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

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**If you are in doubt** as to any aspect of this circular, as to the action to be taken, you should consult your licensed securities dealers 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 National Agricultural Holdings Limited, you should at once hand this circular, together with the form of proxy to the purchaser or the transferee to the bank, stockbroker or other agent through whom the sale was effected for transmission to the purchaser.

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**National Agricultural Holdings Limited**

**國農控股有限公司**

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

**(Stock code: 1236)**

**PROPOSED GENERAL MANDATES  
TO ISSUE NEW SHARES AND REPURCHASE SHARES,  
PROPOSED RE-ELECTION OF DIRECTORS,  
ADOPTION OF SHARE OPTION SCHEME  
AND  
NOTICE OF ANNUAL GENERAL MEETING**

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A notice convening the annual general meeting of National Agricultural Holdings Limited to be held at Suites 1604-5, Prudential Tower, Harbour City, 21 Canton Road, Tsimshatsui, Kowloon, Hong Kong on Thursday, 12 June 2014 at 10:00 a.m. is set out on pages 40 to 44 of this document.

Whether or not you are able to attend such meeting, please complete and return the accompanying form of proxy in accordance with the instructions printed thereon to the registered office of National Agricultural Holdings Limited's Hong Kong branch share registrar, Computershare Hong Kong Investor Services Limited at Rooms 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 48 hours before the time appointed for holding the meeting or at any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting at the meeting should you so wish.

13 May 2014

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## DEFINITIONS

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

“Annual General Meeting” or “AGM”	the annual general meeting of the Company to be held at Suites 1604-5, Prudential Tower, Harbour City, 21 Canton Road, Tsimshatsui, Kowloon, Hong Kong, on Thursday, 12 June 2014 at 10:00 a.m., notice of which is set out on pages 40 to 44 of this document
“Annual Report”	the annual report of the Company for the year ended 31 December 2013
“Articles of Association”	the articles of association of the Company
“associate(s)”	shall have the meaning ascribed to it under the Listing Rules
“Board”	board of Directors
“Company”	National Agricultural Holdings Limited, a company incorporated in the Cayman Islands with limited liability and listed on Stock Exchange
“Directors”	directors of the Company
“Eligible Participant(s)”	(i) any director, employee, consultant, professional, customer, supplier, agent, partner, adviser of or contractor to the Group or a company in which the Group holds an interest or a subsidiary of such company (“ <b>Affiliate</b> ”); or (ii) the trustee of any trust the beneficiary of which or any discretionary trust the discretionary objects of which include any director, employee, consultant, professional, customer, supplier, agent, partner or adviser of or contractor to the Group or an Affiliate; or (iii) a company beneficially owned by any director, employee, consultant, professional, customer, supplier, agent, partner, adviser of or contractor to the Group or an Affiliate.
“Group”	the Company and its subsidiaries from time to time
“Hong Kong”	the Hong Kong Special Administrative Region of PRC
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Listing Rules”	the Rules Governing the Listing of Securities on Stock Exchange
“Latest Practicable Date”	8 May 2014, being the latest practicable date prior to the printing of this document

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## DEFINITIONS

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“Model Code”	Model Code for Securities Transactions by Directors of Listed Companies
“PRC”	The People’s Republic of China
“Repurchase Mandate”	a general and unconditional mandate proposed to be granted to the Directors to exercise the powers 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 Repurchase Resolution during the period as set out in the Repurchase Resolution
“Repurchase Resolution”	the proposed ordinary resolution as referred to in resolution No. 4(2) of the notice of the Annual General Meeting
“RMB”	Renminbi, the lawful currency of PRC
“SFC”	The Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share Option(s)”	share option(s) to be granted to the entitled persons or the Eligible Participant(s) to subscribe for Share(s) under the Share Option Scheme
“Share Option Scheme”	the share option scheme proposed to be adopted by the Company at the AGM, the principal terms of which are summarized in Appendix III to this circular
“Share Repurchase Rules”	the relevant rules set out in the Listing Rules, in particular chapter 10, to regulate the repurchase by companies with primary listing of their own securities on Stock Exchange
“Share(s)”	fully paid-up share(s) of HK\$0.025 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	The Codes on Takeovers and Mergers and Share Repurchases
“%”	per cent

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LETTER FROM THE BOARD

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**National Agricultural Holdings Limited**

**國農控股有限公司**

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

**(Stock code: 1236)**

**Directors:**

*Executive Directors:*

Chen Li-Jun (*Chairman*)

Zhang Yanhui

Ren Hai

Peng Guojiang

Zhang Yuliang

Wen Yuanyi

*Independent non-executive Directors:*

Chiu Kam Hing Kathy

Tsai Jeng-Yang

Ting Tit Cheung

Shum Wan Lung

Law Yee Kwan Quinn

**Registered Office:**

P.O. Box 309

Ugland House

Grand Cayman

KY1-1104

Cayman Islands

**Principal Place of Business in Hong Kong:**

Suites 1604-5, Prudential Tower

Harbour City

21 Canton Road

Tsimshatsui Kowloon

Hong Kong

13 May 2014

*To the Shareholders*

Dear Sir or Madam,

**PROPOSED GENERAL MANDATES  
TO ISSUE NEW SHARES AND REPURCHASE SHARES,  
PROPOSED RE-ELECTION OF DIRECTORS,  
ADOPTION OF SHARE OPTION SCHEME  
AND  
NOTICE OF ANNUAL GENERAL MEETING**

**1. INTRODUCTION**

The purpose of this circular is to give you notice of the AGM and information regarding the resolutions to be proposed at the AGM relating to (i) the granting to the Directors of general mandates to issue new Shares and repurchase Shares; (ii) the re-election of Mr. Chen Li-Jun, Mr. Ren Hai, Mr. Peng Guojiang, Mr. Zhang Yuliang and Ms. Wen

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## LETTER FROM THE BOARD

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Yuanyi as executive Directors; and (iii) the re-election of Ms. Chiu Kam Hing Kathy, Mr. Ting Tit Cheung, Mr. Shum Wan Lung and Mr. Law Yee Kwan Quinn as an independent non-executive Director of the Company.

### **2. GENERAL MANDATE TO ISSUE NEW SHARES**

At the AGM, an ordinary resolution set out in resolution No. 4(1) of the notice of the AGM will be proposed whereby if passed, the Directors will be given a general and unconditional mandate to allot, issue or otherwise deal with additional Shares not exceeding the sum of 20% of the aggregate nominal amount of the issued share capital of the Company at the date of passing of the resolution and the nominal amount of any Shares repurchased by the Company up to a maximum of 10% of the issued share capital of the Company at the date of passing of the resolution. As at the Latest Practicable Date, a total of 1,328,310,568 Shares were in issue. Subject to the passing of the proposed resolution granting this general mandate to issue Shares to the Directors and on the basis that no Shares will be issued or repurchased by the Company prior to the AGM, the Company will be allowed under this general mandate to issue a maximum of 265,662,113 Shares.

The authority conferred by the above resolution will commence at the date of passing of the relevant resolution until whichever is the earliest of:

- (i) the conclusion of the next annual general meeting of the Company;
- (ii) the expiration of the period within which the next annual general meeting of the Company is required by the Articles of Association or any applicable laws of the Cayman Islands to be held; or
- (iii) the revocation, variation or renewal of this resolution by an ordinary resolution of the Shareholders in general meeting.

### **3. GENERAL MANDATE TO REPURCHASE SHARES**

At the AGM, an ordinary resolution set out in resolution No. 4(2) of the notice of the AGM will be proposed whereby if passed, the Directors will be given a general and unconditional mandate to exercise all powers of the Company to repurchase, on Stock Exchange or on any other stock exchange on which the Shares may be listed and recognized by SFC and Stock Exchange for this purpose, Shares not exceeding the sum of 10% of the aggregate nominal value of the issued share capital of the Company as at the date of passing the relevant resolution.

The authority conferred by the Repurchase Mandate will commence at the date of passing of the relevant resolution until whichever is the earliest of:

- (i) the conclusion of the next annual general meeting of the Company;
- (ii) the expiration of the period within which the next annual general meeting of the Company is required by the Articles of Association or any applicable laws of the Cayman Islands to be held; or

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## LETTER FROM THE BOARD

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- (iii) the revocation, variation or renewal of this resolution by an ordinary resolution of the Shareholders in general meeting.

Under the Listing Rules, the Company is required to give to its Shareholders all information which is reasonably necessary to enable Shareholders to make an informed decision as to whether to vote for or against the resolution in respect of the Repurchase Mandate at the AGM. An explanatory statement for such purpose is set out in Appendix I to this circular.

#### **4. RE-ELECTION OF RETIRING DIRECTORS**

In accordance with Article 16.2 of the Articles of Association, Mr. Chen Li-Jun, Mr. Ren Hai, Mr. Peng Guojiang, Mr. Zhang Yuliang, Ms. Wen Yuanyi, Mr. Ting Tit Cheung, Mr. Shum Wan Lung and Mr. Law Yee Kwan Quinn shall retire from office as Directors by rotation at the AGM and, being eligible, will offer themselves for re-election at the AGM. Mr. Zhang Yanhui and Mr. Tsai Jeng-Yang will retire as Directors with effect from the conclusion of the AGM and decided not to offer themselves for re-election.

In accordance with Article 16.3 and 16.18 of the Articles of Association, Ms. Chiu Kam Hing Kathy who has served for more than nine years shall retire from office as independent non-executive Directors by rotation at the AGM and, being eligible, will offer herself for re-election at the AGM. Ms Chiu has made an annual confirmation of independence pursuant to Rule 3.13 of the Listing Rules. During her years of appointment, Ms Chiu demonstrated her ability to provide independent view to the Company's matters. The Board is of the view that Ms Chiu is able to continue to fulfill her role as required and thus recommends her for re-election at the AGM.

Details of the above retiring Directors to be re-elected which are required to be disclosed under the Listing Rules are set out in Appendix II to this circular.

#### **5. ADOPTION OF THE SHARE OPTION SCHEME**

As of the Latest Practicable Date, the Company has not adopted any share option scheme. Accordingly, the Directors proposed to adopt the Share Option Scheme to grant Share Options to the Eligible Participants as incentive or rewards for their contribution or potential contribution to the development and growth of the Group. The Share Option Scheme will be put to the Shareholders for approval at the Annual General Meeting and it will be valid for 10 years from its date of adoption. Under the Share Option Scheme, the Board has the authority to set terms and conditions in granting of the Share Options (i.e. to set conditions in relation to the minimum period of the Share Options to be held and/or the performance targets to be achieved before such Share Options can be exercised and the requirement for a minimum Subscription Price). With such authority and flexibility, the Directors may impose different conditions in the grant of the Share Options to the Eligible Participants as they consider appropriate with a view to achieving the purpose of the Share Option Scheme as stated above.

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## LETTER FROM THE BOARD

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Unless the Board exercises its authority as set out above to determine otherwise, no performance target must be met before the Share Options granted under the Share Option Scheme can be exercised, and there is no minimum period for which the Share Options granted under the Share Option Scheme must be held before they can be exercised.

