

**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 Daido Group Limited, 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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**DAIDO GROUP LIMITED**

**大同集團有限公司\***

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 00544)**

- (1) PROPOSED RE-ELECTION OF DIRECTORS;  
(2) PROPOSED GRANT OF GENERAL MANDATES  
TO ISSUE AND TO REPURCHASE SHARES;  
(3) TERMINATION OF THE EXISTING SHARE OPTION SCHEME AND  
PROPOSED ADOPTION OF THE NEW SHARE OPTION SCHEME; AND  
(4) NOTICE OF ANNUAL GENERAL MEETING**

A notice convening an annual general meeting of Daido Group Limited to be held at Plaza 3, Lower Lobby, Novotel Century Hong Kong, 238 Jaffe Road, Wanchai, Hong Kong on Friday, 29 May 2015 at 10:30 a.m. is set out on pages 27 to 31 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 meeting, you are requested to complete the accompanying form of proxy, in accordance with the instructions printed thereon and return the same to the Company's branch share registrar and transfer office in Hong Kong, Union Registrars Limited, at A18/F., Asia Orient Tower, Town Place, 33 Lockhart Road, Wanchai, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for the holding of the 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 meeting or any adjourned meeting should you so wish.

# CONTENTS

	<i>Page</i>
<b>Definitions</b> .....	1
<b>Letter from the Board</b>	
Introduction .....	4
Re-election of Directors .....	5
Issue Mandate, Repurchase Mandate and Extension Mandate .....	5
Termination of the Existing Share Option Scheme and proposed adoption of the New Share Option Scheme .....	6
Action to be taken. ....	9
Voting at the AGM. ....	9
Recommendation. ....	9
Responsibility statement. ....	10
General .....	10
<b>Appendix I – Details of Directors proposed for re-election</b> .....	11
<b>Appendix II – Explanatory statement</b> .....	14
<b>Appendix III – Summary of principal terms of the         New Share Option Scheme</b> .....	17
<b>Notice of AGM</b> .....	27

## 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 is conditionally adopted by an ordinary resolution of the Shareholders
“AGM”	an annual general meeting of the Company to be held at Plaza 3, Lower Lobby, Novotel Century Hong Kong, 238 Jaffe Road, Wanchai, Hong Kong on Friday, 29 May 2015 at 10:30 a.m., a notice of which is set out on pages 27 to 31 of this circular or, where the context so admits, any adjournment thereof
“associates”	has the meaning ascribed to this term under the Listing Rules
“Board”	the board of Directors
“Business Day”	any day on which the Stock Exchange is open for the business of dealing in securities
“Bye-Laws”	the bye-laws of the Company, and “Bye-Law” shall mean a bye-law of the Bye-Laws
“Company”	Daido Group Limited, a company incorporated in Bermuda with limited liability and the issued Shares of which are listed on the Stock Exchange
“connected person”	has the meaning ascribed to this term under the Listing Rules
“Director(s)”	the director(s) of the Company
“Eligible Participant(s)”	any full time or part time employees of the Group or any Invested Entity (including any directors, whether executive or non-executive and whether independent or not, of the Company or any subsidiary or any Invested Entity); any holder of any securities issued by the Group; and any business or joint venture partners, contractors, agents or representatives, consultants, advisers, suppliers, producers or licensors, customers, licensees (including any sub-licensee) or distributors, landlords or tenants (including any sub-tenants) of the Group or any Invested Entity or any person who, in the sole discretion of the Board, has contributed or may contribute to the growth and development of the Group eligible for Options under the New Share Option Scheme

## DEFINITIONS

“Existing Share Option Scheme”	the existing share option scheme adopted by the Company on 9 January 2006, which shall be terminated by resolution in general meeting of the Company
“Extension Mandate”	a general and unconditional mandate proposed to be granted to the Directors to the effect that any Shares repurchased under the Repurchase Mandate will be added to the total number of Shares which may be allotted, issued and dealt with under the Issue Mandate
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Invested Entity”	any entity in which the Group holds an equity interest
“Issue Mandate”	the general mandate proposed to be granted to the Directors at the AGM to allot and issue further new Shares not exceeding 20% of the issued share capital of the Company at the date of the passing of such resolution
“Latest Practicable Date”	13 April 2015, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Model Code”	a written securities dealing policy of the Company which contains a set of code of conduct regarding securities transactions by Directors, the terms of which are on terms no less exacting than the required standard set out in Appendix 10 to the Listing Rules
“New Share Option Scheme”	the new share option scheme 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 an Eligible Participant which must be a Business Day

## DEFINITIONS

“Option(s)”	the option(s) granted or to be granted under the New Share Option Scheme or the Existing Share Option Scheme which are entitled to subscribe for Share(s) in accordance with the New Share Option Scheme or the Existing Share Option Scheme, as the case may be
“Repurchase Mandate”	the repurchase mandate proposed to be granted to the Directors at the AGM to repurchase up to 10% of the issued share capital of the Company at the date of the passing of such resolution
“Scheme Mandate Limit”	has the meaning ascribed to it under paragraph (e) of Appendix III set out on page 19 of this circular
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Codes”	the Codes on Takeovers and Mergers and Share Buy-backs
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.

LETTER FROM THE BOARD

DAIDO

DAIDO GROUP LIMITED

大同集團有限公司\*

(Incorporated in Bermuda with limited liability)

(Stock Code: 00544)

*Executive Directors:*

Mr. Au Tat Wai

Mr. Choy Kai Sing

Mr. Ho Hon Chung, Ivan

Mr. Tang Tsz Man, Philip

*Registered office:*

Clarendon House

2 Church Street

Hamilton HM 11

Bermuda

*Non-executive Director:*

Mr. Fung Wa Ko

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

Unit No. 1906, 19th Floor

West Tower

Shun Tak Centre

168–200 Connaught Road Central

Hong Kong

*Independent Non-executive Directors:*

Mr. Fung Siu Kit, Ronny

Mr. Leung Chi Hung

Mr. Tse Yuen Ming

17 April 2015

*To the Shareholders*

Dear Sir or Madam,

- (1) PROPOSED RE-ELECTION OF DIRECTORS;  
(2) PROPOSED GRANT OF GENERAL MANDATES  
TO ISSUE AND TO REPURCHASE SHARES;  
(3) TERMINATION OF THE EXISTING SHARE OPTION SCHEME AND  
PROPOSED ADOPTION OF THE NEW SHARE OPTION SCHEME; AND  
(4) NOTICE OF ANNUAL GENERAL MEETING**

