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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 or registered institution in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in CHINA HAIDIAN HOLDINGS LIMITED, you should at once hand this circular and the accompanying form of proxy to the purchaser or transferee or to the licensed securities dealer or registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

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**CHINA HAIDIAN HOLDINGS LIMITED**

**中國海澱集團有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 256)**

**PROPOSALS FOR GENERAL MANDATES  
TO ISSUE SHARES AND TO REPURCHASE SHARES,  
RE-ELECTION OF DIRECTORS,  
CHANGE OF COMPANY NAME  
AND  
NOTICE OF ANNUAL GENERAL MEETING**

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A notice convening the annual general meeting of China Haidian Holdings Limited (the "Company") to be held at Tang Room I, Third Floor, Sheraton Hong Kong Hotel & Towers, 20 Nathan Road, Kowloon, Hong Kong on Monday, 28 May 2012 at 11:00 a.m. is set out on pages 7 to 11 of this circular.

Whether or not you propose to attend the Annual General 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 share registrar, Tricor Secretaries Limited at 26/F., Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong as soon as possible and in any event not later than 48 hours before the time appointed for the holding of the Annual General Meeting (or adjourned meeting as the case may be). Completion and delivery of the form of proxy will not preclude you from attending and voting in person at the Annual General Meeting, if you so wish.

Hong Kong, 30 April 2012

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## DEFINITIONS

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

|                                 |   |
|---------------------------------|---|
| “Annual General Meeting”        | the annual general meeting of the Company to be held on Monday, 28 May 2012 at 11:00 a.m., notice of which is set out on pages 7 to 11 of this circular   |
| “Articles of Association”       | the articles of association of the Company  |
| “Board”                         | the board of directors  |
| “Companies Law”                 | the Companies Law of the Cayman Islands for the time being in force   |
| “Companies Ordinance”           | the Companies Ordinance, Chapter 32 of the Laws of Hong Kong  |
| “Company”                       | China Haidian Holdings Limited 中國海澱集團有限公司, a company incorporated in the Cayman Islands with limited liability whose shares are listed on the Stock Exchange  |
| “Directors”                     | directors of the Company  |
| “Group”                         | the Company and its subsidiaries  |
| “HK\$”                          | Hong Kong dollar, the lawful currency of Hong Kong  |
| “Hong Kong”                     | the Hong Kong Special Administrative Region of the People’s Republic of China   |
| “Latest Practicable Date”       | 24 April 2012, being the latest practicable date prior to the printing of this circular   |
| “Listing Rules”                 | the Rules Governing the Listing of Securities on the Stock Exchange   |
| Proposed Change of Company Name | the proposed change of the English name of the Company from “China Haidian Holdings Limited” to “Citychamp Watch & Jewellery Group Limited” and the Chinese name of the Company from “中國海澱集團有限公司” to “冠城鐘錶珠寶集團有限公司” |

## DEFINITIONS

|                         |   |
|-------------------------|---|
| “Repurchase Mandate”    | a general mandate to the Directors to exercise the powers of the Company to repurchase Shares during the period as set out in the Repurchase Resolution up to a maximum of 10% of the issued share capital of the Company as at the date of passing the Repurchase Resolution |
| “Repurchase Resolution” | the proposed ordinary resolution as referred to in resolution No.6 in the notice of the Annual General Meeting  |
| “Share(s)”              | share(s) of HK\$0.10 each in the share capital of the Company   |
| “Shareholder(s)”        | the holder(s) of Shares   |
| “Stock Exchange”        | The Stock Exchange of Hong Kong Limited   |
| “Takeovers Code”        | the Hong Kong Code on Takeovers and Mergers   |
| “%”                     | per cent.   |



**CHINA HAIDIAN HOLDINGS LIMITED**

**中國海澱集團有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 256)**

**Executive Directors:**

Hon Kwok Lung (*Chairman*)  
Shang Jianguang (*Chief Executive Officer*)  
Shi Tao  
Lam Toi Man  
Bi Bo  
Sit Lai Hei

