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

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

**If you have sold or transferred** all your shares in Dynamic Holdings Limited, you should at once hand this circular and the accompanying form of proxy to the purchaser or transferee or the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.



**DYNAMIC HOLDINGS LIMITED**

**達力集團有限公司**

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 029)**

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

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A notice convening the Annual General Meeting of Dynamic Holdings Limited to be held at Unicorn Room, Basement 2, The Charterhouse Causeway Bay, 209-219 Wanchai Road, Hong Kong on Friday, 9 December 2011 at 3:00 p.m. is set out on pages 26 to 29 of this circular. Whether or not you are able to attend the meeting, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and return it to its principal place of business at 17th Floor, Eton Tower, 8 Hysan Avenue, Causeway Bay, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the meeting or any adjourned meeting. Completion and return of the form of proxy will not preclude you from subsequently attending and voting in person at the meeting if you so wish.

28 October 2011

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## DEFINITIONS

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

“Affiliate”	a company in which the Group holds an interest or a subsidiary of such company
“Annual General Meeting”	the annual general meeting of the Company to be held at Unicorn Room, Basement 2, The Charterhouse Causeway Bay, 209-219 Wanchai Road, Hong Kong on Friday, 9 December 2011 at 3:00 p.m.
“Audit Committee”	the audit committee of the Board
“Board”	the board of Directors
“Bye-Laws”	the bye-laws of the Company
“Company”	Dynamic Holdings Limited (stock code: 029), a company incorporated in Bermuda with limited liability, whose shares are listed on the Main Board of the Stock Exchange
“controlling shareholder”	shall have the meaning ascribed to it in the Listing Rules
“Director(s)”	director(s) of the Company
“Eligible Participant(s)”	any person(s) who satisfy(ies) the eligibility criteria under the New Share Option Scheme
“Existing Share Option Scheme”	the existing share option scheme for, among others, the full-time employees or executive Director of the Company or its Subsidiaries adopted by the Company at its annual general meeting held on 21 December 2001
“Grantee(s)”	any Eligible Participant(s) who accept(s) an offer in accordance with the terms of the New Share Option Scheme or (where the context so permits) a person entitled to any such Option in consequence of the death of the original Grantee
“Group”	the Company and all of its subsidiaries
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC

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## DEFINITIONS

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“Latest Practicable Date”	25 October 2011, being the latest practicable date prior to the printing of this circular for ascertaining certain information referred to in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Memorandum”	the Memorandum of Association of the Company
“New Share Option Scheme”	the new share option scheme for Eligible Participants proposed to be adopted by the Company under Ordinary Resolution No. 8, a summary of the principal terms of which is set out in Appendix II to this circular
“Notice of Annual General Meeting”	the notice convening the Annual General Meeting as set out on pages 26 to 29 of this circular
“Option(s)”	a right to subscribe for Shares granted pursuant to the New Share Option Scheme
“Option Period”	a period to be notified by the Board to each Grantee as being the period during which an Option may be exercised as the Board determines at its discretion, save that such period shall not be more than 10 years from the date of grant of the Option
“Ordinary Resolution(s)”	The proposed ordinary resolution(s) as referred to in the Notice of Annual General Meeting
“PRC”	the People’s Republic of China excluding Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan
“Remuneration Committee”	the remuneration committee of the Board
“Repurchase Mandate”	a general mandate to the Directors to exercise the powers of the Company to repurchase Shares during the period as set out in Ordinary Resolution No. 5 up to a maximum of 10 per cent of the issued share capital of the Company as at the date of passing of Ordinary Resolution No. 5
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) of HK\$1.00 each in the share capital of the Company

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## DEFINITIONS

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“Share Issue Mandate”	a general mandate to the Directors to exercise the powers of the Company to issue during the period as set out in the Ordinary Resolution No. 6 representing up to 20 per cent of the issued share capital of the Company as at the date of passing of Ordinary Resolution No. 6
“Share Repurchase Rules”	the relevant rules set out in the Listing Rules to regulate the repurchase by companies with primary listings on the Stock Exchange of their own securities on the Stock Exchange
“Shareholders”	holders of Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subsidiary(ies)”	subsidiary(ies) (within the meaning of the Companies Ordinance of Hong Kong or the Companies Act 1981 of Bermuda (as amended)) for the time being and from time to time of the Company
“Substantial Shareholder”	shall have the meaning ascribed to it in the Listing Rules
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers
“%” or “per cent”	percentage

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LETTER FROM THE BOARD

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**DYNAMIC HOLDINGS LIMITED**

**達力集團有限公司**

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 029)**

*Executive Directors:*

Mr. CHUA Domingo (*Chairman*)  
Dr. CHAN Wing Kit, Frank (*Chief Executive Officer*)  
Mr. TAN Harry Chua  
Mr. TAN Lucio Jr. Khao  
Mr. CHEUNG Chi Ming  
Mr. PASCUAL Ramon Sy  
Mr. CHIU Siu Hung, Allan  
Mr. WONG Sai Tat

*Independent Non-executive Directors:*

Mr. CHONG Kim Chan, Kenneth  
Mr. SY Robin  
Mr. FOK Kam Chu, John

*Registered Office:*

Canon's Court  
22 Victoria Street  
Hamilton HM 12  
Bermuda

*Principal Place of Business:*

17th Floor  
Eton Tower  
8 Hysan Avenue  
Causeway Bay  
Hong Kong

28 October 2011

*To the Shareholders*

Dear Sir or Madam,

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

**1. INTRODUCTION**

The purpose of this circular is to provide you with information relating to the ordinary resolutions to be proposed at the forthcoming Annual General Meeting relating to (a) the granting of general mandates to the Directors to repurchase and issue Shares; (b) the adoption of New Share Option Scheme and termination of Existing Share Option Scheme and (c) the re-election of Directors.

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## LETTER FROM THE BOARD

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

At the Annual General Meeting, ordinary resolutions will be proposed to renew the general mandates previously granted to the Directors to (a) repurchase Shares on the Stock Exchange of up to 10% of the issued share capital of the Company at the date of passing of the resolutions and (b) allot, issue and otherwise deal with Shares up to a limit of 20% of the issued share capital of the Company as at the date of passing of the resolutions plus the number of any Shares repurchased by the Company since the granting of the general mandate (up to a maximum number equivalent to 10% of the issued share capital of the Company as at the date of passing the resolution and authorised by a separate ordinary resolution as required by the Listing Rules).

An explanatory statement required by the Listing Rules to be sent to the Shareholders in connection with the proposed general mandate to repurchase Shares is set out in Appendix I to this circular. The explanatory statement contains all information reasonably necessary to enable the Shareholders to make an informed decision on whether to vote for or against the relevant resolution at the Annual General Meeting.