Subject to the obtaining of Shareholders' approval with respect to the adoption of the Share Option Scheme at the Annual General Meeting, the total number of Shares which may be issued upon exercise of all Share Options to be granted under the Share Option Scheme and any other share option schemes must not in aggregate exceed 10% of the total issued share capital of the Company as at the date of its adoption unless the Company obtains a fresh approval from Shareholders to renew the 10% limit on the basis that the maximum number of Shares in respect of which Share Options may be granted under the Share Option Scheme together with any Share Options outstanding and yet to be exercised under the Share Option Scheme and any other share option schemes must not exceed 30% of the issued share capital of the Company from time to time.

Based on 1,328,310,568 Shares in issue as of the Latest Practicable Date and assuming that there is no change in the issued share capital of the Company after the Latest Practicable Date and up to the date of the adoption of the Share Option Scheme, options to subscribe for up to 132,831,056 Shares may be issued under the Share Option Scheme or any other schemes of the Company pursuant to Rule 17.03(3) of the Listing Rules, representing 10% of the issued share capital of the Company as at the date of approval of the Share Option Scheme.

The Company does not at present intend to appoint a trustee to the Share Option Scheme. None of the Directors is a trustee of the Share Option Scheme nor has a direct or indirect interest in the trustees of the Share Option Scheme (if any).

The Subscription Price in respect of any particular Share Option will be such price as determined by the Board in its absolute discretion at the time of the grant of the relevant Share Option (and will be stated in the letter containing the offer of the grant of the Share Option) but in any event the Subscription Price shall not be less than the higher of (i) the official closing price of the Shares as stated in the daily quotations sheet issued by the Stock Exchange on the date of grant in respect of such Share Option; or (ii) the average of the official closing price of the Shares as stated in the daily quotations sheets issued by the Stock Exchange for the five Business Days immediately preceding the date of grant in respect of such Share Option; and (iii) the nominal value of a Share. To the best knowledge of the Directors, as of the Latest Practicable Date, no Shareholder had a material interest in the adoption of the Share Option Scheme and accordingly, no Shareholder is required to abstain from voting at the Annual General Meeting on the resolution approving the adoption of the Share Option Scheme.

The principal terms of the proposed Share Option Scheme are set out in Appendix III to this circular. The rules of the Share Option Scheme proposed to be adopted by the Company at the Annual General Meeting will be available for inspection at the principal place of business in Hong Kong at Suites 1604-5, Prudential Tower, Harbour City, 21 Canton Road, Tsimshatsui, Kowloon, Hong Kong during normal business hours from the Latest Practicable Date up to and including the date of Annual General Meeting.



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## LETTER FROM THE BOARD

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### **Values of the options that can be granted under the Share Option Scheme**

The Directors consider that it is not appropriate to state the value of all options that may be granted pursuant to the Share Option Scheme as if they had been granted on the Latest Practicable Date, because the calculation of the value of the Share Options is based on a number of variables which are yet to be determined such as the Subscription Price, exercise period, interest rate, expected volatility and other relevant variables.

The Directors believe that any calculation of the value of the options as of the Latest Practicable Date based on a number of speculative assumptions would not be meaningful to the Shareholders.

### **Benefits of the Share Option Scheme**

The Board considers that the Share Option Scheme will motivate the Eligible Participants to optimise their performance efficiency for the benefit of the Group and will attract and retain or otherwise maintain on-going business relationships with the Eligible Participants whose contributions are or will be beneficial to the long-term growth of the Group. The Eligible Participants will share common interests and objectives of the Group upon their exercise of the Share Option and the Share Option Scheme will provide the Group with a platform to reward and provide incentive to the Eligible Participants and encourage the Eligible Participants to work towards enhancing the value of the Group. As such, the Directors consider that the adoption of the Share Option Scheme is in the interest of the Company and its Shareholders as a whole.

### **Conditions of the adoption of the Share Option Scheme**

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

- (a) the passing of an ordinary resolution to approve the adoption of the Share Option Scheme by the Shareholders at the Annual General Meeting and to authorise the Board to grant the Share Options thereunder and to allot, issue and deal with the Shares which fall to be issued by the Company pursuant to the exercise of the Share Options under the Share Option Scheme; and
- (b) the Listing Committee granting approval of the listing of, and permission to deal in, such number of Shares to be issued by the Company pursuant to the exercise of the Share Options which may be granted under the Share Option Scheme. Application will be made to the Listing Committee of the Stock Exchange for approval of the listing of, and permission to deal in, the Shares which may fall to be issued pursuant to the exercise of any Share Options that may be granted under the Share Option Scheme.

Application will be made to the Stock Exchange for the approval of the listing of, and permission to deal in the Shares representing 10% of the total issued share capital of the Company as the date of the adoption of the Share Option Scheme which may fall to be allotted and issued upon the exercise of the options to be granted under the Share Option Scheme.

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## LETTER FROM THE BOARD

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### **6. ANNUAL GENERAL MEETING AND PROXY ARRANGEMENT**

A notice convening the AGM is set out on pages 40 to 44 to this circular. The Annual Report incorporating the audited consolidated financial statements of the Group for the year ended 31 December 2013 and the Directors' and independent auditor's reports thereon were dispatched to the shareholders on 28 April 2014.

A form of proxy for the AGM is enclosed herewith. Whether or not you are able to attend the AGM in person, please complete and return the enclosed proxy form in accordance with the instructions printed thereon to Hong Kong branch share registrar of the Company, Computershare Hong Kong Investor Services Limited, at Rooms 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong, as soon as possible and in any event not less than 48 hours before the time appointed for holding the AGM or any adjourned meeting. Completion and return of the proxy forms will not preclude you from attending and voting in person at the AGM or any adjourned meeting should you so wish.

### **7. VOTING BY WAY OF POLL**

Pursuant to the Rule 13.39(4) Listing Rules, any vote of shareholders at a general meeting must be taken by poll. An announcement on the poll vote results will be published by the Company after the AGM in the manner prescribed under Rule 13.39(5) of the Listing Rules.

To the best of the Director's knowledge, information and belief, having made all reasonable enquiries, (i) no Shareholder is required to abstain from voting on the resolutions to be proposed at the AGM; and (ii) as at the Latest Practicable Date, there was no voting trust or other agreement or arrangement or understanding (other than an outright sale) entered into by or binding upon any Shareholder and there was no obligation or entitlement of any Shareholder whereby he has or may have temporarily or permanently passed control over the exercise of the voting right in respect of his Shares to a third part, either generally or on a case-by-case basis.

### **8. DIRECTORS' RECOMMENDATION**

The Directors consider that the above proposals relating to the general mandate to issue new Shares, the Repurchase Mandate, the re-election of Mr. Chen Li-Jun, Mr. Ren Hai, Mr. Peng Guojiang, Mr. Zhang Yuliang and Ms. Wen Yuanyi as executive Directors, the re-election of Ms. Chiu Kam Hing, Kathy, Mr. Ting Tit Cheung, Mr. Shum Wan Lung and Mr. Law Yee Kwan Quinn as independent non-executive Directors and the adoption of the Share Option Scheme are in the best interests of the Company and its Shareholders. Accordingly, the Directors recommend the Shareholders to vote in favour of the relevant resolutions at the AGM.

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## LETTER FROM THE BOARD

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### 9. GENERAL INFORMATION

Your attention is drawn to the additional information set out in the appendices to this circular. The English text of this circular shall prevail over the Chinese text.

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

Yours faithfully,  
On behalf of the Board  
**National Agricultural Holdings Limited**  
**Chen Li-Jun**  
*Chairman*

This Appendix serves as an explanatory statement, as required by the Share Repurchase Rules, to provide requisite information to you for your consideration of the proposal to permit the repurchase of Shares up to a maximum of 10% of the issued share capital of the Company as at the date of the passing of the Repurchase Resolution. For the purpose of this Appendix, the term “shares” shall be as defined in the Share Repurchases Rules to mean shares of all classes and securities which carry a right to subscribe or purchase shares.

### **1. THE LISTING RULES RELATING TO THE REPURCHASE OF SHARES**

The Listing Rules permit companies whose primary listing is on Stock Exchange to repurchase their shares on Stock Exchange and any other stock exchange on which the securities of the Company may be listed and recognized by SFC and Stock Exchange subject to certain restrictions, the more important of which are summarized below. The Company is empowered by its Articles of Association to repurchase its own shares.

### **2. SHARE CAPITAL**

As at the Latest Practicable Date, the issued share capital of the Company comprised 1,328,310,568 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 132,831,056 Shares representing not more than 10% of the issued share capital of the Company during the period from the date of the passing of the Repurchase Resolution until (i) the conclusion of the next annual general meeting of the Company; (ii) the expiration of the period within which the next annual general meeting of the Company is required by the Articles of Association or any applicable laws of the Cayman Islands to be held; or (iii) the revocation, variation or renewal of the Repurchase Mandate by ordinary resolution of the Shareholders in general meeting, whichever comes first.

### **3. REASONS FOR REPURCHASE**

The Directors believe that the proposed Repurchase Mandate is in the best interests of the Company and its Shareholders. Such repurchase may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net assets and/or earnings per Share of the Company and will only be made when the Directors believe that such a repurchase will benefit the Company and its Shareholders as a whole.

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

In repurchasing any Shares, the Company may only apply funds legally available for such purpose in accordance with its Articles of Association and the applicable laws and regulations of the Cayman Islands.

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 contained in the Annual Report for the year ended 31 December 2013 in the event that the

power to repurchase Shares pursuant to the Repurchase Mandate was to be carried out in full at any time during the proposed repurchase period. However, the Directors do not propose to exercise the power to repurchase Shares pursuant to the Repurchase Mandate to such extent as would, in the circumstances, have a material adverse effect on the working capital requirements of the Company or its gearing position which in the opinion of the Directors are from time to time appropriate for the Company.

## 5. SHARE PRICES

The highest and lowest prices at which the Shares have traded on Stock Exchange in each of the previous 12 months before the Latest Practicable Date are as follows:

	<b>Highest</b> <i>HK\$</i>	<b>Lowest</b> <i>HK\$</i>
April 2013	0.2630	0.1880
May 2013	0.5250	0.1950
June 2013	0.4330	0.3530
July 2013	–	–
August 2013	0.5630	0.4830
September 2013	0.5430	0.4930
October 2013	0.7950	0.4780
November 2013	1.4280	0.6950
December 2013	1.3500	1.0480
January 2014	1.4280	1.1430
February 2014	3.5000	1.3380
March 2014	3.5500	3.0000
April 2014	3.2600	2.2500
May 2014 (up to the Latest Practicable Date)	2.9900	2.8200

## 6. UNDERTAKING FROM THE DIRECTORS OF THE COMPANY

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

## 7. DISCLOSURE OF INTERESTS, THE TAKEOVERS CODE AND MINIMUM PUBLIC HOLDING

None of the Directors nor, to the best of their knowledge having made all reasonable enquiries, any associates of the Directors currently intends to sell any Shares to the Company.

As at the Latest Practicable Date, no connected person (as defined in the Listing Rules) of the Company has notified the Company that it has a present intention to sell Shares of the Company or its subsidiaries, or has undertaken not to do so, in the event that the Repurchase Mandate is approved by the Shareholders.

