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If you have sold or transferred all your shares in **NINE DRAGONS PAPER (HOLDINGS) LIMITED**, you should at once hand this circular and the form of proxy enclosed with this circular to the purchaser or the transferee or to the bank manager, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.



玖龍紙業(控股)有限公司*

NINE DRAGONS PAPER (HOLDINGS) LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 2689)

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

A notice convening the annual general meeting of **Nine Dragons Paper (Holdings) Limited** to be held at the Auditorium, 4/F., Sun Hung Kai Centre, 30 Harbour Road, Wanchai, Hong Kong on Friday, 11 December 2015 at 2:30 p.m. is set out on pages 24 to 28 of this circular.

A form of proxy for use by the Shareholders at the annual general meeting is enclosed. Whether or not you intend to attend and vote at the annual general meeting, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and return it to the Company's Hong Kong Branch Share Registrar, Tricor Investor Services Limited, Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for holding of the meeting or 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 meeting or any adjournment thereof should you so wish.

* *For identification purposes only*

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27 October 2015

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DEFINITIONS

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

“2006 Share Option Scheme”	the share option scheme of the Company adopted by a resolution of the Shareholders on 12 February 2006
“Adoption Date”	the date on which the Share Option Scheme is adopted by the resolution of the Shareholders at the AGM
“Annual General Meeting”	the annual general meeting of the Company to be held at the Auditorium, 4/F., Sun Hung Kai Centre, 30 Harbour Road, Wanchai, Hong Kong on Friday, 11 December 2015 at 2:30 p.m. is set out on pages 24 to 28 of this circular
“associate(s)”	has the same meaning ascribed to it under the Listing Rules
“Best Result”	Best Result Holdings Limited, a company incorporated under the laws of the British Virgin Islands whose issued share capital is held (i) as to approximately 37.073% by Ms. Cheung Yan personally; (ii) as to approximately 37.053% by Goldnew Limited which was held by BNP Paribas Jersey Trust Corporation Limited as the trustee of The Liu Family Trust; (iii) as to approximately 10.000% by Acorn Crest Limited which was held by BNP Paribas Jersey Trust Corporation Limited as the trustee of The Zhang Family Trust; and (iv) as to approximately 15.874% by Winsea Investments Limited which was held by BNP Paribas Jersey Trust Corporation Limited as the trustee of The Golden Nest Trust
“Board”	the board of Directors for the time being or a duly authorised committee thereof
“Bye-Laws”	the bye-laws of the Company
“Company”	Nine Dragons Paper (Holdings) Limited, a company incorporated in Bermuda with limited liability and the Shares of which are listed on the Stock Exchange
“connected person(s)”	has the same meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Eligible Participant(s)”	any full-time or part-time employees, executives or officers (including executive, non-executive and independent non-executive directors) of the Company and/or any of the Subsidiaries and any suppliers, customers, consultants, agents and advisers who, in the sole opinion of the Board, will contribute or have contributed to the Company and/or any of the Subsidiaries

DEFINITIONS

“Grantee”	any Eligible Participant who accepts the offer of the grant of an Option in accordance with the rules of the Share Option Scheme
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“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 Shares up to 20% of the aggregate nominal amount of the issued share capital of the Company as at the date of passing of the resolution as set out in the Annual General Meeting Notice
“Latest Practicable Date”	20 October 2015, being the latest practicable date prior to the printing of this circular for ascertaining certain information in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Option(s)”	option(s) to subscribe for Shares granted pursuant to the Share Option Scheme and for the time being subsisting
“Personal Representative(s)”	means a person or persons who, in accordance with the laws of succession applicable in respect of the death of such Grantee is or are entitled to exercise the Option accepted by such Grantee (to the extent not already exercised) in consequence of the death of such Grantee
“SFO”	The Securities and Future Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	share(s) of nominal value of HK\$0.10 each in the share capital of the Company or, if there has been a capitalisation issue, rights issue, sub-division or consolidation of shares or reduction of capital in the share capital of the Company, shares forming part of the ordinary equity share capital of the Company of such other nominal amount as shall result from any such capitalisation issue, rights issue, sub-division or consolidation of shares or reduction of capital in the share capital of the Company
“Share Repurchase Mandate”	a general and unconditional mandate proposed to be granted to the Directors to exercise all the powers of the Company to repurchase Shares up to 10% of the aggregate nominal amount of the issued share capital of the Company as at the date of passing of the resolution as set out in the notice of Annual General Meeting

DEFINITIONS

“Share Option Scheme”	the new share option scheme of the Company proposed to be adopted at the Annual General Meeting, the summary of the principal terms of which are set out in the Appendix III of this circular
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subsidiary”	a subsidiary for the time being of the Company within the meaning of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) whether incorporated in Bermuda or elsewhere and “Subsidiaries” shall be construed accordingly
“%”	per cent.



玖龍紙業(控股)有限公司*

NINE DRAGONS PAPER (HOLDINGS) LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 2689)

Executive Directors:

Ms. Cheung Yan (*Chairlady*)

Mr. Liu Ming Chung

(Deputy Chairman and Chief Executive Officer)

Mr. Zhang Cheng Fei

(Deputy Chief Executive Officer)

Mr. Lau Chun Shun

Mr. Zhang Yuanfu (*Chief Financial Officer*)

Independent non-executive Directors:

Ms. Tam Wai Chu, Maria *GBM, JP*

Mr. Ng Leung Sing *SBS, JP*

Dr. Cheng Chi Pang

Registered office:

Clarendon House

2 Church Street

Hamilton HM 11

Bermuda

Principal place of business

in Hong Kong:

Unit 1, 22/F

One Harbour Square

181 Hoi Bun Road

Kwun Tong, Kowloon

Hong Kong

27 October 2015

*To the Shareholders and for information only,
holders of the Share options*

Dear Sir or Madam,

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

INTRODUCTION

The purpose of this circular is to give you notice of the 2015 Annual General Meeting, and information on matters to be dealt with at the 2015 Annual General Meeting. They are: (i) grant of general mandate to repurchase Shares; (ii) grant of general mandate to issue Shares; (iii) payment of final dividend; (iv) re-election of Directors; and (v) adoption of Share Option Scheme.