**INTRODUCTION**

The purpose of this circular is to provide you with information regarding the resolutions to be proposed at the AGM of the Company to be held at Plaza 3, Lower Lobby, Novotel Century Hong Kong, 238 Jaffe Road, Wanchai, Hong Kong on Friday, 29 May 2015 at 10:30 a.m. approving, among other matters: (i) the re-election of Directors; (ii) the granting of the Issue Mandate, the Repurchase Mandate and the Extension Mandate; and (iii) the termination of the Existing Share Option Scheme and the adoption of the New Share Option Scheme.

\* for identification purpose only

## LETTER FROM THE BOARD

### RE-ELECTION OF DIRECTORS

As at the Latest Practicable Date, the Board comprises four executive Directors, namely, Mr. Au Tat Wai, Mr. Choy Kai Sing (“**Mr. Choy**”), Mr. Ho Hon Chung, Ivan and Mr. Tang Tsz Man, Philip (“**Mr. Tang**”); one non-executive Director, namely, Mr. Fung Wa Ko (“**Mr. Fung**”); and three independent non-executive Directors, namely, Mr. Fung Siu Kit, Ronny, Mr. Leung Chi Hung and Mr. Tse Yuen Ming.

At the AGM, ordinary resolutions will be proposed to re-elect Mr. Choy and Mr. Tang as Executive Directors; and Mr. Fung as Non-executive Director.

Pursuant to Bye-Law 87, at each annual general meeting one-third of the Directors for the time being (save and except those Directors in respect of whom the provision of Bye-Law 86(2) applies) or, if their number is not a multiple of three (3), then the number nearest to, but not less than one-third, shall retire from office by rotation, provided that every Director (including those appointed for a specific term) shall retire from office by rotation at least once in every three years. A retiring Director shall be eligible for re-election. Accordingly, Mr. Choy, Mr. Tang and Mr. Fung will retire by rotation and, being eligible, offer themselves for re-election at the AGM.

Pursuant to Rule 13.74 of the Listing Rules, a listed issuer shall disclose the details required under Rule 13.51(2) of the Listing Rules of any director(s) proposed to be re-elected or proposed new director in the notice or accompanying circular to its shareholders of the relevant general meeting, if such re-election or appointment is subject to shareholders’ approval at that relevant general meeting. Details of the above three retiring Directors who offer themselves for re-election at the AGM and are required to be disclosed under the Listing Rules are set out in Appendix I to this circular.

### ISSUE MANDATE, REPURCHASE MANDATE AND EXTENSION MANDATE

At the annual general meeting of the Company held on 30 May 2014, ordinary resolutions were passed granting general mandates to the Directors, inter alia, (i) to allot, issue and deal with additional Shares not exceeding 20% of the aggregate nominal amount of the issued share capital of the Company as at 30 May 2014 and Shares not exceeding 10% of the aggregate nominal amount of the issued share capital of the Company as at 30 May 2014 repurchased by the Company pursuant to the mandate to repurchase Shares; and (ii) to repurchase Shares not exceeding 10% of the aggregate nominal amount of the issued share capital of the Company as at 30 May 2014. As at the Latest Practicable Date, no Shares have been issued nor repurchased pursuant to such mandates.

In accordance with the provisions of the Listing Rules and the terms of the general mandates granted to the Directors at the annual general meeting of the Company held on 30 May 2014, the mandate to issue Shares and the mandate to repurchase Shares granted at the annual general meeting held on 30 May 2014 shall expire at the conclusion of the forthcoming AGM to be held on 29 May 2015.

## LETTER FROM THE BOARD

The Directors propose to seek the approval of the Shareholders of the resolutions to be proposed and set out in resolutions numbered 4 and 5 respectively in the notice of the AGM to grant to the Directors new general mandates (i) to allot, issue and deal with additional Shares not exceeding 20% of the aggregate nominal amount of the issued share capital of the Company as at the date of the AGM; and (ii) to repurchase Shares not exceeding 10% of the aggregate nominal amount of the issued share capital of the Company as at the date of the AGM.

In addition, subject to the resolutions numbered 4 and 5 are granted, a resolution numbered 6 as set out in the notice of the AGM will also be proposed as a separate ordinary resolution at the AGM to grant to the Directors the extension of the Issue Mandate, which provides that any Shares repurchased under the Repurchase Mandate will be added to the total number of Shares which may be allotted and issued under the Issue Mandate.

As at the Latest Practicable Date, the Company has 2,432,304,000 Shares in issue. Subject to the passing of the proposed resolution granting the Issue Mandate and on the basis that no further Shares are issued or repurchased from the Latest Practicable Date up to the date of the AGM, the Company will be allowed to allot, issue and deal with a maximum of 486,460,800 Shares pursuant to the Issue Mandate.

An explanatory statement required by the Listing Rules in connection with the Repurchase Mandate containing 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 AGM is set out in the Appendix II to this circular.

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

#### **The Existing Share Option Scheme**

The Company adopted the Existing Share Option Scheme by way of Shareholders' resolution passed on 9 January 2006. Pursuant to the terms of the Existing Share Option Scheme, it shall be valid and effective for a period of ten years from its date of adoption and shall expire on 8 January 2016. In view of the fact that the Existing Share Option Scheme will expire on 8 January 2016, the Board proposes to adopt the New Share Option Scheme in accordance with Chapter 17 of the Listing Rules.

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



## LETTER FROM THE BOARD

As at the Latest Practicable Date, no Options granted under the Existing Share Option Scheme entitling the holders thereof to subscribe for Shares is outstanding. The Directors confirm that no further Option will be granted under the Existing Share Option Scheme from the Latest Practicable Date up to the date of the AGM and further confirm that the Company has not adopted any other share option schemes save the Existing Share Option Scheme as at the Latest Practicable Date.

