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If you are in doubt about 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 Chanco International Group Limited, you should at once hand this circular and the accompanying form of proxy to the purchaser or the transferee, or the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

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**GENERAL MANDATES TO REPURCHASE SHARES
AND TO ISSUE SHARES,
RE-ELECTION OF DIRECTORS,
PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION
AND
NOTICE OF ANNUAL GENERAL MEETING**

Resolutions will be proposed at the Annual General Meeting (“AGM”) of Chanco International Group Limited to be held at 3rd Floor, Victory Industrial Building, Nos. 151-157 Wo Yi Hop Road, Kwai Chung, New Territories, Hong Kong on 10 September 2012 at 10:30 a.m. to approve the matters referred to in this circular. The notice convening the AGM is set out on pages 12 to 23 of this circular. Whether or not you are able to attend the AGM in person, you are requested to complete and return the form of proxy enclosed with this circular in accordance with the instructions printed thereon as soon as possible and in any event not less than 48 hours before the time appointed for holding the AGM or any adjournment thereof. Completion and delivery of the form of proxy will not preclude you from attending and voting at the AGM or any adjournment thereof if you so wish.

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DEFINITIONS

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

“AGM”	the annual general meeting of the Company to be held at 3rd Floor, Victory Industrial Building, Nos. 151-157 Wo Yi Hop Road, Kwai Chung, New Territories, Hong Kong, on 10 September 2012 at 10:30 a.m. at which the matters set out in the section headed “Notice of Annual General Meeting” will be considered, adopted and/or approved;
“Articles”	the articles of association of the Company;
“associate”	has the same meaning ascribed thereto in Chapter 1 of the Listing Rules;
“Board”	the board of Directors;
“Company”	Chanco International Group Limited;
“Directors”	directors of the Company;
“Group”	the Company and its subsidiaries;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“Issue Mandate”	the general mandate to allot, issue and deal with Shares not exceeding 20% of the issued share capital of the Company as at the date of passing of the resolution approving the Issue Mandate;
“Latest Practicable Date”	6 July 2012, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Repurchase Mandate”	the general mandate to exercise the power of the Company to repurchase Shares up to a maximum of 10% of the issued share capital of the Company as at the date of the resolution approving the Repurchase Mandate;
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong);
“Share(s)”	ordinary shares of HK\$0.01 each in the share capital of the Company;

DEFINITIONS

“Shareholders”	holders of Shares;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Substantial shareholder”	has the same meaning ascribed thereto in Chapter 1 of the Listing Rules; and
“Takeovers Code”	the Codes on Takeovers and Mergers and Share Repurchases approved by the Securities and Futures Commission as amended from time to time.

LETTER FROM THE BOARD



CHANCO INTERNATIONAL GROUP LIMITED

卓高國際集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 264)

Directors:

Chan King Hong Edwin

(Chairman and Chief Executive Officer)

Chan King Yuen Stanley *(Vice Chairman)*

Chan Wai Po Rebecca

Chau Cynthia Sin Ha *JP**

Fong Pui Sheung David *MH**

Or Kam Chung Janson*

* *Independent Non-Executive Directors*

Registered Office:

Cricket Square

Hutchins Drive

P. O. Box 2681

Grand Cayman KY1-1111

Cayman Islands

Principal Place of Business

in Hong Kong:

3rd Floor, Victory Industrial Building

Nos. 151-157 Wo Yi Hop Road

Kwai Chung

New Territories

Hong Kong

12 July 2012

To the Shareholders

Dear Sir or Madam,

**GENERAL MANDATES TO REPURCHASE SHARES
AND TO ISSUE SHARES,
RE-ELECTION OF DIRECTORS,
PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION
AND
NOTICE OF ANNUAL GENERAL MEETING**

INTRODUCTION

The purpose of this circular is to provide you with information in respect of the resolutions to be proposed at the AGM for the approval of (i) the grant of the Repurchase Mandate to the Directors; (ii) the grant of the Issue Mandate to the Directors; (iii) extension of the Issue Mandate; (iv) re-election of Directors; and (v) the amendments to the Articles.

LETTER FROM THE BOARD

GENERAL MANDATE TO REPURCHASE SHARES

At the AGM, an ordinary resolution will be proposed to grant the Repurchase Mandate to the Directors to enable them to repurchase Shares subject to the criteria set out in this circular. Shareholders should note that the maximum number of Shares that may be repurchased under the Repurchase Mandate will be 10% of the Shares in issue as at the date of passing of such resolution. The Repurchase Mandate will remain in effect until whichever is the earliest of (a) the date of the next annual general meeting, (b) the date on which the next annual general meeting is required to be held by any applicable laws of the Cayman Islands or the Articles or (c) the date upon which such authority is revoked or varied by an ordinary resolution of the Shareholders in a general meeting of the Company.

In accordance with the requirements of the Listing Rules, the Company is required to send to the Shareholders an explanatory statement containing all the information reasonably necessary to enable them to make an informed decision on whether to vote for or against the resolution to approve the grant of the Repurchase Mandate. The explanatory statement as required by the Listing Rules in connection with the Repurchase Mandate is set out in pages 7 to 9 of this circular.

