of the foregoing sentence shall not be, or be deemed to be, a separate class of members for any purpose whatsoever.

(ii) Power to dispose of the assets of the Company or any subsidiary

There are no specific provisions in the Articles relating to the disposal of the assets of the Company or any of its subsidiaries. The Directors may, however, exercise all powers and do all acts and things which may be exercised or done or approved by the Company and which are not required by the Articles or the Companies Law to be exercised or done by the Company in general meeting.

(iii) Compensation or payments for loss of office

Pursuant to the Articles, payments to any Director or past Director of any sum by way of compensation for loss of office or as consideration for or in connection with his retirement from office (not being a payment to which the Director is contractually entitled) must be approved by the Company in general meeting.

(iv) Loans and provision of security for loans to Directors

There are provisions in the Articles prohibiting the making of loans to Directors.

(v) Disclosure of interests in contracts with the Company or any of its subsidiaries.

A Director may hold any other office or place of profit with the Company (except that of the auditor of the Company) in conjunction with his office of Director for such period and, subject to the Articles, upon such terms as the board may determine, and may be paid such extra remuneration therefor (whether by way of salary, commission, participation in profits or otherwise) in addition to any remuneration provided for by or pursuant to any other Articles. A Director may be or become a director or other officer of, or otherwise interested in, any company promoted by the Company or any other company in which the Company may be interested, and shall not be liable to account to the Company or the members for any remuneration, profits or other benefits received by him as a director, officer or member of, or from his interest in, such other company. Subject as otherwise provided by the Articles, the board may also cause the voting power conferred by the shares in any other company held or owned by the Company to be exercised in such manner in all respects as it thinks fit, including the exercise thereof in favour of any resolution appointing the Directors or any of them to be directors or officers of such other company, or voting or providing for the payment of remuneration to the directors or officers of such other company.

Subject to the Companies Law and the Articles, no Director or proposed or intended Director shall be disqualified by his office from contracting with the Company, either with regard to his tenure of any office or place of profit or as vendor, purchaser or in any other manner whatsoever, nor shall any such contract or any other contract or arrangement in which any Director is in any way interested be liable to be avoided, nor shall any Director so contracting or being so interested be liable to account to the Company or the members for any remuneration, profit or other benefits realised by any such contract or arrangement by reason of such Director holding that office or the fiduciary relationship thereby established. A Director

who to his knowledge is in any way, whether directly or indirectly, interested in a contract or arrangement or proposed contract or arrangement with the Company shall declare the nature of his interest at the meeting of the board at which the question of entering into the contract or arrangement is first taken into consideration, if he knows his interest then exists, or in any other case, at the first meeting of the board after he knows that he is or has become so interested.

A Director shall not vote (nor be counted in the quorum) on any resolution of the board approving any contract or arrangement or other proposal in which he or any of his associates is materially interested, but this prohibition shall not apply to any of the following matters, namely:

- (aa) any contract or arrangement for giving to such Director or his associate(s) any security or indemnity in respect of money lent by him or any of his associates or obligations incurred or undertaken by him or any of his associates at the request of or for the benefit of the Company or any of its subsidiaries;
- (bb) any contract or arrangement for the giving of any security or indemnity to a third party in respect of a debt or obligation of the Company or any of its subsidiaries for which the Director or his associate(s) has himself/themselves assumed responsibility in whole or in part whether alone or jointly under a guarantee or indemnity or by the giving of security;
- (cc) any contract or arrangement concerning an offer of shares or debentures or other securities of or by the Company or any other company which the Company may promote or be interested in for subscription or purchase, where the Director or his associate(s) is/are or is/are to be interested as a participant in the underwriting or sub underwriting of the offer;
- (dd) any contract or arrangement in which the Director or his associate(s) is/are interested in the same manner as other holders of shares or debentures or other securities of the Company by virtue only of his/their interest in shares or debentures or other securities of the Company; or
- (ee) any proposal or arrangement concerning the adoption, modification or operation of a share option scheme, a pension fund or retirement, death, or disability benefits scheme or other arrangement which relates both to Directors, his associates and employees of the Company or of any of its subsidiaries and does not provide in respect of any Director, or his associate(s) as such any privilege or advantage not accorded generally to the class of persons to which such scheme or fund relates.

(vi) *Remuneration*

The ordinary remuneration of the Directors shall from time to time be determined by the Company in general meeting, such sum (unless otherwise directed by the resolution by which it is voted) to be divided amongst the Directors in such proportions and in such manner as the board may agree or, failing agreement, equally, except that any Director holding office for part only of the period in respect of which the remuneration is payable shall only rank in such division in proportion to the time during such period for which he held office. The Directors shall also be entitled to be prepaid or repaid all travelling, hotel and incidental expenses reasonably expected to be incurred or incurred by them in attending any board meetings, committee meetings or general meetings or separate meetings of any class of shares or of debentures of the Company or otherwise in connection with the discharge of their duties as Directors.

Any Director who, by request, goes or resides abroad for any purpose of the Company or who performs services which in the opinion of the board go beyond the ordinary duties of a Director may be paid such extra remuneration (whether by way of salary, commission, participation in profits or otherwise) as the board may determine and such extra remuneration shall be in addition to or in substitution for any ordinary remuneration as a Director. An executive Director appointed to be a managing director, joint managing director, deputy managing director or other executive officer shall receive such remuneration (whether by way of salary, commission or participation in profits or otherwise or by all or any of those modes) and such other benefits (including pension and/or gratuity and/or other benefits on retirement) and allowances as the board may from time to time decide. Such remuneration may be either in addition to or in lieu of his remuneration as a Director.

