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

If you have sold or transferred all your shares in Hing Lee (HK) Holdings Limited, you should at once hand this circular, together with the enclosed form of proxy, to the purchaser(s) or transferee(s) or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or transferee(s).

This circular should be read in conjunction with the accompanying annual report of the Company for the year ended 31 December 2018.

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Hing Lee (HK) Holdings Limited
興利（香港）控股有限公司

(Incorporated in the British Virgin Islands and re-domiciled and continued in Bermuda with limited liability)
(Stock code: 396)

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

A notice convening the Annual General Meeting to be held at Ballroom III, Courtyard by Marriott Hong Kong Sha Tin, 1 On Ping Street, Shatin, N.T., Hong Kong on Friday, 17 May 2019 at 10:30 a.m. or any adjournment thereof is set out on pages 28 to 33 of this circular.

Whether or not you intend to attend and vote at the Annual General Meeting in person, please complete the enclosed form of proxy in accordance with the instructions printed thereon and return it to the Company's branch share registrar in Hong Kong, Union Registrars Limited at Suites 3301-04, 33/F., Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong as soon as practicable but in any event not later than 48 hours before the time appointed for holding the Annual General Meeting or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the Annual General Meeting or any adjournment thereof should you so wish.

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DEFINITIONS

In this circular, the following expressions shall have the following meanings unless the context indicates otherwise:

“Adoption Date”	the date on which the New Scheme is conditionally adopted by an ordinary resolution of the Shareholders;
“Annual General Meeting” or “AGM”	the annual general meeting of the Company to be held at Ballroom III, Courtyard by Marriott Hong Kong Sha Tin, 1 On Ping Street, Shatin, N.T., Hong Kong on Friday, 17 May 2019 at 10:30 a.m., notice of which is set out on pages 28 to 33 of this circular;
“Board”	the board of Directors;
“Bye-Laws”	the bye-laws of the Company;
“associate(s)”	has the same meaning ascribed to it under the Listing Rules;
“close associate(s)”	has the same meaning ascribed to it under the Listing Rules;
“Company”	Hing Lee (HK) Holdings Limited, a company incorporated in the British Virgin Islands with limited liability and was subsequently redomiciled and continued in Bermuda with limited liability, and the shares of which are listed on the main board of the Stock Exchange;
“Companies Act”	the Companies Act 1981 of Bermuda, as amended, supplemented or otherwise modified from time to time;
“connected person(s)”	has the same meaning ascribed to it under the Listing Rules;
“core connected person(s)”	has the same meaning ascribed to it under the Listing Rules;
“Directors”	the directors of the Company;

DEFINITIONS

“Eligible Participant(s)”	(a) any full-time or part-time employee of the Company and/or any subsidiary of the Company; (b) any director (including executive, non-executive and independent non-executive director) of the Company and/or any subsidiary of the Company; and (c) any supplier, service provider or business partner of the Company and/or any subsidiary of the Company who, at the sole determination of the Board, have contributed or will contribute to the Company and/or any subsidiary of the Company;
“Existing Scheme”	the share option scheme adopted by the Company on 29 May 2009;
“Grantee”	any Eligible Participant who accepts the Offer in accordance with the terms of the New Scheme, or (where the context so permits) any person who is entitled, in accordance with the laws of succession applicable, to exercise any Option to the extent not already exercised in consequence of the death of an original Grantee;
“Group”	the Company and its subsidiaries;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China;
“Issue Mandate”	the proposed general mandate to be granted to the Directors to allot, issue and otherwise deal with new Shares not exceeding 20% of the aggregate nominal amount of the share capital of the Company in issue as at the date of passing of the ordinary resolution granting such mandate;
“Latest Practicable Date”	2 April 2019, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;

DEFINITIONS

“New Scheme”	the new share option scheme proposed to be adopted by the Company at the AGM, a summary of the principal terms of which is set out in the Appendix III to this circular;
“Offer”	an offer for the grant of an Option is made to an Eligible Participant pursuant to the New Scheme;
“Offer Date”	the date on which an Offer is made to an Eligible Participant pursuant to the New Scheme;
“Option(s)”	option(s) to subscribe for Shares granted pursuant to the New Scheme;
“Repurchase Mandate”	the proposed general mandate to be granted to the Directors to permit the repurchase of fully paid up Shares of up to 10% of the aggregate nominal amount of the share capital of the Company in issue as at the date of passing of the ordinary resolution granting such mandate;
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) as amended from time to time;
“Share(s)”	the ordinary share(s) of HK\$0.01 each in the share capital of the Company;
“Shareholder(s)”	the holder(s) of the Share(s);
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Subscription Price”	the price per Share at which a Grantee may subscribe for Shares on the exercise of an Option pursuant to the New Scheme;
“substantial shareholder(s)”	has the same meaning ascribed to it under the Listing Rules;
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers issued by the Securities and Future Commission of Hong Kong; and
“%”	per cent.

LETTER FROM THE BOARD



Hing Lee (HK) Holdings Limited 興利（香港）控股有限公司

(Incorporated in the British Virgin Islands and re-domiciled and continued in Bermuda with limited liability)

(Stock code: 396)

Executive Directors:

Mr. Sung Kai Hing (*Chairman*)

Mr. Cheung Kong Cheung

Independent non-executive Directors:

Mr. Sun Jian

Ms. Shao Hanqing

Mr. Kong Hing Ki

Registered office:

The Belvedere Building

69 Pitts Bay Road

Pembroke HM08

Bermuda

Principal place of business:

Unit 1101, 11th Floor

Delta House

3 On Yiu Street

Shatin

New Territories

Hong Kong

11 April 2019

To the Shareholders

Dear Sir/Madam,

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

INTRODUCTION

The purpose of this circular is to provide you with information regarding the resolutions to be proposed at the Annual General Meeting regarding (i) the approval of the general mandates to issue, allot and otherwise deal with new Shares and to repurchase the Company's fully paid up Shares; (ii) the re-election of retiring Directors; and (iii) the adoption of the New Scheme.

LETTER FROM THE BOARD

GENERAL MANDATES TO ISSUE AND TO REPURCHASE SHARES

At the last annual general meeting of the Company held on 18 May 2018, the Shareholders passed resolutions granting the Directors general mandates to allot, issue and otherwise deal with new Shares and to repurchase Shares. Such mandates will expire and lapse at the conclusion of the Annual General Meeting. It is therefore proposed to renew the general mandates to issue, allot and otherwise deal with new Shares and to repurchase Shares at the Annual General Meeting.

Issue Mandate

At the Annual General Meeting, an ordinary resolution will be proposed to the Shareholders to consider and, if thought fit, approve the Issue Mandate which will enable the Directors to exercise the power of the Company to allot, issue and otherwise deal with new Shares not exceeding 20% of the aggregate nominal amount of the share capital of the Company in issue as at the date of passing such resolution. In addition, an ordinary resolution will also be proposed to the Shareholders to consider and, if thought fit, approve the extension of the Issue Mandate by adding to the aggregate number of Shares which may be allotted, issued or otherwise dealt with or agreed conditionally or unconditionally to be allotted, issued or otherwise dealt with by the Directors pursuant to the Issue Mandate the number of Shares repurchased under the Repurchase Mandate, if granted.

As at the Latest Practicable Date, the issued and fully paid up share capital of the Company comprised 808,096,025 Shares. Assuming that there is no change in the issued and fully paid up share capital of the Company between the period from the Latest Practicable Date and the date of passing of the resolution approving the Issue Mandate, the maximum number of Shares which may be issued pursuant to the Issue Mandate will be 161,619,205 Shares.

Details of the Issue Mandate and the extension of the Issue Mandate are respectively set out in ordinary resolutions numbered 4(2) and 4(3) in the notice of the Annual General Meeting set out on pages 28 to 33 of this circular.