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

The Existing Share Option Scheme was adopted by the Company on 21 December 2001 for a period of 10 years and will expire on 20 December 2011. The Directors consider that in order to enable the Group to attract and retain employees of appropriate qualifications and with the necessary experience to work for the Group, and to motivate eligible participants to optimise their performance and efficiency for the benefit of the Group and to attract and retain or otherwise maintain on-going business relationship with the eligible participants whose contributions are or will be beneficial to the long-term growth of the Group, it is important that the Group should continue to provide such employees and eligible participants, where appropriate, with an additional incentive by offering them an opportunity to obtain an ownership interest in the Company and to reward them for contributing to the long-term success of the business of the Group or to acquire a monetary gain which may in turn provide a further incentive to them for advancing their performance. Accordingly, the Directors propose to recommend to Shareholders at the Annual General Meeting to approve the adoption of the New Share Option Scheme and simultaneously terminate the Existing Share Option Scheme. As at the Latest Practicable Date, the Company has not adopted any share option scheme other than the Existing Share Option Scheme.

Upon termination of the Existing Share Option Scheme, there will be no further options granted under the Existing Share Option Scheme. However, the provisions of the Existing Share Option Scheme will remain in full force and effect to the extent necessary to give effect to the exercise of options granted prior to its termination or otherwise as may be required in accordance with the provisions of the Existing Share Option Scheme.

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## LETTER FROM THE BOARD

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A summary of the principal terms of the New Share Option Scheme is set out in Appendix II to this circular. The rules of the New Share Option Scheme proposed to be adopted by the Company at the Annual General Meeting will be available for inspection at the principal place of business in Hong Kong at 17th Floor, Eton Tower, 8 Hysan Avenue, Causeway Bay, Hong Kong during normal business hours from the date of this circular up to and including the date of Annual General Meeting and at the Annual General Meeting.

Options granted prior to the termination of the Existing Share Option Scheme will continue to be valid and exercisable in accordance with the rules of the Existing Share Option Scheme. As at the Latest Practicable Date, there were 21,900,000 options granted under the Existing Share Option Scheme and all such 21,900,000 options have not yet been exercised under the Existing Share Option Scheme. Save as aforesaid and up to the Latest Practicable Date, no other options have been granted to any eligible participants. The Directors confirm that prior to the Annual General Meeting, they will not grant any further option under the Existing Share Option Scheme.

As at the Latest Practicable Date, the Company had 219,103,681 Shares in issue. Assuming that there is no change in the issued share capital between the period from the Latest Practicable Date and the date of the adoption of the New Share Option Scheme, the scheme limit for the New Share Option Scheme will be 21,910,368 Shares under Rule 17.03(3) of the Listing Rules, should the New Share Option Scheme be adopted.

None of the Directors is a trustee of the New Share Option Scheme nor has any direct or indirect interest in the trustees.

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

In respect of the operation of the New Share Option Scheme, the Company will, where applicable, comply with the relevant requirements under chapter 17 of the Listing Rules.

#### **4. VALUE OF THE OPTION**

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

#### **5. CONDITIONS PRECEDENT OF THE NEW SHARE OPTION SCHEME**

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

- (i) the approval of the Shareholders for the adoption of the New Share Option Scheme and the termination of the Existing Share Option Scheme; and



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## LETTER FROM THE BOARD

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- (ii) the Listing Committee of the Stock Exchange granting approval for the listing of and permission to deal in the Shares or any part thereof to be issued and allotted pursuant to the exercise of the Options granted under the New Share Option Scheme.

Subject to the aforesaid conditions, the Directors will have the right to grant to Eligible Participants Options to subscribe for Shares in the Company under the New Share Option Scheme that, when aggregated with any Share which may be issued upon exercise of Options to be granted under any other schemes, represent up to 10 per cent of the Shares in issue as at the date of approval of the New Share Option Scheme unless the Company obtains a fresh approval from the Shareholders to renew the 10 per cent limit. In any event, the maximum number of Shares which may be issued upon exercise of all outstanding Options granted and yet to be exercised under the New Share Option Scheme and any other schemes shall not exceed 30 per cent of the issued share capital of the Company from time to time.

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.

The New Share Option Scheme may be altered in any respect by a resolution of the Board except that the provisions of the New Share Option Scheme relating to matters contained in rule 17.03 of the Listing Rules shall not be altered to the advantage of grantees or prospective grantees except with the prior approval of the Shareholders of the Company in general meeting. Once the New Share Option Scheme is adopted, any alterations to the terms and conditions thereof, which are of a material nature, must be approved by the Shareholders in general meeting, except where the alterations take effect automatically under the existing terms of the New Share Option Scheme. The amended terms of the New Share Option Scheme and all Options must continue to comply with the relevant requirements of chapter 17 of the Listing Rules. Any change to the authority of the Board in relation to any alteration to the terms of the New Share Option Scheme must be approved by Shareholders of the Company in general meeting.

### **6. PROPOSED RE-ELECTION OF DIRECTORS**

In accordance with Bye-Law 99 of the Bye-Laws, the Directors who will retire by rotation at the Annual General Meeting are Mr. TAN Lucio Jr. Khao, Mr. CHEUNG Chi Ming, Mr. PASCUAL Ramon Sy and Mr. CHONG Kim Chan, Kenneth, and they, all being eligible, will offer themselves for re-election at the Annual General Meeting. Details of such Directors are set out in Appendix III to this circular.

### **7. ANNUAL GENERAL MEETING**

The notice convening the Annual General Meeting is set out on pages 26 to 29 of this circular.

A form of proxy for use at the Annual General Meeting is enclosed. Whether or not you are able to attend the Annual General Meeting, you are requested to complete the form of proxy in accordance with the instructions printed thereon and return it to the principal place of business of the Company at 17th Floor, Eton Tower, 8 Hysan Avenue, Causeway Bay, Hong Kong no later than

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## LETTER FROM THE BOARD

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48 hours before the time appointed for holding the Annual General Meeting. Completion and return of the form of proxy will not preclude you from attending and voting at the Annual General Meeting if you so wish.

### **8. VOTING AT THE ANNUAL GENERAL MEETING**

Pursuant to Rule 13.39 of the Listing Rules, all votes of the Shareholders at a general meeting of the Company must be taken by poll. Therefore the chairman of the meeting will demand a poll on each of the resolutions put to vote at the Annual General Meeting.

### **9. RESPONSIBILITY STATEMENT**

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

### **10. RECOMMENDATION**

The Directors believe that the proposed general mandates to repurchase and issue Shares, the adoption of a New Share Option Scheme and termination of the Existing Share Option Scheme and the proposed re-election of Directors are in the interests of the Company and its Shareholders. Accordingly, the Directors recommend you to vote in favour of the resolutions to be proposed at the Annual General Meeting.

### **11. GENERAL INFORMATION**

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

Yours faithfully,  
By Order of the Board  
**Dynamic Holdings Limited**  
**CHAN Wing Kit, Frank**  
*Chief Executive Officer*

**GENERAL MANDATE TO REPURCHASE SHARES**

At the Annual General Meeting, an ordinary resolution will be proposed to renew a general mandate previously granted to the Directors to repurchase Shares on the Stock Exchange of up to 10% of the issued share capital of the Company as at the date of passing of the resolution.

As at the Latest Practicable Date, the number of Shares in issue was 219,103,681. On the basis of such figure, assuming that no Shares will be issued or repurchased thereafter and prior to the Annual General Meeting, the Directors would be authorised to repurchase Shares up to a limit of 21,910,368 Shares.