If a Shareholder's proportionate interest in the voting rights of the Company increases on the Company exercising its powers to repurchase securities pursuant to the Repurchase Mandate, such increase will be treated as an acquisition for the purpose of rule 32 of the Takeovers Code. As a result, a Shareholder or group of Shareholders acting in concert could obtain or consolidate control of the Company and become obliged to make a mandatory offer in accordance with rule 26 or rule 32 of the Takeovers Code.

Assuming that the substantial Shareholders do not dispose of its Shares, if the Repurchase Mandate were exercised in full, the percentage shareholdings of the substantial shareholders of the Company before and after such repurchase would be as follows:

<b>Substantial Shareholders</b>	<b>Before repurchase</b>	<b>After repurchase</b>
Chou Shih-Chung	6.91%	7.68%
Parko (Hong Kong) Limited	<u>52.08%</u>	<u>57.86%</u>
	<u>58.99%</u>	<u>65.54%</u>

The Directors are not aware of any consequences which may arise under the Takeovers Code as consequences of any purchase made under the Repurchase Mandate. However, the Company may not repurchase Shares which would result in the amount of Shares held by the public being reduced to less than 25%.

On the basis of the shareholdings held by the substantial shareholders of the Company named above, an exercise of the Repurchase Mandate in full will not have any implications under the Takeovers Code.

## **8. SHARE REPURCHASE MADE BY THE COMPANY**

The Company did not purchase any Shares (whether on Stock Exchange or otherwise) during the six months preceding the Latest Practicable Date.

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## APPENDIX II DETAILS OF DIRECTORS PROPOSED FOR RE-ELECTION

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The following are the details of the Directors proposed for re-election at the AGM:

### EXECUTIVE DIRECTORS

#### Mr. Chen Li-Jun (“Mr. Chen”)

Mr. Chen Li-Jun, aged 58, has been an executive Director and Chairman since 2013. He joined Hebei Agricultural Means of Production Company Limited (“Hebei AMP”), a subsidiary of Hebei Supply and Marketing Cooperative (“Hebei SMC”), in 1989 and is the general manager of Hebei AMP and a director of Parko (Hong Kong) Limited. He has accumulated over 20 years of experience in the management of enterprises engaged in agricultural means of production, and has been involved in reforms in the distribution of agricultural means of production in China’s transition from a planned economy to a market economy. He has also participated in the liaison with the relevant government authorities in the planning of the supply of chemical fertilisers in Hebei province and has positive contribution to the supply of agricultural means of production. Mr. Chen is a director of Ever Harvest Inc. Limited and its subsidiary, Hebei Baihao Trading Company Limited.

The appointment of Mr. Chen, if re-elected, will be for a term of one year and is subject to retirement by rotation and will be eligible for re-election at the annual general meetings of the Company pursuant to the Articles of Association. The Company has entered into a service contract with Mr. Chen, which shall continue thereafter until terminated by either party giving to the other at least one months’ prior notice in writing.

As at the Latest Practicable Date, the interests of Mr. Chen and his associates in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO), which have been notified to the Stock Exchange pursuant to the Model Code contained in the Listing Rules and which have been recorded in the register maintained by the Company pursuant to section 352 of the SFO, were as follows:

<b>Name of director</b>	<b>Type of interests</b>	<b>Number of shares held</b>	<b>Percentage of the Company’s issued share capital</b>
Mr. Chen Li-Jun	Corporate <i>(Notes (1) and (2))</i>	13,950,000	15.50%

*Notes:*

- (1) As at the Latest Practicable Date, Mr. Chen Li-Jun is the director of Hebei Agricultural Means of Production Company Limited which holds 13,950,000 shares, representing a 15.50% interests in the Company.
- (2) According to the register of substantial shareholders required to be maintained under Section 336 of the SFO, the Company has been notified of these interests, being 5% or more of the issued share capital of the Company.

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## APPENDIX II DETAILS OF DIRECTORS PROPOSED FOR RE-ELECTION

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Mr. Chen is not related to any other directors, senior management, management shareholders, substantial shareholders or controlling shareholders of the Company. Save as disclosed above, Mr. Chen did not have any interests in the Shares within the meaning of Part XV of the Securities and Futures Ordinance.

The amount of fees and emoluments to be received by Mr. Chen will be fixed by the Board at HKD2,990,000 per annum, subject to Shareholders' approval at the forthcoming Annual General Meeting.

Mr. Chen is not a director of any other listed public company in Hong Kong or overseas in the last 3 years.

Save as disclosed above, the Company is not aware of any other matters that need to be brought to the attention of the Shareholders of the Company. Nor is there any information regarding Mr. Chen required to be disclosed pursuant to Rules 13.51(2)(h) to (v) of the Listing Rules.

### **Mr. Ren Hai (“Mr. Ren”)**

Mr. Ren Hai, aged 50, has been an executive Director since 2013. He joined Hebei AMP in 1986 and is the deputy general manager of Hebei AMP. Mr. Ren has over 17 years of experience in sales and marketing and has helped Hebei AMP establish a sales network in Hebei Province and manage the sales network. He is a graduate of Jiling Agricultural University (吉林農業大學) in 1986 and earned a postgraduate degree in historical philology at Sichuan University (四川大學) in 1999.

The appointment of Mr. Ren, if re-elected, will be for a term of one year and is subject to retirement by rotation and will be eligible for re-election at the annual general meetings of the Company pursuant to the Articles of Association. The Company has entered into a service contract with Mr. Ren, which shall continue thereafter until terminated by either party giving to the other at least one month's prior notice in writing.

Mr. Ren is not related to any other directors, senior management, management shareholders, substantial shareholders or controlling shareholders of the Company. Save as disclosed above, Mr. Ren did not have any interests in the Shares within the meaning of Part XV of the Securities and Futures Ordinance.

The amount of fees and emoluments to be received by Mr. Ren will be fixed by the Board at HKD195,000 per annum, subject to Shareholders' approval at the forthcoming Annual General Meeting.

Mr. Ren is not a director of any other listed public company in Hong Kong or overseas in the last 3 years.

Save as disclosed above, the Company is not aware of any other matters that need to be brought to the attention of the Shareholders of the Company. Nor is there any information regarding Mr. Ren required to be disclosed pursuant to Rules 13.51(2)(h) to (v) of the Listing Rules.



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## APPENDIX II DETAILS OF DIRECTORS PROPOSED FOR RE-ELECTION

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### **Mr. Peng Guojiang (“Mr. Peng”)**

Mr. Peng Guojiang, aged 49, has been an executive Director since 2013. He joined Hebei AMP in 1987 and is the deputy general manager of Hebei AMP and a director of Parko (Hong Kong) Limited. Mr. Peng has over 9 years of experience in sales and marketing and has helped Hebei AMP build sales networks in Hebei province. Mr. Peng is a director of Ever Harvest and Hebei Baihao Commerce & Trade Co., Ltd. (河北百豪商貿有限公司), a wholly-owned subsidiary of Ever Harvest. He obtained an undergraduate degree in politics from Hebei Normal University (河北師範大學) in 1987.

The appointment of Mr. Peng, if re-elected, will be for a term of one year and is subject to retirement by rotation and will be eligible for re-election at the annual general meetings of the Company pursuant to the Articles of Association. The Company has entered into a service contract with Mr. Peng, which shall continue thereafter until terminated by either party giving to the other at least one month's prior notice in writing.

Mr. Peng is not related to any directors, senior management, management shareholders, substantial shareholders or controlling shareholders of the Company. Save as disclosed above, Mr. Peng did not have any interests in the Shares within the meaning of Part XV of the Securities and Futures Ordinance.

The amount of fees and emoluments to be received by Mr. Peng will be fixed by the Board at HKD195,000 per annum, subject to Shareholders' approval at the forthcoming Annual General Meeting.

Mr. Peng is not a director of any other listed public company in Hong Kong or overseas in the last 3 years.

Save as disclosed above, the Company is not aware of any other matters that need to be brought to the attention of the Shareholders of the Company. Nor is there any information regarding Mr. Peng required to be disclosed pursuant to Rules 13.51(2)(h) to (v) of the Listing Rules.

### **Mr. Zhang Yuliang (“Mr. Zhang”)**

Mr. Zhang Yuliang, aged 29, has been an executive Director since 2013. He is the chairman and general manager of GuangRong Investment Limited (廣融投資管理有限公司). Mr. Zhang completed a 4-year programme in finance and securities organised by Sun Yat-sen University (the PRC) (中山大學) in 2009.

The appointment of Mr. Zhang, if re-elected, will be for a term of one year and is subject to retirement by rotation and will be eligible for re-election at the annual general meetings of the Company pursuant to the Articles of Association. The Company has entered into a service contract with Mr. Zhang, which shall continue thereafter until terminated by either party giving to the other at least one month's prior notice in writing.

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## APPENDIX II DETAILS OF DIRECTORS PROPOSED FOR RE-ELECTION

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Mr. Zhang is not related to any directors, senior management, management shareholders, substantial shareholders or controlling shareholders of the Company. Save as disclosed above, Mr. Zhang did not have any interests in the Shares within the meaning of Part XV of the Securities and Futures Ordinance.

The amount of fees and emoluments to be received by Mr. Zhang will be fixed by the Board at HKD195,000 per annum, subject to Shareholders' approval at the forthcoming Annual General Meeting.

Mr. Zhang is not a director of any other listed public company in Hong Kong or overseas in the last 3 years.

Save as disclosed above, the Company is not aware of any other matters that need to be brought to the attention of the Shareholders of the Company. Nor is there any information regarding Mr. Zhang required to be disclosed pursuant to Rules 13.51(2)(h) to (v) of the Listing Rules.

### **Ms. Wen Yuanyi (“Ms. Wen”)**

Ms. Wen Yuanyi, aged 31, has been an executive Director since 2013. She is the deputy director of the Investment Department of PMI. PMI is a private equity fund providing capital to growing companies in various industries in China. Ms. Wen obtained undergraduate degrees in English and Economics from Guangdong University of Foreign Studies (廣東外語外貿大學) in 2006.

The appointment of Ms. Wen, if re-elected, will be for a term of one year and is subject to retirement by rotation and will be eligible for re-election at the annual general meetings of the Company pursuant to the Articles of Association. The Company has entered into a service contract with Ms. Wen, which shall continue thereafter until terminated by either party giving to the other at least one month's prior notice in writing.

As at the Latest Practicable Date, the interests of Ms. Wen and her associates in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO), which have been notified to the Stock Exchange pursuant to the Model Code contained in the Listing Rules and which have been recorded in the register maintained by the Company pursuant to section 352 of the SFO, were as follows:

<b>Name of director</b>	<b>Type of interests</b>	<b>Number of shares held</b>	<b>Percentage of the Company's issued share capital</b>
Ms. Wen Yuanyi	Personal (Note)	42,825,864	3.22%

*Note:* These Shares were held by Precursor Management Inc. (“PMI”), which was wholly owned by Cai Weiheng, the husband of Ms. Wen. By virtue of the SFO, Ms. Wen was deemed to be interested in the Shares held by PMI for the purpose of Part XV of the SFO.

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## **APPENDIX II    DETAILS OF DIRECTORS PROPOSED FOR RE-ELECTION**

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Ms. Wen is not related to any directors, senior management, management shareholders, substantial shareholders or controlling shareholders of the Company. Save as disclosed above, Ms. Wen did not have any interests in the Shares within the meaning of Part XV of the Securities and Futures Ordinance.