It is proposed by the Directors that an ordinary resolution will be proposed at the AGM for the Company to terminate the operation of the Existing Share Option Scheme (such that no further Options will be offered but in all other respects the provision of the Existing Share Option Scheme shall remain in force to the extent necessary to give effect to the exercise of any unexercised Options granted prior thereto or otherwise may be required in accordance with the provisions of the Existing Share Option Scheme) and to approve and adopt the New Share Option Scheme, which will take effect on the date of its adoption at the AGM subject to the Stock Exchange granting the approval for the listing of, and permission to deal, in the new Shares which may fall to be allotted and issued upon the exercise of the Options in accordance with the terms and conditions of the New Share Option Scheme.

### **The New Share Option Scheme**

The purpose of the New Share Option Scheme is to provide incentives and rewards to the Eligible Participants who, in the sole discretion of the Board, has contributed or may contribute to the growth and development of the Group in recognition of their contribution to the Group.

The rules of the New Share Option Scheme provide that Eligible Participants, to whom Options shall be granted, are entitled to subscribe for the number of Shares at a subscription price specified in each Option granted under the New Share Option Scheme. The basis for determining the subscription price is also specified precisely in the rules of the New Share Option Scheme. Notwithstanding that there is no performance target specified in the New Share Option Scheme, the Board may specify such performance target at the time of grant. The Directors consider that the aforesaid criteria and rules will serve to preserve the value of the Company and encourage Eligible Participants to acquire proprietary interests in the Company.

As at the Latest Practicable Date, the Company has 2,432,304,000 Shares in issue. Assuming that there is no change in the issued share capital of the Company during the period from the Latest Practicable Date up to the Adoption Date, the number of Shares in issue as at the Adoption Date will be 2,432,304,000 and therefore 243,230,400 Shares may fall to be allotted and issued under the New Share Option Scheme, representing 10% of the issued share capital of the Company as at the Adoption Date.

Subject to the obtaining of the Shareholders' approval in respect of the adoption of the New Share Option Scheme at the AGM, the total number of new Shares which may be issued upon the exercise of all the Options to be granted under the New Share Option Scheme and any other share option schemes of the Company (including but not limited to the Existing Share Option Scheme) must not in aggregate exceed 10% of the total issued

## LETTER FROM THE BOARD

capital of the Company as at the Adoption Date unless the Company obtains a fresh approval from the Shareholders to renew the 10% limit on the basis that the maximum number of new Shares in respect of which Options may be granted under the New Share Option Scheme together with any Options outstanding and yet to be exercised under the New Share Option Scheme and any other share option schemes of the Company (including but not limited to the Existing Share Option Scheme) must not exceed 30% of the issued share capital of the Company from time to time.

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 at this stage as a number of variables which are crucial for the calculation of the Option value have not been determined. Such variables include but are not limited to the subscription price, exercise period and lock-up period (if any), and predetermined performance target (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.

None of the Directors is a trustee of the New Share Option Scheme or has a direct or indirect interest in the trustee. With respect to 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.

### **Conditions precedent to the adoption of the New Share Option Scheme**

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

- (i) the Stock Exchange granting the listing of, and the permission to deal in, the Shares which may fall to be allotted and issued by the Company pursuant to the exercise of Options in accordance with the terms and conditions of the New Share Option Scheme; and
- (ii) the passing of the ordinary resolution to adopt the New Share Option Scheme by the Shareholders at the AGM.

### **Application for listing**

Application will be made by the Company to the Stock Exchange for the listing of, and the permission to deal in, the new Shares which may fall to be allotted and issued by the Company pursuant to the exercise of Options in accordance with the terms and conditions of the New Share Option Scheme.

A summary of the principal terms of the rules of New Share Option Scheme which is proposed to be approved and adopted by the Company at the AGM is set out in the Appendix III to this circular from pages 17 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 Unit No. 1906, 19th Floor, West Tower, Shun Tak Centre, 168-200 Connaught Road Central, Hong Kong during normal business hours from the date hereof up to and including the date of the AGM.

## LETTER FROM THE BOARD

### **ACTION TO BE TAKEN**

The resolutions referred to above are set out in full in the notice of the AGM as contained in this circular on pages 27 to 31. A form of proxy for use at the AGM is enclosed with this circular and such form of proxy is also published at the website of the HKExnews at [www.hkexnews.hk](http://www.hkexnews.hk). 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 return the same at the offices of Company's branch share registrars and transfer office in Hong Kong, Union Registrars Limited, at A18/F., Asia Orient Tower, Town Place, 33 Lockhart Road, Wanchai, Hong Kong as soon as possible but 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 adjourned meeting should you so wish.

### **VOTING AT THE AGM**

Pursuant to Rule 13.39(4) of the Listing Rules, all votes of the Shareholders at the general meetings must be taken by poll except where the chairman of the meeting, in good faith, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands. The Chairman of the AGM will therefore demand a poll for every resolution put to the vote at the AGM pursuant to Bye-Law 66.

After the closure of the AGM, the poll results of the AGM will be published on HKExnews' website at [www.hkexnews.hk](http://www.hkexnews.hk) and the Company's website at [www.irasia.com/listco/hk/daido/index.htm](http://www.irasia.com/listco/hk/daido/index.htm) in accordance with Rule 13.39(5) of the Listing Rules.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, no Shareholder is required to abstain from voting on any resolutions to be proposed at the AGM.

### **RECOMMENDATION**

The Directors consider that the proposals for (i) the re-election of Directors; (ii) the granting of the Issue Mandate, the Repurchase Mandate and the Extension Mandate; and (iii) the termination of the Existing Share Option Scheme and the adoption of the New Share Option Scheme are all in the best interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend all Shareholders to vote in favour of the relevant resolutions to be proposed at the AGM.