Repurchase Mandate

At the Annual General Meeting, an ordinary resolution will be proposed for the Shareholders to consider and, if thought fit, approve the Repurchase Mandate which will enable the Directors to exercise the power of the Company to repurchase Shares up to 10% of the issued and fully paid up share capital of the Company as at the date of passing of such resolution. The Company's authority is restricted to repurchase Shares in the market in accordance with the Listing Rules.

As at the Latest Practicable Date, the issued and fully paid up share capital of the Company comprised 808,096,025 Shares. Assuming that there is no change in the issued and fully paid up share capital of the Company between the period from the Latest Practicable Date and the date of passing of the resolution approving the Repurchase Mandate, the maximum number of Shares which may be repurchased pursuant to the Repurchase Mandate will be 80,809,602 Shares.

Pursuant to the Listing Rules, an explanatory statement containing all the information reasonably necessary to enable the Shareholders to make an informed decision on whether to vote for or against the ordinary resolution to approve the Repurchase Mandate is set out in Appendix I hereto.

LETTER FROM THE BOARD

Details of the Repurchase Mandate are set out in ordinary resolution numbered 4(1) in the notice of the Annual General Meeting set out on pages 28 to 33 of this circular.

Both the Issue Mandate and the Repurchase Mandate will expire upon the earliest of:

- (a) the conclusion of the next annual general meeting of the Company;
- (b) the expiration of the period within which the next annual general meeting of the Company is required by the Bye-Laws or any applicable law of Bermuda to be held; or
- (c) the revocation or variation of such authority by an ordinary resolution of the Shareholders in general meeting.

RE-ELECTION OF RETIRING DIRECTORS

Pursuant to bye-law 84(1) of the Bye-Laws, at each annual general meeting, one-third of the Directors for the time being (or, if their number is not a multiple of three, the number nearest to but not less than one-third) shall retire from office by rotation provided that every Director shall be subject to retirement at least once every three years. Pursuant to bye-law 84(2) of the Bye-Laws, a retiring Director shall be eligible for re-election. In addition, pursuant to bye-laws 83(2) and 84(2) of the Bye-Laws, any Director so appointed to fill a casual vacancy or as an addition to the Board shall hold office only until the next following general meeting of the Company and shall then be eligible for re-election (but shall not be taken into account in determining which particular Directors or the number of Directors who are to retire by rotation).

Accordingly, Mr. Kong Hing Ki and Mr. Sun Jian shall retire from office at the Annual General Meeting, and being eligible, would offer themselves for re-election at the Annual General Meeting. Details of the retiring Directors proposed for re-election at the Annual General Meeting are set out in Appendix II of this circular.

PROPOSED ADOPTION OF THE NEW SCHEME

As the Existing Scheme adopted on 29 May 2009 is due to expire on 28 May 2019, the Company proposes to adopt the New Scheme to replace the Existing Scheme.

Conditions of the New Scheme

The New Scheme is conditional upon:

- (a) the passing of an ordinary resolution to approve and adopt the New Scheme by the Shareholders at the Annual General Meeting and to authorise the Board to grant the 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 Options under the New Scheme; and
- (b) the Listing Committee of the Stock Exchange granting approval for the listing of, and permission to deal in, such number of Shares that may be issued by the Company pursuant to the exercise of the Options which may be granted under the New Scheme.

LETTER FROM THE BOARD

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 (such shares representing 10% of the total issued Shares as at the date of the Annual General Meeting) which may fall to be issued pursuant to the exercise of the Options that may be granted under the New Scheme.

Reasons for adopting the New Scheme

Since the grant of any option is a long term event, the Board considers it would be appropriate to adopt the New Scheme to replace the Existing Scheme which is going to expire. Therefore, the Board proposes to recommend to Shareholders to approve and adopt the New Scheme so that Options may be granted to the Eligible Participants pursuant to the terms thereof. Similar to the Existing Scheme, the purpose of the New Scheme is to enable the Company to grant Options to the Eligible Participants as incentives or rewards for their contribution to the growth of the Group and to provide the Group with a more flexible means to reward, remunerate, compensate and/or provide benefits to the Eligible Participants.

The Board has the discretion to determine the restrictions and/or conditions for vesting or exercise of the Options appropriate in the circumstances, such as minimum period that Options need to be held by the Grantees and/or performance targets to be achieved before such Options can be exercised. Conditional grant of Options may provide incentives to the Grantees to continue to contribute to the growth of the Group and thus serves the purpose of the New Scheme.

As at the Latest Practicable Date and save for the Existing Scheme and the New Scheme, the Company had not adopted any other share option schemes.

LETTER FROM THE BOARD

Further details of the New Scheme

The terms of the New Scheme provide that in granting options under the New Scheme, the Board may offer to grant any Options subject to such terms and conditions in relation to the minimum period of the Options to be held and/or the performance targets to be achieved before such Options can be exercised and/or any other terms as the Board may determine in its absolute discretion. The Board will also determine the Subscription Price in respect of any Option in accordance with the terms of the New Scheme.

A summary of the principal terms of the New Scheme is set out in Appendix III to this circular.

The Directors consider that it is not appropriate to state the value of all Options that can be granted pursuant to the New Scheme as if they had been granted at the Latest Practicable Date. The Directors believe that any statement regarding the value of the Options as at the Latest Practicable Date will not be meaningful to the Shareholders, taking into account the number of variables which are crucial for the calculation of the value of the Options which have not been determined. Such variables include the Subscription Price, the option period, any lock-up period, any performance targets that may be set and other relevant variables.

None of the Director is a trustee of the New Scheme or has a direct or indirect interest in such a trustee of the New Scheme.

Subject to the obtaining of Shareholders' approval with respect to the adoption of the New Scheme, the total number of Shares which may be issued upon exercise of all Options to be granted under the New Scheme and any other share option schemes of the Company must not, in aggregate, exceed 10% of the total number of Shares in issue as at the date of approval of the New Scheme.

As at the Latest Practicable Date, (i) there were 808,096,025 Shares in issue; and (ii) no share options were outstanding. Assuming no Shares will be issued, allotted or repurchased from the Latest Practicable Date to the date of the AGM on which the New Scheme is expected to be adopted by the Shareholders, and subject to the New Scheme becoming effective, the Company may grant Options under the New Scheme and any other share option schemes of the Company in respect of which up to 80,809,602 Shares, representing 10% of the Shares in issue, may be issued.

Further, no options will be granted which would result in the maximum aggregate number of Shares which may be issued upon exercise of all outstanding Options granted but yet to be exercised under the New Scheme and any other share option schemes adopted by the Company which provide for the grant of options to acquire or subscribe for Shares exceeding, in aggregate, 30% of the total number of Shares in issue from time to time.

As at the Latest Practicable Date, no share options which were granted under the Existing Scheme remained outstanding and no option has been granted or agreed to be granted under the New Scheme.

Copy of the New Scheme will be available for inspection at the principal place of business of the Company in Hong Kong at Unit 1101, 11/F., Delta House, 3 On Yiu Street. Shatin. N.T. Hong Kong from 10:00 a.m. to 5:00 p.m. on any weekday other than public holidays, from the date of this circular up to and including the date of the AGM.

LETTER FROM THE BOARD

ANNUAL GENERAL MEETING

A notice convening the Annual General Meeting to be held at Ballroom III, Courtyard by Marriott Hong Kong Sha Tin, 1 On Ping Street, Shatin, N.T., Hong Kong on Friday, 17 May 2019 at 10:30 a.m. or any adjournment thereof is set out on pages 28 to 33 of this circular. At the Annual General Meeting, resolutions will be proposed to approve, inter alia, the Issue Mandate, the Repurchase Mandate, the extension of the Issue Mandate, the re-election of retiring Directors and the adoption of the New Scheme.