* *For identification purpose only*

LETTER FROM THE BOARD

GENERAL MANDATES TO ISSUE SHARES AND TO REPURCHASE SHARES

Ordinary resolutions will be proposed at the Annual General Meeting to grant to the Directors new general mandates:

- (i) to allot, issue and otherwise deal with new Shares up to an aggregate nominal amount not exceeding 20% of the aggregate nominal amount of the issued share capital of the Company as at the date of passing of the proposed resolution at the Annual General Meeting; and
- (ii) to repurchase Shares up to an aggregate nominal amount not exceeding 10% of the aggregate nominal amount of the issued share capital of the Company as at the date of passing of the proposed resolution at the Annual General Meeting.

In addition, if the Issue Mandate is granted together with the Share Repurchase Mandate, it is further proposed, by way of a separate ordinary resolution, that the Issue Mandate be extended so that the Directors be given a general mandate to issue further Shares up to an aggregate nominal amount equal to the aggregate nominal amount of the Shares which may be repurchased by the Company under the Share Repurchase Mandate.

As at the Latest Practicable Date, the total issued share capital of the Company was 4,666,220,811 Shares. Subject to the passing of the ordinary resolution at the Annual General Meeting approving the Issue Mandate, the Company will be allowed to allot, issue and deal with up to a maximum of 933,244,162 Shares under the Issue Mandate, representing 20% of the total issued share capital of the Company, on the basis that no further Shares will be issued or repurchased between the Latest Practicable Date and the Annual General Meeting.

An explanatory statement containing information regarding the Share Repurchase Mandate is set out in Appendix I to this circular.

RE-ELECTION OF RETIRING DIRECTORS

Pursuant to bye-law 87 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 greater than one-third) shall retire from office by rotation provided that notwithstanding anything therein, each Director shall be subject to retirement by rotation at least once in every three years. Accordingly, Mr. Lau Chun Shun, Ms. Tam Wai Chu, Maria and Dr. Cheng Chi Pang shall retire from their offices.

Pursuant to the code provision set out in paragraph A.4.3 of Appendix 14 of the Listing Rules, any further appointment of independent non-executive director serving more than nine years should be subject to a separate resolution to be approved by shareholders. Notwithstanding that Ms. Tam Wai Chu, Maria and Dr. Cheng Chi Pang have served as independent non-executive Director for more than nine years, (i) the Board has assessed and reviewed the annual confirmation of independence based on the criteria set out in Rule 3.13 of the Listing Rules and affirmed that Ms.

LETTER FROM THE BOARD

Tam Wai Chu, Maria and Dr. Cheng Chi Pang remain independent; (ii) the nomination committee of the Company has assessed and is satisfied of the independence of Ms. Tam Wai Chu, Maria and Dr. Cheng Chi Pang; and (iii) the Board considers that Ms. Tam Wai Chu, Maria and Dr. Cheng Chi Pang remain independent of the management and free of any relationship which could materially interfere with the exercise of his/her independent judgment. In view of the aforesaid factors and the fact that the experience and knowledge of the relevant individual in the business sectors in which the Company operates, the Board recommended Ms. Tam Wai Chu, Maria and Dr. Cheng Chi Pang for re-election at the Annual General Meeting.

The abovementioned Directors, being eligible, shall offer themselves for re-election at the Annual General Meeting. Details of such Directors are set out in Appendix II to this circular.

THE 2006 SHARE OPTION SCHEME

The 2006 Share Option Scheme was adopted by the Company on 12 February 2006 and is valid for a period of 10 years ending on 3 March 2016. Other than the 2006 Share Option Scheme, the Company does not have any other option schemes.

On 30 September 2015, the Company granted options in respect of 130,000,000 Shares to certain Directors and employees of the Company. Of the options granted, 122,000,000 options are subject to the approval by independent shareholders at the special general meeting to be convened to approve the granting of the options. On the assumption that the granting of the 122,000,000 options will be approved at the special general meeting, the number of options outstanding under the 2006 Share Option Scheme as at the Latest Practicable Date was 130,000,000 Shares, representing approximately 2.79% of the issued share capital of the Company.

ADOPTION OF SHARE OPTION SCHEME

The 2006 Share Option Scheme is due to expire on 3 March 2016. In order to provide the Company with the flexibility of granting share options to the Directors, employees and other persons as incentives or rewards for their contribution or potential contribution to the Group after the expiry of the 2006 Share Option Scheme, the Directors proposed to adopt the Share Option Scheme, which will take effect upon the expiry of the 2006 Share Option Scheme. The Share Option Scheme will be put to the Shareholders for approval at the Annual General Meeting. A summary of the principal terms of the Share Option Scheme is set out in the Appendix III to this circular.