## LETTER FROM THE BOARD

### 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 Group. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief, the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

### GENERAL

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

Yours faithfully  
For and on behalf of the Board  
**Daido Group Limited**  
**Au Tat Wai**  
*Executive Director*

The details of the Directors proposed to be re-elected at the AGM are set out as follows:

#### **CHOY KAI SING**

Mr. Choy Kai Sing (“Mr. Choy”), aged 51, joined the Group in June 1998. Mr. Choy is currently the Chief Financial Officer and the Company Secretary of the Company and has also served as a director of certain subsidiaries of the Company. He was appointed as an executive Director and an authorised representative of the Company in August 2009 and September 2009 respectively. He is responsible for the finance and accounting affairs of the Group. Mr. Choy is a fellow member of Association of Chartered Certified Accountants and Hong Kong Institute of Certified Public Accountants and a member of Institute of Chartered Accountants in England and Wales. He is a Certified Public Accountant and has over 20 years working experience in auditing, accounting and investment banking. Save as disclosed above, Mr. Choy did not hold any positions with the Company and other members of the Group. Apart from the Company, Mr. Choy has not held directorships in any listed companies in Hong Kong or overseas in the last three years.

As at the Latest Practicable Date, Mr. Choy did not have any relationships with any Directors, senior management or substantial or controlling Shareholders and also did not have any interests in Shares within the meaning of Part XV of the SFO.

The Company has entered into a formal letter of appointment with Mr. Choy pursuant to which he has agreed to act as an executive Director until the conclusion of the AGM. The Company intends to extend his term of appointment until the conclusion of the 2018 annual general meeting (subject to retirement by rotation and re-election pursuant to the Bye-Laws). Mr. Choy received total emoluments of approximately HK\$1,373,000 per annum from the Group. The emoluments of Mr. Choy are determined by reference to his experience, duties, responsibilities and time commitment with the Company, the Company’s remuneration policy, as well as the remuneration benchmark in the industry and the prevailing market conditions.

Save for the information set out above, there is no other information to be disclosed pursuant to any of the requirements of the provisions under Rule 13.51(2) of the Listing Rules nor are there other matters that need to be brought to the attention of Shareholders in relation to the re-election of Mr. Choy as an executive Director.

#### **TANG TSZ MAN, PHILIP**

Mr. Tang Tsz Man, Philip (“Mr. Tang”), aged 49, joined the Group as an executive Director and an authorised representative of the Company in August 2003 and has also served as a director of certain subsidiaries of the Company. Mr. Tang has over 20 years of business management experience in telecommunication industry and manufacture of metal products industry. Save as disclosed above, Mr. Tang did not hold any positions with the Company and other members of the Group. Apart from the Company, Mr. Tang has not held directorships in any listed companies in Hong Kong or overseas in the last three years.

Mr. Tang is also a director of Ever Achieve Enterprises Limited (being a Shareholder of the Company) as at the Latest Practicable Date. Save as disclosed above, Mr. Tang did not have any relationships with any Directors, senior management or substantial or controlling Shareholders and also did not have any interests in Shares within the meaning of Part XV of the SFO.

The Company has entered into a formal letter of appointment with Mr. Tang pursuant to which he has agreed to act as an executive Director until the conclusion of the AGM. The Company intends to extend his term of appointment until the conclusion of the 2018 annual general meeting (subject to retirement by rotation and re-election pursuant to the Bye-Laws). Mr. Tang received total emoluments of approximately HK\$557,000 per annum from the Group. The emoluments of Mr. Tang are determined by reference to his experience, duties, responsibilities and time commitment with the Company, the Company's remuneration policy, as well as the remuneration benchmark in the industry and the prevailing market conditions.

Save for the information set out above, there is no other information to be disclosed pursuant to any of the requirements of the provisions under Rule 13.51(2) of the Listing Rules nor are there other matters that need to be brought to the attention of Shareholders in relation to the re-election of Mr. Tang as an executive Director.

#### **FUNG WA KO**

Mr. Fung Wa Ko ("Mr. Fung"), aged 53, is currently a non-executive Director of the Company. Mr. Fung joined the Group as an executive Director and the Chief Executive Officer of the Company in October 2003. He was appointed as the Deputy Chairman of the Company in April 2004 and has become the Chairman and an authorised representative of the Company in August 2006. In September 2009, Mr. Fung was re-designated from an executive Director to a non-executive Director and resigned as the Chief Executive Officer and an authorised representative. He resigned as the Chairman of the Company in October 2011. Mr. Fung has over 20 years of experience in the area of business development, corporate management and budget control. He received his education in the United Kingdom and has worked in various management positions in Hong Kong, Mainland China, and other countries in Asia Pacific Regions. Save as disclosed above, Mr. Fung did not hold any positions with the Company and other members of the Group. Apart from the Company, Mr. Fung has not held directorships in any listed companies in Hong Kong or overseas in the last three years.

As at the Latest Practicable Date, Mr. Fung did not have any relationships with any Directors, senior management or substantial or controlling Shareholders and also did not have any interests in Shares within the meaning of Part XV of the SFO.

The Company has entered into a formal letter of appointment with Mr. Fung pursuant to which he has agreed to act as a non-executive Director until the conclusion of the AGM. The Company intends to extend his term of appointment until the conclusion of the 2018 annual general meeting (subject to retirement by rotation and re-election pursuant to the Bye-Laws). Mr. Fung received a fixed remuneration of HK\$120,000 per annum from the Company as Director's fee. The remuneration of Mr. Fung is determined by reference to his experience, duties, responsibilities and time commitment with the Company, the Company's remuneration policy, as well as the remuneration benchmark in the industry and the prevailing market conditions.

Save for the information set out above, there is no other information to be disclosed pursuant to any of the requirements of the provisions under Rule 13.51(2) of the Listing Rules nor are there other matters that need to be brought to the attention of Shareholders in relation to the re-election of Mr. Fung as a non-executive Director.

This appendix provides an explanatory statement containing all the information required under the Listing Rules to be given to the Shareholders to enable them to make an informed decision as to whether to vote for or against the ordinary resolution to be proposed at the AGM to approve the Repurchase Mandate.