The board may establish or concur or join with other companies (being subsidiary companies of the Company or companies with which it is associated in business) in establishing and making contributions out of the Company's monies to any schemes or funds for providing pensions, sickness or compassionate allowances, life assurance or other benefits for employees (which expression as used in this and the following paragraph shall include any Director or ex Director who may hold or have held any executive office or any office of profit with the Company or any of its subsidiaries) and ex employees of the Company and their dependents or any class or classes of such persons.

The board may pay, enter into agreements to pay or make grants of revocable or irrevocable, and either subject or not subject to any terms or conditions, pensions or other benefits to employees and ex employees and their dependents, or to any of such persons, including pensions or benefits additional to those, if any, to which such employees or ex employees or their dependents are or may become entitled under any such scheme or fund as is mentioned in the previous paragraph. Any such pension or benefit may, as the board considers desirable, be granted to an employee either before and in anticipation of, or upon or at any time after, his actual retirement.

(vii) Retirement, appointment and removal

At each annual general meeting, one third of the Directors for the time being (or if their number is not a multiple of three, then the number nearest to but not less than one third) will retire from office by rotation provided that every Director shall be subject to retirement at an annual general meeting at least once every three years. The Directors to retire in every year will be those who have been longest in office since their last re-election or appointment but as between persons who became or were last re-elected Directors on the same day those to retire will (unless they otherwise agree among themselves) be determined by lot. There are no provisions relating to retirement of Directors upon reaching any age limit.

The Directors shall have the power from time to time and at any time to appoint any person as a Director either to fill a casual vacancy on the board or as an addition to the existing board. Any Director appointed to fill a casual vacancy shall hold office until the first general meeting of members after his appointment and be subject to re-election at such meeting and any Director appointed as an addition to the existing board shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election. Neither a Director nor an alternate Director is required to hold any shares in the Company by way of qualification.

A Director may be removed by an ordinary resolution of the Company before the expiration of his period of office (but without prejudice to any claim which such Director may have for damages for any breach of any contract between him and the Company) and may by ordinary resolution appoint another in his place. Unless otherwise determined by the Company in general meeting, the number of Directors shall not be less than two. There is no maximum number of Directors.

The office of director shall be vacated:

- (aa) if he resigns his office by notice in writing delivered to the Company at the registered office of the Company for the time being or tendered at a meeting of the Board;
- (bb) becomes of unsound mind or dies;
- (cc) if, without special leave, he is absent from meetings of the board (unless an alternate director appointed by him attends) for six (6) consecutive months, and the board resolves that his office is vacated;
- (dd) if he becomes bankrupt or has a receiving order made against him or suspends payment or compounds with his creditors;
- (ee) if he is prohibited from being a director by law;

- (ff) if he ceases to be a director by virtue of any provision of law or is removed from office pursuant to the Articles.

The board may from time to time appoint one or more of its body to be managing director, joint managing director, or deputy managing director or to hold any other employment or executive office with the Company for such period and upon such terms as the board may determine and the board may revoke or terminate any of such appointments. The board may delegate any of its powers, authorities and discretions to committees consisting of such Director or Directors and other persons as the board thinks fit, and it may from time to time revoke such delegation or revoke the appointment of and discharge any such committees either wholly or in part, and either as to persons or purposes, but every committee so formed shall, in the exercise of the powers, authorities and discretions so delegated, conform to any regulations that may from time to time be imposed upon it by the board.

(viii) Borrowing powers

The board may exercise all the powers of the Company to raise or borrow money, to mortgage or charge all or any part of the undertaking, property and assets (present and future) and uncalled capital of the Company and, subject to the Companies Law, to issue debentures, bonds and other securities of the Company, whether outright or as collateral security for any debt, liability or obligation of the Company or of any third party.

Note: These provisions, in common with the Articles in general, can be varied with the sanction of a special resolution of the Company.

(ix) Proceedings of the Board

The board may meet for the despatch of business, adjourn and otherwise regulate their meetings as they think fit. Questions arising at any meeting shall be determined by a majority of votes. In the case of an equality of votes, the chairman of the meeting shall have an additional or casting vote.

(x) Register of Directors and Officers

The Companies Law and the Articles provide that the Company is required to maintain at its registered office a register of directors and officers which is not available for inspection by the public. A copy of such register must be filed with the Registrar of Companies in the Cayman Islands and any change must be notified to the Registrar within thirty (30) days of any change in such directors or officers.

(b) Alterations to constitutional documents

The Articles may be rescinded, altered or amended by the Company in general meeting by special resolution. The Articles state that a special resolution shall be required to alter the provisions of the Memorandum, to amend the Articles or to change the name of the Company.

(c) Alteration of capital

The Company may from time to time by ordinary resolution in accordance with the relevant provisions of the Companies Law:

- (i) increase its capital by such sum, to be divided into shares of such amounts as the resolution shall prescribe;
- (ii) consolidate and divide all or any of its capital into shares of larger amount than its existing shares;
- (iii) divide its shares into several classes and without prejudice to any special rights previously conferred on the holders of existing shares attach thereto respectively any preferential, deferred, qualified or special rights, privileges, conditions or restrictions as the Company in general meeting or as the directors may determine;
- (iv) sub divide its shares or any of them into shares of smaller amount than is fixed by the Memorandum, subject nevertheless to the provisions of the Companies Law, and so that the resolution whereby any share is sub-divided may determine that, as between the holders of the shares resulting from such sub-division, one or more of the shares may have any such preferred or other special rights, over, or may have such deferred rights or be subject to any such restrictions as compared with the others as the Company has power to attach to unissued or new shares; or
- (v) cancel any shares which, at the date of passing of the resolution, have not been taken, or agreed to be taken, by any person, and diminish the amount of its capital by the amount of the shares so cancelled.