The Share Option Scheme does not specify any minimum period for which an Option must be held, nor any performance target which must be achieved before, an Option can be exercised. However, the rules of the Share Option Scheme provide that the Board may determine, at its absolute discretion, such terms and conditions on the offer of an Option. Such terms and conditions relating to the offer of the Option will, in the opinion of the Board, be fair and reasonable and will not be inconsistent with the rules under the Share Option Scheme and the Listing Rules. The exercise

LETTER FROM THE BOARD

price for the Shares under the Share Option Scheme shall be a price solely determined by the Board and notified to a Grantee and shall be at least the higher of (i) the closing price of the Shares as stated in the daily quotations sheet of the Stock Exchange on the date on which an Option is granted; and (ii) the average closing price of the Shares as stated in the daily quotations sheets of the Stock Exchange for the 5 trading days immediately preceding the date on which an Option is granted.

As at the Latest Practicable Date, there were 4,666,220,811 Shares in issue. Assuming that there is no change in the issued share capital of the Company between the period from the Latest Practicable Date to the Adoption Date, the maximum number of Shares that may be issued under the Share Option Scheme and any other schemes of the Company will be 466,622,081 Shares, being 10% of the issued share capital of the Company as at the Adoption Date.

As at the Latest Practicable Date, the aggregate number of Shares which may be issued upon the exercise of all Options that may be granted under the Share Option Scheme and all outstanding share options granted and yet to be exercised under the other share option schemes of the Company has not exceeded 30% of the Shares in issue.

As at the Latest Practicable Date, no options under the Share Option Scheme have been granted and thus the Company considers that it would not be appropriate to disclose in this circular the value of the Options that may be granted under the proposed Share Option Scheme as if they have been granted as at the Latest Practicable Date, as a number of variables which are crucial for the calculation of the Option value cannot be reasonably ascertained at this stage. Such variables include but are not limited to the exercise price, exercise period and other relevant variables such as the lapsing or cancellation of the Options prior to the expiry of the respective option periods on the occurrence of certain events as specified in the Share Option Scheme, which are not predicable or controllable by the Directors. As such, the Directors believe that it would not be meaningful to the Shareholders if the value of the Options as at the Latest Practicable Date is calculated based on a set of speculative assumptions. However, the Company will disclose the value of any Options granted during a financial year or a particular period in its annual report and interim report based on the Black-Scholes Options Pricing Model, the Binomial Options Pricing Model or a generally accepted comparable methodology.

CONDITIONS FOR ADOPTION OF THE SHARE OPTION SCHEME

The Share Option Scheme will only become effective upon (i) the passing of the relevant resolutions of the Shareholders at the Annual General Meeting to approve the adoption of the Share Option Scheme; (ii) the Listing Committee of the Stock Exchange granting approval for the listing of, and permission to deal in, the Shares which may fall to be issued pursuant to the exercise of the Options under the Share Option Scheme; and (iii) the expiry of the 2006 Share Option Scheme.

APPLICATION FOR LISTING

An 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 under the Share Option Scheme.

LETTER FROM THE BOARD

ANNUAL GENERAL MEETING

A notice convening the Annual General Meeting is set out on pages 24 to 28 of this circular at which resolutions will be proposed, inter alia, to approve the grant of the Issue Mandate, the Share Repurchase Mandate and the adoption of the Share Option Scheme. A form of proxy for use by the Shareholders at the Annual General Meeting is enclosed. Whether or not you intend to attend the meeting, you are requested to complete the form of proxy in accordance with the instructions printed thereon and return it to the Company's Hong Kong Branch Share Registrar, Tricor Investor Services Limited, Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for holding of the Annual General Meeting or 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 meeting or any adjournment thereof should you so wish.

As at the Latest Practicable Date, to the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, no Shareholder had a material interest in the proposed adoption of the Share Option Scheme and accordingly, no Shareholder is required to abstain from voting at the Annual General Meeting in respect of the proposed resolution to approve the adoption of the Share Option Scheme.

VOTING BY WAY OF POLL

Pursuant to Rule 13.39 of the Listing Rules, any vote of shareholders at a general meeting must be taken by poll except where the chairman, in good faith, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands. The chairman of the Annual General Meeting will demand a poll for each and every resolution to be put forward at the Annual General Meeting pursuant to Bye-law 66 and the Listing Rules. The Company will appoint scrutineer to handle vote-taking procedures at the Annual General Meeting. An announcement on the poll vote results will be published by the Company after the Annual General Meeting in the manner prescribed under Rule 13.39(5) and Rule 17.02(1)(a) of the Listing Rules.

None of the Shareholders is required to abstain from voting at the Annual General Meeting pursuant to the Listing Rules.

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.

LETTER FROM THE BOARD

RECOMMENDATION

The Directors consider that the granting of the Issue Mandate, the Share Repurchase Mandate, the adoption of new share options scheme and the re-election of the retiring Directors are in the best interests of the Company and the Shareholders as a whole and recommend Shareholders to vote in favour of all resolutions to be proposed at the Annual General Meeting.

Yours faithfully,
For and on behalf of
Nine Dragons Paper (Holdings) Limited
Cheung Yan
Chairlady

This is an explanatory statement given to the Shareholders relating to a resolution authorising the Company to repurchase its own Shares proposed to be passed by the Shareholders by means of an ordinary resolution at the Annual General Meeting. This explanatory statement contains a summary of the information required pursuant to Rule 10.06 of the Listing Rules which is set out as follows:

SHARE CAPITAL

As at the Latest Practicable Date, the issued share capital of the Company comprised 4,666,220,811 Shares of HK\$0.10 each. Subject to the passing of the ordinary resolution granting the Share Repurchase Mandate and assuming no further Shares are issued or repurchased prior to the Annual General Meeting, the Company would be allowed under the Share Repurchase Mandate to repurchase a maximum of 466,622,081 Shares, representing 10% of the issued share capital of the Company.