GENERAL MANDATE TO ISSUE SHARES

At the AGM, an ordinary resolution will be proposed to grant the Issue Mandate to the Directors to allot, issue and deal with, otherwise than by way of rights issue or any option scheme or similar arrangement for the time being adopted for the grant or issue to officers and/or employees of the Company and/or any of its subsidiaries of shares or rights to acquire shares in the Company or any shares of the Company issued as scrip dividends pursuant to the memorandum and articles of association of the Company, new shares with an aggregate nominal value not exceeding 20% of the aggregate of the total nominal value of the share capital of the Company in issue on the date of the resolution approving the Issue Mandate. Subject to the passing of the proposed resolution, the Company would be allowed under the Issue Mandate to issue a maximum of 63,760,800 Shares on the basis of a total of 318,804,000 Shares in issue as at the Latest Practicable Date and assuming no further Shares will be issued or repurchased prior to the AGM. The Issue Mandate will remain in effect until whichever is the earliest of (a) the date of the next annual general meeting, (b) the date on which the next annual general meeting is required to be held by any applicable laws of the Cayman Islands or the Articles or (c) the date upon which such authority is revoked or varied by an ordinary resolution of the Shareholders in a general meeting of the Company.

EXTENSION OF THE GENERAL MANDATE TO ISSUE SHARES

At the AGM, an ordinary resolution will be proposed that the Issue Mandate be extended by the addition to the aggregate nominal value of the share capital of the Company which may be allotted or agreed conditionally or unconditionally to be allotted by the Directors pursuant to the Issue Mandate of an amount representing the aggregate nominal value of the share capital of the Company repurchased by the Company pursuant to the Repurchase Mandate provided that such extended amount will not exceed 10% of the aggregate nominal value of the share capital of the Company in issue on the date of the resolution approving the Issue Mandate.

LETTER FROM THE BOARD

PROPOSED RE-ELECTION OF DIRECTORS

In accordance with Article 87 of the Articles, Mr. Chan King Yuen Stanley and Ms. Chau Cynthia Sin Ha shall retire from office by rotation in the forthcoming AGM and, being eligible, offer themselves for re-election. Details of Mr. Chan King Yuen, Stanley and Ms. Chau Cynthia Sin Ha which are required to be disclosed by the Listing Rules are set out in the Appendix to this circular.

Pursuant to Appendix 14 to the Listing Rules, serving more than nine years could be relevant to the determination of a non-executive director's independence. If an independent non-executive director serves more than nine years, his/her further appointment should be subject to a separate resolution to be approved by shareholders. The papers to shareholders accompanying that resolution should include the reasons why the Board believes he/she is still independent and should be re-elected.

Ms. Chau Cynthia Sin Ha ("Ms. Chau") has been appointed as an independent non-executive Director for more than nine years. She does not have any management role in the Group and she has no relationship with any other Directors, senior management, substantial or controlling shareholders of the Company.

The Company received from Ms. Chau a confirmation of independence pursuant to Rule 3.13 of the Listing Rules. In this regard, the Board is satisfied that Ms. Chau is a person of integrity and stature and believes that her re-appointment allows the Board as well as the Group to continuously benefit from the sharing of her invaluable experience, contribution and participation. Therefore, the Board recommended the re-appointment and re-election of Ms. Chau as an independent non-executive Director in the AGM.

PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

The Stock Exchange has recently amended the Listing Rules relating to, inter alia, the Code on Corporate Governance Practices (now renamed as Corporate Governance Code and Corporate Governance Report) set out in Appendix 14 of the Listing Rules and the rules pertaining to corporate governance. Accordingly, the Board proposes to seek the approval of the Shareholders by way of a special resolution for the amendments to the Articles to bring the Articles in line with the amended Listing Rules and to incorporate certain housekeeping amendments proposed by the Board. The major proposed amendments include the following:

1. to allow the chairman of a general meeting, acting in good faith and in compliance with the Listing Rules, to allow resolutions to be voted on by the shareholders on a show of hands;
2. to remove the 5 per cent. interest exemption for voting by a Director on a board resolution in which he has an interest;
3. to require physical Board meetings in lieu of written resolutions where a Director or substantial shareholder has a conflict of interest in a matter to be considered by the Board which the Board has determined to be material; and
4. to allow the Company in general meeting removing any Director before expiration of his or her period of office by an ordinary resolution instead of a special resolution.

LETTER FROM THE BOARD

Details of the amendments to the Articles are set out in the notice of AGM.

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

AGM

A notice of the AGM is set out on pages 12 to 23 of this circular. At the AGM, resolutions will be proposed to approve, inter alia, the grant of the Repurchase Mandate and the Issue Mandate to the Directors, the extension of the Issue Mandate, the re-election of Directors and the amendments to the Articles.

Whether or not you are able to attend the AGM in person, you are requested to complete and return the form of proxy enclosed with this circular in accordance with the instructions printed thereon as soon as possible and in any event not less than 48 hours before the time appointed for holding the AGM or any adjournment thereof. Completion and delivery of the form of proxy will not preclude you from attending and voting at the AGM or any adjournment thereof if you so wish.