The Company may subject to the provisions of the Companies Law reduce its share capital or any capital redemption reserve or other undistributable reserve in any way by special resolution.

(d) Variation of rights of existing shares or classes of shares

Subject to the Companies Law, all or any of the special rights attached to the shares or any class of shares may (unless otherwise provided for by the terms of issue of that class) be varied, modified or abrogated either with the consent in writing of the holders of not less than three fourths in nominal value of the issued shares of that class or with the sanction of a special resolution passed at a separate general meeting of the holders of the shares of that class. To every such separate general meeting the provisions of the Articles relating to general meetings will mutatis mutandis apply, but so that the necessary quorum (other than at an adjourned meeting) shall be two persons holding or representing by proxy not less than one third in nominal value of the issued shares of that class and at any adjourned meeting two holders present in person or by proxy whatever the number of shares held by them shall be a quorum. Every holder of shares of the class shall be entitled to one vote for every such share held by him.

The special rights conferred upon the holders of any shares or class of shares shall not, unless otherwise expressly provided in the rights attaching to the terms of issue of such shares, be deemed to be varied by the creation or issue of further shares ranking *pari passu* therewith.

(e) Special resolution majority required

Pursuant to the Articles, a special resolution of the Company must be passed by a majority of not less than three fourths of the votes cast by such members as, being entitled so to do, vote in person or, in the case of such members as are corporations, by their duly authorised representatives or, where proxies are allowed, by proxy at a general meeting of which notice of not less than twenty-one (21) clear days and not less than ten (10) clear business days specifying the intention to propose the resolution as a special resolution, has been duly given. Provided that if permitted by the Designated Stock Exchange (as defined in the Articles), except in the case of an annual general meeting, if it is so agreed by a majority in number of the members having a right to attend and vote at such meeting, being a majority together holding not less than ninety-five per cent. (95%) in nominal value of the shares giving that right and, in the case of an annual general meeting, if so agreed by all Members entitled to attend and vote thereat, a resolution may be proposed and passed as a special resolution at a meeting of which notice of less than twenty-one (21) clear days and less than ten (10) clear business days has been given.

A copy of any special resolution must be forwarded to the Registrar of Companies in the Cayman Islands within fifteen (15) days of being passed.

An ordinary resolution is defined in the Articles to mean a resolution passed by a simple majority of the votes of such members of the Company as, being entitled to do so, vote in person or, in the case of corporations, by their duly authorised representatives or, where proxies are allowed, by proxy at a general meeting held in accordance with the Articles.

(f) Voting rights

Subject to any special rights or restrictions as to voting for the time being attached to any shares by or in accordance with the Articles, at any general meeting on a poll every member present in person or by proxy or, in the case of a member being a corporation, by its duly authorised representative shall have one vote for every fully paid share of which he is the holder but so that no amount paid up or credited as paid up on a share in advance of calls or installments is treated for the foregoing purposes as paid up on the share. A member entitled to more than one vote need not use all his votes or cast all the votes he uses in the same way.

At any general meeting a resolution put to the vote of the meeting is to be decided by way of a poll save that the chairman of the meeting may in good faith, allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands in which case every member present in person (or being a corporation, is present by a duly authorized representative), or by proxy(ies) shall have one vote provided that where more than one proxy is appointed by a member which is a clearing house (or its nominee(s)), each such proxy shall have one vote on a show of hands.

If a recognised clearing house (or its nominee(s)) is a member of the Company it may authorise such person or persons as it thinks fit to act as its representative(s) at any meeting of the Company or at any meeting of any class of members of the Company provided that, if more than one person is so authorised, the authorisation shall specify the number and class of shares in respect of which each such person is so authorised. A person authorised pursuant to this provision shall be deemed to have been duly authorised without further evidence of the facts and be entitled to exercise the same powers on behalf of the recognised clearing house (or its nominee(s)) as if such person was the registered holder of the shares of the Company held by that clearing house (or its nominee(s)) including, where a show of hands is allowed, the right to vote individually on a show of hands.

Where the Company has any knowledge that any shareholder is, under the rules of the Designated Stock Exchange (as defined in the Articles), required to abstain from voting on any particular resolution of the Company or restricted to voting only for or only against any particular resolution of the Company, any votes cast by or on behalf of such shareholder in contravention of such requirement or restriction shall not be counted.

(g) Requirements for annual general meetings

An annual general meeting of the Company must be held in each year, other than the year of adoption of the Articles (within a period of not more than fifteen (15) months after the holding of the last preceding annual general meeting or a period of eighteen (18) months from the date of adoption of the Articles, unless a longer period would not infringe the rules of any Designated Stock Exchange (as defined in the Articles)) at such time and place as may be determined by the board.

(h) Accounts and audit

The board shall cause true accounts to be kept of the sums of money received and expended by the Company, and the matters in respect of which such receipt and expenditure take place, and of the property, assets, credits and liabilities of the Company and of all other matters required by the Companies Law or necessary to give a true and fair view of the Company's affairs and to explain its transactions.