REASONS FOR REPURCHASES

The Directors believe that it is in the best interests of the Company and the Shareholders as a whole for the Directors to have a general authority from the Shareholders to enable the Directors to purchase the Shares on 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 benefit the Company and the Shareholders.

FUNDING OF REPURCHASES

The repurchase of Shares shall be made with funds legally available for such purpose in accordance with the Company's memorandum of association and the Bye-laws and the applicable laws of Bermuda. Under Bermuda law, repurchases may only be effected out of the capital paid up on the purchased Shares or out of funds of the Company otherwise available for dividend or distribution or out of the proceeds of a fresh issue of shares made for the purpose. Any premium payable on a purchase over the par value of the Shares to be purchased must be provided for out of funds of the Company otherwise available for dividend or distribution or out of the Company's share premium account before the Shares are repurchased. It is envisaged that the funds required for any repurchase would be derived from such sources.

As compared to the financial position of the Company as at 30 June 2015 (being the date of the Company's latest audited accounts), the Directors consider that the repurchases of Shares will have no material adverse impact on the working capital and the gearing position of the Company in the event that the Share Repurchase Mandate were to be exercised in full at any time during the proposed repurchase period. The Directors do not propose to exercise the Share Repurchase Mandate to such an extent as would, in the circumstances, have a material adverse effect on the working capital requirements of the Company or the gearing levels which in the opinion of the Directors are from time to time appropriate for the Company.

DIRECTORS, THEIR ASSOCIATES AND CONNECTED PERSONS

None of the Directors or, to the best of their knowledge having made all reasonable enquiries any of their close associates, as defined in the Listing Rules, has any present intention, in the event that the Share Repurchase Mandate is approved by the Shareholders, to sell Shares to the Company.

No core connected person, as defined in the Listing Rules, has notified the Company that he has a present intention to sell Shares to the Company, or has undertaken not to do so, in the event that the Share 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 exercise the Share Repurchase Mandate in accordance with the Listing Rules, the Bye-laws and the applicable laws of Bermuda.

SHARE REPURCHASE MADE BY THE COMPANY

The Company has not purchased any Share on the Stock Exchange or otherwise, in the six months immediately preceding the Latest Practicable Date.

EFFECT OF THE TAKEOVERS CODE

If as a result of a repurchase of Shares an ordinary 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 purpose of Rule 32 of the Takeovers Code. As a result, a Shareholder or a group of Shareholders acting in concert, depending on the level of increase of ordinary 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, Best Result held 2,992,120,000 Shares representing approximately 64.12% interest in the issued share capital. On the basis that no further Shares are issued or repurchased and that there is no change in Best Result's shareholding in the Company, in the event that the Share Repurchase Mandate is exercised in full, the shareholding of Best Result would be increased to approximately 71.25% of the issued share capital. The public float of the Company as at the Latest Practicable Date was approximately 32.78% and if the Share Repurchase Mandate is exercised in full and assuming that no connected persons of the Company have increased their interests in the Company, the public float of the Company will be approximately 25.31%. On such basis, the Company is able to satisfy the public float requirement under Rule 8.08 of the Listing Rules. In any event, the Directors will not exercise the Share Repurchase Mandate to an extent which will result in the amount of Shares held by the public being reduced to less than 25%.

The Directors are not aware of any shareholder or group of shareholders acting in concert, who may become obliged to make a mandatory offer under Rule 26 of the Takeovers Code as consequences of any purchases pursuant to the Share Repurchase Mandate.

PRICES OF THE SHARES

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

	Highest <i>(HK\$)</i>	Lowest <i>(HK\$)</i>
2014		
October	6.11	5.48
November	6.87	5.95
December	7.20	6.30
2015		
January	7.04	5.61
February	6.14	4.93
March	5.16	4.77
April	6.37	4.83
May	7.17	6.10
June	8.35	6.32
July	7.17	5.21
August	6.45	4.08
September	4.77	3.76
October (up to the Latest Practicable Date)	5.59	3.93

APPENDIX II PARTICULARS OF RETIRING DIRECTORS STANDING FOR RE-ELECTION

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

(1) Mr. Lau Chun Shun, 34, joined the Company as a non-executive Director in 2006 and was re-designated as an executive Director of the Company in August 2009. He is a director of various subsidiaries of the Company. He is responsible for the management and operation of the Group including marketing and distribution, procurement and sales departments. Mr. Lau holds a bachelor degree in Economics from the University of California, Davis and a master degree in Industrial Engineering from Columbia University. Mr. Lau did not hold directorship in other listed public companies in the last three years.

Mr. Lau is the son of Ms. Cheung Yan and Mr. Liu Ming Chung and the nephew of Mr. Zhang Cheng Fei. Saved as disclosed above, he does not have any relationship with any other Director, senior management, substantial shareholder or controlling shareholder of the Company.

As at the Latest Practicable Date, Mr. Lau had the following interests within the meaning of Part XV of the SFO: (i) corporate interest in 2,992,120,000 Shares; (ii) personal interest in 1,830,000 Shares; and (iii) share options in respect of 30,000,000 Shares which are subject to the approval by the independent shareholders of the Company. Save as aforesaid, Mr. Lau did not have any other interests in the Shares or the underlying Shares pursuant to Part XV of the SFO.

Mr. Lau has a service contract for a term of three years with the Company which may be terminated, by either side, on three months' notice. He is subject to retirement and will be eligible for re-election at the annual general meeting of the Company pursuant to the Bye-Laws of the Company. The Director's fee specified in the service agreement is HK\$1,380,000.00 with an allowance of HK\$414,000.00 per annum. The amount of his emoluments will be reviewed by the Remuneration Committee of the Company with reference to his position, his level of responsibilities, the remuneration policy of the Company and the prevailing market conditions.