The amount of fees and emoluments to be received by Ms. Wen will be fixed by the Board at HKD195,000 per annum, subject to Shareholders' approval at the forthcoming Annual General Meeting.

Ms. Wen is not a director of any other listed public company in Hong Kong or overseas in the last 3 years.

Save as disclosed above, the Company is not aware of any other matters that need to be brought to the attention of the Shareholders of the Company. Nor is there any information regarding Ms. Wen required to be disclosed pursuant to Rules 13.51(2)(h) to (v) of the Listing Rules.

### **INDEPENDENT NON-EXECUTIVE DIRECTOR**

#### **Ms. Chiu Kam Hing, Kathy (“Ms. Chiu”)**

Ms. Chiu Kam Hing, Kathy, aged 64, joined the Group in 1999. Ms. Chiu has over 29 years of banking experience in Canada and the Asia Pacific region. She was Senior Vice President at the Republic National Bank of New York, responsible for management and investment of third party client's funds. She is an associate and a fellow of the Institute of Canadian Bankers. Ms. Chiu was appointed as a Justice of the Peace by the Hong Kong Government in 1992 and as Cavaliere by the Italian Government in 1999. She was named Monblanc Outstanding Business Lady of the year 2002 in Hong Kong. Ms. Chiu is currently Chairman of Prime Investments Group Limited. She is an independent non-executive director of Sau San Tong Holdings Limited, a Hong Kong listed company. Ms. Chiu is licensed to carry out asset management business under Type 9 regulated activity under the Securities and Futures Ordinance.

The appointment of Ms. Chiu, if re-elected, will be for a term of one year and is subject to retirement by rotation and will be eligible for re-election at the annual general meetings of the Company pursuant to the Articles of Association. The Company has entered into a service contract with Ms. Chiu, which shall continue thereafter until terminated by either party giving to the other at least one month's prior notice in writing.

Ms. Chiu is not related to any directors, senior management, management shareholders, substantial shareholders or controlling shareholders of the Company. As at the Latest Practicable Date, Ms. Chiu did not have any interests in the Shares within the meaning of Part XV of the Securities and Futures Ordinance.

The amount of fees and emoluments to be received by Ms. Chiu will be fixed by the Board at HKD195,000 per annum, subject to Shareholders' approval at the forthcoming Annual General Meeting.

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## APPENDIX II DETAILS OF DIRECTORS PROPOSED FOR RE-ELECTION

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Ms. Chiu is an independent non-executive director of Sau San Tong Holdings Limited, a Hong Kong listed company.

Of the retiring Directors, Ms. Chiu is an independent non-executive Director, she has made an annual confirmation on her independence in accordance with Rule 3.13 of the Listing Rules. To the best of the information and knowledge of the Board, and having made due enquiries, the Board believes that Ms. Chiu has met the independence requirement as provided under the aforesaid Rule 3.13.

Save as disclosed above, the Company is not aware of any other matters that need to be brought to the attention of the Shareholders of the Company. Nor is there any information regarding Ms. Chiu required to be disclosed pursuant to Rules 13.51(2)(h) to (v) of the Listing Rules.

### **Mr. Ting Tit Cheung (“Mr. Ting”)**

Mr. Ting Tit Cheung, aged 58, has been an independent non-executive Director of the Company since 2013. He is the Senior Representative Officer for Hong Kong Region at Banque Cantonale de Genève. He is a member of the Chinese People’s Political Consultative Conference representing the Putou District of Shanghai. From 1998 to 2012, Mr. Ting served as chief representative for the Hong Kong Region and South China Region, Credit Industriel et Commercial, the second largest banking network in France. A graduate of Technicum Neuchatelois in Switzerland in 1978, Mr. Ting subsequently earned an MBA at the University of East Asia, Macau, in 1991.

The appointment of Mr. Ting, if re-elected, will be for a term of one year and is subject to retirement by rotation and will be eligible for re-election at the annual general meetings of the Company pursuant to the Articles of Association. The Company has entered into a service contract with Mr. Ting, which shall continue thereafter until terminated by either party giving to the other at least one months’ prior notice in writing.

Mr. Ting is not related to any directors, senior management, management shareholders, substantial shareholders or controlling shareholders of the Company. As at the Latest Practicable Date, Mr. Ting did not have any interests in the Shares within the meaning of Part XV of the Securities and Futures Ordinance.

The amount of fees and emoluments to be received by Mr. Ting will be fixed by the Board at HKD195,000 per annum, subject to Shareholders’ approval at the forthcoming Annual General Meeting.

Save as disclosed above, Mr. Ting is not a director of any other listed public company in Hong Kong or overseas in the last 3 years.

Of the retiring Directors, Mr. Ting is an independent non-executive Director, he has made an annual confirmation on his independence in accordance with Rule 3.13 of the Listing Rules. To the best of the information and knowledge of the Board, and having made due enquiries, the Board believes that Mr. Ting has met the independence requirement as provided under the aforesaid Rule 3.13.

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## APPENDIX II DETAILS OF DIRECTORS PROPOSED FOR RE-ELECTION

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Save as disclosed above, the Company is not aware of any other matters that need to be brought to the attention of the Shareholders of the Company. Nor is there any information regarding Mr. Ting required to be disclosed pursuant to Rules 13.51(2)(h) to (v) of the Listing Rules.

### **Mr. Shum Wam Lung (“Mr. Shum”)**

Mr. Shum Wan Lung, aged 57, has been an independent non-executive Director of the Company since 2013. He has been serving as president of Aaron Shum Jewelry Ltd. since 1985 and is Honorary Consul of the Republic of Yemen in Hong Kong SAR and a member of the Chinese People’s Political Consultative Conference representing the Huadu District of Guangzhou. He earned a master’s degree in materials engineering at Beijing’s Yanshan University in 2004, and was granted the title of honorary fellow by the Professional Validation Council of Hong Kong Industries in 2006. Mr. Shum was awarded a doctorate of philosophy in business administration by Southern Pacific University in Malaysia in 2010.

The appointment of Mr. Shum, if re-elected, will be for a term of one year and is subject to retirement by rotation and will be eligible for re-election at the annual general meetings of the Company pursuant to the Articles of Association. The Company has entered into a service contract with Mr. Shum, which shall continue thereafter until terminated by either party giving to the other at least one month’s prior notice in writing.

Mr. Shum is not related to any directors, senior management, management shareholders, substantial shareholders or controlling shareholders of the Company. As at the Latest Practicable Date, Mr. Shum did not have any interests in the Shares within the meaning of Part XV of the Securities and Futures Ordinance.

The amount of fees and emoluments to be received by Mr. Shum will be fixed by the Board at HKD195,000 per annum, subject to Shareholders’ approval at the forthcoming Annual General Meeting.

Save as disclosed above, Mr. Shum is not a director of any other listed public company in Hong Kong or overseas in the last 3 years.

Of the retiring Directors, Mr. Shum is an independent non-executive Director, he has made an annual confirmation on his independence in accordance with Rule 3.13 of the Listing Rules. To the best of the information and knowledge of the Board, and having made due enquiries, the Board believes that Mr. Shum has met the independence requirement as provided under the aforesaid Rule 3.13.

Save as disclosed above, the Company is not aware of any other matters that need to be brought to the attention of the Shareholders of the Company. Nor is there any information regarding Mr. Shum required to be disclosed pursuant to Rules 13.51(2)(h) to (v) of the Listing Rules.

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## APPENDIX II DETAILS OF DIRECTORS PROPOSED FOR RE-ELECTION

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### Mr. Law Yee Kwan Quinn (“Mr. Law”)

Mr. Law Yee Kwan Quinn, aged 61, has been an independent non-executive Director of the Company since 2013. He is a fellow of the Hong Kong Institute of Certified Public Accountants, a practising Certified Public Accountant, and a Chartered Secretary. In the five-year period to February 2013, Mr. Law was the deputy chairman and managing director of Urban Renewal Authority, a statutory organization in Hong Kong. He has been appointed an unofficial Justice of Peace in Hong Kong since 2011. Mr. Law is currently a member of the Council of the Hong Kong University of Science and Technology.

The appointment of Mr. Law, if re-elected, will be for a term of one year and is subject to retirement by rotation and will be eligible for re-election at the annual general meetings of the Company pursuant to the Articles of Association. The Company has entered into a service contract with Mr. Law, which shall continue thereafter until terminated by either party giving to the other at least one month's prior notice in writing.

Mr. Law is not related to any directors, senior management, management shareholders, substantial shareholders or controlling shareholders of the Company. As at the Latest Practicable Date, Mr. Law did not have any interests in the Shares within the meaning of Part XV of the Securities and Futures Ordinance.

The amount of fees and emoluments to be received by Mr. Law will be fixed by the Board at HKD195,000 per annum, subject to Shareholders' approval at the forthcoming Annual General Meeting.

Save as disclosed above, Mr. Law is not a director of any other listed public company in Hong Kong or overseas in the last 3 years.

Of the retiring Directors, Mr. Law is an independent non-executive Director, he has made an annual confirmation on his independence in accordance with Rule 3.13 of the Listing Rules. To the best of the information and knowledge of the Board, and having made due enquiries, the Board believes that Mr. Law has met the independence requirement as provided under the aforesaid Rule 3.13.

Save as disclosed above, the Company is not aware of any other matters that need to be brought to the attention of the Shareholders of the Company. Nor is there any information regarding Mr. Law required to be disclosed pursuant to Rules 13.51(2)(h) to (v) of the Listing Rules.