The accounting records shall be kept at the registered office or at such other place or places as the board decides and shall always be open to inspection by any Director. No member (other than a Director) shall have any right to inspect any accounting record or book or document of the Company except as conferred by law or authorised by the board or the Company in general meeting.

A copy of every balance sheet and profit and loss account (including every document required by law to be annexed thereto) which is to be laid before the Company at its general meeting, together with a printed copy of the Directors' report and a copy of the auditors' report, shall not less than twenty-one (21) days before the date of the meeting and at the same time as the notice of annual general meeting be sent to every person entitled to receive notices of general meetings of the Company under the provisions the Articles; however, subject to compliance with all applicable laws, including the rules of the Designated Stock Exchange (as defined in the Articles), the Company may send to such persons summarised financial statements derived from the Company's annual accounts and the

directors' report instead provided that any such person may by notice in writing served on the Company, demand that the Company sends to him, in addition to summarised financial statements, a complete printed copy of the Company's annual financial statement and the directors' report thereon.

Auditors shall be appointed and the terms and tenure of such appointment and their duties at all times regulated in accordance with the provisions of the Articles. The remuneration of the auditors shall be fixed by the Company in general meeting or in such manner as the members may determine.

The financial statements of the Company shall be audited by the auditor in accordance with generally accepted auditing standards. The auditor shall make a written report thereon in accordance with generally accepted auditing standards and the report of the auditor shall be submitted to the members in general meeting. The generally accepted auditing standards referred to herein may be those of a country or jurisdiction other than the Cayman Islands. If so, the financial statements and the report of the auditor should disclose this fact and name such country or jurisdiction.

(i) Notices of meetings and business to be conducted thereat

An annual general meeting shall be called by notice of not less than twenty-one (21) clear days and not less than twenty (20) clear business days and any extraordinary general meeting at which it is proposed to pass a special resolution shall (save as set out in sub paragraph (e) above) be called by notice of at least twenty-one (21) clear days and not less than ten (10) clear business days. All other extraordinary general meetings shall be called by notice of at least fourteen (14) clear days and not less than ten (10) clear business days. The notice must specify the time and place of the meeting and, in the case of special business, the general nature of that business. In addition notice of every general meeting shall be given to all members of the Company other than such as, under the provisions of the Articles or the terms of issue of the shares they hold, are not entitled to receive such notices from the Company, and also to the auditors for the time being of the Company.

Notwithstanding that a meeting of the Company is called by shorter notice than that mentioned above if permitted by the rules of the Designated Stock Exchange, it shall be deemed to have been duly called if it is so agreed:

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

All business shall be deemed special that is transacted at an extraordinary general meeting and also all business shall be deemed special that is transacted at an annual general meeting with the exception of the following, which shall be deemed ordinary business:

- (aa) the declaration and sanctioning of dividends;

- (bb) the consideration and adoption of the accounts and balance sheet and the reports of the directors and the auditors;
- (cc) the election of directors in place of those retiring;
- (dd) the appointment of auditors and other officers;
- (ee) the fixing of the remuneration of the directors and of the auditors;
- (ff) the granting of any mandate or authority to the directors to offer, allot, grant options over or otherwise dispose of the unissued shares of the Company representing not more than twenty per cent (20%) in nominal value of its existing issued share capital; and
- (gg) the granting of any mandate or authority to the directors to repurchase securities of the Company.

(j) Transfer of shares

All transfers of shares may be effected by an instrument of transfer in the usual or common form or in a form prescribed by the Designated Stock Exchange (as defined in the Articles) or in such other form as the board may approve and which may be under hand or, if the transferor or transferee is a clearing house or its nominee(s), by hand or by machine imprinted signature or by such other manner of execution as the board may approve from time to time. The instrument of transfer shall be executed by or on behalf of the transferor and the transferee provided that the board may dispense with the execution of the instrument of transfer by the transferee in any case in which it thinks fit, in its discretion, to do so and the transferor shall be deemed to remain the holder of the share until the name of the transferee is entered in the register of members in respect thereof. The board may also resolve either generally or in any particular case, upon request by either the transferor or the transferee, to accept mechanically executed transfers.

The board in so far as permitted by any applicable law may, in its absolute discretion, at any time and from time to time transfer any share upon the principal register to any branch register or any share on any branch register to the principal register or any other branch register.

Unless the board otherwise agrees, no shares on the principal register shall be transferred to any branch register nor may shares on any branch register be transferred to the principal register or any other branch register. All transfers and other documents of title shall be lodged for registration and registered, in the case of shares on a branch register, at the relevant registration office and, in the case of shares on the principal register, at the registered office in the Cayman Islands or such other place at which the principal register is kept in accordance with the Companies Law.

The board may, in its absolute discretion, and without assigning any reason, refuse to register a transfer of any share (not being a fully paid up share) to a person of whom it does not approve or any share issued under any share incentive scheme for employees upon which a restriction on transfer

imposed thereby still subsists, and it may also refuse to register any transfer of any share to more than four joint holders or any transfer of any share (not being a fully paid up share) on which the Company has a lien.