Save as disclosed above, there are no other matters concerning Mr. Lau that need to be brought to the attention of the Shareholders nor any information to be disclosed pursuant to the requirements of Rule 13.51(2)(h) to (v) of the Listing Rules.

(2) Ms. Tam Wai Chu, Maria, *GBM, JP*, 69, has been an independent non-executive Director of the Company since 2006. She serves as an independent non-executive director of Guangnan (Holdings) Limited, Minmetals Land Limited, Sa Sa International Holdings Limited, Sinopec Kantons Holdings Limited, Tong Ren Tang Technologies, Co., Ltd., Wing On Company International Limited and Macau Legend Development Limited, all the shares of which are listed on the Stock Exchange. Ms. Tam is a deputy to the National People's Congress People's Republic of China from Hong Kong and a member of the Hong Kong Basic Law Committee under the Standing Committee of the National People's Congress. She is qualified as a barrister-at-law at Gray's Inn, London and has practice experience in Hong Kong.

Ms. Tam, who has served the Board for more than nine years, confirmed that she has satisfied all factors set out in Rule 3.13 of the Listing Rules in assessing her independence. Ms. Tam does not have any relationship with any other Director, senior management, substantial shareholder or controlling shareholder of the Company.

As at the Latest Practicable Date, Ms. Tam had personal interest in 1,216,670 Shares within the meaning of Part XV of the SFO.

APPENDIX II PARTICULARS OF RETIRING DIRECTORS STANDING FOR RE-ELECTION

Ms. Tam has an appointment letter for a term of one year with the Company. She is subject to retirement and will be eligible for re-election at the annual general meeting of the Company pursuant to the Bye-Laws of the Company. The Director's fee specified in the appointment letter is HK\$528,000 per annum. The amount of her director's emoluments will be reviewed by the Remuneration Committee of the Company with reference to her position, her level of responsibilities, the remuneration policy of the Company and the prevailing market conditions.

Save as disclosed above, there are no other matters concerning Ms. Tam that need to be brought to the attention of the Shareholders nor any information to be disclosed pursuant to the requirements of Rule 13.51(2)(h) to (v) of the Listing Rules.

(3) Dr. Cheng Chi Pang, 58, has been an independent non-executive Director of the Company since 2006. He holds a bachelor degree in Business, a master degree in Business Administration and a master degree of Laws as well as a doctorate degree of philosophy in Business Management. Dr. Cheng is an associate member of the Hong Kong Institute of Certified Public Accountants, Institute of Chartered Accountants in England and Wales, the Australian Society of Certified Practising Accountants, the Taxation Institute of Hong Kong and a fellow member of the Hong Kong Institute of Directors. He is a Certified Public Accountant practicing in Hong Kong and has approximately 34 years of experience in auditing, business advisory and financial management.

Dr. Cheng joined the New World Group in 1992 and was chief executive and group financial controller of NWS Holdings Limited, the shares of which are listed on the Main Board of the Stock Exchange. Prior to joining the New World Group, he was a senior manager of Price Waterhouse, now PricewaterhouseCoopers. Dr. Cheng is currently the senior partner of Leslie Cheng & Co. Certified Public Accountants and the chairman of L&E Consultants Limited. He is also a non-executive director of Wai Kee Holdings Limited and Build King Holdings Limited and an independent non-executive director and chairman of the audit committee of China Ting Group (Holdings) Limited, Tianjin Port Development Holdings Limited and Fortune Sun (China) Holdings Limited, all the shares of which are listed on the Stock Exchange.

Dr. Cheng, who has served the Board for more than nine years, confirmed that he has satisfied all factors set out in Rule 3.13 of the Listing Rules in assessing his independence. Dr. Cheng does not have any relationship with any other Director, senior management, substantial shareholder or controlling shareholder of the Company.

As at the Latest Practicable Date, Dr. Cheng did not have any interests in Shares within the meaning of Part XV of the SFO.

Dr. Cheng has an appointment letter for a term of one year with the Company. He is subject to retirement and will be eligible for re-election at the annual general meeting of the Company pursuant to the Bye-Laws of the Company. The director's fee specified in the appointment letter is HK\$528,000 per annum. The amount of his emoluments will be reviewed by the Remuneration Committee of the Company with reference to his position, his level of responsibilities, the remuneration policy of the Company and the prevailing market conditions.

Save as disclosed above, there are no other matters concerning Dr. Cheng that need to be brought to the attention of the Shareholders nor any information to be disclosed pursuant to the requirements of Rule 13.51(2)(h) to (v) of the Listing Rules.

The following is a summary of the principal terms of the Share Option Scheme proposed to be approved at the Annual General Meeting.

(a) Purpose

The Share Option Scheme is a share incentive scheme and is established to recognise and acknowledge the contributions or potential contributions of the Eligible Participants to the Company and/or any of the Subsidiaries. Eligible Participants will have the opportunity to obtain Shares of the Company with a view to incentivize and reward their respective contributions to the Company and/or any of the Subsidiaries.

(b) Who May Join

The Board may, at its discretion, offer to grant an Option to (i) any full-time or part-time employees, executives or officers (including executive, non-executive and independent non-executive directors) of the Company and/or any of the Subsidiaries; and (ii) any suppliers, customers, consultants, agents and advisers who, in the sole opinion of the Board, will contribute or have contributed to the Company and/or any of the Subsidiaries to subscribe for such number of new Shares as the Board may determine at an exercise price determined in accordance with paragraph (f) below.