**DIRECTORS, THEIR ASSOCIATES AND CONNECTED PERSONS**

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

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

**UNDERTAKING OF THE DIRECTORS**

The Directors have undertaken to the Stock Exchange to exercise the power of the Company to make purchases pursuant to the proposed general mandate to repurchase Shares in accordance with the Listing Rules, all applicable laws of Bermuda and the Memorandum and Bye-Laws of the Company.

**EFFECT OF TAKEOVERS CODE**

As at the Latest Practicable Date, to the best of the knowledge and belief of the Directors, Mr. CHUA Domingo, the Chairman of the Company (together with his associates) held 93,321,279 Shares (approximately 42.59%), was the substantial shareholder holding more than 5% of the issued share capital of the Company under Part XV of the SFO.

In the event that the Directors should exercise in full the power to repurchase Shares which is proposed to be granted pursuant to the resolution and if there is no other change in issued share capital of the Company, the shareholdings of Mr. CHUA Domingo (together with his associates) in the Company would be increased to approximately 47.32%, which would give rise to an obligation to make a mandatory offer under Rule 26 of the Takeovers Code. The Directors have no present intention to exercise the power to repurchase Shares to such extent as it would trigger the same. The exercise in full of the power to repurchase Shares by the Directors also would not reduce the public shareholding in the Company to below 25% of the issued share capital of the Company.

**LISTING RULES FOR REPURCHASES OF SHARES**

The Listing Rules permit companies whose primary listings are on the Stock Exchange to repurchase their shares on the Stock Exchange subject to certain restrictions.

Repurchases must be funded out of funds legally available for the purpose in accordance with the laws of Bermuda, the Memorandum and the Bye-Laws of the Company. It is envisaged that the Company will derive the funds for repurchase of its Shares in accordance therewith.

**FUNDING FOR REPURCHASES**

The Company is empowered by its Memorandum and Bye-Laws to repurchase its own Shares. Bermuda law provides that any amount repaid in connection with a repurchase of Share(s) 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 the repurchases, if any, 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 or contributed surplus accounts of the Company.

**REASON FOR REPURCHASES**

The Directors have no present intention to make any repurchase of the Company's own Shares but consider that the mandate will provide the Company the flexibility to make such repurchases when appropriate and beneficial to the Company and its Shareholders. Such repurchases may enhance the net asset value of the Company and/or earnings per share. Based on the financial position of the Company as at 30 June 2011 (being the date of its latest published audited accounts), the Directors do not expect any material adverse impact on the working capital and on the gearing position of the Company in the event that the proposed repurchases were to be carried out in full during the proposed repurchase period. No repurchases would be made in the circumstances that would have a material adverse impact on the working capital or gearing ratio of the Company.

**GENERAL**

During each of the six months preceding the date of this circular, the Company has not repurchased any of its Shares. During each of the previous twelve months from 1 October 2010 to the Latest Practicable Date, the highest and lowest traded prices for Shares on the Stock Exchange were as follows:

<b>Month</b>	<b>SHARES</b>	
	<b>Highest</b> <i>HK\$</i>	<b>Lowest</b> <i>HK\$</i>
<b>2010</b>		
October	1.69	1.55
November	1.72	1.55
December	1.70	1.55
<b>2011</b>		
January	1.70	1.58
February	1.65	1.58
March	1.65	1.55
April	1.64	1.57
May	1.66	1.54
June	1.66	1.49
July	1.57	1.47
August	1.49	1.22
September	1.40	1.20
October up to the Latest Practicable Date	1.20	1.08

## SUMMARY OF THE NEW SHARE OPTION SCHEME

The following is a summary of the principal terms of the New Share Option Scheme proposed to be adopted at the Annual General Meeting:

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

- (i) The New Share Option Scheme is a share incentive scheme and is established to recognise and acknowledge the contributions Eligible Participants had or may have made to the Group.
- (ii) The New Share Option Scheme will provide Eligible Participants an opportunity to have a personal stake in the Company with the view to achieve the following objectives:
  - (1) motivate the Eligible Participants to optimise their performance and efficiency for the benefit of the Group; and
  - (2) attract and retain or otherwise maintain on-going business relationship with the Eligible Participants whose contributions are or will be beneficial to the long-term growth of the Group.

**(b) Who may join and basis for determining eligibility**

- (i) The Board may at its discretion grant Options to: (1) any Director, proposed Director (whether executive or non-executive and whether independent or not), employee, any person to whom any offer of employment has been made, shareholder, founder, consultant, customer, supplier, agent, partner, adviser, contractor of or, any holder of any securities issued or proposed to be issued by or any person whom the Board in its sole discretion considers will contribute or has contributed to any member of the Group or an Affiliate or the holding company of the Company (if applicable); or (2) any discretionary trust whose discretionary objects include any Director, proposed Director (whether executive or non-executive and whether independent or not), employee, any person to whom any offer of employment has been made, shareholder, founder, consultant, customer, supplier, agent, partner, adviser, contractor of or, any holder of any securities issued or proposed to be issued by or any person whom the Board in its sole discretion considers will contribute or has contributed to any member of the Group or an Affiliate or the holding company of the Company (if applicable); or (3) a company beneficially owned by any Director, proposed Director (whether executive or non-executive and whether independent or not), employee, any person to whom any offer of employment has been made, shareholder, founder, consultant, customer, supplier, agent, partner, adviser, contractor of or, any holder of any securities issued or proposed to be issued by or any person whom the Board in its sole discretion considers will contribute or has contributed to any member of the Group or an Affiliate.

- (ii) In order for a person to satisfy the Board that he/she/it is qualified to be (or, where applicable, continues to be qualified to be) an Eligible Participant, such person shall provide all such information as the Board may request for the purpose of assessing its eligibility (or continuing eligibility).
- (iii) Any person whom the Board has resolved that he/she/it is qualified to be an Eligible Participant must remain eligible during the period when any Option granted to him/her/it remains outstanding. In assessing the continuing eligibility of such Grantee under the New Share Option Scheme, the requirements set out in sub-paragraph (i) above and sub-paragraph c(ii) below shall be given due and careful considerations by the Board.
- (iv) In the event that the Board has resolved that a Grantee fails or otherwise is unable to meet the continuing eligibility criteria under the New Share Option Scheme, the Company is entitled to cancel any outstanding option or part thereof granted to such Grantee to the extent not already exercised (but, for the avoidance of doubt, if the Company does not exercise such right, the Grantee may exercise any outstanding Option or part thereof).