### **LISTING RULES RELATING TO REPURCHASE OF SHARES**

The Listing Rules permit companies whose primary listing is on the Stock Exchange to repurchase their shares on the Stock Exchange and any other stock exchange on which the securities of the company are listed and such exchange is recognised by the Securities and Futures Commission of Hong Kong subject to certain restrictions. Among such restrictions, the Listing Rules provide that the shares of such company must be fully paid up and all repurchase of shares by such company must be approved in advance by an ordinary resolution of shareholders, either by way of a general repurchase mandate or by specific approval of a particular transaction.

### **SHARE CAPITAL**

As at the Latest Practicable Date, the Company has 2,432,304,000 Shares in issue. Subject to the passing of the proposed resolution granting the Repurchase Mandate and on the basis that no further Shares are issued or repurchased prior to the AGM, the Company will be allowed under the Repurchase Mandate to repurchase a maximum of 243,230,400 Shares, representing 10% of the issued share capital of the Company as at the date of approval of the Repurchase Mandate.

### **REASONS FOR THE REPURCHASE OF SHARES**

The Directors believe that it is in the best interests of the Company and the Shareholders as a whole to seek a general authority from the Shareholders to enable the Company to repurchase the Shares on the Stock Exchange or any other stock exchange on which the Shares are listed. Share repurchases may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net asset value per Share and/or earnings per Share and will only be made when the Directors believe that such repurchase will benefit the Company and the Shareholders as a whole.

### **FUNDING OF REPURCHASE OF SHARES**

Repurchase made pursuant to the Repurchase Mandate would be funded out of funds legally available for the purpose in accordance with the Company's memorandum of association, the Bye-Laws, the Companies Act 1981 (as amended) and other applicable laws of Bermuda.

Taking into account the current working capital position of the Company, the Directors consider that, if the Repurchase Mandate were to be exercised in full, it might not have a material adverse effect on the working capital and/or the gearing position of the Company as compared with the position as at 31 December 2014, being the date of its latest published audited financial statements.



However, the Directors do not intend to make any repurchases to such an extent as would, in the circumstances, have a material adverse effect on the working capital requirements or the gearing position of the Company which in the opinion of the Directors are from time to time appropriate for the Company.

## SHARE PRICES

The highest and lowest prices at which the Shares have been traded on the Stock Exchange in each of the twelve months immediately preceding (and including) the Latest Practicable Date are as follows:

	Price per Share	
	Highest <i>HK\$</i>	Lowest <i>HK\$</i>
<b>2014</b>		
April	0.102	0.086
May	0.100	0.085
June	0.099	0.086
July	0.156	0.090
August	0.130	0.106
September	0.125	0.099
October	0.113	0.100
November	0.138	0.099
December	0.115	0.100
<b>2015</b>		
January	0.110	0.096
February	0.101	0.090
March	0.098	0.083
April (up to the Latest Practicable Date)	0.110	0.087

## THE TAKEOVERS CODES AND MINIMUM PUBLIC HOLDING

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

At the Latest Practicable Date, there is no Shareholder interested in more than 10% of the Shares in issue.

On the basis of the current shareholdings structure of the Company, an exercise of the Repurchase Mandate in full will not result in any Shareholders becoming obliged to make a mandatory offer under Rule 26 of the Takeovers Codes.

As at the Latest Practicable Date, the Directors have no present intention to exercise the Repurchase Mandate to such an extent that would result in a requirement of any Shareholder, or any other persons to make a general offer under the Takeovers Codes or the number of Shares in the hands of public falling below the prescribed minimum percentage of 25%.

#### **SHARE REPURCHASED BY THE COMPANY**

No Shares have been repurchased by the Company, whether on the Stock Exchange or otherwise, in the last six months preceding the Latest Practicable Date.

#### **GENERAL INFORMATION**

To the best of the information, knowledge and belief of the Directors, having made all reasonable enquiries, none of the Directors or any of their respective close associates has any Shares in the Company.

The Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the Repurchase Mandate in accordance with the Listing Rules, the Bye-Laws and the applicable laws of Bermuda.

No core connected person has notified the Company that he has a present intention to sell any Shares to the Company nor has any such core connected person undertaken not to sell any Shares held by him to the Company in the event that the Repurchase Mandate is granted by the Shareholders to the Board.

**THE NEW SHARE OPTION SCHEME**

The following is a summary of the principal terms of the New Share Option Scheme but does not form part of, nor is 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:

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

The purpose of the New Share Option Scheme is to provide incentives and rewards to the Eligible Participants who, in the sole discretion of the Board, has contributed or may contribute to the growth and development of the Group in recognition of their contribution to the Group.

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

The New Share Option Scheme shall be subject to the administration of the Board whose decision on all matters arising in relation to the New Share Option Scheme or its interpretation or effect shall (save as otherwise provided herein and in the absence of manifest error) 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 Eligible Participant to take up Options to subscribe for Shares at a price calculated in accordance with paragraph (d) below.

An offer of the grant of an Option shall be made to Eligible Participants in writing (and unless so made shall be invalid) in such form as the Board may from time to time determine and shall remain open for acceptance by the Eligible Participant concerned for a period of twenty-one (21) days inclusive of, from the date upon which it is made provided that no such offer shall be open for acceptance after the earlier of the tenth anniversary of the Adoption Date or the termination of the New Share Option Scheme or the Eligible Participant to whom such offer is made has ceased to be an Eligible Participant.

A non-refundable nominal consideration of HK\$1.00 is payable by the grantee upon acceptance of an Option. An Option shall be deemed to have been accepted when the duplicate letter comprising acceptance of the Option duly signed by the Eligible Participant together with the said consideration of HK\$1.00 is received by the Company.

Any offer of the grant of an Option may be accepted in respect of less than the number of Shares in respect of which it is offered provided that it is accepted in such number of Shares as represents a board lot for the time being for the purpose of trading on the Stock Exchange or an integral multiple thereof.

**(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 thirty (30) 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.

Holder of the Options are not entitled to voting, dividend, transfer and other rights of the holders of the Shares, including those arising on a liquidation of the Company, save as otherwise provided herein or under the relevant laws or the memorandum of association and the Bye-Laws of the Company in effect from time to time. Shares to be allotted and issued upon the exercise of an Option will be subject to all the provisions of the Bye-Laws of the Company for the time being in force and will rank *pari passu* in all respects with the 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 subscription 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 shown in the daily quotations sheet of the Stock Exchange on the Offer Date, which must be a Business Day; (ii) the average of the closing prices of the Shares as shown in the daily quotations sheets of the Stock Exchange for the five (5) Business Days immediately preceding the Offer Date; and (iii) the nominal value of the Share on the Offer Date.