To the extent that the Company is aware having made all reasonable enquiries, none of the Shareholders is required to abstain from voting in respect of the ordinary resolutions to be proposed at the Annual General Meeting.

In accordance with Rule 13.39(4) of the Listing Rules and bye-law 66 of the Bye-Laws, all votes of the Shareholders at the Annual General Meeting must be taken by poll. As such, all resolutions set out in the notice of the Annual General Meeting shall be taken by way of poll and an announcement on the results of the poll will be published in accordance with the requirements of the Listing Rules.

A proxy form for use at the Annual General Meeting is enclosed herein. Whether or not you intend to attend and vote at the Annual General Meeting, you are requested to complete the proxy form in accordance with the instructions printed thereon and return it to the branch share registrar of the Company in Hong Kong, Union Registrars Limited at Suites 3301-04, 33/F., Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the Annual General Meeting or any adjournment thereof. Completion and return of the proxy form will not preclude you from attending and voting in person at the Annual General Meeting or any adjournment thereof if you so wish.

RECOMMENDATION

The Directors consider that the proposals for the granting of the Issue Mandate, the Repurchase Mandate, the extension of the Issue Mandate, the re-election of the retiring Directors and the adoption of the New Scheme are all in the best interests of the Company and the Shareholders as a whole and, accordingly, the Directors recommend the Shareholders to vote in favour of the ordinary resolutions to be proposed at the Annual General Meeting in respect thereof.

LETTER FROM THE BOARD

RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the 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.

GENERAL INFORMATION

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

Yours faithfully,
For and on behalf of the Board
HING LEE (HK) HOLDINGS LIMITED
Sung Kai Hing
Chairman

This Appendix serves as an explanatory statement required by the Listing Rules to provide the Shareholders with all the information reasonably necessary to enable the Shareholders to make an informed decision on whether to vote for or against the ordinary resolution to approve the Repurchase Mandate.

LISTING RULES

The Listing Rules permit companies whose primary listings are on the Stock Exchange to repurchase their own shares on the Stock Exchange subject to certain restrictions, the most important of which are summarised below:

(a) Shareholders' approval

All proposed repurchases of shares on the Stock Exchange by a company with its primary listing on the Stock Exchange must be approved in advance by an ordinary resolution, either by way of a general mandate or by specific approval.

(b) Source of funds

Repurchases of shares must be made out of funds legally available for such purpose in accordance with the company's constitutive documents and the laws of the jurisdiction in which the company is incorporated or established.

The laws of Bermuda provide that the amount of capital paid in connection with a share repurchase by a Company may only be paid out of either the capital paid up on the relevant shares, or the funds of the Company which would otherwise be available for dividend or distribution or the proceeds of a fresh issue of shares made for such purpose. The amount of premium payable on repurchase may only be paid out of funds of the Company which would otherwise be available for dividend or distribution or out of the share premium account of the Company before the shares are repurchased.

(c) Status of shares to be repurchased

The shares proposed to be repurchased by the Company must be fully paid-up.

SHARE CAPITAL

As at the Latest Practicable Date, (i) the issued share capital of the Company was HK\$8,080,960.25 comprising 808,096,025 Shares; and (ii) no share options were outstanding.

Subject to the passing of the proposed ordinary resolution approving the Repurchase Mandate and on the basis that no further Shares are issued, allotted or repurchased by the Company prior to the Annual General Meeting, the exercise of the Repurchase Mandate in full would enable the Company to repurchase up to 80,809,602 Shares during the period commencing on the date of the passing of the resolution granting the Repurchase Mandate and ending on the earliest of (i) the conclusion of the next annual general meeting of the Company following the passing of the resolution referred to herein; (ii) the expiration of the period within which the next annual general meeting of the Company is required by the Bye-Laws or any applicable law of Bermuda to be held; or (iii) the date on which such authority is revoked or varied by an ordinary resolution of the Shareholders at a general meeting of the Company.

REASONS FOR SHARE REPURCHASE

Although the Directors have no present intention of repurchasing the Shares, they believe that it is in the best interests of the Company and the Shareholders to continue to have a general authority from the Shareholders to enable the Directors to repurchase Shares in the market. Such repurchases may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net asset value of the Company and/or its earnings per Share and will only be made when the Directors believe that such repurchases will benefit the Company and the Shareholders as a whole.

FUNDING OF REPURCHASE

It is envisaged that any repurchase of Shares will be financed out of funds which are legally available for such purpose in accordance with the memorandum of continuance and the Bye-Laws, the Listing Rules and the applicable laws of Bermuda.

The Directors are not aware of any material adverse impact on the working capital or gearing level of the Company as compared with the position disclosed in its most recent published audited accounts for the year ended 31 December 2018 in the event that the Repurchase Mandate is exercised in full.

SHARE PRICES

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

	Price per Share	
	Highest HK\$	Lowest HK\$
2018		
April	0.59	0.47
May	0.53	0.47
June	0.54	0.48
July	0.54	0.45
August	0.495	0.37
September	0.40	0.36
October	0.37	0.23
November	0.265	0.24
December	0.34	0.26
2019		
January	0.34	0.27
February	0.335	0.29
March	0.32	0.265
April (up to the Latest Practicable Date)	0.30	0.26

DISCLOSURE OF INTERESTS

As at the Latest Practicable Date, none of the Directors nor, to the best of their knowledge having made all reasonable enquiries, any of their respective close associates had any present intention to sell any Shares to the Company in the event that the Repurchase Mandate is approved by the Shareholders.

As at the Latest Practicable Date, no core connected person has notified the Company that he/she has a present intention to sell any Shares to the Company or has undertaken not to sell any of the Shares held by him/her to the Company, in the event that the Repurchase Mandate is approved by the Shareholders.

UNDERTAKING OF THE DIRECTORS

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

EFFECT OF THE TAKEOVERS CODE AND MINIMUM PUBLIC FLOAT

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

Further, under Note 6(b) to Rule 26.1 of the Takeovers Code, when a concert group holds over 50% voting rights of the Company, no obligations normally arise from acquisitions by any member of the concert group. However, subject to considerations similar to those set out in Note 6(a) to Rule 26.1, the Executive may regard as giving rise to an obligation to make an offer the acquisition by a single member of the concert group of voting rights sufficient to increase his holding by more than 2% in any 12 month period if he already holds between 30% and 50%.

As at the Latest Practicable Date, as far as the Directors are aware, the concert group comprising Mr. Sung Kai Hing and his beneficially wholly owned company, King Right Holdings Limited ("**King Right**"), Mr. Chan Kwok Kin and his beneficially wholly owned company, Golden Sunday Limited, Mr. Cheung Kong Cheung and his beneficially wholly owned company, United Sino Limited and Mr. Huang Wei Ye and his beneficially wholly owned company, Top Right Trading Limited, were together interested in 463,492,000 Shares, representing approximately 57.36% of the issued share capital of the Company. On the other hand, King Right and Mr. Sung Kai Hing together held 280,474,777 Shares, representing approximately 34.71% of the issued share capital of the Company.

Accordingly, if the Directors exercise the Repurchase Mandate in full, the proportionate interest of King Right and Mr. Sung Kai Hing in the voting rights of the Company would increase to approximately 38.56%. It is possible that such an increase may be regarded by the Executive as giving rise to an obligation to make a mandatory offer under Rules 26 and 32 of the Takeovers Code subject to considerations similar to those set out in Note 6(a) to Rule 26.1. The Directors have no present intention to exercise the Repurchase Mandate to the extent that such an obligation under the Takeovers Code would arise.

