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

If you have sold or transferred all your shares in **Guocang Group Limited** (the “Company”), you should at once hand this circular and the enclosed form of proxy to the purchaser or transferee or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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GUOCANG GROUP LIMITED

國藏集團有限公司

(Incorporated in Bermuda with limited liability)
(Stock code: 559)

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

A notice convening the annual general meeting of the Company (the “AGM”) to be held at 3/F, Nexxus Building, 77 Des Voeux Road Central, Hong Kong on Friday, 29 November 2013 at 11:00 a.m. is set out in pages 27 to 31 of this circular.

A form of proxy for the AGM is also enclosed with this circular. Whether or not you are able to attend the AGM in person, you are requested to complete the form of proxy in accordance with the instructions printed thereon and return it to the branch share registrar of the Company in Hong Kong, Tricor Tengis Limited, at 26th Floor, Tesbury Centre, 28 Queen’s Road East, Wanchai, Hong Kong, as soon as possible but in any event not less than 48 hours before the time appointed for holding of the AGM or at any adjournment thereof (as the case may be). Completion and return of the form of proxy will not preclude you from attending and voting in person at the AGM or at any adjournment thereof (as the case may be) should you so wish.

29 October 2013

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DEFINITIONS

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

“Adoption Date”	the date on which the New Share Option Scheme becomes unconditional upon fulfillment of the conditions as set out in the paragraph headed “Conditions precedent of the New Share Option Scheme” in the section headed “Letter from the Board” of this circular;
“AGM”	the annual general meeting of the Company to be held at 3/F, Nexxus Building, 77 Des Voeux Road Central, Hong Kong on Friday, 29 November 2013 at 11:00 a.m., notice of which is set out in Appendix IV to this circular;
“associate(s)”	has the meaning ascribed thereto under the Listing Rules;
“Board”	the board of Directors of the Company;
“Business Day(s)”	any day on which the Stock Exchange is open for business of dealing in securities;
“Bye-laws”	the bye-laws of the Company;
“Company”	Guocang Group Limited, a company incorporated in Bermuda with limited liability, the Shares of which are listed on the main board of the Stock Exchange (Stock Code: 559);
“Director(s)”	the director(s) of the Company;
“Eligible Participant(s)”	full time or part time employees of the Group or any Invested Entity (including any directors, whether executive or non-executive and whether independent or not, of the Company or any subsidiary or any Invested Entity); any holder of any securities issued by the Group; and any business or joint venture partners, contractors, agents or representatives, consultants, advisers, suppliers, producers or licensors, customers, licensees (including any sub-licensee) or distributors, landlords or tenants (including any sub-tenants) of the Group or any Invested Entity or any person who, in the sole discretion of the Board, has contributed or may contribute to the growth and development of the Group or any Invested Entity;
“Existing Share Option Scheme”	the share option scheme adopted by the Company pursuant to a resolution of the Company passed on 4 December 2003;

DEFINITIONS

“Group”	the Company and its subsidiaries;
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China;
“Invested Entity”	any entity in which the Group holds an equity interest;
“Issue Mandate”	a general and unconditional mandate proposed to be granted to the Directors to exercise all the powers of the Company to allot, issue and deal with new Shares of the Company up to a maximum of 20% of the issued share capital of the Company as at the date of passing of the relevant resolution at the AGM;
“Latest Practicable Date”	24 October 2013, being the latest practicable date prior to the printing of this circular for ascertaining certain information herein;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“New Share Option Scheme”	the new share option scheme which is proposed to be adopted by the Company at the AGM, the principal terms of which are set out in the Appendix III to this circular;
“Offer”	an offer for the grant of an Option made in accordance with the New Share Option Scheme;
“Offer Date”	the date on which an offer for the grant of an Option is made to an Eligible Participant which must be a Business Day;
“Option(s)”	option(s) granted or to be granted to Eligible Participant(s) to subscribe for Share(s) under the Existing Share Option Scheme or, after its termination, under the New Share Option Scheme;
“Option Period”	has the meaning ascribed to it under paragraph (h) of the Appendix III set out on page 20 of this circular;

DEFINITIONS

“Other Scheme(s)”	any other share option scheme(s) involving the grant by the Company or any of its subsidiaries of options over new securities issued by the Company or any of its subsidiaries established by the Company or any of its subsidiaries in accordance with Chapter 17 of the Listing Rules or any other share option scheme(s) which is determined by the Stock Exchange to be analogous to a share option scheme as described in Chapter 17 of the Listing Rules (including the Existing Share Option Scheme);
“Repurchase Mandate”	a general and unconditional mandate proposed to be granted to the Directors to exercise all the powers of the Company to repurchase the Shares on the Stock Exchange up to a maximum of 10% of the issued share capital of the Company as at the date of passing of the relevant resolution at the AGM;
“Scheme Mandate Limit”	the maximum number of Shares which may be allotted and issued upon the exercise of all the Options to subscribe for new Shares to be granted under the New Share Option Scheme which shall not in aggregate exceed 10% of the Shares in issue as at the date of adoption of the New Share Option Scheme and thereafter, if refreshed shall not exceed 10% of the Shares in issue as at the date of approval of the refreshed limit by the Shareholders;
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong);
“Share(s)”	ordinary share(s) of HK\$0.05 each in the capital of the Company;
“Shareholder(s)”	the holder(s) of the Share(s);
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Takeovers Code”	The Hong Kong Code on Takeovers and Mergers;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong; and
“%”	per cent.



GUOCANG GROUP LIMITED

國藏集團有限公司

(Incorporated in Bermuda with limited liability)

(Stock code: 559)

Executive Directors:

Mr. Wong Hin Shek (*Chairman*)

Mr. Chi Chi Hung, Kenneth (*Chief Executive Officer*)

Independent Non-Executive Directors:

Mr. Chiu Wai On

Mr. Man Kwok Leung

Dr. Wong Yun Kuen

Principal place of business

in Hong Kong:

Suite 3908, 39/F.

Tower Two, Times Square

1 Matheson Street

Causeway Bay

Hong Kong

Registered office:

Clarendon House

2 Church Street

Hamilton HM 11

Bermuda

29 October 2013

*To the Shareholders and, for information only,
the option holders of the Company*

Dear Sir/Madam,

**(1) GENERAL MANDATES
TO REPURCHASE AND ISSUE SHARES,
(2) RE-ELECTION OF DIRECTORS,
(3) TERMINATION OF EXISTING SHARE OPTION SCHEME AND
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 AGM which include (i) the grant of the Repurchase Mandate and the Issue Mandate; (ii) the re-election of Directors; and (iii) the termination of the Existing Share Option Scheme and the adoption of the New Share Option Scheme.