**(e) Maximum number of Shares available for issue**

- (i) Subject to the Listing Rules, the overall limit on the number of Shares which may be issued upon exercise of all outstanding Options granted and yet to be exercised under the New Share Option Scheme and any other share option schemes of the Company must not exceed 30% of the relevant class of Shares in issue from time to time. No Options may be granted under the New Share Option Scheme or any other share option schemes of the Company if this will result in this limit being exceeded.

- (ii) Subject to the limit mentioned in (e)(i) above, the total number of Shares which may be issued upon exercise of all Options to be granted under the New Share Option Scheme and any other share option schemes of the Company adopted by the Group must not, in aggregate, exceed 10% of the Shares in issue as at the date of the approval of the New Share Option Scheme (the “**Scheme Mandate Limit**”), unless Shareholders’ approval has been obtained pursuant to sub-paragraphs (iii) and (iv) below. 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.
- (iii) Subject to the limit mentioned in (e)(i) above, the Company may refresh the Scheme Mandate Limit at any time subject to approval of the Shareholders in general meeting, provided that the Scheme Mandate Limit as refreshed must not exceed 10% of the Shares in issue as at the date of passing the relevant resolution. Options previously granted under the New Share Option Scheme and any other share option schemes of the Company (including those outstanding, cancelled, lapsed in accordance with such schemes or exercised Options) will not be counted for the purpose of calculating the this limit. The Company must send a circular to the Shareholders containing such information as required under the Listing Rules.
- (iv) Subject to the limit mentioned in (e)(i) above, the Company may also seek separate approval of the Shareholders in general meeting for granting Options beyond the Scheme Mandate Limit provided that the Options in excess of the Scheme Mandate Limit are granted only to Eligible 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 Eligible Participants, the number and terms of Options to be granted, the purpose of granting Options to the specified Eligible Participants with an explanation as to how the terms of the Options serve such purpose and such other information as required under the Listing Rules.

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

Any grant of Options to a connected person (including but not limited to a Director or substantial Shareholder) or its associates must be approved by the independent non-executive Directors (excluding any independent non-executive Director who is the grantee of the Options). Where Options are proposed to be granted to a connected person who is also a substantial Shareholder (as defined in the Listing Rules) of the Company or an independent non-executive Director or their respective associates and if such grant would result in the total number of Shares issued and to be issued upon exercise of the Options granted and to be granted (including Options exercised, cancelled and outstanding) in any 12-month period up to and including the date of grant to such person representing in aggregate over 0.1 % of the total issued Shares and having an aggregate value, based on the closing price of the securities at the date of each grant, in excess of HK\$5 million, then the proposed grant must be subject to the approval of Shareholders

taken on a poll in a general meeting. All core connected persons of the Company must abstain from voting at such general meeting (except where any connected person intends to vote against the proposed grant provided that his intention to do so has been stated in the Shareholders' circular to be issued as stated below).

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 proposed grantee of the Options) 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 the information required under Rules 17.02(2)(c) and (d) and the disclaimer required under Rule 17.02(4) of the Listing Rules; and (iv) the information required under Rule 2.17 of the 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 Eligible Participant**

The total number of Shares issued and to be issued upon exercise of the options granted to each Eligible Participant or grantee (including exercised and outstanding options) in any twelve (12)-month period up to the date of grant shall not exceed 1% of the Shares in issue. Where it is proposed that any offer is to be made to an Eligible 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 such limit, such offer must be conditional upon Shareholders' approval in general meeting with such Eligible Participant (or where appropriate, an existing grantee) and his, her or its close associates abstaining from voting. The Company must send a circular to the Shareholders disclosing the identity of the Eligible Participant or grantee, the number and terms of options to be granted (and options previously granted) to such Eligible Participant, the information required under the Listing Rules. The number and terms (including the subscription price) of options to be granted to such Eligible 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 notified by the Directors to the grantee thereof at the time of making an Offer provided that such period shall not exceed the period of ten (10) years from the date of the grant of the particular Option but subject to the provisions for 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, unless otherwise specified by the Board at the time of grant.

**(i) Restrictions on the time of grant of Options**

Grant of Options may not be made:

- (1) after inside information (as defined in the Listing Rules) has come to the knowledge of the Company until it has been announced pursuant to the requirements of the Listing Rules; and
- (2) during the period commencing from one month immediately preceding the earlier of:
  - (a) the date of the meeting of the Board (as such date is first notified to the Stock Exchange in accordance with the Listing Rules) for approving 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 its results for any year or half-year under the Listing Rules, or quarterly or any other interim period (whether or not required under the Listing Rules),

and ending on the date of the results announcements.

In addition, no Options shall be granted to any Director on any day on which the financial results of the Company are published and:

- (i) during the period of 60 days immediately preceding the publication date of the annual results or, if shorter, the period from the end of the relevant financial year up to the publication date of the results; and
- (ii) during the period of 30 days immediately preceding the publication date of the quarterly results (if any) and half-year results or, if shorter, the period from the end of the relevant quarterly or half-year period up to the publication date of the results.

No Option may be granted to an Eligible Participant who is subject to the Model Code during the periods or times in which such Eligible Participant is prohibited from dealing in Shares pursuant to the Model Code.

**(j) Rights are personal to grantees**

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

**(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, arrangement or composition with his or her creditors generally or conviction of any criminal offence (other than an offence which in the opinion of the Directors does not bring the grantee or the Company and any member of the Group or the relevant Invested Entity into disrepute) or any other ground(s) on which the relevant member of the Group or the relevant Invested Entity 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 ceases to be an Eligible Participant by reason of his or her death before exercising the Options in full and none of the events referred to in paragraph (k) 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 six (6) months following the date of death (or such longer period as the Board may determine), failing which it will lapse. If any of the events referred to in paragraph (q) to (s) below occurs during such period, his or her personal representative(s) may exercise the Option pursuant to paragraphs (q) to (s) respectively.