The board may decline to recognise any instrument of transfer unless a fee of such maximum sum as any Designated Stock Exchange (as defined in the Articles) may determine to be payable or such lesser sum as the Directors may from time to time require is paid to the Company in respect thereof, the instrument of transfer, if applicable, is properly stamped, is in respect of only one class of share and is lodged at the relevant registration office or registered office or such other place at which the principal register is kept accompanied by the relevant share certificate(s) and such other evidence as the board may reasonably require to show the right of the transferor to make the transfer (and if the instrument of transfer is executed by some other person on his behalf, the authority of that person so to do).

The registration of transfers may be suspended and the register closed on giving notice by advertisement in a relevant newspaper and, where applicable, any other newspapers in accordance with the requirements of any Designated Stock Exchange (as defined in the Articles), at such times and for such periods as the board may determine and either generally or in respect of any class of shares. The register of members shall not be closed for periods exceeding in the whole thirty (30) days in any year.

(k) Power for the Company to purchase its own shares

The Company is empowered by the Companies Law and the Articles to purchase its own Shares subject to certain restrictions and the Board may only exercise this power on behalf of the Company subject to any applicable requirements imposed from time to time by any Designated Stock Exchange (as defined in the Articles).

(l) Power for any subsidiary of the Company to own shares in the Company and financial assistance to purchase shares of the Company

There are no provisions in the Articles relating to ownership of shares in the Company by a subsidiary.

Subject to compliance with the rules and regulations of the Designated Stock Exchange (as defined in the Articles) and any other relevant regulatory authority, the Company may give financial assistance for the purpose of or in connection with a purchase made or to be made by any person of any shares in the Company.

(m) Dividends and other methods of distribution

Subject to the Companies Law, the Company in general meeting may declare dividends in any currency to be paid to the members but no dividend shall be declared in excess of the amount recommended by the board.

The Articles provide dividends may be declared and paid out of the profits of the Company, realised or unrealised, or from any reserve set aside from profits which the directors determine is no longer needed. With the sanction of an ordinary resolution dividends may also be declared and paid out of share premium account or any other fund or account which can be authorised for this purpose in accordance with the Companies Law.

Except in so far as the rights attaching to, or the terms of issue of, any share may otherwise provide, (i) all dividends shall be declared and paid according to the amounts paid up on the shares in respect whereof the dividend is paid but no amount paid up on a share in advance of calls shall for this purpose be treated as paid up on the share and (ii) all dividends shall be apportioned and paid pro rata according to the amount paid up on the shares during any portion or portions of the period in respect of which the dividend is paid. The Directors may deduct from any dividend or other monies payable to any member or in respect of any shares all sums of money (if any) presently payable by him to the Company on account of calls or otherwise.

Whenever the board or the Company in general meeting has resolved that a dividend be paid or declared on the share capital of the Company, the board may further resolve either (a) that such dividend be satisfied wholly or in part in the form of an allotment of shares credited as fully paid up, provided that the shareholders entitled thereto will be entitled to elect to receive such dividend (or part thereof) in cash in lieu of such allotment, or (b) that shareholders entitled to such dividend will be entitled to elect to receive an allotment of shares credited as fully paid up in lieu of the whole or such part of the dividend as the board may think fit. The Company may also upon the recommendation of the board by an ordinary resolution resolve in respect of any one particular dividend of the Company that it may be satisfied wholly in the form of an allotment of shares credited as fully paid up without offering any right to shareholders to elect to receive such dividend in cash in lieu of such allotment.

Any dividend, interest or other sum payable in cash to the holder of shares may be paid by cheque or warrant sent through the post addressed to the holder at his registered address, or in the case of joint holders, addressed to the holder whose name stands first in the register of the Company in respect of the shares at his address as appearing in the register or addressed to such person and at such addresses as the holder or joint holders may in writing direct. Every such cheque or warrant shall, unless the holder or joint holders otherwise direct, be made payable to the order of the holder or, in the case of joint holders, to the order of the holder whose name stands first on the register in respect of such shares, and shall be sent at his or their risk and payment of the cheque or warrant by the bank on which it is drawn shall constitute a good discharge to the Company. Any one of two or more joint holders may give effectual receipts for any dividends or other moneys payable or property distributable in respect of the shares held by such joint holders.

Whenever the board or the Company in general meeting has resolved that a dividend be paid or declared the board may further resolve that such dividend be satisfied wholly or in part by the distribution of specific assets of any kind.

All dividends or bonuses unclaimed for one year after having been declared may be invested or otherwise made use of by the board for the benefit of the Company until claimed and the Company shall not be constituted a trustee in respect thereof. All dividends or bonuses unclaimed for six years after having been declared may be forfeited by the board and shall revert to the Company.

No dividend or other monies payable by the Company on or in respect of any share shall bear interest against the Company.

(n) Proxies

Any member of the Company entitled to attend and vote at a meeting of the Company is entitled to appoint another person as his proxy to attend and vote instead of him. A member who is the holder of two or more shares may appoint more than one proxy to represent him and vote on his behalf at a general meeting of the Company or at a class meeting. A proxy need not be a member of the Company and shall be entitled to exercise the same powers on behalf of a member who is an individual and for whom he acts as proxy as such member could exercise. In addition, a proxy shall be entitled to exercise the same powers on behalf of a member which is a corporation and for which he acts as proxy as such member could exercise if it were an individual member. Votes may be given either personally (or, in the case of a member being a corporation, by its duly authorised representative) or by proxy.