LETTER FROM THE BOARD

GENERAL MANDATE TO REPURCHASE SHARES

An ordinary resolution will be proposed that the Directors be granted a general and unconditional mandate to exercise all the powers of the Company to repurchase the Shares on the Stock Exchange up to a maximum of 10% of the issued share capital of the Company as at the date of passing of the relevant resolution at the AGM.

Assuming no further Shares are issued and repurchased prior to the AGM and based on the issued share capital of the Company of 3,594,413,900 Shares as at the Latest Practicable Date, the Company would be allowed to repurchase a maximum of 359,441,390 Shares under the Repurchase Mandate.

GENERAL MANDATE TO ISSUE SHARES

An ordinary resolution will also be proposed that the Directors be granted a general and unconditional mandate to exercise all the powers of the Company to allot, issue and deal with new Shares of the Company of up to a maximum of 20% of the issued share capital of the Company as at the date of passing of the relevant resolution at the AGM.

Assuming no further Shares are issued or repurchased prior to the AGM and based on the issued share capital of the Company of 3,594,413,900 Shares as at the Latest Practicable Date, the Company would be allowed to allot and issue a maximum of 718,882,780 Shares under the Issue Mandate.

In addition, an ordinary resolution will be proposed at the AGM adding any Shares repurchased under the Repurchase Mandate to the Issue Mandate. The Repurchase Mandate and the Issue Mandate would continue to be in force until the conclusion of the next annual general meeting of the Company unless it is renewed at such meeting or until revoked or varied by ordinary resolutions of the Shareholders in a general meeting held prior to the next annual general meeting of the Company.

An explanatory statement required by the Listing Rules in connection with the proposed general mandate to repurchase Shares is set out in Appendix I to this circular. The explanatory statement contains all information reasonably necessary to enable the Shareholders to make an informed decision on whether to vote for or against the relevant resolutions at the AGM.

RE-ELECTION OF DIRECTORS

According to Bye-law 87, 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 (including those appointed for a specific term) shall be subject to retirement by rotation at least once every three years. A retiring Director shall be eligible for re-election.

According to the above provision, Mr. Chi Chi Hung, Kenneth and Dr. Wong Yun Kuen will retire from office as Directors at the AGM and Mr. Chi Chi Hung, Kenneth and Dr. Wong Yun Kuen being eligible, will offer themselves for re-election.

LETTER FROM THE BOARD

Details of Mr. Chi Chi Hung, Kenneth and Dr. Wong Yun Kuen, which are required to be disclosed pursuant to the Listing Rules, are set out in Appendix II to this circular.

TERMINATION OF EXISTING SHARE OPTION SCHEME AND ADOPTION OF NEW SHARE OPTION SCHEME

In light of that the Existing Share Option Scheme will be expired in December 2013, the Board proposes to terminate the Existing Share Option Scheme (without prejudice to the rights and benefits of and attached to all those Option(s), if any, granted under the Existing Share Option Scheme which are outstanding) and to adopt the New Share Option Scheme subject to the approval of the Shareholders.

Existing Share Option Scheme

The Existing Share Option Scheme has been adopted by the Company on 4 December 2003 under which the Directors may at their discretion grant options to Eligible Participants to subscribe for Shares in the Company subject to the terms and conditions stipulated in the Existing Share Option Scheme.

As at the Latest Practicable Date, 1,217,136,000 Options granted under the Existing Share Option Scheme, 211,722,000 of which have been exercised, 347,014,000 of which have been lapsed or cancelled, and 658,400,000 Options are currently outstanding.

Termination of Existing Share Option Scheme

Under the terms of the Existing Share Option Scheme, the Company may at any time by ordinary resolution in general meeting terminate the operation of the Existing Share Option Scheme. It is proposed that the Existing Share Option Scheme is to be terminated upon the adoption of the New Share Option Scheme subject to the approval of the Shareholders.

Upon termination of the Existing Share Option Scheme, no further Options can be offered thereunder but the provisions of the Existing Share Option Scheme shall remain in all other respects in full force and effect in respect of any Options granted prior to such termination but not yet exercised at the time of termination.

New Share Option Scheme

The purpose of the New Share Option Scheme is to enable the Company to continue to grant Options to the Eligible Participants who, in the sole discretion of the Board, have made or may make contribution to the Group.

The rules of the New Share Option Scheme provide that the Company may specify the Eligible Participants to whom Options shall be granted, the number of Shares subject to each Option and the date on which the Options shall be granted. The basis for determining the subscription price is also specified precisely in the rules of the New Share Option Scheme. There is no performance target specified in the New Share Option Scheme. The Directors may at its discretion include any terms, including, among other things, the minimum period for which an Option must be held before it can be exercised. The Directors consider that the

LETTER FROM THE BOARD

aforesaid criteria and rules will serve to preserve the value of the Company and encourage Eligible Participants to acquire proprietary interests in the Company and to provide flexibility to the Board at the same time.

The total number of Shares that may fall to be allotted and issued upon exercise in full of the Options that may be granted after the resolution approving the adoption of the New Share Option Scheme has been passed at the AGM would be 359,441,390, assuming there is no change of issued share capital from the Latest Practicable Date to the Adoption Date.

No Directors are trustees of the New Share Option Scheme or have a direct or indirect interest in the trustees of the New Share Option Scheme.

The Directors consider that it is not appropriate to state the value of all Options that can be granted pursuant to the New Share Option Scheme as if they had been granted on the Latest Practicable Date as a number of variables which are crucial for the calculation of the Option value have not been determined. Such variables include but not limited to the exercise price, exercise period and lock-up period (if any). The Directors believe that any calculation of the value of the Options as at the Latest Practicable Date based on a number of speculative assumptions would not be meaningful and would be misleading to the Shareholders.

With respect to the operation of the New Share Option Scheme, the Company will, where applicable, comply with the relevant requirements under Chapter 17 of the Listing Rules.

CONDITIONS PRECEDENT OF NEW SHARE OPTION SCHEME

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

- (a) the passing of an ordinary resolution by the Shareholders to (i) terminate the Existing Share Option Scheme; (ii) adopt the New Share Option Scheme; (iii) authorise the Directors to grant Options under the New Share Option Scheme; and (iv) authorise the Directors to allot and issue Shares which may be issued upon exercise of the Options granted under the New Share Option Scheme; and
- (b) the Stock Exchange granting the listing of and permission to deal in any Shares which may fall to be issued by the Company pursuant to the exercise of Options in accordance with the terms of the New Share Option Scheme.