**(c) Grant of Options**

- (i) Any grant of Options must not be made after a price sensitive event has occurred or a price sensitive matter has been the subject of a decision, until such price sensitive information has been announced pursuant to the relevant requirements of the Listing Rules. In particular, during the period commencing one month immediately preceding the earlier of (A) the date of the Board meeting for the approval of the Company's results for any year, half-year, quarterly or any other interim period (whether or not required under the Listing Rules) and (B) the deadline for the Company to publish an announcement of its results for any year or half-year under the Listing Rules, or quarterly or any other interim period respectively (whether or not required under the Listing Rules), and ending on the date on which such information has been announced pursuant to the relevant requirements of the Listing Rules.
- (ii) Any grant of Options to a connected person (as defined in the Listing Rules) must be approved by all of the independent non-executive Directors of the Company (excluding any independent non-executive Director who is the proposed Grantee of the Options).
- (iii) Where Options are proposed to be granted to a substantial shareholder (as defined in the Listing Rules) of the Company or any of the independent non-executive Directors or any of their respective associates (as defined in the Listing Rules in relation to any director, chief executive or substantial shareholder), and where the total number of the Shares issued and to be issued upon exercise of the Options granted and to be granted to such person under the New Share Option Scheme (including Options exercised, cancelled and

outstanding) in the 12-month period up to and including the date of such grant to such person represents in aggregate over 0.1 per cent of the issued share capital of the Company at the date of such grant and has an aggregate value in excess of HK\$5 million, based on the closing price of the Shares at the date of each grant, then the proposed grant of Options must be subject to the approval by the Shareholders at general meeting taken on a poll. Apart from the connected persons involved, all other connected persons of the Company must abstain from voting in such general meeting (except where any connected person intends to vote against the resolution and that its intention to do so has been stated in the circular despatched to the Shareholders for convening such general meeting). A circular must be despatched to the Shareholders explaining the proposed grant, disclosing the number and terms of the share options to be granted and containing a recommendation from the independent non-executive Directors (excluding those independent non-executive Directors who are Grantees) as to whether or not to vote in favour of the proposed grant and including all the information as required under the Listing Rules from time to time.

- (iv) The requirements for the granting of options to a Director or chief executive (as defined under the Listing Rules) of the Company set out in this section (c) shall not apply where the Eligible Participant is only a proposed Director or chief executive of the Company.
- (v) Subject to the provisions of the New Share Option Scheme, the Listing Rules and other applicable rules and regulations, the Board may at its discretion when offering the grant of an Option, and on a case by case basis, impose any conditions, restrictions or limitations in relation thereto additional to those expressly set forth in the New Share Option Scheme as it may think fit (which shall be stated in the letter containing the offer of the grant of the option), including conditions, restrictions or limitations relating to the minimum period for which the Options are to be held and/or the achievement of operating or financial targets, the satisfactory performance of certain obligations by the Grantee or the time or period when the right to exercise the Option in respect of all or some of the Shares the subject of the Option will vest. However, the Board is not currently able to determine such minimum period and/or performance targets.

**(d) Payment on acceptance of option offer**

HK\$1.00 is payable by each Eligible Participant to the Company on acceptance of the offer of an Option, which shall in any event be paid no later than 28 days after the date of the offer.



**(e) Price of Shares**

The subscription price for any Share under the New Share Option Scheme will be a price determined by the Board and notified to each Eligible Participant and will be not less than the highest of (i) the nominal value of a Share, (ii) the closing price per Share of the Shares as stated in the Stock Exchange's daily quotations sheet on the date of grant of the relevant Option, which must be a business day (as defined under the Listing Rules), and (iii) an amount equal to the average closing price per Share of the Shares as stated in the Stock Exchange's daily quotations sheets for the five business days immediately preceding the date of grant of the relevant Option.

**(f) Maximum number of Shares**

- (i) The maximum number of Shares which may be issued upon exercise of all outstanding Options granted and yet to be exercised under the New Share Option Scheme and any other schemes must not, in aggregate, exceed 30 per cent of the shares of the Company in issue from time to time. No Options may be granted under any scheme of the Company (including the New Share Option Scheme) if this will result in the said 30 per cent limit being exceeded.
- (ii) The total number of Shares available for issue under Options which may be granted under the New Share Option Scheme and any other share option schemes must not, in aggregate, exceed 10 per cent of the issued share capital of the Company as at the date of approval of the New Share Option Scheme by the Shareholders (the "**Scheme Mandate Limit**") unless Shareholders' approval has been obtained pursuant to sub-paragraph (iv) below.
- (iii) The Scheme Mandate Limit may be refreshed by Shareholders in general meeting from time to time provided that the Scheme Mandate Limit so refreshed must not exceed 10 per cent of the issued share capital of the Company as on the date of the approval of such refreshment by the Shareholders. Upon any such refreshment, all Options granted under the New Share Option Scheme and any other share option schemes of the Company (including those exercised, outstanding, cancelled, lapsed in accordance with the New Share Option Scheme or any other share option scheme of the Company) prior to the approval of such refreshment shall not be counted for the purpose of calculating whether the refreshed Scheme Mandate Limit has been exceeded. A circular must also be sent to the Shareholders containing such information from time to time as required by the Stock Exchange.
- (iv) The Board may seek separate Shareholders' approval in general meeting to grant Options beyond the Scheme Mandate Limit provided that the Options in excess of the Scheme Mandate Limit are granted only to the Eligible Participants specified by the Company before such approval is sought and the Company must issue a circular to the Shareholders containing such information from time to time required by the Stock Exchange in relation to any such proposed grant to such Eligible Participants.

- (v) No Option may be granted to any Eligible Participants which if exercised in full would result in the total number of Shares issued and to be issued upon exercise of the Options already granted or to be granted to such Eligible Participant under the New Share Option Scheme (including exercised, cancelled and outstanding Options) in the 12-month period up to and including the date of such new grant exceeding 1 per cent of the issued share capital of the Company as at the date of such new grant. Any grant of further share options above this limit shall be subject to the following requirements:
- (1) approval of the Shareholders at general meeting, with such Eligible Participant and its associates abstaining from voting;
  - (2) a circular in relation to the proposal for such further grant having been sent by the Company to its shareholders with such information from time to time required by the Listing Rules;
  - (3) the number and terms (including the exercise price) of the Options to be granted to such proposed Grantee shall be fixed before the shareholders' approval mentioned in sub-paragraph (1) above; and
  - (4) for the purpose of calculating the minimum subscription price for the Shares in respect of the further Options proposed to be so granted as described under the heading "Price of Shares" above, the date of the Board's meeting for proposing such grant of further Options shall be taken as the date of grant of the Options.

**(g) Time of exercise of option**

- (i) An Option may be exercised in accordance with the terms of the New Share Option Scheme at any time during an Option Period to be notified by the Board to each Grantee and in a period within which the Shares must be taken up will be determined by the Board in its absolute discretion, save that no Option may be exercised more than 10 years from the date of grant.
- (ii) There is currently no general requirement on the minimum period for which an Option must be held or the performance targets which must be achieved before an Option can be exercised under the terms of the New Share Option Scheme. At the time of granting any Option, the Board may, on a case by case basis and subject to the provisions of the Listing Rules, make such grant on such terms and conditions as the Board may determine in its absolute discretion, including the minimum period of the Options to be held and/or the performance targets to be achieved before such Options may be exercised. However, the Board is not currently able to determine such minimum period and/or performance targets.

**(h) Rights are personal to Grantee**

An Option may not be transferred or assigned and is personal to the Grantee, and may be exercised or treated as exercised, as the case may be, in whole or in part.