VOTING BY POLL

Pursuant to Rule 13.39 of the Listing Rules, any votes of the Shareholders at a general meeting must be taken by poll. Accordingly, the chairman of the AGM will demand a poll for each and every resolution put forward at the AGM pursuant to Article 66 of the Articles. The Company will appoint Computershare Hong Kong Investor Services Limited, the Hong Kong branch share registrar of the Company, as the scrutineer to handle the vote-taking procedures at the AGM.

RESPONSIBILITY STATEMENT

This circular includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors collectively and individually accept full responsibility for the accuracy of the information contained in this circular and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, there are no other facts the omission of which would make any statement herein misleading.

RECOMMENDATION

The Directors consider that the Repurchase Mandate, the Issue Mandate, the extension of the Issue Mandate, the re-election of retiring Directors and the proposed amendments to the Articles are in the best interests of the Company and its Shareholders and so recommend you to vote in favour of such resolutions at the forthcoming AGM.

Yours faithfully
For and on behalf of the Board
Chanco International Group Limited
Chan King Hong Edwin
Chairman

EXPLANATORY STATEMENT OF THE REPURCHASE MANDATE

The following explanatory statement contains all the information required pursuant to Rule 10.06 of the Listing Rules to be given to all Shareholders relating to the resolution to be proposed at the forthcoming AGM authorising the Repurchase Mandate.

1. EXERCISE OF THE REPURCHASE MANDATE

It is proposed under the Repurchase Mandate that authority be given to the Directors to exercise the powers of the Company to repurchase up to 10% of the issued share capital of the Company as at the date of the passing of the resolution for approving the Repurchase Mandate. As at the Latest Practicable Date, the total number of issued Shares was 318,804,000. Subject to the passing of the ordinary resolution approving the Repurchase Mandate and on the basis that no further Shares would be issued or repurchased after the Latest Practicable Date and up to the date of passing of such resolution, the Directors would be authorised to repurchase up to 31,880,400 Shares (being 10% of the Shares in issue) during the period up to (a) the next annual general meeting of the Company or (b) the expiration of the period within which the next annual general meeting of the Company is required by any applicable laws of the Cayman Islands or its Articles to be held or (c) the revocation or variation of the Repurchase Mandate by an ordinary resolution of the Shareholders in general meeting of the Company, whichever occurs first.

2. REASONS FOR REPURCHASE

The Directors have no present intention to repurchase any Shares but consider that the Repurchase Mandate will provide the Company the flexibility to make such repurchase when appropriate and beneficial to the Company. Such repurchases may, depending on market conditions and funding arrangements at the time, enhance the net assets value of the Company and/or earnings per Share.

3. GENERAL

As compared with the financial position of the Company as at 31 March 2012 (being the date of its latest published audited accounts), the Directors consider that there will be no material adverse impact on the working capital and on the gearing position of the Company in the event that the proposed purchases were to be carried out in full during the proposed purchase period. The Directors confirm that no purchase would be made to such extent as would have a material adverse impact on the working capital or gearing position of the Company.

4. FUNDING OF REPURCHASES

The Company is empowered by its memorandum and articles of association and the applicable laws of the Cayman Islands to purchase its Shares. The Cayman Islands law provides that the amount of capital repaid in connection with a share repurchase may only be paid out of either the capital paid up on the relevant shares, or the profits that would otherwise be available for distribution by way of dividend or the proceeds of a new issue of shares made for such purpose. The amount of premium payable on repurchase may only be paid out of the fund of the Company that would otherwise be legally available for dividend or distribution or out of the share premium account of the Company for such purpose under the laws of the Cayman Islands. Under the Cayman Islands law, the shares so repurchased will be treated as cancelled but the aggregate amount of authorized share capital will not be reduced so that the shares may be subsequently re-issued.

EXPLANATORY STATEMENT OF THE REPURCHASE MANDATE

5. 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 the associates (as defined in the Listing Rules) of any of the Directors has any present intention, in the event that the proposed Repurchase Mandate is approved by Shareholders, to sell Shares to the Company.

As at the Latest Practicable Date, no connected person of the Company (as defined in the Listing Rules) has notified the Company that he/she has a 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 Repurchase Mandate is granted.

6. 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 Repurchase Mandate in accordance with the Listing Rules and all applicable laws of the Cayman Islands, and in accordance with the regulations set out in the memorandum and articles of association of the Company.

7. EFFECT OF TAKEOVERS CODE

If as a result of a repurchase of Shares, a shareholder's proportionate interest in the voting rights of a company increases, such increase will be treated as an acquisition for the purpose of the Takeovers Code. As a result, a shareholder, or a group of shareholders acting in concert (within the meaning under the Takeovers Code), could obtain or consolidate control of the company and become(s) obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code.