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

LETTER FROM THE BOARD

A summary of the principal terms of the New Share Option Scheme which is proposed to be approved and adopted by the Company at the AGM is set out in Appendix III to this circular on pages 16 to 26. A copy of the rules of the New Share Option Scheme is available for inspection at the Company's principal place of business in Hong Kong at Suite 3908, 39/F., Tower Two, Times Square, 1 Matheson Street, Causeway Bay, Hong Kong during normal business hours from the date hereof up to and including the date of the AGM.

APPLICATION FOR LISTING

Application will be made to the Stock Exchange for the listing of, and permission to deal in, the Shares to be issued pursuant to the exercise of the Options granted under the New Share Option Scheme.

AGM

Notice of the AGM is set out in Appendix IV to this circular. A proxy form for appointing proxy is despatched with this circular and published on the website of the Stock Exchange (www.hkex.com.hk). Whether or not you are able to attend the AGM in person, you are requested to complete the proxy form and return it to the branch share registrar of the Company in Hong Kong, Tricor Tengis Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for the holding of the AGM or the adjourned meeting. Completion and return of a proxy form will not preclude you from attending and voting at the meeting in person or at any adjournment thereof should you so wish.

Pursuant to rule 13.39(4) of the Listing Rules and Bye-law 66, the resolutions set out in the notice of the AGM will be put to the vote by way of a poll.

To the best of the Director's knowledge, information and belief having made all reasonable enquiries, no Shareholder has a material interest that is required to abstain from voting on any of the resolutions to be proposed at the AGM.

RECOMMENDATION

The Directors consider that the proposed (1) granting of the general mandates to the Directors to repurchase Shares and to issue new shares and adding any Shares repurchased under the Repurchase Mandate to the Issue Mandate (including the extended mandate stipulates under the ordinary resolution set out in paragraph C of item 4), (2) the re-election of Directors, and (3) the termination of Existing Share Option Scheme and the adoption of New Share Option Scheme, are in the best interests of the Company and the Shareholders. The Directors therefore recommend the Shareholders to vote in favour of the relevant resolutions as set out in the notice of the AGM.

LETTER FROM THE BOARD

RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the 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,
By Order of the Board
Guocang Group Limited
Wong Hin Shek
Chairman and Executive Director

This appendix serves as an explanatory statement, as required by rule 10.06 of the Listing Rules, to provide certain information to you for your consideration of the Repurchase Mandate.

1. SHARE CAPITAL

As at the Latest Practicable Date, there was a total of 3,594,413,900 Shares in issue.

Subject to the passing of the proposed resolution for the approval of the Repurchase Mandate and on the basis that no further Shares are issued or repurchased before the AGM, the Company will be allowed to repurchase a maximum of 359,441,390 Shares.

2. REASONS FOR REPURCHASES

The Directors believe that it is in the best interests of the Company and the Shareholders to seek a general authority from the Shareholders to enable the Company to repurchase its Shares on the Stock Exchange. Such repurchases may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net asset value and/or 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.

3. FUNDING OF REPURCHASES

Repurchases made pursuant to the Repurchase Mandate shall be funded out of funds legally available for such purpose in accordance with the Bye-laws and the applicable laws of Bermuda. Under Bermuda law, repurchased shares will be cancelled and the Company's issued share capital will be reduced by the nominal value of the repurchased shares accordingly. However, the aggregate amount of the Company's authorised capital will not be reduced.

4. GENERAL

There might be a material adverse impact on the working capital or gearing position of the Company (as compared with the position disclosed in the audited accounts contained in the annual report for the year ended 30 June 2013) in the event that the Repurchase Mandate is exercised in full. However, the Directors do not propose to exercise the Repurchase Mandate to such extent as would, in the circumstances, have a material adverse impact on the working capital or gearing position of the Company which in the opinion of the Directors are from time to time appropriate for the Company.

5. SHARE PRICES

The following table shows the highest and lowest prices at which the Shares have been traded on the Stock Exchange during each of the 12 months preceding the Latest Practicable Date:

Month	Share Prices Per Share	
	Highest <i>HK\$</i>	Lowest <i>HK\$</i>
2012		
October	0.360	0.149
November	0.415	0.300
December	0.495	0.325
2013		
January	0.510	0.380
February	0.425	0.390
March	0.490	0.410
April	0.465	0.385
May	0.360	0.435
June	0.610	0.400
July	0.460	0.395
August	0.430	0.370
September	0.410	0.345
October (up to the Latest Practicable Date)	0.445	0.290

6. UNDERTAKING

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 Listing Rules and the applicable laws of Bermuda.

None of the Directors, to the best of their knowledge having made all reasonable enquiries, nor any of their respective associates, has any present intention to sell any Shares to the Company or its subsidiaries, if the Repurchase Mandate is approved by the Shareholders.

The Company has not been notified by any connected person (as defined in the Listing Rules) that such a person has a present intention to sell, or has undertaken not to sell, any Shares to the Company or its subsidiaries, if the Repurchase Mandate is approved by the Shareholders.

7. TAKEOVERS CODE

In the event that the exercise of the power to repurchase Shares pursuant to the Repurchase Mandate, a Shareholder's proportionate interest in the voting rights of the Company increases, such increase will be treated as an acquisition for the purposes of Rule 32 of the Takeovers Code. Accordingly, a Shareholder or a group of Shareholders acting in concert, depending on the level of increase of the Shareholders' interest, could obtain or consolidate control of the Company and become obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code.

As at the Latest Practicable Date, so far as the Directors are aware, the following Shareholders had interests in 5% or more of the issued share capital of the Company:

Name of Shareholders	Number of Shares interested (Note 1)	Approximate % of issued share capital as at the Latest Practicable Date	Approximate % of issued share capital if Repurchase Mandate is exercised in full
Goldsure Limited (Note 2)	1,238,095,238 (L)	34.44%	38.27%
Mr. Tang Tong (Note 2)	1,238,095,238 (L)	34.44%	38.27%
Intense Rise Holdings Limited (Note 3)	870,007,125 (L)	24.20%	26.89%
Mr. Choy Shiu Tim (Note 3)	1,050,007,125 (L)	29.21%	32.46%
Wise Profit Group Limited (Note 4)	418,210,000 (L)	11.63%	12.93%
Mr. Wong Yat Fai (Note 4)	420,850,000 (L)	11.71%	13.01%

Notes:

- The letter (L) denotes the person's long position in such securities.
- The 1,238,095,238 convertible preference shares are held by Goldsure Limited, which is wholly-owned by Mr. Tang Tong. Thus, he is deemed to be interested in the 1,238,095,238 convertible preference shares held by Goldsure Limited pursuant to the SFO.
- The 870,007,125 Shares out of the 1,050,007,125 Shares are held by Intense Rise Holdings Limited, which is wholly-owned by Mr. Choy Shiu Tim. Thus, he is deemed to be interested in the 870,007,125 Shares held by Intense Rise Holdings Limited pursuant to the SFO.
- The 418,210,000 Shares out of the 420,850,000 Shares are held by Wise Profit Group Limited, which is wholly-owned by Mr. Wong Yat Fai. Thus, he is deemed to be interested in the 418,210,000 Shares held by Wise Profit Group Limited pursuant to the SFO.