**Registered Office:**

P.O. Box 309  
Ugland House  
South Church Street  
Grand Cayman  
Cayman Islands

**Independent Non-executive Directors:**

Fung Tze Wa  
Kwong Chun Wai, Michael  
Li Qiang

**Principal Place of Business:**

Units 1902-04, Level 19  
International Commerce Centre  
1 Austin Road West  
Kowloon  
Hong Kong

Hong Kong, 30 April 2012

*To the Shareholders,*

Dear Sir or Madam,

**PROPOSALS FOR GENERAL MANDATES  
TO ISSUE SHARES AND TO REPURCHASE SHARES,  
RE-ELECTION OF DIRECTORS,  
CHANGE OF COMPANY NAME  
AND  
NOTICE OF ANNUAL GENERAL MEETING**

**1. INTRODUCTION**

The purpose of this circular is to notify shareholders of the Company the convening of the Annual General Meeting and to provide you with information in connection with the proposals to: (i) grant the general mandates to issue Shares and to repurchase Shares; (ii) re-elect the retiring Directors; and (iii) change the company name.

## LETTER FROM THE BOARD

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

At the annual general meeting of the Company held on 27 May 2011, approval was given by the Shareholders for the granting of, inter alia, the general mandates to the Directors (i) to allot, issue and otherwise deal with Shares not exceeding 20% of the aggregate nominal amount of the issued share capital of the Company as at 27 May 2011; and (ii) to repurchase Shares on the Stock Exchange up to 10% of the aggregate nominal amount of the issued share capital of the Company as at 27 May 2011. In accordance with the terms of the approval, these general mandates will shortly expire on 28 May 2012 upon the conclusion of the Annual General Meeting. To keep in line with the current corporate practice the grant of fresh general mandates for the same purpose is being sought from the Shareholders and the ordinary resolutions to grant these mandates to the Directors will be proposed at the Annual General Meeting.

Based on the 4,173,257,289 Shares in issue as at the Latest Practicable Date (and assuming that there is no change in respect of the issued share capital of the Company after the Latest Practicable Date and up to the passing of the Repurchase Resolution), the Company will therefore be allowed under the mandate to issue a maximum of 834,651,457 Share.

The Explanatory Statement required by the Listing Rules to be sent to the Shareholders in connection with the proposed share repurchased resolution is set out in Appendix I to this circular.

Conditional upon the passing of the Resolutions No. 5 and No. 6, an ordinary resolution to authorise the Directors to exercise the powers to allot, issue and dispose of additional Shares of the Company under the general mandate to issue shares in respect of the aggregate nominal amount of the share capital in the Company repurchased by the Company will also be proposed for approval by the Shareholders at the Annual General Meeting.

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

In accordance with Article 116 of the Articles of Association, Mr. Fung Tze Wa, Dr. Kwong Chun Wai, Michael and Mr. Li Qiang will retire by rotation at the Annual General Meeting and, being eligible, offer themselves for re-election.

Details of the retiring Directors who are proposed to be re-elected at the Annual General Meeting are set out in Appendix II hereto.

## LETTER FROM THE BOARD

### 4. CHANGE OF NAME OF THE COMPANY

#### 4.1 Proposed Change of Company Name

The Board proposes to change the English name of the Company from “China Haidian Holdings Limited” to “Citychamp Watch & Jewellery Group Limited” and the Chinese name of the Company from “中國海澱集團有限公司” to “冠城鐘錶珠寶集團有限公司”.

#### 4.2 Conditions

The Proposed Change of Company Name is subject to the following:

- (a) the passing of a special resolution by the Shareholders approving the Proposed Change of Company Name at the Annual General Meeting; and
- (b) the Registrar of Companies in the Cayman Islands approving the Proposed Change of Company Name.

The relevant filing with the Registrar of Companies in the Cayman Islands will be made after the passing of the Special Resolution at the Annual General Meeting.

The Proposed Change of Company Name will take effect from the date on which the new names of the Company are entered in the register by the Registrar of Companies in the Cayman Islands. Thereafter, the Company will carry out any necessary filing procedures with the Registrar of Companies in Hong Kong as required under the applicable laws, rules and regulations of Hong Kong.