**(i) Rights on ceasing to be an Eligible Participant**

If the Grantee of an Option ceases to be an Eligible Participant for any reason other than death, misconduct or certain other grounds (including, but not limited to, any breach by such Grantee of any terms or conditions of the New Share Option Scheme or attached to the grant of the Options and the Board considers that such Grantee fails to meet the continuing eligibility criteria as provided in the New Share Option Scheme), such Grantee may exercise the Option up to such Grantee's entitlement at the date of cessation, failing which the Option will lapse.

**(j) Rights on death/ceasing employment**

- (i) If the Grantee (being an individual) of an Option dies before exercising the Option in full, his or her personal representative(s) may exercise the Option in full (to the extent not already exercised) within a period of 12 months from the date of death, or such longer period as the Board may determine, failing which the Option will lapse.
- (ii) If the Grantee of an Option who is an employee (whether full-time or part-time) of any company of the Group ceases to be an employee of any company of the Group for any reason other than his death or the termination of his employment on one or more of the following grounds that:
  - (1) he/she has been guilty of serious misconduct; or
  - (2) he/she appears either to be unable to pay or to have no reasonable prospect of being able to pay debts; or
  - (3) he/she has committed any act of bankruptcy or has become insolvent or has made any arrangements or composition with his/her creditors generally; or
  - (4) he/she has been convicted of any criminal offence involving his/her integrity or honesty,

the Option shall lapse on the date of cessation of such employment and not be exercisable provided that the Board may within 1 month from the date of such cessation otherwise determines that the Option shall become exercisable within such period as the Board may determine following the date of such cessation.

**(k) Effects of alterations to capital**

In the event of an alteration in the capital structure of the Company, including capitalisation issue, rights issue, sub-division or consolidation of Shares or reduction of capital but excluding any alteration in the capital structure of the Company as a result of an issue of Shares as consideration in a transaction, whilst such Option remains exercisable, such corresponding alterations will be made to the number or nominal amount of Shares which are the subject of unexercised Options, the Option price and/or the maximum number of Shares subject to the New Share Option Scheme or in respect of which any Eligible Participant shall be entitled, provided that no such alteration shall be made so that a Share would be issued at less than its nominal value or which would not give a Grantee of an Option the same proportion of the issued share capital of the Company as that to which he or she was previously entitled. Any such alteration shall be certified by the auditor of the Company as being fair and reasonable, and (save where an adjustment arises by way of a capitalisation of profits or reserves) as giving Eligible Participants the same proportion of equity capital as that to which they were previously entitled and as not requiring any Share to be issued following such adjustment at less than its nominal value as a result thereof. No alteration shall be made if such alteration would result in the aggregate subscription price payable on the exercise in full of the Option shall remain as nearly as possible the same (but shall not be greater than) as it was before such event, or if it would enable a Share to be issued at less than its nominal value or if it would result in an increase in the proportion of the issued share capital of the Company for which any Eligible Participant is entitled to subscribe pursuant to the Options held by him.

**(l) Rights on a takeover**

If a general offer (whether by way of takeover offer, share repurchase offer or scheme of arrangement or otherwise in like manner) is made to all the holders of Shares (or all such holders other than the offeror and/or any person controlled by the offeror and/or any person acting in association or in concert with the offeror), the Company shall use its best endeavours to procure that such offer is extended to all Grantees (on the same terms, mutatis mutandis, and assuming that they shall become, by the exercise in full of the Options granted to them, shareholders of the Company). If such offer, having been approved in accordance with applicable laws and regulatory requirements becomes, or is declared unconditional, the Grantee (or his/her/its legal personal representative(s)) shall be entitled to exercise his/her/its Options in full (to the extent not already exercised) at any time within 14 days after the date on which such general offer becomes or is declared unconditional.

**(m) Rights on scheme of arrangement**

If a compromise or arrangement between the Company and its members or creditors is proposed for the purposes of or in connection with a scheme for the reconstruction of the Company or its amalgamation with any other company or companies, the Company shall give notice to the grantee on the same date as it despatches the notice to each member or creditor of the Company summoning the meeting to consider such a compromise or arrangement, and thereupon the Eligible Participant (or his or her personal representative(s))

may until the expiry of the period commencing on such date and ending with the earlier of the date two months thereafter and the date on which such compromise or arrangement is sanctioned by the court exercise any of his or her Options (to the extent which it has become exercisable and has not already been exercised) whether in full or in part, but the exercise of an Option as aforesaid shall be conditional upon such compromise or arrangement being sanctioned by the court and becoming effective. Upon such compromise or arrangement becoming effective, all Options shall lapse insofar as previously exercised under the New Share Option Scheme. The Company may require the Grantee (or his or her personal representative(s)) to transfer or otherwise deal with the Shares issued as a result of the exercise of Options in these circumstances so as to place the Grantee in the same position as nearly as would have been the case had such Shares been subject to such compromise or arrangement.

**(n) Rights on a voluntary winding up**

In the event that the Company gives notice of a meeting being convened to consider a resolution for the voluntary winding up of the Company, the Company shall forthwith upon such notice being given, give notice to the Grantee of the convening of such meeting and the Grantee will thereupon become entitled to exercise by notice his or her or its subsisting Options to their full extent or to the extent specified in such notice.

**(o) Rights attaching to shares upon exercise of an option**

Shares issued and allotted upon the valid exercise of an Option will rank pari passu in all respects with the other Shares of the same class in issue at the date of allotment.

**(p) 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 the periods referred to in sub-paragraph (i), (j), (l), (m) or (n) respectively;
- (iii) subject to the scheme of arrangement becoming effective, the expiry of the period referred to in sub-paragraph (m);
- (iv) the date on which the Grantee of an Option who is an employee of any company of the Group ceases to be an Eligible Participant by reason of the termination of his or her employment or office or his or her contract for services on grounds including, but not limited to, serious misconduct, bankruptcy, insolvency and conviction of any criminal offence involving integrity or honesty;
- (v) the date of the commencement of the winding-up of the Company;

- (vi) the date on which the Grantee of an Option sells, transfers, charges, mortgages, encumbers or creates any interest in favour of any third party over or in relation to any Option in breach of the rules of the New Share Option Scheme;
- (vii) the happening of any of the following events, unless otherwise waived by the Board:
  - (1) any liquidator, provisional liquidator, receiver or any person carrying out any similar function has been appointed anywhere in the world in respect of the whole or any part of the assets or undertakings of the Grantee of an Option (being a corporation);
  - (2) the Grantee of an Option (being a corporation) has ceased or suspended payment of its debts, become unable to pay its debts (within a meaning of section 178 of the Companies Ordinance or any similar laws and regulations) or otherwise become insolvent;
  - (3) there is unsatisfied judgment, order or award outstanding against the Grantee of an Option;
  - (4) there are circumstances which entitle any person to take any action, appoint any person, commence proceedings or obtain any order of the type mentioned in sub-paragraphs (1), (2) and (3) above;
  - (5) a bankruptcy order has been made against any director of the Grantee of an Option (being a corporation) in any jurisdiction; or
  - (6) a petition for bankruptcy has been presented against any director of the Grantee of an Option (being a corporation) in any jurisdiction;
- (viii) the date on which the Grantee of an Option commits a breach of any condition attached to the grant of its Option, if the Board shall exercise the Company's right to cancel the Option; or
- (ix) the date on which the Board considers that the Grantee of an Option fails to meet the continuing eligibility criteria as provided in the New Share Option Scheme, if the Board shall exercise the Company's right to cancel the Option.