In the event that the Directors exercise the proposed Repurchase Mandate in full, the increase in shareholdings of Mr. Choy Shiu Tim in the Company would give rise to an obligation to make a mandatory offer under Rule 26 of the Takeovers Code as holding of voting rights in the Company by Mr. Choy Shiu Tim and parties acting in concert with him will be more than 30% of the aggregate voting rights of the Company. Despite of the aforesaid, the Directors have no present intention to exercise the Repurchase Mandate to such extent as would result in Mr. Choy Shiu Tim being required to make a mandatory offer under the Takeovers Code.

The Directors have no intention to exercise the Repurchase Mandate to such an extent that will result in the number of Shares in the hands of the public falling below the prescribed minimum percentage of 25%.

8. SHARE REPURCHASE MADE BY THE COMPANY

In the six months preceding the Latest Practicable Date for this circular, the Company had not repurchased Shares, whether on the Stock Exchange or otherwise.

Pursuant to the Listing Rules, the particulars of the Directors who will retire at the AGM according to the Bye-laws and proposed to be re-elected at the AGM are provided below:

EXECUTIVE DIRECTOR

Mr. Chi Chi Hung, Kenneth (“Mr. Chi”), aged 45, has been appointed as the Chief Executive Officer and the executive director of the Company since January 2010. Mr. Chi has over 20 years of experience in accounting and financial control area. He holds a Bachelor of Accountancy Degree from the Hong Kong Polytechnic University and is a fellow member of Association of Chartered Certified Accountants in the United Kingdom, an associate member of the Hong Kong Institute of Certified Public Accountants, an associate member of the Hong Kong Institute of Chartered Secretaries and an associate member of the Institute of Chartered Secretaries and Administrators in the United Kingdom. Mr. Chi is currently an executive director of China Sandi Holdings Limited (stock code: 910), M Dream Inworld Limited (stock code: 8100) and Ceneric (Holdings) Limited (stock code: 542). He is also an independent non-executive director of Hong Kong Life Sciences and Technologies Group Limited (stock code: 8085), Aurum Pacific (China) Group Limited (stock code: 8148), China Natural Investment Company Limited (stock code: 8250), Perfect Shape (PRC) Holdings Limited (stock code: 1830), Noble Century Investment Holdings Limited (stock code: 2322) and L’sea Resources International Holdings Limited (stock code: 195). He was an independent non-executive director of Interchina Holdings Company Limited (stock code: 202) from October 2011 to August 2012.

As at the Latest Practicable Date, Mr. Chi in the capacity of beneficial owner, has 23,000,000 Shares, representing approximately 0.64% of the issued share capital of the Company. Save as disclosed herein, Mr. Chi does not have any other interests in the shares or underlying shares within the meaning of Part XV of the Securities and Futures Ordinance.

Mr. Chi entered into a letter of appointment with the Company. For the year ended 30 June 2013, he is entitled to an annual director’s fee of HK\$1,950,000 which was determined on the basis of his previous experience, professional qualifications as well as the current financial position of the Company and the prevailing market conditions. Mr. Chi has no fixed term of service with the Company but he is subject to retirement by rotation and re-election at the annual general meeting of the Company in accordance with the Bye-laws.

Save as disclosed above, (i) Mr. Chi has not held any other directorships in any public companies the securities of which are listed on any securities market in Hong Kong or overseas in the past 3 years; (ii) he has not held any other positions in the Company and its subsidiaries; and (iii) he does not have any relationship with any Directors, senior management, substantial shareholders or controlling shareholders of the Company.

Save as disclosed above, there is no other matter about Mr. Chi which is required to be disclosed pursuant to the requirements of Rule 13.51(2)(h) to (v) of the Listing Rules or needs to be brought to the attention of the Shareholders.

INDEPENDENT NON-EXECUTIVE DIRECTOR

Dr. Wong Yun Kuen (“Dr. Wong”), aged 56, joined the Company since June 2009. He received his Ph.D. degree from Harvard University, and was “Distinguished Visiting Scholar” at Wharton School of the University of Pennsylvania. Dr. Wong has worked in financial industries in the United States and Hong Kong for many years, and has considerable experience in corporate finance, investment and derivative products. He is a member of the Hong Kong Securities Institute. Dr. Wong is an executive director of UBA Investments Limited (stock code: 768), and an independent non-executive director of Harmony Asset Limited (stock code: 428), Bauhaus International (Holdings) Limited (stock code: 483), Kaisun Energy Group Limited (stock code: 8203), China Yunnan Tin Minerals Group Company Limited (stock code: 263), Kong Sun Holdings Limited (stock code: 295), Kingston Financial Group Limited (stock code: 1031), Climax International Company Limited (stock code: 439), China Sandi Holdings Limited (stock code: 910), New Island Printing Holdings Limited (stock code: 377) and Sincere Watch (Hong Kong) Limited (stock code: 444). Dr. Wong was an independent non-executive director of Superb Summit International Timber Company Limited (stock code: 1228) from April 2007 to June 2010, China E-Learning Group Limited (stock code: 8055) from August 2007 to June 2010 and Hong Kong Life Sciences and Technologies Group Limited (stock code: 8085) from November 2009 to September 2012.

As at the date hereof, Dr. Wong does not have any other interests in the shares or underlying shares within the meaning of Part XV of the Securities and Futures Ordinance.

Dr. Wong entered into a letter of appointment with the Company. For the year ended 30 June 2013, he is entitled to an annual director’s fee of HK\$100,000 which was determined on the basis of his previous experience, professional qualifications as well as the current financial position of the Company and the prevailing market conditions. Dr. Wong has no fixed term of service with the Company but he is subject to retirement by rotation and re-election at the annual general meeting of the Company in accordance with the Bye-laws.

Save as disclosed above, (i) Dr. Wong has not held any other directorships in any public companies the securities of which are listed on any securities market in Hong Kong or overseas in the past 3 years; (ii) he has not held any other positions in the Company and its subsidiaries; and (iii) he does not have any relationship with any Directors, senior management, substantial shareholders or controlling shareholders of the Company.