As at the Latest Practicable Date, to the best of the knowledge and belief of the Directors, Prevail Assets Limited and Smarty Worldwide Limited (which are wholly and beneficially owned by Ms. Chan Wai Po Rebecca and Mr. Chan Woon Man respectively) held approximately 12.30% and 12.30% in the total issued share capital of the Company respectively and Mr. Chan King Hong Edwin and Mr. Chan King Yuen Stanley directly and indirectly held approximately 17.02% and 18.62% in the total issued share capital of the Company respectively. In the event that the Directors exercise in full the power to repurchase Shares in accordance with the Repurchase Mandate, the shareholding of the aforesaid Shareholders who are taken to be acting in concert would be increased from approximately 60.24% to approximately 66.93% of the issued share capital of the Company. The Directors are not aware of any consequences which may arise under the Takeovers Code as a result of any repurchases to be made under the Repurchase Mandate. The Directors have no intention to exercise the Repurchase Mandate to such an extent that the number of Shares in the hands of the public falling below the prescribed minimum percentage (under the Listing Rules) of 25%.

8. SHARE PURCHASE MADE BY THE COMPANY

During each of six months preceding the Latest Practicable Date, no Shares have been repurchased by the Company.

EXPLANATORY STATEMENT OF THE REPURCHASE MANDATE

9. SHARE PRICES

During the previous twelve months, the highest and lowest prices at which the Shares were traded on the Stock Exchange were as follows:-

Months	PER SHARE	
	Highest <i>HK\$</i>	Lowest <i>HK\$</i>
2011		
July	0.510	0.470
August	0.500	0.430
September	0.470	0.380
October	0.445	0.400
November	0.425	0.360
December	0.420	0.365
2012		
January	0.400	0.340
February	0.390	0.370
March	0.400	0.340
April	0.380	0.350
May	0.380	0.380
June	0.355	0.335
July (up to the Latest Practicable Date)	0.360	0.350

The following are the particulars of the Directors to be retired and proposed to be re-elected at the AGM:

Mr. CHAN King Yuen Stanley, aged 51, is an executive director and vice chairman of the Company who joined the Group in around 1980. Mr. Chan is responsible for the design and product development, local sales and marketing strategic planning and overall management of the Group. He has over 27 years of experience in the manufacturing and sales of leather goods, product development and sampling designed training. Mr. Chan is currently also a director of several subsidiaries of the Company.

Mr. Chan is a brother of Mr. Chan King Hong Edwin, (executive director and substantial shareholder of the Company), Ms. Chan Wai Po Rebecca, (executive director and substantial shareholder of the Company) and Ms. Chan Wai Foon (senior management of the Group), a brother-in-law of Ms. Li Shuk Han (senior management of the Group) and the son of Mr. Chan Woon Man (substantial shareholder of the Company). Save as disclosed herein, Mr. Chan does not have any other relationships with any Directors, senior management, substantial or controlling shareholders of the Company or an associate of any of them.

Mr. Chan entered into a service contract with the Company for an initial term of two years commencing from 1 March 2003, which is renewable automatically for successive terms of one year, until terminated by not less than six months' notice in writing served by either party on the other and is also subject to the requirements for retirement and re-election at the annual general meeting of the Company under the Articles of Association. Mr. Chan is entitled to receive a monthly remuneration of HK\$180,000. Such emoluments are covered in his service contract with the Company. The emoluments of Mr. Chan are determined by the Board and remuneration committee of the Company with reference to his performance and contribution to the Group and also the terms of reference of the remuneration committee adopted by the Company. Mr. Chan, together with other executive Directors, is entitled to a discretionary management bonus provided that the aggregate amount of the discretionary bonus payable to all the executive Directors for any financial year may not exceed 10% of the audited consolidated profit before payment of such bonus, taxation, minority interests and extraordinary items of the Group (if any) in respect of that financial year.

As at the Latest Practicable Date, Mr. Chan was directly and indirectly interested in 59,359,352 Shares and 11,881,200 number of share options within the meaning of Part XV of the SFO. Save as disclosed above, Mr. Chan did not hold any positions in the Company or any of its subsidiaries and did not hold any directorships in any other listed companies on the Stock Exchange and any other stock exchange or other major appointments or professional qualifications during the three years preceding the Latest Practicable Date.

Save as disclosed above, there are no other matters that need to be brought to the attention of the Shareholders and there is no information to be disclosed pursuant to any of the requirements of the provisions under Rules 13.51(2) of the Listing Rules.

Ms. Chau Cynthia Sin Ha, *JP* aged 72, is an independent non-executive director of the Company. Ms. Chau has been appointed as a Non-official Justice of the Peace for Hong Kong since 17 July 1996. She holds a diploma in Arts from Chung Chi College in Hong Kong in 1961 and a master's degree of social welfare from the Regents of the University of California in the U.S. in 1967. Ms. Chau had served as the Welfare Superintendent of Po Leung Kuk for 26 years until her retirement in March 2001. As Welfare Superintendent, Ms. Chau was head of the Welfare Department and responsible for developing and improving the welfare services provided by Po Leung Kuk. Ms. Chau was appointed as the independent non-executive director of the Company in February 2003. As at the Latest Practicable Date, Ms. Chau does not hold any other positions in the Company or any of its subsidiaries.