In addition, assuming that no further issue of Shares between the Latest Practicable Date and the date of a repurchase, the Directors do not consider that the exercise of the Repurchase Mandate in whole or in part will reduce the number of Shares held by the public to less than 25% of the issued share capital of the Company as required by Rule 8.08 of the Listing Rules. The Directors have no intention to exercise the Repurchase Mandate to an extent as may result in a public shareholding of less than such prescribed percentage.

Save as disclosed above, the Directors are currently not aware of any consequences which will arise under the Takeovers Code as a result of any repurchase made pursuant to the Repurchase Mandate.

SHARE REPURCHASES BY THE COMPANY

The Company has not repurchased any of its Shares (whether on the Stock Exchange or otherwise) in the six months preceding the Latest Practicable Date.

The following are the particulars of the Directors who will retire and, being eligible, shall offer themselves for re-election at the Annual General Meeting pursuant to the Bye-Laws:

Mr. Kong Hing Ki (江興琪先生), aged 48, was appointed as an Independent Non-Executive Director on 29 May 2009. He is also the Chairman of the Audit Committee and a member of the Remuneration Committee and the Nomination Committee. He has over 18 years of experience in accounting, auditing and finance, gained from international accountancy and commercial firms. He is an Independent Non-Executive Director of KEE Holdings Company Limited (stock code: 2011) from November 2010 to February 2016, a company whose shares are listed on the Main Board, and also an Independent Non-Executive Director of RENHENG Enterprise Holdings Limited (stock code: 3628), a company whose shares are listed on the Main Board. Mr. Kong holds a bachelor's degree of commerce from Australian National University and a master of business administration degree from Deakin University. He is a fellow member of the Hong Kong Institute of Certified Public Accountants and a member of CPA Australia.

Save as aforesaid, Mr. Kong did not act as director in any other listed public company in the last three years preceding the Latest Practicable Date.

Mr. Kong does not have any relationships with any other Directors, senior management, substantial shareholders or controlling shareholders (as defined in the Listing Rules) of the Company.

As at the Latest Practicable Date, save as interested in 900,000 Shares (representing approximately 0.11% of the issued share capital of the Company), Mr. Kong did not have interest in the Shares within the meaning of Part XV of the SFO.

Mr. Kong has entered into a letter of appointment with the Company as an Independent Non-Executive Director for a term of two years commencing from 22 June 2009 (being the date on which the Shares first commenced trading on the Stock Exchange), the said letter of appointment was renewed on 22 June 2017 for another two years subject to the provision of retirement and rotation of Directors under the Bye-Laws. Pursuant to the terms of the letter of appointment, Mr. Kong is entitled to receive an annual director's fee of HK\$100,000 which is determined with reference to his experience, responsibilities with the Group and general market conditions. As an Independent Non-Executive Director, Mr. Kong will also be eligible to be granted share options to subscribe for Shares under the share option scheme from time to time adopted by the Company. Save as disclosed above, Mr. Kong did not hold any position with the Company or any of its subsidiaries as at the Latest Practicable Date.

Save as disclosed above, there are no other matters relating to the re-election of Mr. Kong that need to be brought to the attention of the Shareholders and there is no other information that should be disclosed pursuant to paragraphs (h) to (v) of Rule 13.51(2) of the Listing Rules.

Mr. Kong has been serving as an independent non-executive Director for more than 9 years. The Company has received from Mr. Kong a confirmation of independence pursuant to Rule 3.13 of the Listing Rules on 13 February, 2019. Mr. Kong does not hold any management position in the Group. Taking into consideration of his independent scope of work in the past years, the Board considers Mr. Kong to be independent under the Listing Rules despite the fact that he has served the Company for more than 9 years. The Board believes that the continued tenure of Mr. Kong will bring considerable stability to the Board and the operation of the Board will gain much constructive advices and assistance from his presence as he has over time gained valuable insight into the industry in which the Group operates. Therefore, separate resolution will be proposed at the AGM for his re-appointment.

Mr. Sun Jian (孫堅先生), aged 54, was appointed as an Independent Non-Executive Director on 1 July 2007. He is also the Chairman of the Remuneration Committee and a member of the Audit Committee and the Nomination Committee. He has over 17 years of experience in retail businesses and is a director and the chief executive officer of Home Inns & Hotel Management, Inc., a company which is principally engaged in the hotel industry with its shares listed on the National Association of Securities Dealers Automated Quotation System in the U.S.. Mr. Sun obtained a bachelor's degree in hygiene management from 上海醫科大學 (Shanghai Medical University) (subsequently renamed as 復旦大學上海醫學院 (Shanghai Medical College of Fudan University)) in July 1987. He is the vice president of 中國連鎖經營協會 (China Chain Store & Franchise Association).

Save as aforesaid, Mr. Sun did not act as director in any other listed public company in the last three years preceding the Latest Practicable Date.

As at the Latest Practicable Date, Mr. Sun did not have any relationship with any other Directors, senior management, substantial shareholders or controlling shareholders (as defined in the Listing Rules) of the Company.

As at the Latest Practicable Date, save as interested in 2,000,000 Shares (representing approximately 0.25% of the issued share capital of the Company), Mr. Sun did not have interest in the Shares within the meaning of Part XV of the SFO.

Mr. Sun has entered into a letter of appointment with the Company as an Independent Non-Executive Director for a term of two years commencing from 22 June 2009 (being the date on which the Shares first commenced trading on the Stock Exchange), the said letter of appointment was renewed on 22 June 2017 for another two years subject to the provision of retirement and rotation of Directors under the Bye-Laws. Pursuant to the terms of the letter of appointment, Mr. Sun is entitled to receive an annual director's fee of HK\$100,000 which was determined with reference to his experience, responsibilities with the Group and general market conditions. As an Independent Non-Executive Director, Mr. Sun will also be eligible to be granted share options to subscribe for Shares under the share option scheme from time to time adopted by the Company. Save as disclosed above, Mr. Sun did not hold any position with the Company or any of its subsidiaries as at the Latest Practicable Date.

Save as disclosed above, there are no other matters relating to the re-election of Mr. Sun that need to be brought to the attention of the Shareholders and there is no other information that should be disclosed pursuant to paragraphs (h) to (v) of Rule 13.51(2) of the Listing Rules.

Mr. Sun has been serving as an independent non-executive Director for more than 9 years. The Company has received from Mr. Sun a confirmation of independence pursuant to Rule 3.13 of the Listing Rules on 13 February, 2019. Mr. Sun does not hold any management position in the Group. Taking into consideration of his independent scope of work in the past years, the Board considers Mr. Sun to be independent under the Listing Rules despite the fact that he has served the Company for more than 9 years. The Board believes that the continued tenure of Mr. Sun will bring considerable stability to the Board and the operation of the Board will gain much constructive advices and assistance from his presence as he has over time gained valuable insight into the industry in which the Group operates. Therefore, separate resolution will be proposed at the AGM for his re-appointment.

The following is a summary of the principal terms of the New Scheme proposed to be approved and adopted at the Annual General Meeting. It does not form part of, nor is it intended to be part of, the terms of the New Scheme and it should not be taken as affecting the interpretation of the terms of the New Scheme. Should there be any inconsistencies or conflicts between the English and the Chinese versions, the English version shall prevail.

1. PURPOSE OF THE SCHEME

The purpose of the New Scheme is to enable the Company to grant Options to Eligible Participants as incentives or rewards for their contribution to the growth of the Group and to provide the Group with a more flexible means to reward, remunerate, compensate and/or provide benefits to the Eligible Participants.