Save as disclosed above, there is no other matter about Dr. Wong which is required to be disclosed pursuant to the requirements of Rule 13.51(2)(h) to (v) of the Listing Rules or needs to be brought to the attention of the Shareholders.

NEW SHARE OPTION SCHEME

The following is a summary of the principal terms of the New Share Option Scheme but does not form part of, nor was it intended to be, part of the New Share Option Scheme nor should it be taken as affecting the interpretation of the rules of the New Share Option Scheme:

(a) Purpose of the New Share Option Scheme

The purpose of the New Share Option Scheme is to enable the Company to grant Options to selected Eligible Participants as incentives or rewards for their contribution or potential contribution to the Group or any Invested Entity. The Company considers that the Invested Entity, an entity in which the Group holds an equity interest, may contribute to the Group's profits. The Company also considers that the granting of the Options to the employee, director, officer or consultant of the Invested Entity would provide an incentive for their contribution to the Invested Entity which indirectly benefits the Group.

Given that the Directors are entitled to determine any performance targets to be achieved as well as the minimum period that an Option must be held before an Option can be exercised on a case by case basis, and that the exercise price of an Option cannot in any event fall below the price stipulated in the Listing Rules or such higher price as may be fixed by the Directors, it is expected that grantees of any Option will make an effort or contribute to the development of the Group so as to bring about an increased market price of the Shares in order to capitalize on the benefits of the Options granted.

The eligibility of the Eligible Participants to an offer for the grant of any Option shall be determined by the Directors from time to time on the basis of the Directors' opinion as to his contribution to the development and growth of the Group.

(b) Administration of the New Share Option Scheme

The New Share Option Scheme shall be subject to the administration of the Board whose decision on all matters arising in relation to this scheme or its interpretation or effect shall (save as otherwise provided herein and in the absence of manifest error) be final and binding on all persons who may be affected thereby.

(c) Grant and acceptance of Options

Subject to the terms of the New Share Option Scheme, the Board may, in its absolute discretion, invite any Eligible Participant to take up Options to subscribe for Shares at a price calculated in accordance with paragraph (d) below.

An offer of the grant of an Option shall be made to Eligible Participants in writing (and unless so made shall be invalid) in such form as the Board may from time to time determine and shall remain open for acceptance by the Eligible Participant concerned for a period of twenty-one (21) days from the date upon which it is made provided that no such

offer shall be open for acceptance after the earlier of the 10th anniversary of the Adoption Date or the termination of the New Share Option Scheme or the Eligible Participant to whom such offer is made has ceased to be an Eligible Participant.

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

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

(d) Exercise of Options and price of Shares

An Option may be exercised in whole or in part by the grantee 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 subscription price for the Shares in respect of which the notice is given. Within twenty-one (21) days after receipt of the notice and the remittance and, where appropriate, receipt of the certificate of the Company's auditor or independent financial advisers, the Company shall allot and issue the relevant Shares to the grantee (or his legal personal representative(s)) or his nominee(s) holding the relevant Shares on trust on behalf of the Grantee credited as fully paid.

Shares to be allotted and issued upon the exercise of an Option will be subject to all the provisions of the Bye-laws for the time being in force and will rank *pari passu* in all respects with the existing fully paid Shares in issue on the date on which the Option is duly exercised or, if that date falls on a day when the register of members of the Company is closed, the first day of the re-opening of the register of members (the "**Exercise Date**") and accordingly will entitle the holders thereof to participate in all dividends or other distributions paid or made on or after the Exercise Date other than any dividend or other distribution previously declared or recommended or resolved to be paid or made if the record date therefor shall be before the Exercise Date. A Share allotted upon the exercise of an Option shall not carry voting rights until the name of the grantee has been duly entered onto the register of members of the Company as the holder thereof.

The subscription price for Shares under the New Share Option Scheme may be determined by the Board at its absolute discretion but in any event will not be less than the highest of: (i) the closing price of the Shares on the Stock Exchange as shown in the daily quotations sheet of the Stock Exchange on the Offer Date, which must be a Business Day; (ii) the average of the closing prices of the Shares as shown in the daily quotations sheets of the Stock Exchange for the five (5) Business Days immediately preceding the Offer Date; and (iii) the nominal value of the Share on the Offer Date.

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

- (i) Subject to the Listing Rules, the overall limit on the number of Shares which may be issued upon exercise of all outstanding Options granted and yet to be exercised under the New Share Option Scheme and any other share option schemes of the Company must not exceed 30% of the relevant class of Shares in issue from time to time. No Options may be granted under the New Share Option Scheme or any other share option schemes of the Company if this will result in this limit being exceeded.
- (ii) Subject to the limit mentioned in (e)(i) above, the maximum number of Shares which may be issued upon exercise of all Options to be granted at any time under the New Share Option Scheme shall not, when aggregated with any Shares subject to any other share option schemes of the Company involving the issue or grant of Option over Shares by the Company to, or for the benefit of the Eligible Participants, exceed 10% of the Shares in issue as at the date of the approval of the New Share Option Scheme (the “**Scheme Mandate Limit**”), unless Shareholders’ approval has been obtained pursuant to sub-paragraphs (iii) and (iv) below. Options lapsed in accordance with the terms of the New Share Option Scheme will not be counted for the purpose of calculating the Scheme Mandate Limit.
- (iii) Subject to the limit mentioned in (e)(i) above, the Company may refresh the Scheme Mandate Limit at any time subject to approval of the Shareholders in general meeting, provided that the Scheme Mandate Limit as refreshed must not exceed 10% of the Shares in issue as at the date of passing the relevant resolution. Options previously granted under the New Share Option Scheme and any other share option schemes of the Company (including those outstanding, cancelled, lapsed in accordance with such schemes or exercised Options) will not be counted for the purpose of calculating this limit. The Company must send a circular to the Shareholders containing such information as required under the Listing Rules.
- (iv) Subject to the limit mentioned in (e)(i) above, the Company may also seek separate approval of the Shareholders in general meeting for granting Options beyond the Scheme Mandate Limit provided that the Options in excess of the Scheme Mandate Limit are granted only to Eligible Participants specifically identified by the Company before such approval is sought. The Company must send a circular to the Shareholders containing a generic description of the specified Eligible Participants, the number and terms of Options to be granted, the purpose of granting Options to the specified Eligible Participants with an explanation as to how the terms of the Options serve such purpose and such other information as required under the Listing Rules.