(o) Call on shares and forfeiture of shares

Subject to the Articles and to the terms of allotment, the board may from time to time make such calls upon the members in respect of any monies unpaid on the shares held by them respectively (whether on account of the nominal value of the shares or by way of premium). A call may be made payable either in one lump sum or by installments. If the sum payable in respect of any call or instalment is not paid on or before the day appointed for payment thereof, the person or persons from whom the sum is due shall pay interest on the same at such rate not exceeding twenty per cent. (20%) per annum as the board may agree to accept from the day appointed for the payment thereof to the time of actual payment, but the board may waive payment of such interest wholly or in part. The board may, if it thinks fit, receive from any member willing to advance the same, either in money or money's worth, all or any part of the monies uncalled and unpaid or installments payable upon any shares held by him, and upon all or any of the monies so advanced the Company may pay interest at such rate (if any) as the board may decide.

If a member fails to pay any call on the day appointed for payment thereof, the board may serve not less than fourteen (14) clear days' notice on him requiring payment of so much of the call as is unpaid, together with any interest which may have accrued and which may still accrue up to the date of actual payment and stating that, in the event of non payment at or before the time appointed, the shares in respect of which the call was made will be liable to be forfeited.

If the requirements of any such notice are not complied with, any share in respect of which the notice has been given may at any time thereafter, before the payment required by the notice has been made, be forfeited by a resolution of the board to that effect. Such forfeiture will include all dividends and bonuses declared in respect of the forfeited share and not actually paid before the forfeiture.

A person whose shares have been forfeited shall cease to be a member in respect of the forfeited shares but shall, notwithstanding, remain liable to pay to the Company all monies which, at the date of forfeiture, were payable by him to the Company in respect of the shares, together with (if the board shall in its discretion so require) interest thereon from the date of forfeiture until the date of actual payment at such rate not exceeding twenty per cent. (20%) per annum as the board determines.

(p) Inspection of register of members

Pursuant to the Articles the register and branch register of members shall be open to inspection for at least two (2) hours during business hours by members without charge, or by any other person upon a maximum payment of HK\$2.50 or such lesser sum specified by the board, at the registered office or such other place at which the register is kept in accordance with the Companies Law or, upon a maximum payment of HK\$1.00 or such lesser sum specified by the board, at the Registration Office (as defined in the Articles), unless the register is closed in accordance with the Articles.

(q) Quorum for meetings and separate class meetings

No business shall be transacted at any general meeting unless a quorum is present when the meeting proceeds to business, but the absence of a quorum shall not preclude the appointment of a chairman.

Save as otherwise provided by the Articles the quorum for a general meeting shall be two members present in person (or, in the case of a member being a corporation, by its duly authorised representative) or by proxy and entitled to vote. In respect of a separate class meeting (other than an adjourned meeting) convened to sanction the modification of class rights the necessary quorum shall be two persons holding or representing by proxy not less than one third in nominal value of the issued shares of that class.

A corporation being a member shall be deemed for the purpose of the Articles to be present in person if represented by its duly authorised representative being the person appointed by resolution of the directors or other governing body of such corporation to act as its representative at the relevant general meeting of the Company or at any relevant general meeting of any class of members of the Company.

(r) Rights of the minorities in relation to fraud or oppression

There are no provisions in the Articles relating to rights of minority shareholders in relation to fraud or oppression.

(s) Procedures on liquidation

A resolution that the Company be wound up by the court or be wound up voluntarily shall be a special resolution.

Subject to any special rights, privileges or restrictions as to the distribution of available surplus assets on liquidation for the time being attached to any class or classes of shares (i) if the Company shall be wound up and the assets available for distribution amongst the members of the Company shall be more than sufficient to repay the whole of the capital paid up at the commencement of the winding up, the excess shall be distributed *pari passu* amongst such members in proportion to the amount paid up on the shares held by them respectively and (ii) if the Company shall be wound up and the assets available for distribution amongst the members as such shall be insufficient to repay the whole of the paid-up capital, such assets shall be distributed so that, as nearly as may be, the losses shall be borne by the members in proportion to the capital paid up, or which ought to have been paid up, at the commencement of the winding up on the shares held by them respectively.

If the Company shall be wound up (whether the liquidation is voluntary or by the court) the liquidator may, with the authority of a special resolution and any other sanction required by the Companies Law divide among the members in specie or kind the whole or any part of the assets of the Company whether the assets shall consist of property of one kind or shall consist of properties of different kinds and the liquidator may, for such purpose, set such value as he deems fair upon any one or more class or classes of property to be divided as aforesaid and may determine how such division shall be carried out as between the members or different classes of members. The liquidator may, with the like authority, vest any part of the assets in trustees upon such trusts for the benefit of members as the liquidator, with the like authority, shall think fit, but so that no contributory shall be compelled to accept any shares or other property in respect of which there is a liability.

(t) Untraceable members

Pursuant to the Articles, the Company may sell any of the shares of a member who is untraceable if (i) all cheques or warrants in respect of dividends of the shares in question (being not less than three in total number) for any sum payable in cash to the holder of such shares have remained uncashed for a period of 12 years; (ii) upon the expiry of the 12 year period, the Company has not during that time received any indication of the existence of the member; and (iii) the Company has caused an advertisement to be published in accordance with the rules of the Designated Stock Exchange (as defined in the Articles) giving notice of its intention to sell such shares and a period of three (3) months, or such shorter period as may be permitted by the Designated Stock Exchange (as defined in the Articles), has elapsed since the date of such advertisement and the Designated Stock Exchange (as defined in the Articles) has been notified of such intention. The net proceeds of any such sale shall belong to the Company and upon receipt by the Company of such net proceeds, it shall become indebted to the former member of the Company for an amount equal to such net proceeds.