Ms. Chau entered into an appointment letter with the Company for an initial term of two years commencing from 1 March 2003, which can be terminated by either party by giving to other party not less than three months' written notice without payment of compensation (other than statutory compensation) and is also subject to the requirements for retirement and re-election at the annual general meeting of the Company under the Articles of Association. On 31 January 2011, her appointment was renewed for another two year terms expiring on 28 February 2013. Ms. Chau is entitled to receive HK\$50,000 as annual director fee. Such emoluments are covered in her appointment letter with the Company. The emoluments of Ms. Chau are determined by the Board with reference to the director fee paid by other listed companies in Hong Kong to independent non-executive directors.

Save as disclosed above, Ms. Chau is not connected with any directors, senior management, substantial shareholders or controlling shareholders of the Company or an associate of any of them. Save as disclosed above, Ms. Chau did not hold any directorships in any other listed companies on the Stock Exchange and any other stock exchange or other major appointments or professional qualifications during the three years preceding the Latest Practicable Date. Save as disclosed above, Ms. Chau was not interested or deemed to be interested in any shares or underlying shares of the Company pursuant to Part XV of the SFO as at the Latest Practicable Date.

Save as disclosed above, there are no other matters that need to be brought to the attention of the Shareholders and there is no information to be disclosed pursuant to any of the requirements of the provisions under Rules 13.51(2) of the Listing Rules.

NOTICE OF ANNUAL GENERAL MEETING



CHANCO INTERNATIONAL GROUP LIMITED

卓高國際集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 264)

NOTICE IS HEREBY GIVEN that the Annual General Meeting of Chanco International Group Limited (the “Company”) will be held at 3rd Floor, Victory Industrial Building, Nos. 151-157 Wo Yi Hop Road, Kwai Chung, New Territories, Hong Kong, at 10:30 a.m. on 10 September 2012 for the following purposes:–

AS ORDINARY BUSINESS

1. To receive and consider the audited financial statements and the reports of the directors and the auditor for the year ended 31 March 2012.
2. (a) To re-elect Mr. Chan King Yuen Stanley as executive director;
- (b) To re-elect, approve and confirm the continuous appointment of Ms. Chau Cynthia Sin Ha who has already served the Company for more than nine years as an independent non-executive director; and
- (c) To authorise the board of directors to fix the remuneration of the directors.
3. To re-appoint auditor and to authorize the board of directors to fix its remuneration.

AS SPECIAL BUSINESS

ORDINARY RESOLUTIONS

4. To consider, and if thought fit, pass with or without amendments, the following resolution as an Ordinary Resolution of the Company:–

“THAT:

- (a) subject to paragraph (c) of this resolution, 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 and deal with additional shares in the capital of the Company and to make or grant offers, agreements and options which might require the exercise of such powers be and is hereby generally and unconditionally approved;

NOTICE OF ANNUAL GENERAL MEETING

- (b) the approval in paragraph (a) of this resolution shall authorize the directors of the Company during the Relevant Period to make or grant offers, agreements and options which might require the exercise of such powers after the end of the Relevant Period;
- (c) the aggregate nominal amount of share capital allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to an option or otherwise) by the directors of the Company pursuant to the approval in paragraph (a) of this resolution, otherwise than by way of a Rights Issue (as hereinafter defined) or any option scheme or similar arrangement for the time being adopted for the grant or issue to officers and/or employees of the Company and/or any of its subsidiaries of shares or rights to acquire shares in the Company or any shares of the Company issued as scrip dividends pursuant to the memorandum and articles of association of the Company, shall not exceed 20% of the aggregate of the total nominal value of the share capital of the Company in issue on the date of this resolution and the said approval shall be limited accordingly; and
- (d) for the purposes of this resolution:–

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

- (i) the date of the next annual general meeting of the Company;
- (ii) the date on which the next annual general meeting of the Company is required to be held by law or the articles of association of the Company; and
- (iii) the date upon which such authority is revoked or varied by an ordinary resolution of the shareholders in a general meeting of the Company.

“**Rights Issue**” means an offer of shares or other securities of the Company open for a period fixed by the directors of the Company to holders of shares of the Company or any class thereof on the register on a fixed record date in proportion to their then holdings of such shares (subject to such exclusion or other arrangements as the directors of the Company may deem necessary or expedient in relation to fractional entitlements or having regard to any restrictions or obligations under the law of, or the requirements of any recognized regulatory body or any stock exchange in any territory applicable to the Company).”

- 5. To consider, and if thought fit, pass with or without amendments, the following resolution as an Ordinary Resolution of the Company:–

NOTICE OF ANNUAL GENERAL MEETING

“THAT:–

- (a) subject to paragraph (b) of this resolution, the exercise by the directors of the Company during the Relevant Period of all powers of the Company to purchase its own shares on The Stock Exchange of Hong Kong Limited (“Stock Exchange”), subject to and in accordance with all applicable laws and rules, be and is hereby generally and unconditionally approved;
- (b) the aggregate nominal amount of shares of the Company which may be purchased by the Company pursuant to the approval in paragraph (a) above during the Relevant Period shall not exceed 10% of the aggregate nominal amount of the share capital of the Company in issue as at the date of this resolution and the said approval shall be limited accordingly; and
- (c) for the purposes of this resolution:–

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

- (i) the date of the next annual general meeting of the Company;
- (ii) the date on which the next annual general meeting of the Company is required to be held by law or the articles of association of the Company; and
- (iii) the date upon which such authority is revoked or varied by an ordinary resolution of the shareholders in a general meeting of the Company.”