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## APPENDIX III THE PRINCIPAL TERMS OF THE SHARE OPTION SCHEME

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The following is a summary of the principal terms of the Share Option Scheme proposed to be adopted at the Annual General Meeting but does not form part of, nor was it intended to be part of, the Share Option Scheme, nor shall it be taken as affecting the interpretation of the Share Option Scheme:

### 1. DEFINITIONS

1.1 In this Scheme the following expressions have the following meanings:

**“Adoption Date”**

means 12 June 2014 (the date on which this Scheme is conditionally adopted by a resolution of the shareholders of the Company in general meeting);

**“Allotment Date”**

means the date on which Shares are allotted and issued to a Grantee pursuant to the exercise of the rights attaching to an Option granted and exercised hereunder;

**“Applicable Laws”**

means any relevant laws and regulations (including those of both Hong Kong and overseas jurisdictions as may be applicable);

**“Associate”**

shall have the meaning ascribed to it under the Listing Rules;

**“Auditors”**

means the auditors for the time being of the Company;

**“Board”**

means the board of Directors of the Company or a duly authorised committee thereof;

**“Business Day”**

shall have the meaning ascribed to “business day” under the Listing Rules;

**“Chief Executive”**

shall have the meaning ascribed to it under the Listing Rules;

**“Commencement Date”**

means, in respect of any particular Option, the Business Day on which that Option is deemed to have been granted in accordance with clause 6.4;

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## APPENDIX III THE PRINCIPAL TERMS OF THE SHARE OPTION SCHEME

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### **“Companies Law”**

means the Companies Law, Chapter 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands;

### **“Companies Ordinance”**

means the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as consolidated, amended or supplemented from time to time;

### **“Company”**

means National Agricultural Holdings Limited (國農控股有限公司), a company incorporated in the Cayman Islands with limited liability and the shares of which are listed on the Stock Exchange;

### **“Connected Person”**

shall have the meaning ascribed to it under the Listing Rules;

### **“Director(s)”**

means the director(s) of the Company;

### **“Disability”**

shall have the meaning as defined under the long-term disability policy, if any, of the Company or the relevant Subsidiary to which the Grantee provides services regardless of whether the Grantee is covered by such policy. In the event the Company or the relevant Subsidiary to which the Grantee provides service does not have a long-term disability plan in place, “**Disability**” shall mean that a Grantee is unable to carry out the responsibilities and functions of the position held by the Grantee by reason of any medically determinable physical or mental impairment for a period of not less than ninety (90) consecutive days. A Grantee will not be considered to have incurred a Disability unless he or she furnishes proof of such impairment sufficient to satisfy the Board in its discretion;

### **“Effective Date”**

means the date on which the conditions referred to in clause 3.1 are fulfilled;

### **“Eligible Participant”**

means any person who satisfies the eligibility criteria in clause 5;

### **“Employee”**

means any employee or officer of any company in the Group who is employed by any company in the Group (whether full time or part time);



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## APPENDIX III THE PRINCIPAL TERMS OF THE SHARE OPTION SCHEME

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### **“Exercise Period”**

means, in respect of any particular Option, the period to be notified by the Board to each Grantee which the Board may in its absolute discretion determine, save that such period shall not be more than 10 years from the Commencement Date;

### **“Exercise Price”**

means the price per Share at which a Grantee may subscribe for Shares upon the exercise of an Option pursuant to the terms and conditions of this Scheme;

### **“Grantee”**

means any Eligible Participant who accepts the Offer in accordance with the terms of the Scheme, and where the context permits, any person who is entitled to any such Option in consequence of the death of the original Grantee (being an individual);

### **“Group”**

means the Company and its Subsidiaries;

### **“Hong Kong”**

means the Hong Kong Special Administrative Region of the People’s Republic of China;

### **“HK\$”**

means Hong Kong dollars, the lawful currency of Hong Kong for the time being;

### **“Listing Rules”**

means the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited as amended, supplemented or otherwise modified from time to time;

### **“Offer”**

means an offer by the Company to an Eligible Participant to accept an Option in accordance with this Scheme;

### **“Option(s)”**

means right(s) to subscribe for Share(s) granted pursuant to this Scheme;

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## APPENDIX III THE PRINCIPAL TERMS OF THE SHARE OPTION SCHEME

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### **“Scheme”**

means this Share Option Scheme in its present or any amended form to be adopted by the Company on the Adoption Date;

### **“Scheme Mandate Limit”**

shall have the meaning given to that term in clause 11.1 of the Scheme;

### **“Share(s)”**

means fully paid share(s) of HK\$0.025 each of the Company (or such other nominal amount prevailing from time to time);

### **“Stock Exchange”**

means The Stock Exchange of Hong Kong Limited;

### **“Subsidiary” or “Subsidiaries”**

means a subsidiary or subsidiaries (within the meaning of the Companies Ordinance) for the time being and from time to time of the Company; and

### **“Substantial Shareholder”**

shall have the meaning ascribed to “substantial shareholder” under the Listing Rules.

## **1.2 In this Scheme:**

- (a) clause headings are inserted for convenience of reference only and shall be ignored in the interpretation of this Scheme;
- (b) references to clauses are to clauses of this Scheme;
- (c) words importing the singular include the plural and vice versa, words importing a gender include every gender and references to persons include bodies corporate or unincorporate; and
- (d) references to any ordinance or law shall include any statutory modification, amendment or re-enactment thereof.

## **2. PURPOSE OF THIS SCHEME**

- 2.1** This Scheme is a share incentive scheme and is established to recognise and acknowledge the contributions that Eligible Participants have made or may make to the Group.

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## **APPENDIX III THE PRINCIPAL TERMS OF THE SHARE OPTION SCHEME**

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**2.2** This Scheme will provide the Eligible Participants with an opportunity to acquire proprietary interests in the Company with the view to achieving the following principal objectives:

- (a) motivate the Eligible Participants to optimise their performance and efficiency for the benefit of the Group; and
- (b) attract and retain or otherwise maintain ongoing business relationship with the Eligible Participants whose contributions are, will or expected to be beneficial to the Group.

### **3. CONDITIONS**

**3.1** This Scheme shall take effect subject to the passing of the necessary resolution to adopt this Scheme by the shareholders of the Company in a special general meeting of the Company and is conditional upon the Stock Exchange granting approval for the listing of and permission to deal in any Shares to be issued and allotted by the Company pursuant to the exercise of Options in accordance with the terms and conditions of this Scheme.

**3.2** If any of the above conditions is not satisfied on or before 31 July 2014 (or such later date as the shareholders of the Company may agree), this Scheme shall forthwith terminate and no person shall be entitled to any rights or benefits or be under any obligations under or in respect of this Scheme.

**3.3** References in clause 3.1 to the Stock Exchange granting the approvals, listing and permission referred to therein shall include where such approvals, listing and permission are granted subject to conditions.

### **4. DURATION AND ADMINISTRATION**

**4.1** Subject to clauses 3 and 16, this Scheme shall be valid and effective for a period of 10 years commencing on the Effective Date, after which no further Options will be issued but the provisions of this Scheme shall remain in full force and effect to the extent necessary to give effect to the exercise of any Options granted prior thereto or otherwise as may be required in accordance with the provisions of this Scheme.

**4.2** This Scheme shall be subject to the administration of the Board or any committee established by the Board from time to time, whose decision (save as otherwise provided herein) shall be final and binding on all parties. Without prejudice to the generality of the foregoing, the Board shall have the absolute discretion to:

- (a) interpret and construe the provisions of this Scheme;
- (b) subject to such relevant requirements under the Listing Rules, determine the persons who will be awarded Options under this Scheme, and the number and Exercise Price of Options awarded thereto;

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## APPENDIX III THE PRINCIPAL TERMS OF THE SHARE OPTION SCHEME

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- (c) subject to Applicable Laws, determine the Exercise Period and other relevant terms and conditions for each Option;
- (d) subject to clause 15, make such appropriate and equitable adjustments to the terms of Options granted under this Scheme as it deems necessary;
- (e) subject to clause 15, adopt rules and regulations for carrying out this Scheme;
- (f) prescribe the form or forms of instruments to be issued as evidence of any Options granted under this Scheme; and
- (g) subject to Applicable Laws, make such other decisions or determinations as it shall deem appropriate in the administration of this Scheme.

### 5. ELIGIBILITY CRITERIA

- 5.1** The Board may at its discretion grant Options to: (i) any director, Employee, consultant, professional, customer, supplier, agent, partner or adviser of or contractor to the Group or a company in which the Group holds an interest or a subsidiary of such company (“**Affiliate**”); or (ii) the trustee of any trust the beneficiary of which or any discretionary trust the discretionary objects of which include any director, Employee, consultant, professional, customer, supplier, agent, partner or adviser of or contractor to the Group or an Affiliate; or (iii) a company beneficially owned by any director, Employee, consultant, professional, customer, supplier, agent, partner, adviser of or contractor to the Group or an Affiliate.
- 5.2** In order for a person to satisfy the Board that he is qualified to be (or, where applicable, continues to qualify to be) an Eligible Participant, such person shall provide all such information as the Board may request for the purpose of assessing his eligibility (or continuing eligibility).
- 5.3** Each grant of Options to a Connected Person of the Company, or any of his Associates, must be approved in accordance with the requirements of the Listing Rules.
- 5.4** Any person whom the Board has resolved to be qualified to become an Eligible Participant must remain eligible during the period when any Option granted to him remains outstanding. In assessing such Grantee’s continuing eligibility under this Scheme, the requirements set out in clause 5.1 and the views, if any, of the independent non-executive Directors shall be given due and careful consideration by the Board.
- 5.5** Should the Board resolve that a Grantee fails/has failed or otherwise is/has been unable to meet the continuing eligibility criteria under this Scheme as referred to in clause 5.4, the Company would (subject to Applicable Laws) be entitled to deem any outstanding Option or part thereof, granted to such Grantee and to the extent not already exercised, as lapsed, subject to the requirements of clause 9.

**6. GRANT OF OPTIONS**

- 6.1** On and subject to the terms of this Scheme, the Board shall be entitled at any time on a Business Day within 10 years commencing on the Effective Date to make an Offer to any Eligible Participant as the Board may in its absolute discretion select in accordance with clause 5.
- 6.2** An Offer shall be made to an Eligible Participant in such written form as the Board may from time to time determine. Such Offer shall specify the Exercise Price, the Exercise Period and the other relevant terms and conditions of the Option, and shall require the Eligible Participant to undertake to hold the Option on the terms on which it is to be granted and to be bound by the provisions of this Scheme and all other conditions attaching to the Offer and shall remain open for acceptance by the Eligible Participant concerned for a period of not less than three Business Days from the date of Offer, except for any Offer which is made within the last three Business Days of the life of this Scheme, the Offer shall remain open for acceptance on a Business Day by the Eligible Participant concerned for a period of not longer than the remaining life of this Scheme. An Offer cannot be accepted by an Eligible Participant who ceases to be qualified as an Eligible Participant after the Offer has been made. No Offer shall be capable of or open for acceptance after the expiry of 10 years from the Effective Date.
- 6.3** The document for granting the Offer shall state, in addition to the matters specified in (but without prejudice to the generality of) clause 6.2, the following:
- (a) the name and address of the Eligible Participant;
  - (b) the last date by which the Offer must be accepted;
  - (c) the manner of payment of the Exercise Price for the Shares on and in consequence of the exercise of the Option;
  - (d) the procedure for acceptance;
  - (e) without prejudice to the generality of clause 6.6, such other terms and conditions of the Offer as may be imposed by the Board at its discretion either on a case-by-case basis or generally as are not inconsistent with this Scheme including (without limitation) in the event that the Eligible Participant is a corporation (wherever incorporated or unincorporated), that any change of the management and/or shareholding of the Eligible Participant shall constitute a breach of this Scheme; and
  - (f) a statement requiring the Eligible Participant to undertake to hold the Option on the terms on which it is to be granted and to be bound by the provisions of this Scheme.
- 6.4** An Offer shall be accepted when the Company receives the duly signed Offer letter from the Grantee together with a remittance of HK\$1.00 (or such other nominal sum in any currency as the Board may determine) in favour of the

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## APPENDIX III THE PRINCIPAL TERMS OF THE SHARE OPTION SCHEME

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Company as consideration for the grant thereof. Such remittance shall in no circumstances be refundable. Once accepted, the Option is granted as from the date on which it was offered to the relevant Eligible Participant.