**(m) Rights on cessation of employment by reason of ill-health or retirement**

If the grantee of an Option is an employee and ceases to be an employee by reason of ill-health or retirement in accordance with his or her contract of employment, he or she may exercise the Option (to the extent not already exercised) within a period of six (6) months following the date of such cessation, failing which it will lapse. The date of cessation shall be the last day on which the Grantee is actually at work with the Group or the relevant Invested Entity whether salary is paid in lieu of notice or not. If any of the events referred to in paragraph (q) to (s) below occurs during such period, he or she may exercise the Option pursuant to paragraphs (q) to (s) respectively.

**(n) Rights on cessation for other reasons**

If the grantee of an Option ceases to be an Eligible Participant for any reason other than the reasons set out in paragraphs (l) and (m) above, his or her Option (to the extent not already exercised) will lapse on the date of cessation.

**(o) Rights on cessation of holding securities issued by the Group**

If the grantee of an Option who is a holder of the securities issued by the Group or any Invested Entity ceasing to be an Eligible Participant by reason that such Option Holder ceases to be a holder of any securities issued by the Group or any Invested Entity, the Option shall lapse on the date of cessation. If the grantor or the issuer of such securities ceases to be member of the Group or an Invested Entity, the grantee of an Option may exercise the Option within six (6) months following the date of cessation.



**(p) Rights on breach of contract**

If the grantee of an Option who is a business or joint venture partner, contractor, agent or representative, consultant, adviser, supplier, producer or licensor, customer, licensee (including any sub-licensee) or distributor, landlord or tenant (including sub-tenant) of the Group or the relevant Invested Entity ceasing to be an Eligible Participant by reason of breach of contract entered into between such Eligible Participant and the relevant member of the Group or the relevant Invested Entity, in the absolute determination of the Board, the Option shall lapse on the date of the Board's determination and not be exercisable.

**(q) 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 Takeovers Codes) 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.

**(r) Rights on winding up**

In the event a notice is given by the Company to its members to convene a special 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 soon as after 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 shall be received by the Company no later than five (5) Business Days prior to the proposed 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.

**(s) 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 summon a meeting 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 shall be received by the Company no later than five (5) 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 and register the grantee as holder thereof.

**(t) Cancellation of Options**

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

**(u) 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 reserves, rights issue, consolidation, sub-division 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 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 or she 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 issued 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.

**(v) Ranking of Shares**

The Shares to be allotted and issued upon the exercise of an Option will be subject to all the provisions of the Bye-Laws for the time being in force and will rank *pari passu* in all respects with the 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 on which the Option is exercised.

**(w) Duration of the New Share Option Scheme**

The New Share Option Scheme shall continue in force for the period commencing from the Adoption Date, which is expected to be the date of the AGM, and expiring at the close of business of the Company 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.

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

The New Share Option Scheme may be altered in any respect by a resolution of the Board, save and except that:

- (i) the provisions relating to the matters set out in Rule 17.03 of the Listing Rules cannot be altered to the advantage of Eligible 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 17 of the 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.

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

The New Share Option Scheme is conditional upon:

- (i) the Stock Exchange granting the listing of and permission to deal in, the Shares which may fall to be allotted and issued by the Company pursuant to the exercise of Options in accordance with the terms and conditions of the New Share Option Scheme; and
- (ii) the passing of ordinary resolution to adopt the New Share Option Scheme by the Shareholders at the AGM.

**(z) 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 (s);
- (iii) the date on which the grantee of the Option, being an employee of a member of the Group, ceases to be an Eligible Participant by reason of a termination of his employment as referred to in paragraph (k);
- (iv) 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
- (v) the date of the commencement of the winding-up of the Company.

**(aa) 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 but not yet exercised 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.

**(bb) 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 requirements set out in Chapter 17 of the Listing Rules.

The Company will comply with the relevant statutory requirements and the 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 (u) 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 conclusive.

## NOTICE OF AGM

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### DAIDO GROUP LIMITED

大同集團有限公司\*

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 00544)**

### NOTICE OF 2015 ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that the 2015 Annual General Meeting (the “**Meeting**”) of Daido Group Limited (the “**Company**”) will be held at Plaza 3, Lower Lobby, Novotel Century Hong Kong, 238 Jaffe Road, Wanchai, Hong Kong on Friday, 29 May 2015 at 10:30 a.m. for the purpose of considering and, if thought fit, passing with or without amendments, the following resolutions of the Company as ordinary resolutions:

1. To receive and approve the audited consolidated financial statements together with the report of the directors (the “**Director(s)**”) of the Company and the independent auditor’s report for the year ended 31 December 2014.
2.
  - (i) To re-elect Mr. Choy Kai Sing as an executive Director;
  - (ii) To re-elect Mr. Tang Tsz Man, Philip as an executive Director;
  - (iii) To re-elect Mr. Fung Wa Ko as a non-executive Director; and
  - (iv) To authorise the board of Directors (the “**Board**”) to fix the Directors’ remuneration.
3. To re-appoint Deloitte Touche Tohmatsu as the Company’s auditors and to authorise the Board to fix their remuneration.