(c) Acceptance of Option Offer

Any Option offer will be deemed to have been granted and accepted by the Grantee when the duplicate offer document constituting acceptance of the Option duly signed by the Grantee, and a remittance in favour of the Company of HK\$1.00 as consideration for the grant thereof is received by the Company within 30 days of the offer date.

Any offer to grant an Option may be accepted in respect of less than the number of Shares for which it is offered provided that it is accepted in respect of a board lot for dealing in Shares on the Stock Exchange or an integral multiple thereof and such number is clearly stated in the duplicate offer document constituting the acceptance of the Option. To the extent that the offer to grant an Option is not accepted by the relevant prescribed acceptance date, it shall be deemed to have been irrevocably declined.

(d) Maximum Number of Shares

The maximum number of Shares in respect of which Options may be granted under the Share Option Scheme and options under 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 Adoption Date. Subject to the issue of a circular by the Company and the approval of the Shareholders in general meeting and/or such other requirements prescribed under the Listing Rules from time to time, the Board may:

- (i) increase this limit at any time to 10% of the Shares in issue as at the date of the relevant approval by the Shareholders in general meeting; and/or
- (ii) grant options beyond the 10% limit set out above to Eligible Participants specifically identified by the Board;

provided that, the number of Shares that may be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other share option schemes of the Company at any time shall not exceed 30% of the Shares in issue from time to time.

The maximum number of Shares in respect of which Options may be granted shall be adjusted, in such manner as the auditors of the Company or an approved independent financial adviser shall certify to be appropriate, fair and reasonable in the event of any alteration in the capital structure of the Company in accordance with paragraph (n) below whether by way of capitalisation issue, rights issue, sub-division or consolidation of shares or reduction of the share capital of the Company but in no event shall exceed the limit prescribed in this paragraph.

(e) Maximum Entitlement of Each Eligible Participant

The maximum number of Shares in respect of which Options may be granted under the Share Option Scheme to any Eligible Participant, shall not, when aggregated with:

- (i) any Shares issued upon the exercise of the Options and options under any other share option schemes of the Company which have been granted to that Eligible Participant;
- (ii) any Shares which would be issued upon the exercise of outstanding Options and options under any other share option schemes of the Company granted to that Eligible Participant; and
- (iii) any Shares which were the subject of Options or options under any other share option schemes of the Company which have been granted to and accepted by that Eligible Participant but subsequently cancelled),

in any 12-month period up to the offer date of the Option exceed 1% of the Shares in issue as at such offer date.

Any further grant of Options in excess of this 1% limit shall be subject to:

- (i) the issue of a circular by the Company to the Shareholders in compliance with the relevant requirements of the Listing Rules as prescribed from time to time; and
- (ii) the approval of the Shareholders in general meeting at which such Eligible Participant and his associates shall abstain from voting, and

unless otherwise provided in the Listing Rules, the date of the Board meeting at which the Board resolves to grant the proposed Options to such Eligible Participant shall be taken as the offer date for the purpose of calculating the exercise price of the Shares subject to the relevant Option. The Board shall forward to such Eligible Participant an offer document in such form as the Board may from time to time determine, which shall set out the terms and conditions of the Option.

(f) Exercise Price

The exercise price of a Share in relation to each Option granted under the Share Option Scheme shall be, subject to the adjustments referred to in paragraph (n) below, such price as the Board in its absolute discretion shall determine, save that such price will not be less than the highest of:

- (i) the official closing price of the Shares as stated in the daily quotation sheets of the Stock Exchange on the relevant offer date, which must be a day on which the Stock Exchange is open for the business of dealing in securities;
- (ii) the average of the official closing prices of the Shares as stated in the daily quotation sheets of the Stock Exchange for the 5 trading days immediately preceding the relevant offer date; and
- (iii) the nominal value of a Share.

(g) Granting Options to Connected Persons

Any grant of options to a director, chief executive or substantial shareholder of the Company or any of their respective associates shall be subject to the approval by the independent non-executive Directors (excluding any independent non-executive Director who is the relevant Eligible Participant subject to such grant).

If the Board proposes to grant options to a substantial shareholder or any independent non-executive Director (or any of their respective associates) which will result in the number of Shares issued and to be issued upon exercise of all options granted and to be granted (including options exercised, cancelled and outstanding) to such person under the Share Option Scheme and any other share option schemes of the Company in the 12-month period up to and including the offer date of such grant:

- (i) representing in aggregate over 0.1%, or such other percentage as may be from time to time provided under the Listing Rules, of the Shares in issue; and
- (ii) having an aggregate value, based on the official closing price of the Shares as stated in the daily quotation sheets of the Stock Exchange on the offer date of such grant, in excess of HK\$5 million or such other sum as may be from time to time provided under the Listing Rules,

such grant will be subject to the approval by the independent non-executive Directors (excluding any independent non-executive Director who is the relevant Eligible Participant subject to such grant), the issue of a circular by the Company to the Shareholders and the approval of the Shareholders in general meeting by way of a poll at which all connected persons of the Company shall abstain from voting in favour at the general meeting. Unless otherwise provided in the Listing Rules, the date of the relevant Board meeting at which the Board proposes to grant the proposed Option to such Eligible Participant shall be taken as the offer date of such grant for the purpose of calculating the exercise price of the Shares subject to the relevant Option.