6. To consider, and if thought fit, pass with or without amendments, the following resolution as an Ordinary Resolution of the Company:–

“THAT conditional upon resolution nos. 4 and 5 above being passed, the aggregate nominal amount of the number of shares in the capital of the Company which are repurchased by the Company under the authority granted to the directors of the Company as mentioned in resolution no. 5 above shall be added to the aggregate nominal amount of share capital that may be allotted or agreed conditionally or unconditionally to be allotted by the directors of the Company pursuant to resolution no. 4 above.”

SPECIAL RESOLUTION

7. To consider and, if thought fit, pass with or without amendments, the following resolution as a Special Resolution of the Company:

“THAT the articles of association (“Articles”) of the Company be and are hereby amended in the following manners:

NOTICE OF ANNUAL GENERAL MEETING

(a) **Article 2(1)**

- a. By adding the following new definition in the existing Article 2(1) after the definition of “Board” or “Directors”:

““business day” shall mean a day on which the Designated Stock Exchange generally is open for the business of dealing in securities in Hong Kong. For the avoidance of doubt, where the Designated Stock Exchange is closed for the business of dealing in securities in Hong Kong on a business day by reason of a Number 8 or higher typhoon signal, black rainstorm warning or other similar event, such day shall for the purposes of these Articles be counted as a business day.”

- b. By substituting the existing definition of “clearing house” with the following new definition in Article 2(1):

““clearing house” a clearing house recognised by the laws of the jurisdiction in which the shares of the Company are listed or quoted on a stock exchange in such jurisdiction.”

- c. By deleting the words “not less than fourteen (14) clear days” from the definition of “Ordinary resolution” in this Article and adding the words “in accordance with Article 59” immediately after “has been duly given”;

- d. By deleting the definition of “Special Resolution” in its entirety and substituting therefor with the following:

““Special Resolution” a resolution shall be a special resolution when it has been passed by a majority of not less than three-fourths of votes cast by such Members as, being entitled so to do, vote in person or, in the case of such Members as are corporations, by their respective duly authorised representative or, where proxies are allowed, by proxy at a general meeting of which Notice has been duly given in accordance with Article 59;

a special resolution shall be effective for any purpose for which an ordinary resolution is expressed to be required under any provision of these Articles or the Statutes.”

- e. By adding the following new definition after the definition of “Subsidiary and Holding Company”:

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““substantial
shareholder”

a person who is entitled to exercise, or to control the exercise of, 10% or more (or such other percentage as may be prescribed by the rules of the Designated Stock Exchange from time to time) of the voting power at any general meeting of the Company.”;

(b) Article 2(2)

By adding the following new provision as sub-paragraph (i) to this Article 2(2):

“(i) Section 8 of the Electronic Transactions Law (2003) of the Cayman Islands, as amended from time to time, shall not apply to these Articles to the extent it imposes obligations or requirements in addition to those set out in these Articles.”

(c) Article 3(3)

By deleting the existing Article 3(3) in its entirety and substituting therefore with the following:

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

(d) Article 8(1)

By deleting the following words “Company may by ordinary resolution determine or, if there has not been any such determination or so far as the same shall not make specific provision, as the” from the third-last line of this Article;

(e) Article 10

- (i) By adding the word “and” after the semi-colon in the last line of the existing Article 10(a).
- (ii) By deleting “; and” after the words “such share held by him” in the last line of Article 10(b) and inserting a full stop thereafter.
- (iii) By deleting the existing Article 10(c) in its entirety.

(f) Article 59(1)

By deleting the existing Article 59(1) in its entirety and substituting therefor the following:

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“59. (1) An annual general meeting shall be called by Notice of not less than twenty-one (21) clear days and not less than twenty (20) clear business days and any extraordinary general meeting at which the passing of a special resolution is to be considered shall be called by Notice of not less than twenty-one (21) clear days and not less than ten (10) clear business days. All other extraordinary general meetings may be called by Notice of not less than fourteen (14) clear days and not less than ten (10) clear business days but if permitted by the rules of the Designated Stock Exchange, a general meeting may be called by shorter notice, subject to the Law, if it is so agreed:

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

(g) Article 59(2)

By adding the words “and particulars of resolutions to be considered at the meeting” immediately after “The notice shall specify the time and place of the meeting”;

(h) Article 61(1)

- (i) By inserting the word “and” at the end of the existing Article 61(1)(d);
- (ii) By replacing the semi-colon at the end of the existing Article 61(1)(e) with a full-stop;
- (iii) By deleting the existing Article 61(1)(f) and Article 61(1)(g) in its entirety.