#### 4.3 Reasons for the Proposed Change of Company Name

As the Company proposes to focus the Group’s core activity on watch and jewellery business, the Board considers that the Proposed Change of Company Name can more accurately reflect the principal activities of the Group and provide the Company with a fresh new corporate image and identity.

The Board is of the opinion that the Proposed Change of Company Name will clearly benefit the Company’s future business development and is in the best interests of the Company and the Shareholders as a whole.

#### 4.4 Effects on the Proposed Change of Company Name

The Proposed Change of Company Name will not affect any rights of the holders of securities of the Company or the Company’s daily business operation and its financial position.

## LETTER FROM THE BOARD

All existing certificates of securities in issue bearing the present names of the Company shall, after the Proposed Change of Company Name becoming effective, continue to be evidence of title to such securities and the existing share certificates will continue to be valid for trading, settlement, registration and delivery purposes. There will not be any arrangement for exchange of the existing share certificates for new share certificates bearing the new names of the Company. Once the Proposed Change of Company Name becomes effective, new share certificates will be issued only in the new names of the Company.

The Company will make further announcements as and when appropriate on the results of the Annual General Meeting, the effective dates of the Proposed Change of Company Name and the new stock short name of the Shares.

### 5. ANNUAL GENERAL MEETING

The notice convening the Annual General Meeting is set out on page 7 to 11 of this circular. At the Annual General Meeting, resolutions will be proposed to approve, inter alia, the general mandates to issue Shares and to repurchase Shares, the re-election of retiring Directors and change of company name.

Pursuant to the Listing Rules, the vote of Shareholders at the Annual General Meeting will be taken by poll. Results of the poll voting will be published on the Company's website at [www.irasia.com/listco/hk/chinahaidian](http://www.irasia.com/listco/hk/chinahaidian) and the website of Hong Kong Exchanges and Clearing Limited at [www.hkexnews.hk](http://www.hkexnews.hk) after the Annual General Meeting.

A form of proxy for use at the Annual General Meeting is enclosed. Whether or not you intend to attend the Annual General Meeting, you are requested to complete the form of proxy and return it to the Company's share registrar, Tricor Secretaries Limited at 26/F., Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong not later than 48 hours before the time appointed for holding the Annual General Meeting or any adjournment thereof. Completion and return of the form of proxy shall not preclude Shareholders from attending and voting in person at the Annual General Meeting if they so wish.

### 6. RECOMMENDATION

The Directors believe that the general mandates to issue Shares and to repurchase Shares, re-elect the retiring Directors and change the company name to be put forward at the Annual General Meeting are all in the best interests of the Company and its Shareholders. Accordingly, the Directors recommend that all Shareholders should vote in favour of such resolutions to be proposed at the Annual General Meeting.

By Order of the Board  
**China Haidian Holdings Limited**  
**HON KWOK LUNG**  
*Chairman*



# NOTICE OF ANNUAL GENERAL MEETING



## CHINA HAIDIAN HOLDINGS LIMITED

中國海澱集團有限公司

*(Incorporated in the Cayman Islands with limited liability)*

(Stock Code: 256)

**NOTICE IS HEREBY GIVEN** that the annual general meeting of the Company will be held at Tang Room I, Third Floor, Sheraton Hong Kong Hotel & Towers, 20 Nathan Road, Kowloon, Hong Kong on Monday, 28 May 2012 at 11:00 a.m. for the following purposes:

1. To receive and adopt the audited consolidated financial statements and the report of the directors and the independent auditor's report for the year ended 31 December 2011.
2. To approve and declare the payment of a final dividend of HK4.5 cents per share for the year ended 31 December 2011.
3. To re-elect retiring directors and to authorize the Board to fix the remuneration of directors.
4. To re-appoint BDO Limited as the auditor of the Company and to authorize the Board to fix their remuneration.
5. As special business, to consider and, if thought fit, pass the following resolution as an ordinary resolution of the Company:

**"THAT:**

- (a) subject to paragraph (c) below, the exercise by the Directors of the Company during the Relevant Period (as hereinafter defined) of all the powers of the Company to allot, issue and deal with additional shares of HK\$0.10 each in the capital of the Company and to make or grant offers, agreements and options (including bonds, warrants and debentures convertible into shares of the Company) which would or might require the exercise of such power be and is hereby generally and unconditionally approved;
- (b) the approval in paragraph (a) above shall authorise the Directors of the Company during the Relevant Period (as hereinafter defined) to make or grant offers, agreements and options (including bonds, warrants and debentures convertible into shares of the Company) which would or might require the exercise of such power after the end of the Relevant Period;

## NOTICE OF ANNUAL GENERAL MEETING

- (c) the aggregate nominal amount of share capital allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to an option or otherwise) and issued by the Directors of the Company pursuant to the approval in paragraph (a) above, otherwise than (i) a Rights Issue (as defined below); (ii) an issue of shares as scrip dividends pursuant to the articles of association of the Company from time to time; or (iii) an issue of shares under any option scheme or similar arrangement for the time being adopted for grant or issue of shares or rights to acquire shares in the capital of the Company, shall not exceed 20% of the aggregate nominal amount of the issued share capital of the Company as at the date of passing this Resolution, and the said approval shall be limited accordingly; and
- (d) for the purpose of this Resolution,

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

- (i) the conclusion of the next annual general meeting of the Company;
- (ii) the expiration of the period within which the next annual general meeting of the Company is required by law or the articles of association of the Company to be held; and
- (iii) the date on which the authority set out in this Resolution is revoked or varied by an ordinary resolution of the shareholders of the Company in general meeting; and

“Rights Issue” means an offer of shares of the Company open for a period fixed by the Directors of the Company to the holders of shares of the Company on the register of members of the Company on a fixed record date in proportion to their then holdings of such shares as at that date (subject to such exclusions 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 laws of, or the requirements of any recognised regulatory body or any stock exchange in, any territory outside Hong Kong applicable to the Company).”

## NOTICE OF ANNUAL GENERAL MEETING

6. As special business, to consider and, if thought fit, pass the following resolution as an ordinary resolution of the Company:

**“THAT:**

- (a) subject to paragraph (b) below, the exercise by the Directors of the Company during the Relevant Period (as hereinafter defined) of all the powers of the Company to repurchase shares of HK\$0.10 each in the capital of the Company on The Stock Exchange of Hong Kong Limited (“the Stock Exchange”) or on any other stock exchange on which the securities of the Company may be listed and recognised by the Securities and Futures Commission of Hong Kong and the Stock Exchange for this purpose, subject to and in accordance with all applicable laws and the requirements of the Rules Governing the Listing of Securities on the Stock Exchange or of any other stock exchange as amended from time to time, be and is hereby generally and unconditionally approved;
- (b) the aggregate nominal amount of shares of the Company which the Directors of the Company is authorised to repurchase pursuant to the approval in paragraph (a) above shall not exceed 10% of the aggregate nominal amount of the issued share capital of the Company as at the date of passing 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 conclusion of the next annual general meeting of the Company;
  - (ii) the expiration of the period within which the next annual general meeting of the Company is required by law or the articles of association of the Company to be held; and
  - (iii) the date on which the authority set out in this Resolution is revoked or varied by an ordinary resolution of the shareholders of the Company in general meeting.”

## NOTICE OF ANNUAL GENERAL MEETING

7. As special business, to consider and, if thought fit, pass the following resolution as an ordinary resolution of the Company:

“**THAT** subject to the passing of Resolutions No.5 and No.6 set out in the notice convening this meeting, the general mandate granted to the Directors of the Company to allot, issue and deal with additional shares pursuant to Resolution No.5 set out in the notice convening this meeting be and is hereby extended by the addition thereto of an amount representing the aggregate nominal amount of shares in the capital of the Company repurchased by the Company under the authority granted pursuant to Resolution No.6 set out in the notice convening this meeting, provided that such amount of shares so repurchased shall not exceed 10% of the aggregate nominal amount of the issued share capital of the Company as at the date of passing the said Resolution.”