- 6.5** Unless otherwise stated in the terms of the grant, any Offer of the grant of an Option may be accepted in respect of less than the number of Shares in respect of which it is offered provided that it is accepted in respect of a board lot for dealings in Shares on the Stock Exchange or an integral multiple thereof. To the extent that the Offer of the grant of an Option is not accepted in the manner set out in clause 6.2, it shall be deemed to have been irrevocably declined and lapsed automatically without notice.
- 6.6** Subject to the provisions of this Scheme, the Listing Rules and Applicable Laws, the Board may, on a case-by-case basis and at its discretion when offering the grant of an Option, impose any conditions, restrictions or limitations in relation thereto additional to those expressly set forth in this Scheme as it may think fit (which shall be stated in the letter containing the Offer of the grant of the Option) including (without prejudice to the generality of the foregoing):
- (a) the continuing eligibility of the Grantee under this Scheme, and in particular, where the Board resolves that the Grantee has failed or otherwise is or has been unable to meet such continuing eligibility criteria, the Option (to the extent that it has not already been exercised) shall lapse, subject to the requirements of clause 9;
  - (b) the continuing compliance of such terms and conditions that may be attached to the grant of the Option, failing which the Option (to the extent that it has not already been exercised) shall lapse unless otherwise resolved to the contrary by the Board, subject to the requirements of clause 9;
  - (c) in the event that the Eligible Participant is a corporation (wherever incorporated or unincorporated), that any change of the management and/or shareholding of the Eligible Participant shall constitute a failure to meet the continuing eligibility criteria under this Scheme;
  - (d) in the event that the Eligible Participant is a trust, that any change of the beneficiary of the Eligible Participant shall constitute a failure to meet the continuing eligibility criteria under this Scheme;
  - (e) in the event that the Eligible Participant is a discretionary trust, that any change of the discretionary objects of the Eligible Participant shall constitute a failure to meet the continuing eligibility criteria under this Scheme;
  - (f) conditions, restrictions or limitations relating to the achievement of operating or financial targets; and
  - (g) if applicable, the satisfactory performance of certain obligations by the Grantee.

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## APPENDIX III THE PRINCIPAL TERMS OF THE SHARE OPTION SCHEME

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**6.7** Without prejudice to the generality of the foregoing and subject to the Listing Rules and clause 8, the Board may grant Options in respect of which the Exercise Price is fixed at different prices for different periods during the Exercise Period.

**6.8** The Board shall not offer the grant of an Option to any Eligible Participant:

- (a) after inside information has come to its knowledge, until such inside information has been announced pursuant to the relevant requirements of the Listing Rules; or
- (b) within the period commencing one month immediately preceding the earlier of:
  - (i) the date of the Board meeting (as such date is first notified to the Exchange in accordance with the Listing Rules for the approval of the Company's results for any year, half-year, quarterly or any other interim period (whether or not required under the Listing Rules)); and
  - (ii) the deadline for the Company to publish an announcement of its result for any year, half-year under the Listing Rules, or quarterly or any other interim period (whether or not required under the Listing Rules),

and ending on the date of the results announcement.

The period during which no Option may be granted will cover any period of delay in the publication of a results announcement.

**6.9** Notwithstanding that the Grantees shall not have any rights in connection with the Company until the relevant Options have been exercised (either in part or in full), the Company may, in compliance with Applicable Laws, provide to each Grantee during the period for which such Grantee has one or more Options outstanding, copies of financial statements annually.

### **7. GRANT OF OPTIONS TO CONNECTED PERSONS OR ANY OF THEIR ASSOCIATES**

**7.1** Without prejudice to clause 6, any grant of Options to any Director, Chief Executive or Substantial Shareholder or any of their respective Associates must be approved by the independent non-executive Directors of the Company (but excluding, for all purposes, any independent non-executive Director of the Company who is a proposed Grantee).

**7.2** Where any grant of Options to a Substantial Shareholder or an independent non-executive Director of the Company or their respective Associates would result in the total number of the Shares issued and to be issued upon exercise of the Options granted and to be granted (including Options exercised, cancelled and outstanding) to such person in any 12-month period up to and including the date of the grant:

- (a) representing in aggregate over 0.1% of the Shares in issue; and

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## APPENDIX III THE PRINCIPAL TERMS OF THE SHARE OPTION SCHEME

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- (b) having an aggregate value, based on the closing price of the Shares at the date of each grant, in excess of HK\$5 million,

such further grant of Options must be approved by the shareholders of the Company. The Company must send a circular to its shareholders. All Connected Persons must abstain from voting in favour at such general meeting. Any vote taken at the meeting to approve the grant of such Options must be taken on a poll in accordance with the Listing Rules.

**7.3** The circular referred to in clause 7.2 must contain:

- (a) details of the number and terms (including the Exercise Price) of the Options to be granted to each Eligible Participant, which must be fixed before the shareholders' meeting and the date of Board meeting for proposing such further grant should be taken as the date of grant for the purpose of calculating the Exercise Price under clause 8;
- (b) a recommendation from the independent non-executive Directors on whether or not to vote in favour of the proposed grant; and
- (c) all the information as required under the Listing Rules from time to time.

**7.4** For the avoidance of doubt, the requirements of clause 7 for the granting of Options to a Director or Chief Executive of the Company do not apply where the Eligible Person is only a proposed Director or proposed Chief Executive of the Company.

### **8. EXERCISE PRICE**

**8.1** The Exercise Price for any Share under this Scheme shall be a price determined by the Board and notified to each Grantee (in the letter containing the Offer of the grant of the Option) and shall not be less than the highest of:

- (a) the closing price of a Share as stated in the Stock Exchange's daily quotations sheet on the date of grant of the relevant Option, which must be a Business Day;
- (b) an amount equivalent to the average closing price of a Share as stated in the Stock Exchange's daily quotation sheets for the 5 Business Days immediately preceding the date of grant of the relevant Option; and
- (c) the nominal value of a Share on the date of grant.

**8.2** In the event the Shares cease to be listed on the Stock Exchange, the Exercise Price in connection with Options granted to a Grantee shall be determined by the Board in good faith and in a manner consistent with all Applicable Laws including, without limitation, any requirement that consideration be given to (i) the price at which securities of reasonably comparable corporations (if any) in the



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## APPENDIX III THE PRINCIPAL TERMS OF THE SHARE OPTION SCHEME

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same industry are being traded, or (ii) if there are no securities of reasonably comparable corporations in the same industry being traded, the earnings history, book value and prospects of the Company in light of market conditions generally.

### 9. EXERCISE OF OPTIONS

**9.1** An Option shall be personal to the Grantee and shall not be assignable and no Grantee shall in any way sell, transfer, charge, mortgage, encumber or create any interest in favour of any third party over or in relation to any Option.

**9.2** Subject to the relevant Exercise Period and the other terms and conditions of the grant, an Option shall be exercised in whole or in part by the Grantee by giving notice in writing to the Company stating that the Option is thereby exercised and the number of Shares in respect of which it is exercised. Each such notice must be accompanied by a remittance for the full amount of the Exercise Price for the Shares in respect of which the notice is given. Any notice given without such relevant remittance shall be invalid. Within 21 Business Days (excluding any period(s) of closure of the Company's share registers) after receipt of the notice together with remittance of the relevant Exercise Price in full and, where appropriate, receipt of the Auditors' certificate or the independent financial adviser's certificate pursuant to clause 12, the Company shall allot and issue the relevant number of Shares to the Grantee credited as fully paid and issue to the Grantee a share certificate in respect of the Shares so allotted and issued.

**9.3** Subject to Applicable Laws and as hereinafter provided, an Option may be exercised by the Grantee at any time during the applicable Exercise Period, provided that:

- (a) in the event of death of the Grantee (being an individual) before exercising the Option in full, his legal personal representatives may exercise the Option up to the Grantee's entitlement (to the extent exercisable as at the date of his death and not exercised) within the period of 12 months following his death or such longer period as the Board may determine;
- (b) subject to sub-clauses (c) and (d), in the event of the Grantee who is an Employee ceasing to be an Employee for any reason other than his death, Disability or the termination of his employment on one or more of the grounds specified in clause 10(f), the Grantee may exercise the Option (to the extent exercisable as at the date of the relevant event and not exercised) within 30 days following such cessation;
- (c) where the Grantee is an Employee, director, consultant, professional, agent, partner, advisor of or contractor to the Group or its Affiliate at the time of the grant of the relevant Option(s) and his employment or service to the Company is terminated on the ground of Disability, the Grantee may exercise the Option (to the extent exercisable as at the date on which such Grantee ceases to be an Employee, director, consultant, professional, agent, partner, advisor of or contractor to the Group or its Affiliate and not exercised) within 6 months following such cessation or such longer period as the Board may determine;

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### APPENDIX III THE PRINCIPAL TERMS OF THE SHARE OPTION SCHEME

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- (d) where the Grantee is an Employee at the time of the grant of the relevant Option(s), in the event that such Grantee shall cease to be an Employee but becomes, or continues to be, a consultant, professional, customer, supplier, agent, partner or adviser of or contractor to the Group or an Affiliate (as defined in clause 5), then the Option (to the extent exercisable as at the date on which such Grantee ceases to be an Employee and not exercised) shall be exercised within 3 months following the date of such cessation or such longer period as the Board may determine;
- (e) where the Grantee is an Employee at the time of the grant of the relevant Option(s), in the event that such Grantee shall cease to be an Employee but becomes, or continues to be, a director of the Group or an Affiliate (as defined in clause 5), then the Option(s) (to the extent exercisable as at the date on which such Grantee ceases to be an Employee and not exercised) granted prior to the date of his becoming a director of the Group or its Affiliate shall remain exercisable until its expiry in accordance with the provisions of this Scheme and the terms and conditions upon which such Option(s) is granted unless the Board shall determine to the contrary;
- (f) in the event of the Grantee, who is a director, consultant, professional, customer, supplier, agent, partner or adviser of or contractor to the Group or an Affiliate but not an Employee, ceasing to be a director, consultant, customer, supplier, agent, partner or adviser of or contractor to the Group or an Affiliate (as the case may be) for any reason other than his death (in the case of a Grantee being an individual) or Disability (in the case of a Grantee being a director or consultant of the Group or its Affiliate), the Option (to the extent exercisable as at the date of such cessation and not exercised) shall be exercised within 30 days following the date of such cessation or such longer period as the Board may determine;
- (g) if a general offer (whether by way of takeover offer or scheme of arrangement or otherwise in like manner) is made to all the holders of Shares (or all such holders other than the offeror and/or any person controlled by the offeror and/or any person acting in concert with the offeror) and such offer becomes or is declared unconditional (within the meaning of the Hong Kong Code on Takeovers and Mergers), the Grantee shall be entitled to exercise the Option (to the extent exercisable as at the date on which the general offer becomes or is declared unconditional and not exercised) in full or in part at any time within one month after the date on which the offer becomes or is declared unconditional (within the meaning of the Hong Kong Code on Takeovers and Mergers);
- (h) in the event notice is given by the Company to its shareholders to convene a shareholders' meeting for the purpose of considering and, if thought fit, approving a resolution to voluntarily wind up the Company, the Company shall forthwith give notice thereof to the Grantee and the Grantee may, by notice in writing to the Company accompanied by the remittance for the total Exercise Price payable in respect of the exercise of the relevant Option (such notice to be received by the Company not later than two Business Days (excluding any period(s) of closure of the Company's share registers)

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## APPENDIX III THE PRINCIPAL TERMS OF THE SHARE OPTION SCHEME

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prior to the proposed meeting) exercise the Option (to the extent exercisable as at the date of the notice to the Grantee and not exercised) either in full or in part and the Company shall, as soon as possible and in any event no later than the Business Day (excluding any period(s) of closure of the Company's share registers) immediately prior to the date of the proposed shareholders' meeting, allot and issue such number of Shares to the Grantee which falls to be issued on such exercise; and

- (i) in the event of a compromise or arrangement between the Company and its members or creditors being proposed in connection with a scheme for the reconstruction or amalgamation of the Company (other than any relocation schemes as contemplated in Rule 7.14(3) of the Listing Rules), the Company shall give notice thereof to all Grantees on the same date as it gives notice of the meeting to its members or creditors to consider such a scheme of arrangement, and thereupon the Grantee may, by notice in writing to the Company accompanied by the remittance for the total Exercise Price payable in respect of the exercise of the relevant Option (such notice to be received by the Company not later than two Business Days (excluding any period(s) of closure of the Company's share registers) prior to the proposed meeting) exercise the Option (to the extent exercisable as at the date of the notice to the Grantee and not exercised) either in full or in part and the Company shall, as soon as possible and in any event no later than the Business Day (excluding any period(s) of closure of the Company's share registers) immediately prior to the date of the proposed meeting, allot and issue such number of Shares to the Grantee which falls to be issued on such exercise credited as fully paid and registered the Grantee as holder thereof.