**(q) Cancellation of Options granted**

The Board shall have the absolute discretion to cancel any Options granted. Cancelled Options may be re-issued after such cancellation has been approved, provided that re-issued options shall only be granted in compliance with the terms of the New Share Option Scheme. For the avoidance of doubt, new options may be issued to an option holder in place of his/her/it cancelled Options only if there are available unissued options (excluding the cancelled Options) within the Scheme Mandate Limit.

**(r) Period of the New Share Option Scheme**

Subject to earlier termination by the Company in general meeting, Options may be granted to Eligible Participants under the New Share Option Scheme during the period of 10 years commencing on the adoption of the New Share Option Scheme.

**(s) Alteration to New Share Option Scheme and termination**

- (i) The New Share Option Scheme may be altered in any respect by a resolution of the Board except that the provisions of the New Share Option Scheme relating to matters contained in rule 17.03 of the Listing Rules shall not be altered to extend the class persons eligible for the grant of Options or to the advantage of Grantees or prospective Grantees except with the prior approval of the shareholders of the Company in general meeting.
- (ii) Any alteration 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 the shareholders of the Company in general meeting, 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 and all Options must continue to comply with the relevant requirements of chapter 17 of the Listing Rules.
- (iv) Any change to the authority of the Board in relation to any alterations to the terms of the New Share Option Scheme must be approved by shareholders of the Company in general meeting.
- (v) The Company by resolution in general meeting or the Board may at any time terminate the operation of the New Share Option Scheme and in such event no further Options will be offered but the provisions of the New Share Option Scheme shall remain in force in all other respects to the extent necessary to give effect to the exercise of any Option granted prior thereto or otherwise as may be required in accordance with the provisions of the New Share Option Scheme.

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

The New Share Option Scheme is conditional on (a) the Listing Committee of the Stock Exchange granting approval of the listing of and permission to deal in any Shares which may be issued pursuant to the exercise of Options granted under the New Share Option Scheme and (b) the New Share Option Scheme being approved by the shareholders of the Company in general meeting (with any persons required to abstain from voting under the Listing Rules so abstaining).

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

The New Share Option Scheme shall be administered by the Board whose decision shall be final and binding on all parties.



In accordance with the Bye-Laws, the following Directors, Mr. TAN Lucio Jr. Khao, Mr. CHEUNG Chi Ming, Mr. PASCUAL Ramon SY and Mr. CHONG Kim Chan, Kenneth shall retire from office by rotation and they, all being eligible, will offer themselves for re-election.

#### **TAN LUCIO JR. KHAO**

Aged 45, is an executive Director of the Company and was appointed in 1997. He is in charge of business development, investment and management of the Group. Mr. TAN is not appointed for a specific term but is subject to retirement by rotation and re-election at the Company's annual general meeting in accordance with the Bye-Laws.

He has about 20 years of experience in business management and is currently a director of Philippine Airlines Inc. as well as the president and chief executive officer of an airline support and logistics company in the Philippines. He has held senior executive positions in various companies including tobacco and rum industries in the Philippines. He holds a master degree in executive master of business and administration program as well as a bachelor degree in civil engineering. He is related to other executive Directors of the Company being nephew of Mr. CHUA Domingo, Dr. CHAN Wing Kit, Frank, Mr. TAN Harry Chua and Mr. CHEUNG Chi Ming; and brother-in-law of Mr. PASCUAL Ramon Sy.

At present and in the past three years, Mr. TAN holds directorships in listed companies, Eton Properties Philippines, Inc., PAL Holdings, Inc., MacroAsia Corporation, Philippine National Bank and Tanduy Holdings, Inc. which are all listed on The Philippine Stock Exchange, Inc., other than the Company.

Save as disclosed above and the directorships held in the Company and its subsidiary, namely, Beijing Longfast Property Development Co. Ltd., Mr. TAN does not hold any positions in the Company or its subsidiaries, nor have any relationship with any Directors, senior management, Substantial Shareholders or controlling shareholders of the Company. Mr. TAN has been granted share option under share option scheme of the Company to subscribe for 1,500,000 Shares of the Company at a subscription price of HK\$1.13 per Share exercisable for a period of 8 years commencing on 25 October 2011, which has not been exercised since then. As at the Latest Practicable Date, other than his outstanding share option to subscribe for 1,500,000 Shares, Mr. TAN has no other interests in the Shares of the Company within the meaning of Part XV of the SFO.

There is no service contract entered into between Mr. TAN and the Company. He will be entitled to receive a director's fee or emolument on the basis of HK\$20,000 per sitting of either meeting of the Board (or committee of the Board) or general meeting of the Company as determined by the Board according to the emolument policy as recommended by the Remuneration Committee and subject to approval by the Shareholders in general meeting. For the year ended 30 June 2011, a total amount of director's fee or emolument of HK\$100,000 was paid to Mr. TAN.

Other than as disclosed above, there is no other information to be disclosed pursuant to any of the requirements under Rule 13.51(2)(h) to (v) of the Listing Rules, and there are no other matters in relation to the re-election of Mr. TAN that need to be brought to the attention of the Shareholders.



**CHEUNG CHI MING**

Aged 67, is an executive Director of the Company and was appointed in 1999. He is in charge of business development, investment and management of the Group. Mr. CHEUNG was not appointed for a specific term but is subject to retirement by rotation and re-election at the Company's annual general meeting in accordance with the Bye-Laws.

Mr. CHEUNG possesses about 41 years of experience in real estate, brewery and services industry. He has been an executive director of Kenmore Pty., Ltd., one of the largest group of manufacturing, real estate and service companies in Papua New Guinea since 1976, and is also senior executives in the Eton group and group of brewery companies in mainland China. He holds a bachelor degree in agricultural and water conservancy. He is related to other executive Directors of the Company being brother-in-law of Mr. CHUA Domingo, Dr. CHAN Wing Kit, Frank and Mr. TAN Harry Chua; and uncle of Mr. TAN Lucio Jr. Khao and Mr. PASCUAL Ramon Sy.

At present and in the past three years, Mr. CHEUNG does/did not hold any directorships in any listed companies other than the Company.

Save as disclosed above and the directorships held in the Company and its subsidiaries, namely, Beijing Longfast Property Development Co. Ltd., Broad Capital Investments Limited, Harvic Investment Limited, High Grand Investments Limited and Move On International Limited, Mr. CHEUNG does not hold any positions in the Company or its subsidiaries, nor have any relationship with any Directors, senior management, Substantial Shareholders or controlling shareholders of the Company. Mr. CHEUNG has been granted share option under share option scheme of the Company to subscribe for 1,500,000 Shares of the Company at a subscription price of HK\$1.13 per Share exercisable for a period of 8 years commencing on 25 October 2011, which has not been exercised since then. As at the Latest Practicable Date, other than his outstanding share option to subscribe for 1,500,000 Shares, Mr. CHEUNG has no other interests in the Shares of the Company within the meaning of Part XV of the SFO.