2. PARTICIPANTS OF THE NEW SCHEME AND ELIGIBILITY CRITERIA

The Eligible Participants of the New Scheme to whom Options may be granted by the Board shall include (a) any full-time or part-time employee of the Company and/or any subsidiary of the Company; (b) any director (including executive, non-executive and independent non-executive director) of the Company and/or any subsidiary of the Company; and (c) any supplier, service provider or business partner of the Company and/or any subsidiary of the Company who, at the sole determination of the Board, have contributed or will contribute to the Company and/or any subsidiary of the Company.

Options may be granted on such terms and conditions in relation to their vesting, exercise or otherwise as the Board may determine in its absolute discretion, provided that such terms and conditions shall not be inconsistent with any other terms and conditions of the New Scheme. Though there is no general requirement on the minimum period for which an Option must be held or the performance targets which must be achieved before an Option can be exercised under the terms of the New Scheme, the Board may offer to grant any Options subject to such terms and conditions in relation to the minimum period of the Options to be held and/or the performance targets to be achieved before such Option can be exercised and/or any other terms as the Board may determine in its absolute discretion.

3. LIFE OF THE NEW SCHEME

The Shareholders may by ordinary resolution in general meeting of the Company or the Board may at any time terminate the operation of the New Scheme and in such event no further Options shall be offered but the provisions of the New Scheme shall remain in full force and effect in all other respects in respect of any Options granted prior thereto but not yet exercised at the time of termination. Upon such termination, details of the Options granted, including Options exercised or outstanding and Options that become void or non-exercisable as a result of such termination shall be disclosed in the circular to the Shareholders seeking approval of the first new share option scheme established after such termination.

Subject to the aforesaid, the New Scheme shall be valid and effective for a period of ten (10) years commencing from the Adoption Date, after which period no further Options will be offered or granted but the provisions of the New Scheme shall remain in full force and effect in all other respects with respect to Options granted during the life of the New Scheme.

4. SUBSCRIPTION PRICE

The Subscription Price in respect of any Option shall, subject to any adjustments made pursuant to the terms of the New Scheme, be a price determined by the Board and notified to each Grantee and shall be at least the highest of:

- (a) the closing price per Share as stated in the Stock Exchange's daily quotations sheet on the Offer Date (and if such Offer Date is not a business day, the business day immediately preceding such Offer Date);
- (b) the average closing price per Share as stated in the Stock Exchange's daily quotations sheets for the five (5) business days immediately preceding the Offer Date; and
- (c) the nominal value of a Share.

5. RESTRICTION ON THE TIME OF GRANT OF OPTION

No Offer must be made after an inside information has come to the Company's knowledge until such inside information has been announced in accordance with the requirements under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) and, in particular, no Eligible Participant shall be granted an Option during the period commencing one month immediately preceding the earlier of:

- (a) the date of the Board meeting (as such date is first notified to the Stock Exchange in accordance with the Listing Rules) for the approval of the Company's results for any year, half-year or quarter-year period or any other interim period (whether or not required under the Listing Rules); and
- (b) the deadline for the Company to publish announcement of its results for any year, half-year or quarter-year period under the Listing Rules or any other interim period (whether or not required under the Listing Rules),

and ending on the date of announcement for such results. For the avoidance of doubt, the period in which no Options shall be granted mentioned above shall include any period of delay in the publications of a results announcement.

6. ACCEPTANCE OF OFFERS

An Offer shall remain open for acceptance by the Eligible Participant concerned for such period as determined by the Board, which period shall not be more than fourteen (14) days from the Offer Date, provided that no such Offer shall be open for acceptance after the tenth (10th) anniversary of the Adoption Date or after the New Scheme has been terminated in accordance with the provisions of the New Scheme. The amount payable by the Grantee to the Company on acceptance of the Offer is HK\$1.00.

7. MAXIMUM NUMBER OF SHARES AVAILABLE FOR SUBSCRIPTION

- (a) The maximum aggregate number of Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the New Scheme and any other share option schemes adopted by the Group which provide for the grant of options to acquire or subscribe for Shares must not exceed such number of Shares as shall represent 30% of the issued share capital of the Company from time to time. No Options may be granted under the New Scheme if this will result in such limit being exceeded.
- (b) Subject to Paragraph 7(a) above, the total number of Shares which may be issued upon exercise of all options to be granted under the New Scheme and any other share option schemes of the Group must not, in aggregate, exceed 10% of the issued share capital of the Company as at the Adoption Date (the “**Scheme Mandate Limit**”) unless Shareholders’ approval has been obtained pursuant to Paragraphs 7(c) or 7(d) below. Any options lapsed in accordance with the terms of the New Scheme or any other share option schemes of the Group shall not be counted for the purpose of calculating the Scheme Mandate Limit.
- (c) Subject to Paragraph 7(a) above, the Board may seek approval by Shareholders in general meeting to renew the Scheme Mandate Limit and the Company must send a circular to the Shareholders containing the information required under Rule 17.02(2)(d) and the disclaimer required under Rule 17.02(4) of the Listing Rules. However, the total number of Shares which may be issued upon exercise of all options to be granted under the New Scheme and any other share option schemes of the Group in these circumstances must not exceed 10% of the issued share capital of the Company at the date of approval of the renewed limit (the “**Renewed Scheme Mandate Limit**”). Options previously granted under the New Scheme and any other share option schemes of the Group (including those outstanding, cancelled, lapsed in accordance with the New Scheme or any other share option schemes of the Group and exercised options) will not be counted for the purpose of calculating the renewed Scheme Mandate Limit.
- (d) Subject to Paragraph 7(a) above, the Board may seek separate Shareholders’ approval in general meeting to grant options beyond the Scheme Mandate Limit or the renewed Scheme Mandate Limit as referred to in Paragraphs 7(b) or 7(c) above (as the case may be) provided that the options in excess of the Scheme Mandate Limit or the renewed 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 containing a generic description of the specified Eligible Participants who may be granted such options, the number and terms of the options to be granted, the purpose of granting options to such Eligible Participants with an explanation as to how the terms of the options serve such purpose, the information required under Rule 17.02(2)(d) and the disclaimer required under Rule 17.02(4) of the Listing Rules.

- (e) if the Company conducts a share consolidation or subdivision after the Scheme Mandate Limit or renewed Scheme Mandate Limit has been approved in general meeting, the maximum number of Shares that may be issued upon exercise of all Options to be granted under the New Scheme and any other share option schemes of the Group under the Scheme Mandate Limit or renewed Scheme Mandate Limit as a percentage of the total number of Shares at the date immediately before and after such consolidation or subdivision shall be the same.

8. MAXIMUM ENTITLEMENT OF EACH ELIGIBLE PARTICIPANT

The total number of Shares issued and to be issued upon exercise of the Options granted to each Eligible Participant (including both exercised and outstanding Options under the New Scheme) in any 12-month period must not exceed 1% of the issued share capital of the Company. Where any further grant of Options to an Eligible Participant would result in the total number of Shares issued and to be issued upon exercised of all Options granted and to be granted to such Eligible Participant (including exercised, cancelled and outstanding Options) in the 12-month period up to and including the date of such further grant representing in aggregate over 1% of the issued share capital of the Company as at the date of such further grant, such further grant shall be subject to the approval of the Shareholders at a general meeting with such Eligible Participant and his close associates (or his associates if the Eligible Participant is a connected person) abstaining from voting.