**9.4** The Shares to be allotted and issued upon the exercise of an Option shall be subject to all the provisions of the articles of association of the Company in force as at the Allotment Date and shall rank *pari passu* in all respects with the existing fully paid Shares in issue on the Allotment Date and accordingly shall entitle the holder to participate in all dividends or other distributions paid or made after the Allotment Date other than any dividend or other distribution previously declared or recommended or resolved to be paid or made if the record date therefor shall be on or before the Allotment Date. Any Share allotted and issued upon the exercise of an Option shall not carry voting rights until the name of the Grantee has been duly entered into the register of members of the Company as the holder thereof.

**9.5** Without prejudice to the generality of the foregoing, the Grantee may only exercise an Option subject to any restrictions as may be reasonably imposed by the Board from time to time with a view to ensure or facilitate compliance with any Applicable Laws, mandatory rules and/or regulations binding on the Company, particularly those relating to insider dealing and other prohibitions under the Listing Rules.

**10. LAPSE OF OPTION**

An Option (to the extent that such Option has not already been exercised) shall lapse and not be exercisable on the earliest of:

- (a) the expiry of the Exercise Period;
- (b) the expiry of any of the periods referred to in clauses 9.3(a), (b), (c), (d), (e), (f) and (g);
- (c) subject to Clause 9.3(h), the date of the commencement of the winding-up of the Company;
- (d) the date when the proposed compromise or arrangement becomes effective in respect of the situation contemplated in clause 9.3(i);
- (e) the date on which the Grantee who is an Employee ceases to be an Employee by reason of the termination of his employment on the grounds that he has been guilty of serious misconduct or has been convicted of any criminal offence involving his integrity or honesty. A resolution of the Board to the effect that the employment of a Grantee has or has not been terminated on one or more of the grounds specified in this clause 10(e) shall be conclusive and binding on the Grantee;
- (f) the happening of any of the following events, unless otherwise waived by the Board:
  - (i) any liquidator, provisional liquidator, receiver or any person carrying out any similar function has been appointed anywhere in the world in respect of the whole or any part of the asset or undertaking of the Grantee (being a corporation);
  - (ii) the Grantee (being a corporation) has ceased or suspended payment of its debts, become unable to pay its debts (within a meaning of section 178 of the Companies Ordinance or any similar provisions under the Companies Law) or otherwise become insolvent;
  - (iii) there is unsatisfied judgment, order or award outstanding against the Grantee or the Company has reason to believe that the Grantee is unable to pay or to have no reasonable prospect of being able to pay his/her/its debts;
  - (iv) there are circumstances which entitle any person to take any action, appoint any person, commence proceedings or obtain any order of the type mentioned in sub-clauses (i), (ii) and (iii) above;
  - (v) a bankruptcy order has been made against the Grantee or any Director of the Grantee (being a corporation) in any jurisdiction; or
  - (vi) a petition for bankruptcy has been presented against the Grantee or any Director of the Grantee (being a corporation) in any jurisdiction;

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## APPENDIX III THE PRINCIPAL TERMS OF THE SHARE OPTION SCHEME

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- (g) the date on which a situation as contemplated under clause 9.1 arises;
- (h) the date on which the Grantee commits a breach of any terms or conditions attached to the grant of the Option, unless otherwise resolved to the contrary by the Board; or
- (i) the date on which the Board resolves that the Grantee has failed or otherwise is or has been unable to meet the continuing eligibility criteria as may be prescribed pursuant to clause 6.6(a).

### 11. MAXIMUM NUMBER OF SHARES AVAILABLE FOR SUBSCRIPTION

**11.1** Subject to clauses 11.2, 11.3 and 11.4, the maximum number of Shares in respect of which Options may be granted under this Scheme and any other schemes involving the issue or grant of options or similar rights over Shares or other securities by the Company shall not, in aggregate, exceed 10% of the Shares in issue as at the date of listing of the Shares (the “**Scheme Mandate Limit**”) unless approved by the shareholders of the Company pursuant to clause 11.3. Options lapsed in accordance with the terms of the Scheme will not be counted for the purpose of calculating the Scheme Mandate Limit.

**11.2** Subject to clauses 11.3 and 11.4, the Scheme Mandate Limit may be renewed by the shareholders of the Company in general meeting from time to time provided always that the Scheme Mandate Limit so renewed must not exceed 10% of the Shares in issue as at the date of approval of such renewal by shareholders of the Company in general meeting. Upon such renewal, all Options granted under this Scheme and any other share options schemes of the Company (including those exercised, outstanding, cancelled, lapsed in accordance with the terms of this Scheme or any other share option schemes of the Company) prior to the approval of such renewal shall not be counted for the purpose of calculating the Scheme Mandate Limit as renewed. A circular must be sent to the shareholders of the Company containing such relevant information from time to time as required by the Listing Rules in connection with the general meeting at which their approval is sought; and

**11.3** Subject to clause 11.4, the Board may seek separate shareholders’ approval in general meeting to grant Options beyond the Scheme Mandate Limit provided that the Options in excess of the Scheme Mandate Limit are granted only to the Eligible Participants specifically identified by the Company before such approval is sought and the Company must issue a circular to the shareholders of the Company containing such relevant information from time to time as required by the Listing Rules in relation to any such proposed grant to such Eligible Participants.

**11.4** The maximum number of Shares which may be issued upon the exercise of all outstanding Options granted and yet to be exercised under this Scheme and any other schemes involving the issue or grant of options or similar rights over Shares or other securities by the Company must not, in aggregate, exceed 30% of the

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## APPENDIX III THE PRINCIPAL TERMS OF THE SHARE OPTION SCHEME

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Shares in issue from time to time. Notwithstanding anything contrary to the terms of this Scheme, no Options may be granted under any schemes of the Company (including this Scheme) if this will result in the said 30% limited being exceeded.

**11.5** No Option may be granted to any Eligible Participant which, if exercised in full, would result in the total number of Shares issued and to be issued upon exercise of the Options already granted or to be granted to such Eligible Participant under this Scheme (including exercised, cancelled and outstanding share options) in any 12-month period up to and including the date of such grant exceeding 1% in aggregate of the Shares in issue as at the date of such grant. Any grant of further Options above this limit shall be subject to the following requirements:

- (a) approval of the shareholders of the Company at general meeting, with such Eligible Participant and its Associates abstaining from voting;
- (b) a circular in relation to the proposal for such further grant having been sent by the Company to its shareholders with such information from time to time as required by the Listing Rules;
- (c) the number and terms of the Options to be granted to such proposed Grantee shall be fixed before the shareholders' approval mentioned in (a) above; and
- (d) for the purpose of calculating the minimum Exercise Price for the Shares in respect of the further Options proposed to be so granted as described under clause 8, the date of board meeting for proposing such grant of further Options shall be taken as the date of Offer of such Options.

**11.6** The maximum number of Shares referred to in clause 11 shall be adjusted, in such manner as the Auditors or the independent financial adviser appointed by the Company shall certify as fair and reasonable in accordance with clause 12.

## **12. REORGANISATION OF CAPITAL STRUCTURE**

**12.1** In the event of any alteration in the capital structure of the Company while an Option remains exercisable, and such event arises from, including a capitalisation of profits or reserves, rights issue, consolidation, reclassification, subdivision or reduction of the share capital of the Company, such corresponding alterations (if any) shall be made in:

- (a) the number or nominal amount of Shares subject to the Options so far as unexercised; and/or
- (b) the Exercise Price; and/or
- (c) the method of exercise of the Options; and/or
- (d) the maximum number of Shares referred to in clause 11.

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## **APPENDIX III THE PRINCIPAL TERMS OF THE SHARE OPTION SCHEME**

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Any adjustments required under this clause must give a Grantee the same proportion of the equity capital as that to which that Grantee was previously entitled, but no such adjustments may be made to the extent that Shares would be issued at less than their nominal value or (unless with prior approval from the Company's shareholders in general meeting) to the extent that such adjustments are made to the advantage of the Grantee. For the avoidance of doubt, the issue of securities as consideration in a transaction may not be regarded as a circumstance requiring adjustment. In respect of any such adjustments, other than any made on a capitalisation issue, the independent financial adviser appointed by the Company or the Auditors must confirm to the Directors in writing that the adjustments satisfy the requirements set out in this clause.

**12.2** The costs of the Auditors or the independent financial adviser appointed by the Company relating to this Scheme shall be borne by the Company.

**12.3** In giving any certificate under this clause 12, the Auditors or the independent financial adviser appointed by the Company shall be deemed to be acting as experts and not as arbitrators and their certificate shall, in the absence of manifest error, be final, conclusive and binding on the Company and all persons who may be affected thereby.

### **13. SHARE CAPITAL**

The exercise of any Option shall be subject to the members of the Company in a general meeting approving any necessary increase in the share capital of the Company. Subject thereto the Board shall make available sufficient authorised but unissued share capital of the Company to meet subsisting requirements on the exercise of Options.

### **14. DISPUTES**

Any dispute arising in connection with this Scheme (whether as to the number of Shares, the subject of an Option, (where applicable) whether all or part of the Option has been vested, the amount of the Exercise Price or otherwise) shall be referred to the decision of the Auditors or the independent financial adviser of the Company who shall act as experts and not as arbitrators and whose decision shall be final and binding on the Grantee.

### **15. ALTERATION OF THIS SCHEME**

**15.1** This Scheme may be altered in any respect by resolution of the Board except those specific provisions relating to matters set out in Rule 17.03 of the Listing Rules (or any other relevant provisions of the Listing Rules from time to time applicable) which cannot be altered to the advantage of Grantees or prospective Grantees except with the prior approval of the shareholders of the Company in general meeting.

**15.2** Any alterations to the terms and conditions of this Scheme which are of a material nature must be approved by the shareholders of the Company in general meeting, except where such alterations take effect automatically under the existing terms of this Scheme.

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## **APPENDIX III THE PRINCIPAL TERMS OF THE SHARE OPTION SCHEME**

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**15.3** Any change to the authority of the Directors or Scheme administration in relation to any alterations to the terms of this Scheme must be approved by the shareholders of the Company in general meeting.