There is no service contract entered into between Mr. CHEUNG and the Company. He will be entitled to receive a director's fee or emolument on the basis of HK\$20,000 per sitting of either meeting of the Board (or committee of the Board) or general meeting of the Company and other emoluments of HK\$360,000 per annum as determined by the Board according to the emolument policy as recommended by the Remuneration Committee and subject to approval by the Shareholders in general meeting. For the year ended 30 June 2011, a total amount of director's fee or emolument of HK\$460,000 was paid to Mr. CHEUNG.

Other than as disclosed above, there is no other information to be disclosed pursuant to any of the requirements under Rule 13.51(2)(h) to (v) of the Listing Rules, and there are no other matters in relation to the re-election of Mr. CHEUNG that need to be brought to the attention of the Shareholders.

**PASCUAL RAMON SY**

Aged 52, is an executive Director of the Company and was appointed in 2006. He is in charge of business development, investment and management of the Group. Mr. PASCUAL is not appointed for a specific term but is subject to retirement by rotation and re-election at the Company's annual general meeting in accordance with the Bye-Laws.

He has over 29 years of experience in manufacturing, property development and investment. He currently holds a senior executive position in the Eton group and serves as directors in several real estate, manufacturing and logistics companies with businesses in mainland China, Hong Kong and the Philippines. He holds a bachelor degree in economics. He is married to the niece of four other executive Directors of the Company, namely, Mr. CHUA Domingo, Dr. CHAN Wing Kit, Frank, Mr. TAN Harry Chua and Mr. CHEUNG Chi Ming; and brother-in-law of Mr. TAN Lucio Jr. Khao.

At present and in the past three years, other than the Company, Mr. PASCUAL is an independent non-executive director of United Pacific Industries Limited, which is listed on the Stock Exchange.

Save as disclosed above and the directorships held in the Company and its subsidiary, namely, Beijing Longfast Property Development Co. Ltd., Mr. PASCUAL does not hold any positions in the Company or its subsidiaries, nor have any relationship with any Directors, senior management, Substantial Shareholders or controlling shareholders of the Company.

Mr. PASCUAL has been granted share option under share option scheme of the Company to subscribe for 1,500,000 Shares of the Company at a subscription price of HK\$1.13 per Share exercisable for a period of 8 years commencing on 25 October 2011, which has not been exercised since then. As at the Latest Practicable Date, other than his personal interests in 80,000 Shares (long position) and outstanding share option to subscribe for 1,500,000 Shares, Mr. PASCUAL has no other interests in the Shares of the Company within the meaning of Part XV of the SFO.

There is no service contract entered into between Mr. PASCUAL and the Company. He will be entitled to receive a director's fee or emolument on the basis of HK\$20,000 per sitting of either meeting of the Board (or committee of the Board) or general meeting of the Company as determined by the Board according to the emolument policy as recommended by the Remuneration Committee and subject to approval by the Shareholders in general meeting. For the year ended 30 June 2011, a total amount of director's fee or emolument of HK\$100,000 was paid to Mr. PASCUAL.

Other than as disclosed above, there is no other information to be disclosed pursuant to any of the requirements under Rule 13.51(2)(h) to (v) of the Listing Rules, and there are no other matters in relation to the re-election of Mr. PASCUAL that need to be brought to the attention of the Shareholders.

**CHONG KIM CHAN, KENNETH**

Aged 60, is an independent non-executive Director of the Company and was appointed in 1994. He is also the chairman of Audit Committee and a member of Remuneration Committee of the Board. Mr. CHONG is currently appointed for a term of two years from 1 January 2011 but is subject to retirement by rotation and re-election at the Company's annual general meeting in accordance with the Bye-Laws.

Mr. CHONG is a veteran in the jewellery business in which he has over 39 years of working experience. He is managing a number of companies engaged in jewellery manufacturing, wholesaling and exports activities in Hong Kong, Singapore and Japan. Currently, he also serves as an independent non-executive director of Allied Banking Corporation (Hong Kong) Limited.

At present and in the past three years, Mr. CHONG does/did not hold any directorships in any listed companies other than the Company.

Save as disclosed above, Mr. CHONG does not hold any positions in the Company or its subsidiaries, nor have any relationship with any Directors, senior management, Substantial Shareholders or controlling shareholders of the Company. Mr. CHONG has been granted share option under share option scheme of the Company to subscribe for 1,000,000 Shares of the Company at a subscription price of HK\$1.13 per Share exercisable for a period of 8 years commencing on 25 October 2011, which has not been exercised since then. As at the Latest Practicable Date, other than his outstanding share option to subscribe for 1,000,000 Shares, Mr. CHONG has no other interests in the Shares of the Company within the meaning of Part XV of the SFO. And he has confirmed his independence pursuant to Rule 3.13 of the Listing Rules.

There is no service contract entered into between Mr. CHONG and the Company. He will be entitled to receive a director's fee or emolument on the basis of HK\$20,000 per sitting of either meeting of the Board (or committee of the Board) or general meeting of the Company as determined by the Board according to the emolument policy as recommended by the Remuneration Committee and subject to approval by the Shareholders in general meeting. For the year ended 30 June 2011, a total amount of director's fee or emolument of HK\$120,000 was paid to Mr. CHONG.

Other than as disclosed above, there is no other information to be disclosed pursuant to any of the requirements under Rule 13.51(2)(h) to (v) of the Listing Rules, and there are no other matters in relation to the re-election of Mr. CHONG that need to be brought to the attention of the Shareholders.

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## NOTICE OF ANNUAL GENERAL MEETING

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**DYNAMIC HOLDINGS LIMITED**

**達力集團有限公司**

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 029)**

**NOTICE IS HEREBY GIVEN** that the Annual General Meeting of DYNAMIC HOLDINGS LIMITED (the “**Company**”) will be held at Unicorn Room, Basement 2, The Charterhouse Causeway Bay, 209-219 Wanchai Road, Hong Kong on Friday, 9 December 2011 at 3:00 p.m. for the purpose of transacting the following business:

As ordinary business:

1. To receive and consider the audited financial statements and the reports of the Directors and Independent Auditor for the year ended 30 June 2011.
2. To declare a final dividend for the year ended 30 June 2011.
3. To re-elect Directors and fix their remuneration.
4. To re-appoint Auditor and authorise the Directors to fix their remuneration.