9. GRANTS OF OPTIONS TO CERTAIN CONNECTED PERSONS

- (a) Any grant of Options to a director, chief executive or substantial shareholder of the Company or any of their respective associates must be approved by all of the independent non-executive Directors (excluding any independent non-executive Director who is the Grantee).
- (b) Where Options are proposed to be granted to a Substantial Shareholder or an independent non-executive Director or any of their respective associates, and the proposed grant of Options will result in the total number of Shares issued and to be issued upon exercise of all Options already granted and to be granted (including Options exercised, cancelled and outstanding) to such person in the 12-month period up to and including the date of such grant representing in aggregate over 0.1% of the issued share capital of the Company and 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 grant of Options must be subject to the approval of the Shareholders taken on a poll at general meeting. In addition, the date of the Board meeting for proposing such grant should be taken as the date of grant for the purpose of calculating the Subscription Price only under paragraph 4. The Grantee, his associates and all core connected persons of the Company must abstain from voting in such general meeting (except that any Grantee, his associate or core connected person may vote against the proposed grant provided that his intention to do so has been stated in the relevant circular to the Shareholders).

10. TIME OF EXERCISE OF OPTION

An Option may be exercised in accordance with the terms of the New Scheme at any time during a period to be determined and notified by the Board which shall not exceed ten (10) years from the date of grant of the Option (the “Option Period”).

11. RIGHTS ARE PERSONAL TO GRANTEE

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 (legal or equitable) in favour of any third party over or in relation to any Option or attempt to do so.

12. RIGHTS ON CEASING EMPLOYMENT

In the event that the Grantee ceases to be an Eligible Participant for any reason other than his death or the termination of his employment, directorship, appointment or engagement on one or more of the grounds specified in Paragraph 18(d), the Grantee may exercise the Option in accordance with the provisions of the New Scheme up to his entitlement at the date of cessation (to the extent which has become exercisable but not already exercised) within the period of three (3) months following the date of such cessation (or such longer period as the Board may determine or, if any of the events referred to in Paragraphs 15, 16 and 17 occurs during such period, he may exercise the Option pursuant to Paragraphs 15, 16 and 17 within such period). The date of cessation as aforesaid shall be the last working day with the Company or the relevant subsidiary of the Company whether salary or compensation is paid in lieu of notice or not, or the last date of office or appointment as director, or the last date of appointment or engagement as consultant or advisor to the Company or the relevant subsidiary of the Company, as the case may be, in the event of which, the date of cessation as determined by a resolution of the Board or the board of directors or governing body of the relevant subsidiary of the Company shall be conclusive.

13. RIGHTS ON DEATH

In the event that the Grantee (being an individual) ceases to be an Eligible Participant by reason of death and none of the events which would be a ground for termination of his employment, directorship, appointment or engagement under Paragraph 18(d) arises, the personal representative of the Grantee shall be entitled within a period of twelve (12) months after the date of death (or such longer period as the Board may determine or, if any of the events referred to in Paragraphs 15, 16 and 17 occurs during such period, his personal representative(s) may exercise the Option pursuant to Paragraphs 15, 16 and 17 within such period) to exercise the Option up to the entitlement of such Grantee as at the date of death (to the extent which has become exercisable but not already exercised).

14. RIGHTS ON MATERIAL CHANGE OF A GRANTEE (BEING A CORPORATION)

If a Grantee (being a corporation) suffers a change in its constitution, management, directors, shareholding or beneficial ownership which in the opinion of the Board is material, the Option (to the extent not already exercised) shall lapse on the date of notification by the Company that the said change in constitution, management, directors, shareholding or beneficial ownership is material and not be exercisable unless the Board otherwise determines in which event the Option (or such remaining part thereof) shall be exercisable within such period as the Board may in its absolute discretion determine following the date of such occurrence.

15. RIGHTS ON A GENERAL OFFER

If a general (or partial) offer (whether by 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), the terms of which have been approved by any relevant regulatory authority and are in accordance with applicable laws and regulatory requirements and becomes, or is declared unconditional prior to the expiry of the Option, the Company shall within seven (7) days of such offer becoming or being declared unconditional give notice thereof to all Grantees, whereupon the Grantees (or their personal representatives) shall be entitled to exercise the Options in full or in part in accordance with the terms of the New Scheme (to the extent which have become exercisable but not already exercised) at any time within fourteen (14) days after the date of such notice and, to the extent any of the Options have not been so exercised, such Options shall upon the expiry of such period lapse.

16. RIGHTS ON WINDING UP

In the event that a notice is given by the Company to the Shareholders to convene a general meeting for the purpose of considering and, if thought fit, approving a resolution to voluntarily wind up the Company, the Company shall on the same date as it despatches such notice of the proposed general meeting to each Shareholder give notice thereof to all Grantees (or their personal representatives), who may, by notice in writing to the Company (such notice to be received by the Company not later than five (5) business days prior to the proposed general meeting) accompanied by remittances for the full amount of the aggregate Subscription Price for the Shares in respect of which the notices are given, exercise the Options (to the extent which have become exercisable but not already exercised) either to their full extent or to the extent specified in such notices and the Company shall, as soon as possible and in any event no later than the business day immediately prior to the date of the proposed general meeting, allot and issue such number of Shares to such Grantees which fall to be issued on such exercise, credited as fully paid up and register such Grantees as holders thereof. Any Options shall, to the extent they have not been so exercised, lapse and determine.

17. RIGHTS ON A COMPROMISE OR SCHEME OF ARRANGEMENT

If, pursuant to the Companies Act or other applicable law, a compromise or scheme of arrangement between the Company and its members or creditors is proposed for the purpose of or in connection with the reconstruction of the Company or its amalgamation with any other company or companies, the Company shall give notice thereof to all Grantees (or to their personal representatives) on the same day as it gives notice to the members or creditors of the Company summoning a meeting to consider such a compromise or scheme of arrangement. Upon receipt of the notice, the Grantees may, during the period commencing on the date of the notice and ending on the earlier of the date two (2) calendar months thereafter; and the date on which such compromise or arrangement is sanctioned by the court, exercise their Options (to the extent which have become exercisable but not already exercised), conditional upon the compromise or arrangement being sanctioned by the court and becoming effective. The Company may require the Grantees to transfer or otherwise deal with the Shares issued as a result of the exercise of Options in these circumstances so as to place the Grantees in the same position as nearly as would have been the case had such Shares been subject to the compromise or arrangement. Upon such compromise or arrangement becoming effective, all Options shall, to the extent that they have not been so exercised, lapse and determine. If for any reason such compromise or arrangement is not approved by the court (whether upon the terms presented to the court or upon any other terms as may be approved by such court) the rights of Grantees to exercise their respective Options shall with effect from the date of the making of the order by the court be restored in full but only up to the extent not already exercised and shall thereupon become exercisable (but subject to the other terms of the New Scheme) as if such compromise or arrangement had not been proposed by the Company and no claim shall lie against the Company or any of its officers for any loss or damage sustained by any Grantee as a result of the aforesaid suspension.

18. RIGHTS ON BREACH OF CONTRACT

If the Board shall at their absolute discretion determine that:

- (i) the Grantee or his/its associate has committed any breach of any contract entered into between the Grantee or his/its associate on the one part and the Group on the other part; or
- (ii) the Grantee has committed any act of bankruptcy or has become insolvent or is subject to any winding-up, liquidation or analogous proceedings or has made any arrangement or composition with his/its creditors generally; or
- (iii) the Grantee could no longer make any contribution to the growth and development of the Group by reason of the cessation of his/its relations with the Group or by other reason whatsoever;

the Option granted to the Grantee under the Scheme shall lapse, his/its Option will lapse automatically and will not in any event be exercisable on or after the date on which the Board has so determined.