(i) Article 66

By deleting the existing Article 66 in its entirety and substituting therefor with the following:

“66. (1) Subject to any special rights or restrictions as to voting for the time being attached to any shares by or in accordance with these Articles, at any general meeting on a poll every Member present in person or by proxy or, in the case of a Member being a corporation, by its duly authorised representative shall have one vote for every fully paid share of which he is the holder but so that no amount paid up or credited as paid up on a share in advance of calls or instalments is treated for the foregoing purposes as paid up on the share. A resolution put to the vote of a meeting shall be decided by way of a poll save that the chairman of the meeting may in good faith, allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands in which case every Member present in person (or being a corporation, is present by a duly

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authorised representative), or by proxy(ies) shall have one vote provided that where more than one proxy is appointed by a Member which is a clearing house (or its nominee(s)), each such proxy shall have one vote on a show of hands. For purposes of this Article, procedural and administrative matters are those that (i) are not on the agenda of the general meeting or in any supplementary circular that may be issued by the Company to its Members; and (ii) relate to the chairman's duties to maintain the orderly conduct of the meeting and/or allow the business of the meeting to be properly and effectively dealt with, whilst allowing all Members a reasonable opportunity to express their views.

(2) Where a show of hands is allowed, before or on the declaration of the result of the show of hands, a poll may be demanded:

- (a) by at least three Members present in person or in the case of a Member being a corporation by its duly authorised representative or by proxy for the time being entitled to vote at the meeting; or
- (b) by a Member or Members present in person or in the case of a Member being a corporation by its duly authorised representative or by proxy and representing not less than one-tenth of the total voting rights of all Members having the right to vote at the meeting; or
- (c) by a Member or Members present in person or in the case of a Member being a corporation by its duly authorised representative or by proxy and holding shares in the Company conferring a right to vote at the meeting being shares on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid up on all shares conferring that right.

A demand by a person as proxy for a Member or in the case of a Member being a corporation by its duly authorised representative shall be deemed to be the same as a demand by the Member.”;

(j) Article 67

By deleting the existing Article 67 in its entirety and substituting therefor the words “intentionally deleted”;

(k) Article 68

By deleting the existing Article 68 in its entirety and substituting therefor the following:

“68. Where a resolution is voted on by a show of hands, a declaration by the chairman that a resolution has been carried, or carried unanimously, or by a particular majority, or not carried by a particular majority, or lost, and an entry to that effect made in the minute book of the Company, shall be conclusive evidence of the facts without proof of the number or proportion of the votes recorded for or against the resolution. The result of

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the poll shall be deemed to be the resolution of the meeting. The Company shall only be required to disclose the voting figures on a poll if such disclosure is required by the rules of the Designated Stock Exchange.”;

(l) Article 69

By deleting the existing Article 69 in its entirety and substituting therefor the words “intentionally deleted”;

(m) Article 70

By deleting the existing Article 70 in its entirety and substituting therefor the words “intentionally deleted”;

(n) Article 73

By deleting the words “whether on a show of hands or on a poll,” after the words “In the case of any equality of votes” in the 2nd line of the existing Article 73;

(o) Article 75(1)

By deleting the words “whether on a show of hands or on a poll,” after the words “persons incapable of managing their own affairs may vote,” in the 3rd line of the existing Article 75(1) and by deleting the words “or poll” after the words “not less than forty-eight (48) hours before the time appointed for holding the meeting, or adjourned meeting” in the last 2nd line of the existing Article 75(1);

(p) Article 80

By deleting the existing Article 80 in its entirety and substituting therefor with the following:

“80. The instrument appointing a proxy and (if required by the Board) the power of attorney or other authority (if any) under which it is signed, or a certified copy of such power or authority, shall be delivered to such place or one of such places (if any) as may be specified for that purpose in or by way of note to or in any document accompanying the notice convening the meeting (or, if no place is so specified at the Registration Office or the Office, as may be appropriate) not less than forty-eight (48) hours before the time appointed for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote. No instrument appointing a proxy shall be valid after the expiration of twelve (12) months from the date named in it as the date of its execution, except at an adjourned meeting in cases where the meeting was originally held within twelve (12) months from such date. Delivery of an instrument appointing a proxy shall not preclude a Member from attending and voting in person at the meeting convened and in such event, the instrument appointing a proxy shall be deemed to be revoked.”;

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(q) Article 84(2)

By deleting the existing Article 84(2) in its entirety and substituting therefor with the following:

“(2) If a clearing house (or its nominee(s)), being a corporation, is a Member, it may authorise such persons as it thinks fit to act as its representatives at any meeting of the Company or at any meeting of any class of Members provided that, if more than one person is so authorised, the authorisation shall specify the number and class of shares in respect of which each such representative is so authorised. Each person so authorised under the provisions of this Article shall be deemed to have been duly authorised without further evidence of the facts and be entitled to exercise the same rights and powers on behalf of the clearing house (or its nominee(s)) as if such person was the registered holder of the shares of the Company held by the clearing house (or its nominee(s)) including, where a show of hands is allowed, the right to vote individually on a show of hands.”;

(r) Article 86(1)

By deleting the words “and thereafter in accordance with Article 87 and shall hold office until their successors are elected or appointed” in the last sentence of the existing Article 86(1);

(s) Article 86(5)

By deleting the existing Article 86(5) in its entirety and substituting thereof the following:

“(5) Subject to any provision to the contrary in these Articles the Members may, at any general meeting convened and held in accordance with these Articles, by ordinary resolution remove a Director at any time before the expiration of his period of office notwithstanding anything in these Articles or in any agreement between the Company and such Director (but without prejudice to any claim for damages under any such agreement).”;