**15.4** The amended terms of this Scheme must continue to comply with the relevant provisions of the Listing Rules as may be amended from time to time.

**15.5** Subject to this clause 15, the Board may at any time alter, amend or modify the terms and conditions of this Scheme such that the provisions of this Scheme would comply with all relevant legal and regulatory requirements in all relevant jurisdictions to the extent as considered necessary by the Board to implement the terms of this Scheme.

### **16. TERMINATION**

**16.1** The Company by resolution in general meeting or the Board may at any time terminate the operation of this Scheme and in such event, no further Options will be offered but the provisions of this Scheme shall remain in force in all other respects.

**16.2** Options complying with the provisions of the Listing Rules which are granted during the life of the Scheme and remain unexpired immediately prior to the termination of the operation of the Scheme shall continue to be exercisable in accordance with their terms of issue after the termination of the Scheme.

### **17. CANCELLATION**

The Board shall have the absolute discretion to cancel any Options granted at any time if the Grantee so agreed provided that where an Option is cancelled and a new Option is proposed to be issued to the same Grantee, the issue of such new Option may only be made with available but unissued Shares in the authorised share capital of the Company, and available ungranted Options (excluding for this purpose all cancelled Options) within the limits referred to in clause 11.

### **18. MISCELLANEOUS**

**18.1** This Scheme shall not confer on any person any legal or equitable rights (other than those constituting the Options themselves) against the Company directly or indirectly or give rise to any cause of action at law or in equity against the Company.

**18.2** The Company shall bear the costs of establishing and administering this Scheme.

**18.3** A Grantee shall be entitled to receive copies of all notices and other documents sent by the Company to its shareholders.



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### APPENDIX III THE PRINCIPAL TERMS OF THE SHARE OPTION SCHEME

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- 18.4** Any notice or other communication between the Company and a Grantee may be given by sending the same by prepaid post or by personal delivery to, in the case of the Company, its principal place of business in Hong Kong from time to time and, in the case of the Grantee, his address or fax number or e-mail address as notified to the Company from time to time.
- 18.5** Any notice or other communication served:
- (a) by the Company shall be deemed to have been served 24 hours after the same was put in the post or delivered by hand or by courier or by fax or by internet to the e-mail address of the Grantee as notified to the Company from time to time; and
  - (b) by the Grantee shall not be deemed to have been received until the same shall have been received by the Company.
- 18.6** A Grantee shall be responsible for obtaining any governmental or other official consent that may be required by any country or jurisdiction in order to permit the grant or exercise of his Option. The Company shall not be responsible for any failure by a Grantee to obtain any such consent or for any tax or other liability to which a Grantee may become subject as a result of his participation in this Scheme.
- 18.7** By accepting an Option, a Grantee shall be deemed irrevocably to have accepted the grant subject to the provisions of this Scheme and to have waived any entitlement, by way of compensation for loss of office or otherwise howsoever, to any sum or other benefit to compensate him for loss of any rights under this Scheme.
- 18.8** This Scheme and all Options granted hereunder shall be governed by and construed in accordance with the laws of Hong Kong.

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## NOTICE OF ANNUAL GENERAL MEETING

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### **National Agricultural Holdings Limited**

### **國農控股有限公司**

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

**(Stock code: 1236)**

**NOTICE IS HEREBY GIVEN** that an annual general meeting of the shareholders of National Agricultural Holdings Limited (“Company”) will be held at Suites 1604-5, Prudential Tower, Harbour City, 21 Canton Road, Tsimshatsui, Kowloon, Hong Kong on Thursday, 12 June 2014 at 10:00 a.m. for the following purpose:

1. To receive and consider the audited financial statements and the reports of the directors (“Directors”) and the auditors of the Company for the year ended 31 December 2013;
2.
  - (a) To re-elect Mr. Chen Li-Jun as executive Director and to authorise the Directors to fix his remuneration;
  - (b) To re-elect Mr. Ren Hai as executive Director and to authorise the Directors to fix his remuneration;
  - (c) To re-elect Mr. Peng Guojiang as executive Director and to authorise the Directors to fix his remuneration;
  - (d) To re-elect Mr. Zhang Yuliang as executive Director and to authorise the Directors to fix his remuneration;
  - (e) To re-elect Ms. Wen Yuanyi as executive Director and to authorise the Directors to fix her remuneration;
  - (f) To re-elect Ms. Chiu Kam Hing Kathy who has served the Company for more than nine years as independent non-executive Director and to authorise the Directors to fix her remuneration;
  - (g) To re-elect Mr. Ting Tit Cheung as independent non-executive Director and to authorise the Directors to fix his remuneration;
  - (h) To re-elect Mr. Shum Wan Lung as independent non-executive Director and to authorise the Directors to fix his remuneration;
  - (i) To re-elect Mr. Law Yee Kwan Quinn as independent non-executive Director and to authorise the Directors to fix his remuneration;

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## NOTICE OF ANNUAL GENERAL MEETING

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3. To re-appoint the Company's auditors and authorize the board of directors of the Company ("Board") to fix their remuneration.
4. By way of special business, to consider and, if thought fit, pass with or without alterations, the following resolutions as ordinary resolution:

(1) **"That:**

- (a) subject to paragraph (c) below and pursuant to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Listing Rules"), the exercise by the Directors during the Relevant Period (as hereafter defined) of all the powers of the Company to allot, issue and deal with unissued shares in the capital of the Company and to make or grant offers, agreements and options which might require the exercise of such powers be and the same is hereby generally and unconditionally approved.
- (b) The approval paragraph (a) above shall authorise the Directors during the Relevant Period to make or grant offers, agreements and options which might require the exercise of such powers after the end of the Relevant Period.
- (c) The aggregate nominal amount of share capital allotted or agreed conditionally or unconditionally to be allotted (where pursuant to the exercise of options or otherwise) by the Directors pursuant to the approval in paragraph (a) above, otherwise than pursuant to (i) a Rights Issue (as hereafter defined); or (ii) the grant or exercise of any option under the share option scheme of the Company; or (iii) any scrip dividend or similar arrangement providing for the allotment of shares in lieu of the whole or part of a dividend on shares in accordance with the articles of association of the Company in force from time to time; or (iv) any issue of shares in the Company upon the exercise of rights of subscription or conversion under the terms of any warrants of the Company or any securities which are convertible into shares of the Company, shall not exceed the aggregate of:
  - (aa) 20% of the aggregate nominal amount of the share capital of the Company in issue on the date of the passing of this resolution; and
  - (bb) (if the Directors are so authorised by a separate ordinary resolution of the shareholders of the Company) the nominal amount of any share capital of the Company repurchased by the Company subsequent to the passing of this Resolution (up to maximum equivalent to 10% of the aggregate nominal amount of the share capital of the Company in issue on the date of the passing of this resolution).

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

(d) for the purpose of this resolution:

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

- (i) the conclusion of the next annual general meeting of the Company;
- (ii) the expiration of the period within which the next annual general meeting of the Company is required by the articles of association of the Company or any applicable laws of the Cayman Islands to be held; and
- (iii) the passing of an ordinary resolution by the shareholders of the Company in a general meeting revoking or varying the authority given to the Directors by this resolution.

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

(2) **“That:**

- (a) The exercise by the Directors during the Relevant Period of all powers of the Company to purchase its shares on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) or any other stock exchange on which the shares of the Company may be listed and recognised by The Securities and Futures Commission of Hong Kong and Stock Exchange for such purpose, and otherwise in accordance with the Codes on Takeovers and Mergers and Share Repurchases, the Listing Rules, the articles of association of the Company and all other applicable laws in this regard, be and are hereby generally and unconditionally approved.

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- (b) The aggregate nominal amount of shares of the Company which may be purchased by the Company pursuant to the approval in paragraph (a) 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 passing of this resolution and the authority pursuant to paragraph (a) of this resolution shall be limited accordingly; and
  - (c) For the purpose of this resolution, “Relevant Period” means the period from the date of the passing of this resolution until whichever is the earliest of:
    - (i) the conclusion of the next annual general meeting of the Company;
    - (ii) the expiration of the period within which the next annual general meeting of the Company is required by the articles of association of the Company or any applicable laws of the Cayman Islands to be held; and
    - (iii) the passing of an ordinary resolution by the shareholders of the Company in a general meeting revoking or varying the authority given to the Directors by this resolution.”
- (3) “**That** the Directors be and are hereby authorised to exercise the authority referred to in paragraph (a) of Resolution No. 4(1) above in respect of the share capital of the Company referred to in sub-paragraph (bb) of paragraph (c) of such resolution.”
- 5. “**THAT** conditional upon the Listing Committee of The Stock Exchange of Hong Kong Limited granting the listing of and permission to deal in the Shares falling to be issued pursuant to the exercise of the share options which may be granted under the share option scheme (the “**Share Option Scheme**”), a draft of which is tabled at the meeting and signed by the chairman of this meeting for the purpose of identification, representing an amount up to 10 per cent of the issued shares of the Company as at the day on which this resolution is passed (“**General Scheme Limit**”), with effect from the close of business of the day on which this resolution is passed, the Share Option Scheme be and are hereby approved and adopted and the directors of the Company be and are hereby authorised:
  - (a) to approve any amendments to the rules of the Share Option Scheme as may be acceptable or not objected to by the Stock Exchange;
  - (b) at their absolute discretion to grant options to subscribe for shares of the Company in accordance with the rules of the Share Option Scheme;
  - (c) to allot, issue and deal with shares of the Company pursuant to the exercise of options granted under the Share Option Scheme provided that the aggregate amount of shares which fall to be allotted and issued pursuant to

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this authority, together with any issue of shares of the Company upon the exercise of any options granted under any other share option scheme as may from time to time be adopted by the Company or its subsidiaries, shall not exceed the General Scheme Limit; and

- (d) to take all such steps as may be necessary, desirable or expedient to carry into effect the Share Option Scheme.”

By order of the Board  
**National Agricultural Holdings Limited**  
**Chen Li-Jun**  
*Chairman*

Hong Kong, 13 May 2014

*Registered Office:*

P.O. Box 309  
Ugland House  
Grand Cayman  
KY1-1104  
Cayman Islands

*Principal Place of Business in Hong Kong:*

Suites 1604-5, Prudential Tower  
Harbour City  
21 Canton Road  
Tsimshatsui Kowloon  
Hong Kong

*Notes:*

- (a) A shareholder entitled to attend and vote at the meeting convened by the above notice is entitled to appoint one or more proxies to attend and vote on his behalf. A proxy need not to be a shareholder of the Company.
- (b) To be valid, a form of proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of such power or authority must be deposited with the Company's Hong Kong branch registrars, Computershare Hong Kong Investor Services Limited, Rooms 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 48 hours before the time for holding the meeting or at any adjournment thereof.
- (c) In relation to proposed resolution No. 4 above, approval is being sought from the shareholders for the grant to the Directors of a general mandate to authorise the allotment and issue of shares under the Listing Rules. The Directors have no immediate plans to issue any new shares of the Company other than shares which may fall to be issued under the share option scheme of the Company or any scrip dividend scheme which may be approved by shareholders of the Company.