19. LAPSE OF OPTION

The right to exercise an Option shall lapse automatically (to the extent not already exercised) immediately upon the earliest of:

- (a) the expiry of the Option Period;
- (b) the expiry of any of the periods referred to in Paragraphs 12, 13, 14, 15, 16,17 and 18;
- (c) subject to Paragraph 16, the date of the commencement of the winding-up of the Company;
- (d) the date on which the relevant Grantee ceases to be an Eligible Participant by reason of the termination of the employment, directorship, appointment or engagement of such Grantee on any one or more of the grounds that he has been guilty of serious misconduct, or appears either to be unable to pay or to have no reasonable prospect of being able to pay his debts or has become insolvent or has made any arrangement or composition with his creditors generally, or has breached or failed to comply with any provisions of the relevant service contract, letter of appointment or other contracts or agreements of the Grantee with the Company or the relevant subsidiary of the Company for the employment, appointment or engagement, or has been convicted of any criminal offence involving his integrity or honesty or on any other ground on which an employer would be entitled to terminate his employment at common law or pursuant to any applicable laws or under the service contract, letter of appointment or other contract or agreement for the employment, appointment or engagement of the Grantee with the Company or the relevant subsidiary of the Company. A resolution of the Board or the board of directors of the relevant subsidiary of the Company to the effect that the employment, directorship, appointment or engagement of a Grantee has or has not been terminated on one or more of the grounds specified in this paragraph shall be conclusive;
- (e) the date on which the relevant Grantee commits a breach of Paragraph 11.

20. RANKING OF SHARES

The Shares to be issued and allotted upon the exercise of an Option will be subject to all the provisions of the Articles for the time being in force and will rank *pari passu* in all respects with the fully paid Shares in issue on the date of allotment and accordingly will entitle the holders to participate in all dividends or other distributions declared, paid or made on or after the date of allotment other than any dividend or other distribution previously declared or recommended or resolved to be paid or made if the record date therefor shall be before the date of allotment.

21. REORGANISATION OF CAPITAL STRUCTURE

In the event of any capitalisation of profits or reserves, rights issue or other similar offer of securities to holders of Shares, consolidation, subdivision or reduction of the share capital of the Company in accordance with legal requirements and the requirements of the Stock Exchange (other than an issue of Shares as consideration in respect of a transaction in which the Company and/or any of its subsidiaries is a party), such corresponding adjustments (if any) shall be made to:

- (a) the number of Shares subject to the Options so far as unexercised; and/or
- (b) the Subscription Price;

or any combination thereof, as the auditors or an independent financial adviser to be appointed by the Company for such purpose shall certify in writing to the Board to be in their opinion fair and reasonable, provided always that:

- (i) no such adjustments shall be made the effect of which would be to enable any Share to be issued at less than its nominal value;
- (ii) such adjustments shall be made on the basis that the Grantees shall have as nearly as possible the same proportion of the issued share capital of the Company to which the Grantees were entitled before such adjustments,

and in each case, any adjustment must be made in compliance with the Listing Rules and such rules, codes and guidance notes of the Stock Exchange from time to time.

22. ALTERATION TO THE NEW SCHEME AND THE TERMS OF OPTIONS GRANTED UNDER THE NEW SCHEME

Subject to the Listing Rules, all provisions of the New Scheme may be altered from time to time in any respect by a resolution of the Board save that the following alterations shall require the prior sanction of an ordinary resolution by the Shareholders in a general meeting (with all Grantees, prospective Grantees and their associates abstaining from voting and the votes taken by poll):

- (a) alterations of the provisions relating to the matters set out in Rule 17.03 of the Listing Rules to the advantage of the Grantees or the Eligible Participants (as the case may be);
- (b) alterations of the terms and conditions of the New Scheme which are of a material nature or any change to the terms of Options granted (except where the alterations take effect automatically under the existing terms of the New Scheme); and
- (c) any change to the authority of the Board in relation to any alteration to the terms of the New Scheme,

provided that no such alteration shall operate to affect adversely the terms of issue of any Option granted or agreed to be granted prior to such alteration except with the consent or sanction of such majority of the Grantees as would be required of the Shareholders under the Articles for the time being for a variation of the rights attached to the Shares. Any amended terms of the New Scheme or Options shall still comply with the relevant requirements of Chapter 17 of the Listing Rules (subject to such waiver as may be granted by the Stock Exchange from time to time).

23. CANCELLATION OF OPTIONS GRANTED

Subject to Paragraph 11, any cancellation of Options granted but not exercised shall be approved by the Board. Cancelled Options may be re-issued after such cancellation has been approved, provided that re-issued Options shall only be granted in compliance with the terms of the New Scheme and the requirements of the Listing Rules and provided further that new Options may be issued to a Grantee in place of his cancelled Options only if there are available unissued Options (excluding the cancelled Options) within the Scheme Mandate Limit or the renewed Scheme Mandate Limit as referred to in Paragraphs 7(a) and 7(b) above.

24. TERMINATION

The Shareholders may by ordinary resolution in a general meeting of the Company or the Board may, at any time terminate the operation of the New Scheme and in such event no further Options shall be offered but the provisions of the New Scheme shall remain in full force and effect in all other respects in respect of any Options granted prior thereto but not yet exercised at the time of termination. Upon such termination, details of the Options granted, including Options exercised or outstanding and (if applicable) Options that become void or non-exercisable as a result of such termination shall be disclosed in the circular to Shareholders seeking approval of the first new share option scheme established after such termination.

25. CONDITIONS OF THE NEW SCHEME

The New Scheme shall take effect subject to:

- (a) the passing of an ordinary resolution to approve and adopt the New Scheme by the Shareholders in a general meeting and to authorise the Board to grant the 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 Options under the New Scheme; and
- (b) the Listing Committee of the Stock Exchange granting approval of the listing of, and permission to deal in, such number of Shares that may be issued by the Company pursuant to the exercise of the Options which may be granted under the New Scheme.

NOTICE OF ANNUAL GENERAL MEETING



Hing Lee (HK) Holdings Limited 興利（香港）控股有限公司

(Incorporated in the British Virgin Islands and re-domiciled and continued in Bermuda with limited liability)

(Stock code: 396)

NOTICE IS HEREBY GIVEN that the annual general meeting of Hing Lee (HK) Holdings Limited (the “**Company**”) will be held at Ballroom III, Courtyard by Marriott Hong Kong Sha Tin, 1 On Ping Street, Shatin, N.T., Hong Kong on Friday, 17 May 2019 at 10:30 a.m. for the following purposes:

1. To receive and consider the audited financial statements and the reports of the directors of the Company and the independent auditors for the year ended 31 December 2018;
2.
 - (a) To re-elect Mr. Kong Hing Ki as an independent non-executive director of the Company who had served the Company for more than nine years as an independent non-executive director of the company;
 - (b) To re-elect Mr. Sun Jian as an independent non-executive director of the Company who had served the Company for more than nine years as an independent non-executive director of the Company; and
 - (c) To authorize the board of directors to fix the remuneration of the directors of the Company;
3. To re-appoint Baker Tilly Hong Kong Limited as the auditors of the Company and to authorise the board of directors of the Company to fix their remuneration;

ORDINARY RESOLUTIONS

4. As special business, to consider and, if thought fit, pass with or without amendments, the following resolutions as ordinary resolutions of the Company:
 - (1) “**THAT:**
 - (a) subject to paragraph (b) of this resolution, the exercise by the directors of the Company during the Relevant Period (as hereinafter defined) of all the powers of the Company to repurchase shares issued by the Company on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) or on any other stock exchange on which the shares of the Company may be listed and which is recognized by the Securities and Futures Commission of Hong Kong and the Stock Exchange for this purpose, subject to and in accordance with all applicable laws and/or requirements of the Stock Exchange or other applicable rules and regulations as amended from time to time, be and is hereby generally and unconditionally approved;