(u) Subscription rights reserve

The Articles provide that to the extent that it is not prohibited by and is in compliance with the Companies Law, if warrants to subscribe for shares have been issued by the Company and the Company does any act or engages in any transaction which would result in the subscription price of such warrants being reduced below the par value of a share, a subscription rights reserve shall be established and applied in paying up the difference between the subscription price and the par value of a share on any exercise of the warrants.

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BINGO GROUP HOLDINGS LIMITED **比高集團控股有限公司**

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8220)

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that an annual general meeting (the “AGM”) of Bingo Group Holdings Limited (the “**Company**”) will be held at City Garden Hotel, First Floor, Yue-Function Room II, 9 City Garden Road, Hong Kong on 15 August 2012 at 11:00 a.m. for the purposes of considering and, if thought fit, passing the following resolutions (“**Resolutions**”) with or without amendments as resolutions of the Company:

ORDINARY RESOLUTIONS

1. to receive and consider the audited consolidated financial statements and the reports of the directors and the auditors for the year ended 31 March 2012;
2.
 - (a) To re-elect Mr. Chiau Sing Chi as executive Director;
 - (b) to re-elect Mr. Yik Chok Man as executive Director;
 - (c) to re-elect Mrs. Chin Chow Chung Hang Roberta as non-executive Director;
 - (d) to re-elect Mrs. Chen Chou Mei Mei Vivien as independent non-executive Director;
 - (e) to authorise the board of Directors to fix the Directors’ remuneration;
3. to re-appoint Graham H.Y. Chan & Co. as the auditors of the Company and to authorise the board of Directors to fix their remuneration;

and, as special business, to consider and, if thought fit, pass the following resolutions as ordinary resolutions of the Company:

4. “**THAT**
 - (a) subject to paragraph (c) of this Resolution, the exercise by the Directors during the Relevant Period (as hereinafter defined) of all the powers of the Company to allot, issue and deal with unissued shares in the capital of the Company and to make or grant offers,

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agreements and options (including bonds, notes, warrants, debentures and securities convertible into shares) which might require the exercise of such powers be and the same is hereby generally and unconditionally approved;

- (b) the approval in paragraph (a) of this Resolution shall authorize the Directors 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 (where pursuant to options or otherwise) by the Directors pursuant to the approval in paragraph (a) of this Resolution, otherwise than pursuant to
 - (i) a Rights Issue (as hereinafter defined); or
 - (ii) the grant or exercise of any option under the share option scheme of the Company; or
 - (iii) Any scrip dividend or similar arrangement providing for the allotment of shares in lieu of the whole or part of a dividend on shares in accordance with the articles of association (the “**Articles of Association**”) of the Company in force from time to time; or
 - (iv) any issue of shares in the Company upon the exercise of rights of subscription or conversion under the terms of any warrants of the Company or any securities which are convertible into shares of the Company, shall not exceed the aggregate of:
 - (i) 20 per cent. of the aggregate nominal amount of the share capital of the Company in issue on the date of the passing of this Resolution; and
 - (ii) (if the Directors are so authorized by a separate ordinary resolution of the shareholders of the Company) the nominal amount of any share capital of the Company repurchased by the Company subsequent to the passing of this Resolution (up to a maximum equivalent to 10 per cent. of the aggregate nominal amount of the share capital of the Company in issue on the date of the passing of this Resolution), and the authority pursuant to paragraph (a) of this Resolution shall be limited accordingly; and
- (d) for the purpose of this Resolution:

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

- (i) the conclusion of the next annual general meeting of the Company;

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- (ii) the expiration of the period within which the next annual general meeting of the Company is required by the Articles of Association, the Companies Law (Revised) of the Cayman Islands or any other applicable law of the Cayman Islands to be held; and
- (iii) the passing of an ordinary resolution by the shareholders (the “**Shareholders**”) of the Company in general meeting revoking or varying the authority given to the Directors by this Resolution.

“**Rights Issue**” means an offer of shares in the Company, or offer or issue of warrants, options or other securities giving rights to subscribe for share open for a period fixed by the Directors to holders of shares in the Company on the register on a fixed record date in proportion to their holdings of shares (subject to such exclusion or other arrangements as the directors of the Company may deem necessary or expedient in relation to overseas shareholders or fractional entitlements, or having regard to any restrictions or obligations under the laws of, or the requirements of, or the expense or delay which may be involved in determining the existence or extent of any restrictions or obligations under the laws of, or the requirements of, any jurisdiction outside Hong Kong or any recognized regulatory body or any stock exchange outside Hong Kong).”