8. As special business, to consider and, if thought fit, pass the following resolution as a special resolution of the Company:

“**THAT** the English name of the Company be and is hereby changed from “China Haidian Holdings Limited” to “Citychamp Watch & Jewellery Group Limited” and the Chinese name of the Company from “中國海澱集團有限公司” to “冠城鐘錶珠寶集團有限公司” with effect from the date of entry of the new names of the Company on the register maintained by the Registrar of Companies in the Cayman Islands, and that the directors of the Company be and are hereby authorised to do all such acts, deeds and things and execute all documents they consider necessary or expedient to give effect to the aforesaid change of the English name and the Chinese name of the Company.”

By Order of the Board  
**China Haidian Holdings Limited**  
**FONG CHI WAH**  
*Company Secretary*

Hong Kong, 30 April 2012

## NOTICE OF ANNUAL GENERAL MEETING

*Notes:*

1. Any member of the Company entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and, on a poll, vote instead of such member. A proxy need not be a member of the Company.
2. In order to be valid, the form of proxy together with the power of attorney or other authority (if any) under which it is signed or a notarially certified copy thereof must be deposited with Tricor Secretaries Limited, 26/F, Tesbury Centre, 28 Queen's Road East, Hong Kong, not later than 48 hours before the time appointed for holding the meeting (or adjourned meeting as the case may be).
3. In order to ensure that the shareholders are entitled to attend and vote at the Annual General Meeting, the shareholders must deliver their duly stamped instruments of transfer, accompanied by the relevant share certificates, to the Company's share registrars in Hong Kong, Tricor Secretaries Limited, at 26/F, Tesbury Centre, 28 Queen's Road East, Hong Kong by no later than 4:30 p.m. on Friday, 25 May 2012 for registration of the relevant transfer.
4. The Board has recommended the payment of a final dividend of HK4.5 cents per share for the year ended 31 December 2011 to shareholders whose names appear on the register of members of the Company on Thursday, 5 July 2012 subject to the approval of the shareholders of the Company at the Annual General Meeting. For determining the entitlement to the proposed final dividend, the register of members of the Company will be closed from Tuesday, 3 July 2012 to Thursday, 5 July 2012, both dates inclusive, during which period no transfer of shares will be registered. In order to qualify for the proposed final dividend, all transfers of shares, accompanied by the relevant share certificates, must be lodged with the Company's share registrars in Hong Kong, Tricor Secretaries Limited, at 26/F, Tesbury Centre, 28 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on Friday, 29 June 2012.
5. A circular containing the information regarding, inter alia, the directors proposed to be re-elected, the general mandates to issue shares and to repurchase shares of the Company, and the proposed change of company name will be sent to members of the Company.

This Appendix serves as an explanatory statement required to be sent to Shareholders under the Listing Rules in connection with the proposed Repurchase Mandate and also constitutes the memorandum required under section 49BA of the Companies Ordinance.

### **1. SHARE CAPITAL**

As at the Latest Practicable Date, the issued share capital of the Company comprised 4,173,257,289 Shares.

Subject to the passing of the Repurchase Resolution and on the basis that no further Shares are issued or repurchased prior to the Annual General Meeting, the Company would be allowed under the Repurchase Resolution to repurchase a maximum of 417,325,728 Shares (representing 10% of the issued share capital of the Company as at the date of passing the Repurchase Resolution).

### **2. SHAREHOLDERS' APPROVAL**

The Listing Rules provide that all proposed repurchases of securities by a company with a primary listing on the Stock Exchange must be approved in advance by an ordinary resolution, either by way of a general mandate or by a specific approval of a particular transaction.

Such authority may only continue in force during the period from the passing of the resolution until whichever is the earlier of: (i) the conclusion of the next annual general meeting of the company, (ii) the expiration of the period within which the next annual general meeting of the company is required by law to be held, or (iii) the passing of an ordinary resolution by shareholders in general meeting of the company revoking or varying such mandate.