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

Any grant of Option to a Director, chief executive or substantial Shareholder (as defined in the Listing Rules) of the Company, or any of their respective associates, under the New Share Option Scheme must be approved by the independent non-executive Directors (excluding an independent non-executive Director who is the proposed grantee of the Option). Where any grant of Options to a substantial Shareholder (as defined in the Listing Rules) of the Company or an independent non-executive Director or any of their respective associates, would result in the Shares issued or to be issued upon exercise of all Options already granted or to be granted (including Options exercised, cancelled and outstanding) to such person in twelve (12)-month period up to and including the date of such grant:

- (a) representing in aggregate over 0.1% of the relevant class of Shares in issue; and
- (b) having an aggregate value, based on the closing price of the Shares as stated in the daily quotation sheet issued by the Stock Exchange at the date of each grant, in excess of HK\$5 million, such further grant of Options must be approved by the Shareholders.

A circular must be prepared by the Company explaining the proposed grant, disclosing (i) the number and terms of the Options to be granted, (ii) containing a recommendation from the independent non-executive Directors (excluding any independent non-executive Director who is a grantee) on whether or not to vote in favour of the proposed grant, (iii) containing information relating to any Directors who are trustees of the scheme or have a direct or indirect interest in the trustees, and (iv) the information required under the Listing Rules.

Any change in the terms of Options granted to a connected person or its associates must be approved by the Shareholders in a general meeting.

(g) Maximum entitlement of each Participant

The total number of Shares issued and to be issued upon exercise of the Options granted to each Eligible Participant or grantee (including exercised and outstanding Options) in any twelve (12)-month period up to the date of grant shall not exceed 1% of the Shares in issue. Where it is proposed that any offer is to be made to an Eligible Participant (or where approximate, an existing grantee) which would result in the Shares issued and to be issued upon exercise of all Options granted and to be granted to such person (including exercised, cancelled and outstanding Options) in the twelve (12)-month period up to and including the relevant date of grant to exceed such limit, such offer and any acceptance thereof must be conditional upon Shareholders' approval in general meeting with such Eligible Participant (or where appropriate, an existing grantee) and his, her or its associates abstaining from voting. The Company must send a circular to the Shareholders disclosing the identity of the Eligible Participant or grantee, the number and terms of Options to be granted (and Options previously granted) to such Eligible Participant, the information required under the Listing Rules. The number and terms

(including the subscription price) of Options to be granted to such Eligible Participant must be fixed before the date on which Shareholders' approval is sought and the date of the Board meeting for proposing such further grant should be taken as the date of grant for the purpose of calculating the subscription price.

(h) Time of exercise of Options

Subject to the terms of the New Share Option Scheme, an Option may be exercised in whole or in part at any time during the period to be determined and notified by the Directors to the grantee thereof at the time of making an Offer provided that such period shall not exceed the period of ten (10) years from the date of grant of the particular Option but subject to the provisions for early termination of the New Share Option Scheme (the "**Option Period**").

Unless the Directors otherwise determined and stated in the offer of the grant of Options to a grantee, a grantee is not required to achieve any performance targets before any Options granted under the New Share Option Scheme can be exercised. No performance targets are specifically stipulated under the New Share Option Scheme.

Unless otherwise determined by the Directors and stated in the offer for the grant of the Options to a grantee, there is no minimum period required under the New Share Option Scheme for the holding of an Option before it can be exercised.

(i) Restrictions on the time of grant of Options

Grant of Options may not be made

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

and ending on the date of the results announcements.

(j) Rights are personal to grantees

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

(k) Rights on cessation of employment by dismissal

If the grantee of an Option is an employee and ceases to be an employee on one or more of the grounds that he or she has been guilty of persistent or serious misconduct, bankruptcy, insolvency, composition with his or her creditors generally or conviction of any criminal offence (other than an offence which in the opinion of the Directors does not bring the grantee or the Company and any member of the Group or the relevant Invested Entity into disrepute) or any other ground(s) on which the relevant member of the Group or the relevant Invested Entity would be entitled to terminate his or her employment pursuant to any applicable law, his or her Option (to the extent not already exercised) will lapse on the date of cessation of his or her employment.

(l) Rights on death

If the grantee of an Option ceases to be an Eligible Participant by reason of his or her death before exercising the Options in full and none of the events referred to in paragraph (k) above as ground for termination of his or her Options arises, his or her personal representative(s) may exercise the Option (to the extent not already exercised) within a period of twelve (12) months following the date of death (or such longer period as the Board may determine), failing which it will lapse. If any of the events referred to in paragraph (q) to (s) below occurs during such period, his or her personal representative(s) may exercise the Option pursuant to paragraphs (q) to (s) accordingly.

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

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

(n) Rights on cessation of employment for other reasons

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

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

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

(p) Rights on breach of contract

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

(q) Rights on a general offer

In the event of a general offer being made to all Shareholders (or all such holders other than the offeror and/or person controlled by the offeror and/or any person acting in concert (as defined in the Takeovers Code with the offeror) and such offer becomes or is declared unconditional during the Option Period of the relevant Option, the grantee (or his personal representative(s)) shall be entitled to exercise the Option in full (to the extent not already exercised) at any time within thereafter and up to the close of such offer.

(r) Rights on winding up

In the event a notice is given by the Company to its members to convene a general meeting for the purpose of considering and, if thought fit, approving a resolution to voluntarily winding up the Company, the Company shall on the same date as it despatches such notice to each member of the Company give notice thereof to all grantees and any grantee (or his or her personal representative(s) may by notice in writing to the Company accompanied by a remittance for the full amount of the aggregate subscription price in respect of the relevant Option (such notice to be received by the Company no later than five (5) Business Days prior to the propose general meeting)) shall be entitled to exercise all or any of his or her vested portion of the Option (to the extent not already exercised)

and the Company shall as soon as possible and in any event no later than the Business Day immediately prior to the date of the proposed general meeting referred to above, allot and issue such number of Shares to the grantee credited as fully paid.

(s) Rights on reconstruction, compromise or arrangement

If a compromise or arrangement between the Company and its members or creditors is proposed for the purpose of or in connection with a scheme for the reconstruction or amalgamation of the Company, the Company shall give notice to the grantee on the same date as it despatches the notice to each member or creditor of the Company to summon a meeting to consider such a compromise or arrangement, and thereupon the grantee (or his or her personal representative(s)) may by notice in writing to the Company accompanied by a remittance of the full amount of the subscription price in respect of which the notice is given (such notice shall be received by the Company no later than five (5) Business Days prior to the proposed meeting) exercise the Option (to the extent not already exercised) either to its full extent or to the extent specified in the notice and the Company shall as soon as possible and in any event no later than the Business Day immediately prior to the date of the proposed general meeting allot and issue such number of Shares to the grantee credited as fully paid.