The circular to be issued by the Company to the Shareholders pursuant to the above paragraph shall contain the following information:

- (i) the details of the number and terms (including the exercise price) of the Options to be granted to each selected Eligible Participant which must be fixed before the meeting of the Shareholders and the offer date of such grant (which shall be the date of the Board meeting at which the Board proposes to grant the proposed Options to that Eligible Participant);
- (ii) a recommendation from the independent non-executive Directors (excluding any independent non-executive Director who is the relevant Eligible Participant) to the independent Shareholders as to voting;
- (iii) the information required under Rule 17.02(2)(c) and (d) and the disclaimer required under Rule 17.02(4) of the Listing Rules; and
- (iv) the information required under Rule 2.17 of the Listing Rules.

(h) Restrictions on Grant of Options

For so long as the Shares are listed on the Stock Exchange, the Board shall not grant any Option after an inside information event has come to the knowledge of the Company until it has announced such inside information pursuant to the requirements of the Listing Rules and the SFO. In particular, no options may be granted during the period commencing one month immediately preceding the earlier of:

- (i) the date of the Board meeting (as such date to 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, quarterly or any other interim period (whether or not required under the Listing Rules); and
- (ii) the deadline for the Company to publish an announcement of its results for (i) any year or half-year period in accordance with the Listing Rules, and (ii) where the Company elected to publish them, any quarterly or any other interim period,

and ending on the date of actual publication of the results for such year, half-year, quarterly or interim period (as the case may be).

(i) Rights are Personal to Grantee

An Option shall be personal to the Grantee and shall not be assignable. No Grantee shall in any way sell, transfer, charge, mortgage, encumber or create any interest (legal or beneficial) in favour of any third party over or in relation to any Option or attempt so to do, save that the Grantee may nominate a nominee in whose name the Shares issued pursuant to the Share Option Scheme may be registered. Any breach of the foregoing will entitle the Company to cancel any outstanding Options or any part thereof granted to such Grantee.

(j) Option Exercise Period and Duration of the Share Option Scheme

An Option may be exercised in accordance with the terms of the Share Option Scheme at any time during the relevant option period, which shall be determined by the Board in its absolute discretion and notified to the relevant Grantee, provided that such period of time shall not exceed a period of 10 years commencing the date upon which such Option is deemed to be granted to and accepted by such Grantee in accordance with the Share Option Scheme.

No Option may be offered after the 10th anniversary of the Approval Date. Subject to earlier termination of the Share Option Scheme by the Company in general meeting or by the Board, the Share Option Scheme shall be valid and effective for a period of 10 years from the Adoption Date, and no Option may be offered after the 10th anniversary of the Approval Date.

(k) Performance Target

A Grantee may be required, at the absolute discretion of the Board, to achieve any performance targets before an Option can be exercised. Any such performance targets will be specified in the offer document provided by the Board to the relevant Eligible Participant upon the Board's determination to offer an Option to such Eligible Participant in accordance with the Share Option Scheme.

(l) Restrictions on Exercise of Options

An Option may be exercised by a Grantee at any time during the relevant option period; provided that:

- (i) if the Grantee ceases to be an Eligible Participant for any reason other than on his death, ill-health, injury, disability or the termination of his relation with the Company and/or any of the Subsidiaries on any one or more of the grounds specified in paragraph (o)(v), the Grantee may exercise the Option up to his entitlement at the date of cessation of being an Eligible Participant (to the extent not already exercised) within the one month period (or such longer period as the Board may determine) following the date of such cessation;
- (ii) if the Grantee ceases to be an Eligible Participant by reason of death, ill-health, injury or disability (all evidenced to the satisfaction of the Board) and none of the events which would be a ground for termination of his relationship with the Company and/or any of the Subsidiaries under paragraph (o)(v) has occurred, the Grantee or the Personal Representative(s) of the Grantee shall be entitled within a period of 12 months (or such longer period as the Board may determine) from the date of cessation of being an Eligible Participant or death to exercise the Option in full (to the extent not already exercised);
- (iii) if a general offer (whether by way of take-over offer, share repurchase offer or scheme of arrangement or otherwise in like manner) is made to all the holders of Shares and the Grantees (or all such holders other than the offeror and/or any person controlled by the offeror and/or any person acting in association or in concert with the offeror), and the same having been approved in accordance with applicable laws and regulatory requirements becomes, or is declared unconditional, the Grantee (or his Personal Representative(s)) shall be entitled to exercise his Option in full (to the extent not already exercised) at any time within 14 days after the date on which such general offer becomes or is declared unconditional;

- (iv) if, pursuant to the Companies Act, a compromise or arrangement between the Company and its members and/or creditors is proposed for the purposes of or in connection with a scheme for the reconstruction of the Company or its amalgamation with any other company or companies, the Company shall give notice thereof to all the Grantees (together with a notice of the existence of the provisions of this paragraph) on the same day as it despatches to members and/or creditors of the Company a notice summoning the meeting to consider such a compromise or arrangement, and thereupon each Grantee shall be entitled to exercise all or any of his Options in whole or in part at any time prior to 12 noon (Hong Kong time) on the business day immediately preceding the date of the meeting directed to be convened by the relevant court for the purposes of considering such compromise or arrangement and if there are more than one meeting for such purpose, the date of the first meeting.