### **3. REASONS FOR REPURCHASES**

The Director believe that it is in the best interests of the Company and the Shareholders to seek a general authority from Shareholders to enable the Directors to repurchase the Shares on the market.

Repurchases of Shares will only be made when the Directors believe that such a repurchase will benefit the Company and its Shareholders. Such repurchases may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the value of the net assets and/or earnings and/or dividend per share.

### **4. FUNDING OF REPURCHASES**

Repurchases must be funded out of the funds legally available for the purpose in accordance with the Company's constitutive documents, including memorandum and articles of association, and the applicable laws of the Cayman Islands, being profits available for distribution and the proceeds of a fresh issue of shares made for the purpose of the repurchases. It is envisaged that the funds required for any repurchase would be derived from profits available for distribution.

The Directors do not propose to exercise the Repurchase Mandate to such an extent as would, in the circumstances, have a material adverse effect on the working capital requirements of the Company or the gearing levels which in the opinion of the Directors are from time to time appropriate for the Company. However, there might be an adverse impact on the working capital or gearing position of the Company (as compared with the position disclosed in the audited financial statements as at 31 December 2011) in the event that the Repurchase Mandate was exercised in full.

## 5. SHARE PRICES

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

| Month                                 | Share Prices (per share) |                       |
|---------------------------------------|--------------------------|-----------------------|
|                                       | Highest<br><i>HK\$</i>   | Lowest<br><i>HK\$</i> |
| <b>2011</b>                           |                          |                       |
| April                                 | 1.120                    | 0.970                 |
| May                                   | 1.120                    | 0.940                 |
| June                                  | 1.060                    | 0.960                 |
| July                                  | 1.080                    | 0.980                 |
| August                                | 1.100                    | 0.840                 |
| September                             | 0.900                    | 0.620                 |
| October                               | 0.850                    | 0.590                 |
| November                              | 0.860                    | 0.680                 |
| December                              | 0.840                    | 0.740                 |
| <b>2012</b>                           |                          |                       |
| January                               | 0.840                    | 0.730                 |
| February                              | 0.830                    | 0.740                 |
| March                                 | 1.060                    | 0.710                 |
| April (up to Latest Practicable Date) | 1.060                    | 0.900                 |

## 6. TAKEOVERS CODE

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 of voting rights for the purposes of the Takeovers Code. Accordingly, a Shareholder or a group of Shareholders acting in concert (within the meaning under the Takeovers Code), depending on the level of increase in the Shareholders' interest, could obtain or consolidate control of the Company and thereby become obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code.

As at the Latest Practicable Date, the register maintained by the Company pursuant to section 336 of Part XV of the Securities and Futures Ordinance shows the following interests in Shares being 5% or more of the issued share capital of the Company:

|   | <i>Notes</i> | <b>No. of Shares</b> | <b>Percentage of existing issued capital</b> | <b>Percentage of issued capital if Repurchase Proposal is exercised in full</b> |
|---|--------------|----------------------|--|---|
| Sincere View International Limited      | (1)          | 884,769,515          | 21.20%                                       | 23.56%  |
| Full Day Limited                        | (2)          | 1,750,000,000        | 41.93%                                       | 46.59%  |
| Hon Kwok Lung                           | (3)          | 2,639,643,515        | 63.25%                                       | 70.28%  |
| Lam Suk Ying                            | (3)          | 2,639,643,515        | 63.25%                                       | 70.28%  |
| Keywise Capital Management (HK) Limited |              | 466,966,000          | 11.19%                                       | 12.43%  |
| Zhang Qing                              | (4)          | 80,000,000           | 1.92%  | 2.13%   |