(t) Cancellation of Options

Any Option granted but not exercised may not be cancelled except with the written consent of the relevant grantee and the prior approval of the Directors. Any cancellation of Options granted but not exercised and the issuance of new Options to the same grantee may only be made under the New Share Option Scheme with available unissued Options (excluding the cancelled Options) within the Scheme Mandate Limit. Options lapsed in accordance with the terms of the New Share Option Scheme will not be counted for the purpose of calculating the Scheme Mandate Limit.

(u) Effect of alterations to share capital

In the event of any alteration in the capital structure of the Company by way of capitalisation of profits or reserves, rights issue, consolidation, subdivision or reduction of the share capital of the Company (other than an issue of Shares as consideration in respect of a transaction while any Option remains exercisable), such corresponding alterations (if any) will be made in (i) the numbers or nominal amount of Shares subject to any Option so far as such Option remains unexercised and/or (ii) the subscription price per Share as the auditor or independent financial adviser for the time being of the Company shall at the request of the Company or any grantee certify in writing to be in their opinion fair and reasonable, provided that any such alterations shall be made on the basis that the grantee shall have the same proportion of the issued share capital of the Company to which he or she was entitled before such alteration and the aggregate subscription price payable by the grantee on the full exercise of any Option shall remain as nearly as possible the same as (but not greater than) it was before such event, but so that no such alterations shall be made the effect of which would be to enable a Share to be issued at less than its nominal

value. Save in the case of a capitalisation issue, the auditor or independent financial adviser for the time being of the Company must confirm to the Directors in writing that such adjustment(s) satisfy the aforesaid requirements.

(v) Ranking of Shares

The Shares to be allotted upon the exercise of an Option will be subject to all the provisions of the Bye-laws for the time being in force and will rank pari passu in all respects with the fully paid Shares in issue on the date on which the Option is exercised and accordingly will entitle the holders of Shares to participate in all dividends or other distributions paid or made on or after the date on which the Option is exercised other than any dividends or other distributions previously declared or recommended or resolved to be paid or made with respect to a record date which shall be before the date of allotment.

(w) Duration of the New Share Option Scheme

The New Share Option Scheme shall continue in force for the period commencing from the Adoption Date, which is expected to be the date of the AGM, and expiring at the close of business on the tenth anniversary thereof, after such period no further Options will be granted but the provisions of the New Share Option Scheme shall remain in full force and effect in respect of any Options granted before its expiry or termination but not yet exercised.

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

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

- (i) The provisions relating to the matters set out in Rule 17.03 of the Listing Rules cannot be altered to the advantage of Eligible Participants without the prior approval of the Shareholders in a general meeting.
- (ii) Any alterations to the terms and conditions of the New Share Option Scheme which are of a material nature or any change to the terms of Options granted must be approved by the Shareholders, except where the alterations take effect automatically under the existing terms of the New Share Option Scheme.
- (iii) The amended terms of the New Share Option Scheme or the Options must still comply with the relevant requirements of Chapter 17 of the Listing Rules.
- (iv) Any change to the authority of the Directors or the administrator of the New Share Option Scheme in relation to any alteration to the terms of the New Share Option Scheme must be approved by the Shareholders in a general meeting.

(y) Conditions of the New Share Option Scheme

The New Share Option Scheme is conditional upon:

- (a) the passing of ordinary resolution (i) to terminate the Existing Share Option Scheme; and (ii) to adopt the New Share Option Scheme; and
- (b) the Listing Committee of the Stock Exchange granting the listing of and permission to deal in any Shares which may fall to be issued by the Company pursuant to the exercise of Options in accordance with the terms of the New Share Option Scheme.

(z) Lapse of Options

An Option shall lapse automatically (to the extent not already exercised) on the earliest of:

- (i) the expiry of the Option Period;
- (ii) the expiry of any of the periods referred to in paragraphs (k) to (s);
- (iii) the date on which the Directors shall exercise the Company's right to cancel the Option by reason of a breach of paragraph (j) by the grantee of the Option in respect of that or any other Option; and
- (iv) the date of the commencement of the winding-up of the Company.

(aa) Termination

The Company by ordinary resolution in general meeting may at any time terminate the operation of the New Share Option Scheme and in such event no further Options will be offered but in all other respects the provisions of the New Share Option Scheme shall remain in force to the extent necessary to give effect to the exercise of any Options granted but not yet exercised prior to such termination.

Details of the Options granted, including Options exercised or outstanding, under the New Share Option Scheme shall be disclosed in the circular to the Shareholders seeking approval of any subsequent share option scheme to be established after such termination.

(bb) Miscellaneous

The terms of the New Share Option Scheme (and any other schemes adopted by the Company from time to time) shall be in accordance with the requirements set out in Chapter 17 of the Listing Rules.

The Company will comply with the relevant statutory requirements and the Listing Rules from time to time in force on a continuing basis in respect of the New Share Option Scheme and any other schemes of the Company.

Any dispute arising in connection with the number of Shares of an Option and any of the matters referred to in paragraph (u) above shall be referred to the decision of the auditor or the independent financial adviser of the Company who shall act as experts and not as arbitrators and whose decision, in the absence of manifest error, shall be final, conclusive and binding on all persons who may be affected thereby.

**GUOCANG GROUP LIMITED****國藏集團有限公司**

(Incorporated in Bermuda with limited liability)

(Stock code: 559)

NOTICE OF 2013 ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the 2013 Annual General Meeting (the “**Meeting**”) of Guocang Group Limited (the “**Company**”) will be held at 3/F, Nexxus Building, 77 Des Voeux Road Central, Hong Kong, on Friday, 29 November 2013 at 11:00 a.m. to consider and, if thought fit, transact the following ordinary businesses:

1. to receive and adopt the audited consolidated financial statements of the Company and its subsidiaries and the reports of the directors of the Company (the “**Director(s)**”) and of the auditor for the year ended 30 June 2013.
2. 2.1 each as a separate resolution, to re-elect the following retiring Directors:
 - 2.1.1 Mr. Chi Chi Hung, Kenneth as executive Director; and
 - 2.1.2 Dr. Wong Yun Kuen as independent non-executive Director.
- 2.2 to authorise the board of Directors (the “**Board**”) to fix the Directors’ remuneration.
3. to re-appoint BDO Limited as the Company’s auditor and to authorise the Board to fix its remuneration.