And as special business, to consider and, if thought fit, to pass with or without modification the following resolutions as ordinary resolutions:

### **ORDINARY RESOLUTIONS**

5. **“THAT:**
  - a. subject to paragraph (b) below, the exercise by the Directors of the Company during the Relevant Period (as hereinafter defined) of all the powers of the Company to purchase its own securities, subject to and in accordance with all applicable laws and the requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) as amended from time to time, be and is hereby generally and unconditionally approved;
  - b. the aggregate nominal amount of shares which the Company is authorised to purchase pursuant to paragraph (a) above during the Relevant Period shall not exceed 10 per cent of the aggregate nominal amount of the issued share capital of the Company at the date of passing this resolution, and the said approval shall be limited accordingly; and

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## NOTICE OF ANNUAL GENERAL MEETING

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- c. for the purpose of this resolution, ‘Relevant Period’ means the period from the passing of this resolution until whichever is the earlier of:
    - (i) the conclusion of the next annual general meeting of the Company;
    - (ii) the expiration of the period within which the next annual general meeting of the Company is required by any applicable law or the Company’s Bye-Laws to be held; and
    - (iii) the revocation or variation of the authority given under this resolution by an ordinary resolution of the members of the Company in general meeting.”
6. **“THAT:**
- a. subject to paragraph (c) below, the exercise by the Directors of the Company during the Relevant Period (as hereinafter defined) of all the powers of the Company to allot, issue or grant shares of the Company or securities convertible into such shares, options, warrants or similar rights to subscribe for any shares of the Company or such convertible securities, and to make or grant offers, agreements or options which would or might require the exercise of such powers, subject to and in accordance with all applicable laws, be and is hereby generally and unconditionally approved;
  - b. the approval in paragraph (a) above shall authorise the Directors of the Company during the Relevant Period to make or grant offers, agreements or options which would or might require the exercise of such powers after the end of the Relevant Period;
  - c. the aggregate nominal amount of share capital allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to an option or otherwise) by the Directors of the Company pursuant to the approval given in paragraph (a) above, otherwise than pursuant to the exercise of any options granted under any share option scheme adopted by the Company or any offer of any class of securities of the Company made pro rata (apart from fractional entitlements) by the Company to holders of such class of securities (excluding any holder who is resident in a place where such offer is not permitted under the law of that place) or any scrip dividend or similar arrangement providing for the allotment of shares in lieu of the whole or part of a dividend on shares of the Company in accordance with the Bye-Laws of the Company, shall not exceed 20 per cent of the aggregate nominal amount of the issued share capital of the Company at the date of passing this resolution, plus (if the Directors of the Company are so authorised by a separate ordinary resolution of the shareholders of the Company) the nominal amount of share capital of the Company repurchased by the Company subsequent to the passing of this

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## NOTICE OF ANNUAL GENERAL MEETING

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resolution (up to a maximum equivalent to 10 per cent of the aggregate nominal amount of the share capital of the Company in issue at the date of passing this resolution) and the said approval shall be limited accordingly; and

- d. for the purpose of this resolution, ‘Relevant Period’ means the period from the passing of this resolution until whichever is the earlier of:
- (i) the conclusion of the next annual general meeting of the Company;
  - (ii) the expiration of the period within which the next annual general meeting of the Company is required by any applicable law or the Company’s Bye-Laws to be held; and
  - (iii) the revocation or variation of the authority given under this resolution by an ordinary resolution of the members of the Company in general meeting.”
7. **“THAT** the general mandate granted to the Directors of the Company to exercise the powers of the Company to allot, issue and deal with any additional shares of the Company pursuant to ordinary resolution 6 set out in the notice convening this meeting be and is hereby extended by the addition thereto of an amount representing the aggregate nominal amount of the share capital of the Company repurchased by the Company under the authority granted pursuant to ordinary resolution 5 set out in the notice convening this meeting, provided that such extended amount shall not exceed 10 per cent of the aggregate nominal amount of the share capital of the Company in issue at the date of passing this resolution.”
8. **“THAT:**
- a. conditional upon the Listing Committee of the Stock Exchange granting the approval of the listing of, and permission to deal in, Shares to be issued pursuant to the exercise of options which may be granted under the new share option scheme referred to in the circular despatched to the shareholders on the same day as this notice, the terms of which are set out in the printed document marked “A” now produced to the meeting and for the purpose of identification signed by the Chairman hereof (the **“New Share Option Scheme”**), the rules of the New Share Option Scheme be approved and adopted and that the Directors of the Company be and are hereby authorised to do all such acts and to enter into all such transactions and arrangements as may be necessary or expedient in order to give effect to the New Share Option Scheme, notwithstanding that they or any of them may be interested in the same; and

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## NOTICE OF ANNUAL GENERAL MEETING

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- b. the existing share option scheme of the Company adopted on 21 December 2001 be hereby terminated with immediate effect (such that no further options could thereafter be offered under the existing share option scheme of the Company) but in all other respects the provisions of the existing share option scheme of the Company shall remain in full force and effect.”

By Order of the Board  
**Dynamic Holdings Limited**  
**WONG Oi Yee, Polly**  
*Company Secretary*

Hong Kong, 28 October 2011

*Notes:*

1. A member entitled to attend and vote at the above meeting may appoint one or more proxies to attend and, vote instead of him. A proxy need not be a member of the Company.
2. To be valid, the form of proxy duly completed and signed in accordance with the instructions printed thereon, together with the power of attorney or other authority (if any) under which it is signed (or a notarially certified copy thereof) must be deposited at the principal place of business of the Company at 17th Floor, Eton Tower, 8 Hysan Avenue, Causeway Bay, Hong Kong not later than 48 hours before the time for holding the above meeting or any adjourned meeting (as the case may be).
3. The register of members of the Company will be closed from Monday, 5 December 2011 to Friday, 9 December 2011, both days inclusive, during which period no transfer of shares will be registered. In order to be eligible to attend and vote at the annual general meeting, all properly completed transfer forms accompanied by the relevant share certificates must be lodged with 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 for registration not later than 4:30 p.m. on Friday, 2 December 2011.

The register of members of the Company will be closed from Thursday, 15 December 2011 to Wednesday, 21 December 2011, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for the proposed final dividend, all properly completed transfer forms accompanied by the relevant share certificates must be lodged with 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 for registration not later than 4:30 p.m. on Wednesday, 14 December 2011.

4. With respect to resolution number 5, approval is being sought from shareholders of the Company for a general mandate to repurchase shares to be given to the Directors.
5. With respect to resolution number 6, approval is being sought from shareholders of the Company for a general mandate to issue shares to be given to the Directors.
6. With respect to resolution number 7, approval is being sought from shareholders of the Company for an extension of the general mandate granted to the Directors to allot and issue shares by adding to it the number of shares purchased under the authority granted pursuant to resolution number 5.
7. With respect to resolution number 8, a summary of the principal terms of the new share option scheme containing further details is set out in Appendix II to this circular.
8. In accordance with the Rules Governing the Listing of Securities on the Stock Exchange and the Hong Kong Code on Share Repurchases, an explanatory statement containing further details regarding resolution number 5 is set out in Appendix I to this circular.
9. As at the date hereof, the Board of Directors of the Company comprises Mr. CHUA Domingo, Dr. CHAN Wing Kit, Frank, Mr. TAN Harry Chua, Mr. TAN Lucio Jr. Khao, Mr. CHEUNG Chi Ming, Mr. PASCUAL Ramon Sy, Mr. CHIU Siu Hung, Allan and Mr. WONG Sai Tat as Executive Directors; and Mr. CHONG Kim Chan, Kenneth, Mr. SY Robin and Mr. FOK Kam Chu, John as Independent Non-executive Directors.