*Note:*

- (1) Mr. Hon Kwok Lung holds 80% and his wife, Ms. Lam Suk Ying holds 20% interests in Sincere View International Limited ("Sincere View"), which is a substantial shareholder of the Company holding 884,769,515 shares of the Company.
- (2) Mr. Hon Kwok Lung holds 100% interests in Full Day Limited ("Full Day"), which is a substantial shareholder of the Company holding 1,750,000,000 shares of the Company.
- (3) Mr. Hon Kwok Lung and Ms. Lam Suk Ying are deemed to have an interest in the same parcel of 2,639,643,515 shares (2,634,769,515 held by Sincere View and Full Day, 3,500,000 shares held by Mr. Hon Kwok Lung himself and 1,374,000 shares held by Ms. Lam Suk Ying herself).
- (4) Mr. Zhang Qing holds 80,000,000 shares of the Company and 160,000,000 optional subscription shares ("Optional Subscription Share") based on the DI form filed by Mr. Zhang Qing on 2 September 2011. Assuming that the Optional Subscription Shares are exercised in full, Mr. Zhang Qing's holding will represent, approximately 5.75% of the issued share capital of the Company as at the Latest Practical Date and approximately 5.54% of the issued share capital of the Company as enlarged by the allotment and issue of the Optional Subscription Shares.

Based on the above shareholding and in the event the Directors exercised in full the power to repurchase Shares pursuant to the Repurchase Mandate, the shareholding of Mr. Hon Kwok Lung and parties acting in concert with him will increase from approximately 63.25% to approximately 70.28% and such increase will not give rise to an obligation to make a general offer under Rule 26 of the Takeovers Code.

Save as aforesaid, the Board is not aware of any consequences which would arise under the Takeover Code as a result of an exercise of the Repurchase Mandate.



**7. GENERAL**

None of the Directors or, to the best of their knowledge, having made all reasonable enquiries, any of their associates, have any present intention, if the Repurchase Mandate is exercised, to sell any Shares to the Company or its subsidiaries.

No connected person (as defined in the Listing Rules) of the Company has notified the Company that he/she/it has a present intention to sell any Share to the Company, or that he/she/it has undertaken not to do so in the event that the Repurchase Resolution is approved by the Shareholders.

The Directors have undertaken to the Stock Exchange that they will exercise the power of the Company to make repurchases pursuant to the Repurchase Mandate only in accordance with the Listing Rules, the Memorandum of Association, the Articles of Association and the laws of the Cayman Islands.

**8. SHARES REPURCHASE MADE BY THE COMPANY**

The Company has not repurchased any Share (whether on the Stock Exchange or otherwise) in the six months preceding the Last Practicable Date.

**Mr. Fung Tze Wa**

Mr. Fung, aged 55, has been appointed as an Independent Non-executive Director of the Company since 8th April, 2004 and is currently members of the audit committee, remuneration committee and nomination committee of the Company. He is a Certified Public Accountant and a Director of an accounting firm in Hong Kong. Mr. Fung has various years of experience in auditing, taxation and company secretarial practice in Hong Kong. He obtained a Master degree in professional accounting from the Hong Kong Polytechnic University in 2000. He is a member of the Hong Kong Institute of Certified Public Accountants, the Chartered Association of Certified Accountants, the Taxation Institute of Hong Kong and the Society of Chinese Accountants and Auditors. Mr. Fung has also been appointed as the independent non-executive director of New Capital International Investment Limited since April 2004 and of Jiwa Bio-Pharm Holdings Limited since September 2004, both companies' shares are listed on the Stock Exchange.

Mr. Fung has entered into a service agreement with the Company for a term of 2 years commencing from 3rd May, 2004 and shall continue thereafter for successive terms of one year commencing from the date next after the expiry of the then current term. Under the terms of the service agreement, Mr. Fung is entitled to a director's fee of HK\$200,000 per annum which is determined with reference to the estimated time to be spent by him on the Company's matters. As at the Latest Practicable Date, Mr. Fung is, for the purposes of Part XV of the SFO, interested in 3,500,000 shares, representing approximately 0.08% of the issued share capital of the Company. These shares represent 2,100,000 shares held by himself and the outstanding share options of 1,400,000 shares pursuant to options granted to him on 9 December 2008 under the Share Option Scheme. Save as disclosed above, he did not have any interests in the securities of the Company within the meaning of Part XV of the SFO, nor did he have any relationship with any Directors, senior management or substantial or controlling shareholders of the Company as at the Latest Practicable Date.