To consider, as special business and, if thought fit, pass the following resolutions with or without amendments as ordinary resolutions:

4. “**THAT:**
  - (a) subject to paragraph 4(c) below, pursuant to the Rules (the “**Listing Rules**”) Governing the Listing of Securities on The Stock Exchange of

\* for identification purpose only

## NOTICE OF AGM

Hong Kong Limited (the “**Stock Exchange**”), the exercise by the Directors during the Relevant Period (as defined in paragraph 4(d) below) of all the powers of the Company to allot, issue and deal with unissued shares of HK\$0.01 each in the capital of the Company (the “**Shares**”) and to make or grant offers, agreements and options, including warrants to subscribe for Shares, which might require the exercise of such powers be and the same is hereby generally and unconditionally approved;

- (b) the approval in paragraph 4(a) above shall authorise 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 (whether pursuant to options or otherwise), issued or dealt with by the Directors pursuant to the approval in paragraph 4(a) above, otherwise than pursuant to (i) a Rights Issue (as defined in paragraph 4(d) below); or (ii) the exercise of any options granted under the existing and the new share option schemes of the Company; or (iii) any scrip dividend or similar arrangements providing for the allotment and issue of Shares in lieu of the whole or part of a dividend on Shares in accordance with the bye-laws (the “**Bye-Laws**”) of the Company in force from time to time; or (iv) any issue of Shares 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, shall not exceed the aggregate of:
  - (aa) 20% of the aggregate nominal amount of the share capital of the Company in issue on the date of the passing of this resolution; and
  - (bb) (if the Directors are so authorised 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% of the aggregate nominal amount of the share capital of the Company in issue on the date of the passing of resolution no. 5),

and the authority pursuant to paragraph 4(a) of this resolution shall be limited accordingly; and

- (d) for the purposes 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;

## NOTICE OF AGM

- (ii) the expiration of the period within which the next annual general meeting of the Company is required by the Bye-Laws, the Companies Act 1981 of Bermuda (as amended) (the “**Companies Act**”) or any other applicable laws of Bermuda to be held; or
- (iii) the passing of an ordinary resolution by 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, or offer or issue of warrants, options or other securities giving rights to subscribe for Shares open for a period fixed by the Directors to holders of Shares on the register of members of the Company on a fixed record date in proportion to their then holdings of Shares (subject to such exclusion or other arrangements as the Directors may deem necessary or expedient in relation to 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 recognised regulatory body or any stock exchange outside Hong Kong).”

5. “**THAT**

- (a) subject to paragraph 5(b) below, the exercise by the Directors during the Relevant Period (as defined in paragraph 5(c) below) of all powers of the Company to repurchase the Shares on the Stock Exchange or any other stock exchange on which the Shares may be listed and recognised 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 Companies Act and all other applicable laws in this regard, be and the same is hereby generally and unconditionally approved;
- (b) the aggregate nominal amount of Shares which may be repurchased or agreed to be repurchased by the Company pursuant to the approval in paragraph 5(a) during the Relevant Period (as defined in paragraph 5(c) below) shall not exceed 10% of the aggregate nominal amount of the issued share capital of the Company as at the date of the passing of this resolution and the authority pursuant to paragraph 5(a) of this resolution shall be limited accordingly; and

## NOTICE OF AGM

(c) for the purposes 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;
  - (ii) the expiration of the period within which the next annual general meeting of the Company is required by the Bye-Laws, the Companies Act or any other applicable laws of Bermuda to be held; or
  - (iii) the passing of an ordinary resolution by the shareholders of the Company in general meeting revoking or varying the authority given to the Directors by this resolution.”
6. “**THAT** subject to the ordinary resolutions nos. 4 and 5 above being duly passed, the unconditional general mandate granted to the Directors to exercise the powers of the Company to allot, issue and deal with unissued Shares and to make or grant offers, agreements and options which might require to exercise of such powers pursuant to resolution no. 4 above be and is hereby extended by the addition thereon 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 resolution no. 5, provided that such amount shall not exceed 10% of the aggregate nominal amount of the issued Shares on the date of the passing of resolution no. 5.”
7. “**THAT** the existing share option scheme of the Company adopted on 9 January 2006 be and is hereby terminated and conditional upon the Stock Exchange granting the listing of, and the permission to deal in, the Shares which may fall to be allotted and issued pursuant to the new share option scheme (the “**New Share Option Scheme**”) of the Company, the terms of which are set out in the document marked “**A**” which has been signed by the chairman of this Meeting and produced to 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 approve any further amendments to the rules of the New Share Option Scheme as may be acceptable or not objected to by the Stock Exchange and to grant options and to allot, issue and deal with any Shares pursuant to the



## NOTICE OF AGM

exercise of any options granted thereunder and to take all such steps as they may consider necessary or expedient to give effect to the New Share Option Scheme.”

By order of the Board  
**Daido Group Limited**  
**Choy Kai Sing**  
*Company Secretary*

Hong Kong, 17 April 2015

*Registered office:*  
Clarendon House  
2 Church Street  
Hamilton HM 11  
Bermuda

*Head office and principal place of  
business in Hong Kong:*  
Unit No. 1906, 19th Floor  
West Tower  
Shun Tak Centre  
168–200 Connaught Road Central  
Hong Kong

*Notes:*

1. A member of the Company entitled to attend and vote at the Meeting convened by the above notice is entitled to appoint one or more than one proxy to attend and, subject to the provisions of the Bye-Laws, to vote on his behalf. A proxy need not be a member of the Company but must be present in person at the Meeting 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 duly completed and signed in accordance with the instructions printed thereon and deposited together with a power of attorney or other authority, if any, under which it is signed, or a notarially certified copy of such power or authority, at the Company's branch share registrar and transfer office in Hong Kong, Union Registrars Limited at A18/F, Asia Orient Tower, Town Place, 33 Lockhart Road, Wanchai, Hong Kong not less than 48 hours before the time appointed for holding the Meeting or any adjournment thereof. Completion and return of a form of proxy will not preclude a member from attending in person and voting at the above Meeting or any adjournment thereof, should he/she so wishes.
3. In the case of joint holders of shares, any one of such holders may vote at the Meeting, either personally or by proxy, in respect of such shares as if he was solely entitled thereto, but if more than one of such joint holders are present at the Meeting personally or by proxy, that one of the said persons so present whose name stands first in the register of members of the Company in respect of such shares shall alone be entitled to vote in respect thereof.
4. Pursuant to the Listing Rules, the voting on all resolutions at the Meeting will be conducted by way of poll.
5. As at the date hereof, the Board comprises executive Directors, namely, Mr. Au Tat Wai, Mr. Choy Kai Sing, Mr. Ho Hon Chung, Ivan and Mr. Tang Tsz Man, Philip, non-executive Director, namely Mr. Fung Wa Ko and independent non-executive Directors, namely, Mr. Fung Siu Kit, Ronny, Mr. Leung Chi Hung and Mr. Tse Yuen Ming.