(t) Article 87(2)

By deleting the first sentence “A retiring Director shall be eligible for re-election.” in the existing article 87(2) and substituting thereof with a new sentence “A retiring Director shall be eligible for re-election and shall continue to act as a Director throughout the meeting at which he retires.” and deleting the words “Article 86(2) or ” appearing in the last sentence of the existing Article 87(2);

(u) Article 103

By deleting the existing Article 103 in its entirety and substituting thereof the following:

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“103. (1) A Director shall not vote (nor be counted in the quorum) on any resolution of the Board approving any contract or arrangement or any other proposal in which he or any of his associate(s) is/are materially interested, but this prohibition shall not apply to any of the following matters namely:

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

(2) If any question shall arise at any meeting of the Board as to the materiality of the interest of a Director (other than the chairman of the meeting) or his associate(s) or as to the entitlement of any Director (other than such chairman) to vote and such question is not resolved by his voluntarily agreeing to abstain from voting, such question shall be referred to the chairman of the meeting and his ruling in relation to such other Director shall be final and conclusive except in a case where the nature or extent of the interest of the Director and/or his associate(s) concerned as known to such Director has

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not been fairly disclosed to the Board. If any question as aforesaid shall arise in respect of the chairman of the meeting such question shall be decided by a resolution of the Board (for which purpose such chairman shall not vote thereon) and such resolution shall be final and conclusive except in a case where the nature or extent of the interest of such chairman as known to such chairman has not been fairly disclosed to the Board.”;

(v) **Article 122**

By adding the following sentence “Notwithstanding the foregoing, a resolution in writing shall not be passed in lieu of a meeting of the Board for the purposes of considering any matter or business in which a substantial shareholder of the Company or a Director has a conflict of interest and the Board has determined that such conflict of interest to be material.” immediately after the last sentence of this Article;

(w) **Article 152**

By inserting the words “at the same time as the notice of annual general meeting and” after the words “before the date of the general meeting and” in the 6th line of the existing Article 152; and

(x) **Article 161**

By deleting the existing Article 161 in its entirety and substituting therefor with the following:

“161. Any Notice or document (including any “corporate communication” within the meaning ascribed thereto under the rules of the Designated Stock Exchange), whether or not, to be given or issued under these Articles from the Company to a Member shall be in writing or by cable, telex or facsimile transmission message or other form of electronic transmission or communication and any such Notice and document may be served or delivered by the Company on or to any Member either personally or by sending it through the post in a prepaid envelope addressed to such Member at his registered address as appearing in the Register or at any other address supplied by him to the Company for the purpose or, as the case may be, by transmitting it to any such address or transmitting it to any telex or facsimile transmission number or electronic number or address or website supplied by him to the Company for the giving of Notice to him or which the person transmitting the notice reasonably and bona fide believes at the relevant time will result in the Notice being duly received by the Member or may also be served by advertisement in appropriate newspapers in accordance with the requirements of the Designated Stock Exchange or, to the extent permitted by the applicable laws, by placing it on the Company’s website or the website of the Designated Stock Exchange, and giving to the member a notice stating that the notice or other document is available there (a “notice of availability”). The notice of availability may be given to the Member by any of the means set out above. In the case of joint

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holders of a share all notices shall be given to that one of the joint holders whose name stands first in the Register and notice so given shall be deemed a sufficient service on or delivery to all the joint holders.””

By Order of the Board
Lau Wai Hung
Company Secretary

Hong Kong, 12 July 2012

Registered office:

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

Principal place of business in Hong Kong:

3rd Floor, Victory Industrial Building
Nos. 151-157 Wo Yi Hop Road
Kwai Chung
New Territories
Hong Kong

Notes:

1. A member entitled to attend and vote at the annual general meeting convened by the above notice is entitled to appoint one or more proxy to attend and, subject to the provisions of the articles of association of the Company, to vote on his behalf. A proxy need not be a member of the Company but must be present in person at the annual general 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 and the power of attorney (if any), under which it is signed or a certified copy thereof, must be lodged, at the offices of the Company's Hong Kong branch share registrars, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong not less than 48 hours before the time for holding the meeting or adjourned meeting.
3. Completion and return of a form of proxy will not preclude members of the Company from attending and voting in person at the annual general meeting or any adjournment thereof should they so wish and in such event, the form of proxy shall be deemed to be revoked.
4. Where there are joint registered holders of any Shares, any one of such persons may vote at the annual general meeting, either personally or by proxy, in respect of such Shares as if he were solely entitled thereto; but if more than one of such joint holders be present at the annual general meeting personally or by proxy, that one of the said person as present whose name stands first on the register in respect of such Share shall alone be entitled to vote in respect thereof.
5. The Register of Members of the Company will be closed from 6 September 2012 to 10 September 2012, both days inclusive, during which period no transfer of shares will be effected. In order to qualify for attending the forthcoming Annual General Meeting, all transfers accompanied by the relevant share certificates must be lodged with the Company's Hong Kong branch share registrar, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on 5 September 2012.