As special businesses, to consider and, if thought fit, pass with or without amendments, the following resolutions as ordinary resolutions:

4. A. “**THAT:**
 - (a) subject to paragraph (c) of this resolution, the exercise by the Director during the Relevant Period (as hereinafter defined) of all the powers of the Company to allot, issue and deal with the additional shares of HK\$0.05 each in the capital of the Company (the “**Shares**”) or securities convertible into Shares, or options, warrants or similar rights to subscribe for any Shares, and to make or grant offers, agreements, and options which would or 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 during the Relevant Period (as hereinafter defined) to make or grant offers, agreements and options including bonds warrants, notes, debentures and other securities which carry rights to subscribe for or are convertible into shares of the Company, which would or might require the exercise of such powers after the expiry of the Relevant Period (as hereinafter defined);
- (c) the aggregate nominal amount of share capital allotted and issued or agreed conditionally or unconditionally to be allotted and issued (whether pursuant to an option or otherwise) by the Directors pursuant to the approval granted in paragraph (a) of this resolution, otherwise than pursuant to:
- (1) a Rights Issue (as hereinafter defined);
 - (2) the exercise of rights of subscription or conversion attaching to any warrants, bonds, debentures, notes and other securities issued by the Company or any securities which are convertible into Shares;
 - (3) scrip dividend or similar arrangement providing for the allotment and issue of Shares in lieu of the whole or part of a dividend on Shares in accordance with the bye-laws of the Company in force from time to time;
 - (4) the exercise of options granted under the share option schemes of the Company adopted from time to time in accordance with The Rules (the “**Listing Rules**”) Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”);
 - (5) the exercise of any conversion rights attaching to any convertible notes issued or to be issued by the Company; and
 - (6) a specified authority granted by the shareholders of the Company in general meeting;

shall not exceed 20% of the aggregate nominal amount of the share capital of the Company in issue as at the date of the passing of this resolution, and the approval granted in 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 passing of this resolution until whichever is the earliest of:
- (i) the conclusion of the next annual general meeting of the Company;
 - (ii) the expiration of the period within which the next annual general meeting of the Company is required by the bye-laws of the Company or any applicable laws to be held; or
 - (iii) the revocation or variation of the authority given under this resolution by an ordinary resolution of the shareholders of the Company in general meeting; and

“**Rights Issue**” means an offer of Shares, or an offer or issue of warrants, options or other securities giving rights to subscribe for Shares, open for a period fixed by the Directors to the shareholders of the Company whose names appear on the register of members of the Company on a fixed record date in proportion to their then holdings of such Shares as at that date (subject to such exclusions or other arrangements as the Directors 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 recognized regulatory body or any stock exchange in, any territory outside Hong Kong applicable to the Company).”

B. “**THAT**:

- (a) subject to paragraph (b) of this resolution, the exercise by the Directors during the Relevant Period (as hereinafter defined) of all the powers of the Company to repurchase Shares on the Stock Exchange or on any other stock exchanges on which the shares of the Company may be listed and recognised by the Securities and Futures Commission of Hong Kong and the Stock Exchange for this purpose (“**Recognised Stock Exchange**”), subject to and in accordance with all applicable laws and the requirements of the Listing Rules or those of any other Recognised Stock Exchange as amended from time to time, be and is hereby generally and unconditionally approved;
- (b) the aggregate nominal amount of Shares which the Company is authorised to repurchase pursuant to the approval granted in paragraph (a) of this resolution during the Relevant Period (as hereinafter defined) shall not exceed 10% of the aggregate nominal amount of the share capital of the Company in issue as at the date of the passing of this resolution, and the approval granted under 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 passing of this resolution until whichever is the earliest of:
- (i) the conclusion of the next annual general meeting of the Company;
 - (ii) the expiration of the period within which the next annual general meeting of the Company is required by the bye-laws of the Company or any applicable laws to be held; or
 - (iii) the revocation or variation of the authority given under this resolution by an ordinary resolution of the shareholders of the Company in general meeting.”
- C. “**THAT** conditional upon the passing of the resolutions set out in paragraphs A and B of item 4 in the notice convening this meeting, the general mandate granted to the Directors to exercise the powers of the Company to allot, issue and otherwise deal with Shares or securities convertible into Shares, or options, warrants or similar rights to subscribe for any Shares, and to make or grant offers, agreements, and options which would or might require the exercise of such powers, pursuant to resolution set out in paragraph A of item 4 above be and is hereby extended by the addition to the aggregate nominal amount of share capital of the Company which may be allotted or agreed conditionally or unconditionally to be allotted by the Directors pursuant to such general mandate, an amount representing the aggregate nominal amount of the share capital of the Company repurchased by the Company under the authority granted pursuant to resolution set out in paragraph B of item 4 above provided that such amount 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.”
5. “**THAT** the existing share option scheme (the “**Existing Share Option Scheme**”) of the Company adopted on 4 December 2003 be and is hereby terminated and conditional upon the Stock Exchange granting approval for the listing of, and permission to deal in the Shares falling to be issued pursuant to the new share option scheme (the “**New Share Option Scheme**”), the terms of which are set out in the document marked “A” which has been produced to this meeting and signed by the chairman of this meeting for the purpose of identification, the New Share Option Scheme be and is hereby approved and adopted by the Company and the Directors be and are hereby authorised, at their absolute discretion, to grant options to subscribe

for Shares thereunder and to allot, issue and deal with any Shares pursuant to the exercise of the options which may be granted under the New Share Option Scheme and to do all such acts as the Directors may in their absolute discretion consider necessary or expedient in order to give full effect to the New Share Option Scheme.”

By Order of the Board
Guocang Group Limited
Wong Hin Shek
Chairman and Executive Director

Hong Kong, 29 October 2013

Notes:

- (1) A member entitled to attend and vote at the Meeting is entitled to appoint one or more proxies to attend and vote instead of him. A proxy need not be a member of the Company. In order to be valid, the form of proxy must be deposited with the branch share registrar of the Company in Hong Kong, Tricor Tengis Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong together with any power of attorney or other authority, if any, under which it is signed, or a certified copy of that power or authority, not less than 48 hours before the time for holding the meeting or adjournment thereof.
- (2) Completion and return of the form of proxy shall not preclude a member from attending and voting in person at the Meeting or on the poll concerned and, in such event, the instrument appointing a proxy shall be deemed to be revoked.
- (3) As at the date of this notice, Mr. Wong Hin Shek and Mr. Chi Chi Hung, Kenneth being the executive Directors and Mr. Chiu Wai On, Mr. Man Kwok Leung and Dr. Wong Yun Kuen being the independent non-executive Directors.