5. “**THAT**

- (a) Subject to paragraph (b) below, the exercise by the Directors during the Relevant Period (as hereinafter defined) of all powers of the Company to purchase its shares on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) or any other stock exchange on which the shares of the Company may be listed and recognized by the Securities and Futures Commission of Hong Kong and the Stock Exchange for such purpose, and otherwise in accordance with the rules and regulations of the Securities and Futures Commission of Hong Kong, the Stock Exchange, the memorandum and Articles of Association, the Companies Law (Revised) of the Cayman Islands and all other applicable laws in this regard, be and the same is hereby generally and unconditionally approved;
- (b) the aggregate number of shares to be purchased or agreed conditionally or unconditionally to be purchased by the directors of the Company pursuant to the approval in paragraph (a) during the Relevant Period shall not exceed 10 per cent. of the issued share capital of the Company at the date of passing this Resolution, and the said approval shall be limited accordingly; and
- (c) for the purpose of this Resolution:

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

- (i) the conclusion of the next annual general meeting of the Company;

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- (ii) the expiration of the period within which the next annual general meeting of the Company is required by the Articles of Association, the Companies Law (Revised) of the Cayman Islands or any other applicable law of the Cayman Islands to be held; and
 - (iii) the passing of an ordinary resolution by the Shareholders in general meeting revoking or varying the authority given to the Directors by this Resolution.”
- 6. “**THAT** conditional upon the passing of ordinary Resolution nos. 4 and 5 in the notice convening the annual general meeting of the Company, the aggregate number of shares in the capital of the Company which shall have been repurchased by the Company subsequent and pursuant to the passing of ordinary Resolution no. 5 (up to a maximum of 10 per cent. of the issued shares at the date of passing of ordinary Resolution no. 5) shall be added to the aggregate number of shares that may be allotted or agreed conditionally or unconditionally to be allotted by the Company pursuant to ordinary Resolution no. 4 above.”
- 7. “**THAT**
 - (a) the existing share option scheme (the “**Existing Share Option Scheme**”) of the Company adopted on 19 October 2002 be and is hereby terminated and conditional upon The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) granting the listing of and permission to deal in the shares (the “**Shares**”) of HK\$0.02 each in the capital of the Company falling to be issued pursuant to the new share option scheme (the “**New Share Option Scheme**”), the terms of which are set out in the document marked “A” which has been produced to this meeting and signed by the chairman of this meeting for the purpose of identification, the rules of the New Share Option Scheme be and are hereby approved and adopted and the Directors be and are hereby authorised to grant options and to allot, issue and deal with Shares pursuant to the exercise of any option granted thereunder and to take all such steps as they may consider necessary or expedient to implement the New Share Option Scheme; and
 - (b) the aggregate nominal amount of share capital to be allotted and issued pursuant to Resolution no. 7(a) above, together with any issue of Shares upon the exercise of any options granted under any other share option schemes of the Company as may from time to time adopted by the Company, shall not exceed 10 per cent. of the Shares in issue as at the date of passing of this resolution (the “**Scheme Mandate Limit**”).”

and, as special business, to consider and, if thought fit, pass the following resolutions as special resolutions of the Company:

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SPECIAL RESOLUTIONS

8. “**THAT** the memorandum of association (the “**Memorandum**”) be and is hereby amended in the following manner:
- (a) By deleting paragraph 2 in its entirety and substituting therefor the following:
- “2. The Registered Office of the Company shall be at the offices of Codan Trust Company (Cayman) Limited, Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands.”
- (b) By deleting the words “HK\$100,000 divided into 10,000,000 shares of a nominal or par value of HK\$0.01 each” and substituting therefor by the words “HK\$200,000,000 divided into 10,000,000,000 shares of a nominal or par value of HK\$0.02 each” in paragraph 8.
9. “**THAT** a new set of Articles of Association in the form of the document marked “B” and produced to this meeting and for the purpose of identification signed by the chairman of this meeting, be and are hereby approved and adopted as the Articles of Association of the Company in substitution for and to the exclusion of all the existing Articles of Association of the Company with immediate effect.”

Yours faithfully
For and on behalf of the Board of
Bingo Group Holdings Limited
Chan Cheong Yee
Executive Director

Hong Kong, 13 July 2012

Registered office:

Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman
KY1-1111
Cayman Islands

Head office and principal place

of business in Hong Kong:
Room 1201-1204
12th Floor, Sea Bird House
22-28 Wyndham Street
Central, Hong Kong

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Notes:

1. A member entitled to attend and vote at the AGM convened by the above notice is entitled to appoint another person as his proxy to attend and, subject to the provisions of the Articles of Association the Company, to vote on his behalf. A member who is the holder of two or more shares may appoint more than one proxy to represent him and vote on his behalf. A proxy need not be a member of the Company but must be present in person at the AGM to represent the member. If more than one proxy is so appointed, the appointment shall specify the number and class of Shares in respect of which each such proxy is so appointed.
2. In order to be valid, the form of proxy must be deposited together with a power of attorney or other authority, if any, under which it is signed or a certified copy of that power or authority, at the Company's branch share registrar in Hong Kong, Tricor Tengis Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong not less than 48 hours before the time for holding the AGM or any adjournment thereof. Completion and return of a form of proxy will not preclude a shareholder of the Company from attending in person and voting at the AGM or any adjournment thereof, should he/she/it so wish, and in such event, the instrument appointing the proxy shall be deemed to be revoked.
3. In relation to proposed resolutions nos. 4 and 6 above, approval is being sought from the shareholders for the granting to the Directors of a general mandate to authorise the allotment and issue of shares of the Company under the GEM Listing Rules. The Directors have no immediate plans to issue any new shares of the Company other than Shares which may fall to be issued under the share option scheme of the Company or any scrip dividend scheme which may be approved by shareholders.
4. In relation to proposed resolution no. 5 above, the Directors wish to state that they will exercise the powers conferred thereby to repurchase Shares in circumstances which they deem appropriate for the benefit of the shareholders of the Company. An explanatory statement containing the information necessary to enable the shareholders to make an informed decision to vote on the proposed resolution as required by the GEM Listing Rules is set out in Appendix I to the circular of the Company dated 13 July 2012.