Save as disclosed above, Mr. Fung does not have any other positions in the Company and other members of the Company's group nor have other directorships held in listed public companies in the last three years and other major appointments and qualifications. Besides, there is no other information required to be disclosed under Rules 13.51(2) of the Listing Rules and any other matters that need to be brought to the attention of the shareholders of the Company.

**Dr. Kwong Chun Wai, Michael**

Dr. Kwong Chun Wai, Michael, aged 47, has been appointed as an Independent Non-executive Director of the Company since 8th April, 2004 and is currently members of the audit committee, remuneration committee and nomination committee of the Company. He is a fellow of the International Institute of Management, a member of the Hong Kong Institute of Marketing, a member of the Hong Kong Logistics Association, a certified professional marketer of the Hong Kong Institute of Marketing and a business strategist specialising in the area of marketing and business administration. Dr. Kwong obtained a Bachelor of arts degree with honours in philosophy from the University of Nottingham in the United Kingdom in 1987 and a Doctorate degree in business administration from Newport University in the United States in 2001. Dr. Kwong has also been appointed as an independent non-executive director of New Capital International Investment Limited, a company whose shares are listed on the Stock Exchange, since November 2006.

Dr. Kwong has entered into a service agreement with the Company for a term of 2 years commencing from 3rd May, 2004 and shall continue thereafter for successive terms of one year commencing from the date next after the expiry of the then current term. Under the terms of the service agreement, Dr. Kwong is entitled to a director's fee of HK\$150,000 per annum which is determined with reference to the estimated time to be spent by him on the Company's matters. As at the Latest Practicable Date, Dr. Kwong is, for the purposes of Part XV of the SFO, interested in 2,264,000 shares, representing approximately 0.05% of the issued share capital of the Company. These shares represent 1,039,000 shares held by himself and the outstanding share options of 1,225,000 shares pursuant to options granted to him on 9 December 2008 under the Share Option Scheme. Save as disclosed above, he did not have any interests in the securities of the Company within the meaning of Part XV of the SFO, nor did he have any relationship with any Directors, senior management or substantial or controlling shareholders of the Company as at the Latest Practicable Date.

Save as disclosed above, Dr. Kwong does not have any other positions in the Company and other members of the Company's group nor have other directorships held in listed public companies in the last three years and other major appointments and qualifications. Besides, there is no other information required to be disclosed under Rules 13.51(2) of the Listing Rules and any other matters that need to be brought to the attention of the shareholders of the Company.

**Mr. Li Qiang**

Mr. Li, aged 46, has been appointed as an Independent Non-executive Director of the Company since 18 November 2004 and is currently members of the audit committee, remuneration committee and nomination committee of the Company. He holds a PhD of Economics degree and a Master of Science degree. Since March 2004, he is a senior consultant of Insurance Fund Management Regulatory Department of China Insurance Regulatory Commission. Mr. Li has over 18 years of experience in the Mainland China financial market — banking, securities and fund management.

There is no service agreement entered into between Mr. Li and the Company. Mr. Li was appointed for the period from 18 November 2006 to 17 November 2007 at the board meeting of the Company held on 25 August 2006. Mr. Li will receive a director's fee of HK\$150,000 per annum which is determined by reference to the estimated time to be spent by him on the Company's matters. As at the Latest Practicable Date, Mr. Li is, for the purposes of Part XV of the SFO, interested in 3,500,000 shares, representing approximately 0.08% of the issued share capital of the Company. These shares represent the underlying interest in shares of the Company pursuant to options granted to him on 9 December 2008 under the Share Option Scheme. Save as disclosed above, he did not have any interests in the securities of the Company within the meaning of Part XV of the SFO, nor did he have any relationship with any Directors, senior management or substantial or controlling shareholders of the Company as at the Latest Practicable Date.

Save as disclosed above, Mr. Li neither have any positions held with the Company and other members of the Company's group nor have other directorships held in listed public companies in the last three years and other major appointments and qualifications. Pursuant to the section 13.51(2) of the Listing Rules, there are no other matters with respect to the above that need to be brought to the attention of the shareholders of the Company.