NOTICE OF ANNUAL GENERAL MEETING

- (b) the aggregate nominal amount of the share capital of the Company to be repurchased or agreed conditionally or unconditionally to be repurchased by the Company on the Stock Exchange or any other stock exchange recognised for this purpose by the Securities and Futures Commission of Hong Kong and the Stock Exchange pursuant to the approval in paragraph (a) of this resolution during the Relevant Period shall not exceed 10 per cent. of the aggregate nominal amount of the share capital of the Company in issue at the date of passing this resolution and the said approval shall be limited accordingly;
 - (c) subject to the passing of this resolution, any prior approvals of the kind referred to in paragraphs (a) and (b) above which had been granted to the directors of the Company and which are still in effect be and are hereby revoked; and
 - (d) for the purposes of this resolution, “**Relevant Period**” means the period from the date of passing 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 its Bye-Laws or any applicable laws of Bermuda to be held; and
 - (iii) the revocation or variation of the authority given under this resolution by an ordinary resolution of the members of the Company in general meeting.”
- (2) “**THAT:**
- (a) subject to paragraphs (b) and (c) of this resolution, the exercise by the directors of the Company during the Relevant Period (as hereinafter defined) of all the powers of the Company to allot, issue and otherwise deal with additional shares in the capital of the Company and to make or grant offers, agreements, options or other securities which carry rights to subscribe for or are convertible into shares of the Company which might require the exercise of such powers be and is hereby generally and unconditionally approved;
 - (b) the approval in paragraph (a) of this resolution shall authorise the directors of the Company during the Relevant Period to make or grant offers, agreements, options or other securities which carry rights to subscribe for or are convertible into shares of the Company which might require the exercise of such power after the end of the Relevant Period;

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- (c) the aggregate nominal amount of share capital allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to an option or otherwise) by the directors of the Company pursuant to the approval in paragraph (a) of this resolution, otherwise than pursuant to (i) a Rights Issue (as hereinafter defined); or (ii) the exercise of rights of subscription or conversion under the terms of any warrants or other securities issued by the Company carrying a right to subscribe for or purchase, or which are convertible into shares of the Company; or (iii) any grant or exercise of any rights under any Share Option Scheme (as hereinafter defined) of the Company; or (iv) any scrip dividend or other similar arrangement providing for the allotment of shares of the Company in lieu of the whole or part of a dividend on shares of the Company in accordance with the Bye-Laws of the Company; or (v) a specific authority granted by the shareholder of the Company in general meeting, shall not exceed the maximum of 20 per cent. of the aggregate nominal amount of the share capital of the Company in issue at the date of passing this resolution and the said approval shall be limited accordingly;
- (d) subject to the passing of this resolution, any prior approvals of the kind referred to in paragraphs (a), (b) and (c) above which had been granted to the directors of the Company and which are still in effect be and are hereby revoked; and
- (e) for the purposes of this resolution,
 - (i) **“Relevant Period”** means the period from the date of passing this resolution until whichever is the earliest of:
 - (aa) the conclusion of the next annual general meeting of the Company;
 - (bb) the expiration of the period within which the next annual general meeting of the Company is required by its Bye-Laws or any applicable laws of Bermuda to be held; and
 - (cc) the revocation or variation of the authority given under this resolution by an ordinary resolution of the members of the Company in general meeting;

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- (ii) **“Rights Issue”** means an offer of shares of the Company, or offer or issue of warrants, options or other securities giving rights to subscribe for shares of the Company, open for a period fixed by the directors of the Company to holders of shares of the Company on the register of members of the Company (and, where appropriate, to holders of other securities entitled to the offer) on a fixed record date in proportion to their then holdings of such shares (or where appropriate, such other securities) (subject to such exclusions or other arrangements as the directors of the Company may deem necessary or expedient in relation to fractional entitlements or having regard to any restrictions or obligations under the laws of, or the requirements of, any recognised regulatory body or any stock exchange in any territory); and
 - (iii) **“Share Option Scheme”** means a share option scheme or similar arrangement for the time being, as varied from time to time, adopted for the grant or issue of rights to acquire shares of the Company to directors and employees of the Company and its subsidiaries and any other persons who, in the sole discretion of the board of directors of the Company, are eligible to participate in any such scheme or arrangement.”
- (3) **“THAT** conditional upon the passing of resolutions numbered 4(1) and 4(2) above, the exercise by the directors of the Company of all the powers of the Company to allot, issue and otherwise deal with additional shares in the capital of the Company in accordance with the general mandate granted pursuant to resolution numbered 4(2) above be and is hereby extended by the addition thereto an amount representing the aggregate nominal amount of shares of the Company repurchased by the Company under the authority granted pursuant to resolution numbered 4(1) above provided that such amount shall not exceed 10 per cent. of the aggregate nominal amount of the share capital of the Company in issue at the date of passing of the said resolution numbered 4(1).”

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5. **“THAT:**

- (1) subject to The Stock Exchange of Hong Kong Limited granting approval of the listing of and permission to deal in the shares falling to be issued pursuant to the exercise of any options granted under the new share option scheme of the Company, the terms of which are contained in the document produced to the meeting marked “A” and initialed by the chairman of the meeting for the purpose of identification (the “**New Share Option Scheme**”), the New Share Option Scheme be approved and adopted as the new share option scheme of the Company and that the board of directors of the Company be authorized to take all such steps as they may deem necessary, desirable or expedient to carry into effect, waive or amend the New Share Option Scheme and Chapter 17 of the Rules Governing the Listing of Securities on the Stock Exchange (as amended from time to time); and
- (2) the Directors be and are hereby authorised to grant options to subscribe for shares in accordance with the rules of the New Share Option Scheme up to a maximum of 10% of the shares in issue as at the date of passing this resolution, to issue and allot shares pursuant to the exercise of the options so granted, to administer the New Share Option Scheme in accordance with its terms and to take all necessary actions incidental thereto as the Directors deem fit.”

By Order of the Board
HING LEE (HK) HOLDINGS LIMITED
Wong Kit Wai
Company Secretary

Hong Kong, 11 April 2019

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Notes:

- (a) Any member of the Company (the “**Member**”) entitled to attend and vote at a meeting of the Company shall be entitled to appoint another person as his proxy to attend and vote in his stead. Votes may be given either personally or by a duly authorized corporate representative or by proxy. A Member who is the holder of two or more Shares may appoint more than one proxy to attend on the same occasion provided that, if more than one proxy is so appointed, the appointment shall specify the number and class of Shares in respect of which each such proxy is so appointed. A proxy need not be a Member. In addition, a proxy or proxies representing either an individual Member or a Member which is a corporation, shall be entitled to exercise the same powers on behalf of the Member which he or they represent as such Member could exercise.
- (b) The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under seal or under the hand of an officer or attorney duly authorised.
- (c) The instrument appointing a proxy to vote shall be deemed to confer authority to vote on any amendment of a resolution put to the meeting for which it is given as the proxy thinks fit.
- (d) A form of proxy for the meeting is enclosed. The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed, or a certified copy of such power or authority shall be deposited at the Company’s branch share registrar in Hong Kong, Union Registrars Limited at Suites 3301-04, 33/F., Two Chinachem Exchange Square, 338 King’s Road, North Point, Hong Kong not less than 48 hours before the time fixed for holding the meeting or any adjournment thereof. Delivery of the form of proxy shall not preclude of a Member from attending and voting in person at the meeting.
- (e) In order to determine the entitlement to attend and vote at the meeting, the register of members of the Company will be closed from Tuesday, 14 May 2019 to Friday, 17 May 2019, both days inclusive, during which period the registration of Shares will be suspended. All completed transfer forms accompanied by the relevant share certificates, must be lodged with the Company’s Hong Kong branch share registrar, Union Registrars Limited at Suites 3301-04, 33/F., Two Chinachem Exchange Square, 338 King’s Road, North Point, Hong Kong for registration not later than 4:00 p.m. on Friday, 10 May 2019.