With effect from the date of such meeting, the rights of all Grantees to exercise their respective Options shall forthwith be suspended. Upon such compromise or arrangement becoming effective, all Options shall, to the extent that they have not been exercised, lapse and determine. The Board shall endeavour to procure that the Shares issued as a result of the exercise of Options in such circumstances shall for the purposes of such compromise or arrangement form part of the issued share capital of the Company on the effective date thereof and that such Shares shall in all respects be subject to such compromise or arrangement. If for any reason such compromise or arrangement is not approved by the relevant court (whether upon the terms presented to the relevant court or upon any other terms as may be approved by such court) the rights of the Grantees to exercise their respective Options shall with effect from the date of the making of the order by the relevant court be restored in full, 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; and

- (v) in the event a notice is given by the Company to its shareholders to convene a general meeting for the purposes of considering, and if thought fit, approving a resolution to voluntarily wind-up the Company, the Company shall on the same date as or soon after it despatches such notice to each Shareholder give notice thereof to all Grantees and thereupon, each Grantee (or in the case of the death of the Grantee, his Personal Representative(s)) shall be entitled to exercise all or any of his Options at any time not later than two business days prior to the proposed general meeting of the Company by giving notice in writing to the Company, accompanied by a remittance for the full amount of the aggregate exercise price for the Shares in respect of which the notice is given whereupon 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 the relevant Shares to the Grantee credited as fully paid.

(m) Ranking of Shares

The Shares to be allotted upon the exercise of an Option will not carry voting rights until completion of the registration of the Grantee (or such other person nominated by the Grantee) as the holder thereof. Subject to the aforesaid, Shares allotted and issued upon the exercise of an Option will rank *pari passu* in all respects with, and shall have the same voting, dividend, transfer and other rights, including those arising on liquidation of the Company as attached to the other fully-paid Shares in issue on the date of issue.

(n) Effect of Capital Restructuring

In the event of capitalisation issue, rights issue, open offer, sub-division, consolidation of shares, or reduction of capital of the Company, such corresponding alterations (if any) shall be made (except on an issue of securities of the Company as consideration in a transaction which shall not be regarded as a circumstance requiring alteration or adjustment) (i) in the number of Shares subject to any outstanding Options; and/or (ii) the exercise price per Share of each outstanding Option, as the auditors of the Company or an independent financial adviser shall, at the request of the Company or any Grantee, certify in writing either generally or as regards any particular Grantee, to be in their opinion fair and reasonable; provided that any such alterations shall be made on the basis that a Grantee shall have the same proportion of the equity capital of the Company (as interpreted in accordance with the supplementary guidance attached to the letter from the Stock Exchange dated 5 September 2005 to all issuers relating to share option schemes) as that to which he was entitled to subscribe had he exercised all the Options held by him immediately before such adjustments and the aggregate exercise price payable by a Grantee on the full exercise of any Option shall remain as nearly as possible the same as (but shall not be greater than) it was before such event and that no such alterations shall be made if the effect of such alterations would be to enable a Share to be issued at less than its nominal value.

(o) Lapse of Option

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

- (i) the date of expiry of the option as may be determined by the Board;
- (ii) the expiry of any of the periods referred to in paragraphs 1(i), 1(ii), 1(iii) or 1(v);
- (iii) the date on which the scheme of arrangement of the Company referred to in paragraph 1(iv) becomes effective;
- (iv) the date of commencement of the winding-up of the Company (as determined in accordance with the Companies Act 1981 of Bermuda);
- (v) the date on which the Grantee ceases to be an Eligible Participant by reason of the termination of his relationship with the Company and/or any of the Subsidiaries on any one or more of the grounds that he has been guilty of serious misconduct or has been convicted of any criminal offence involving his integrity or honesty or in relation to an employee of the Company and/or any of the Subsidiaries (if so determined by the Board) 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 Grantee's service contract with the Company or the relevant Subsidiary. A resolution of the Board or the board of directors of the relevant Subsidiary to the effect that the relationship of a Grantee has been terminated on one or more of the grounds specified in this sub-paragraph shall be conclusive; or
- (vi) the date on which the Board shall exercise the Company's right to cancel the Option at any time after the Grantee commits a breach of paragraph (i) above or the Options are cancelled in accordance with paragraph (q) below.

(p) Alteration of the Share Option Scheme

The Share Option Scheme may be altered in any respect by resolution of the Board (provided that the same is not inconsistent with the Share Option Scheme and the Listing Rules) except that:

- (i) any alteration to the advantage of the Grantees or the Eligible Participants (as the case may be) in respect of the matters contained in Rule 17.03 of the Listing Rules;
- (ii) any material alteration to the terms and conditions of the Share Option Scheme or any change to the terms of Options granted (except any alterations which take effect automatically under the terms of the Share Option Scheme); or
- (iii) any alteration in respect of the authority of the Board as administrators of this Scheme pursuant to paragraph (s) below;

shall first be approved by the Shareholders in general meeting at which any persons to whom or for whose benefit the Shares may be issued under the Share Option Scheme and their respective associates shall abstain from voting; provided that, the amended terms of the Share Option Scheme or the Options shall remain in compliance with Chapter 17 of the Listing Rules and if the proposed alteration shall adversely affect any Option granted or agreed to be granted prior to such alteration or reduce the proportion of the equity capital to which any person was entitled pursuant to such Option prior to such alteration, such alteration shall be further subject to:

- (i) the consent of the Grantees holding in aggregate Options which if exercised in full on the date immediately preceding that on which such consent is obtained would entitle them to the issue of three-fourths in nominal value of all Shares which would fall to be issued upon the exercise of all Options outstanding on that date; or
- (ii) the sanction of a resolution passed at a meeting of the Grantees (being only those Grantees holding Options, all or any part of which is unexercised as at the time of the meeting at which the resolution is proposed) duly convened and held and carried by a majority consisting of not less than three-fourths of the votes cast upon a show of hands or if a poll is duly demanded, by a majority consisting of not less than three-fourths of the votes cast on a poll.

(q) Cancellation of Options

Subject to paragraph (i) above, any cancellation of Options granted but not exercised must be approved by the Grantees of the relevant Options in writing. Where the Company cancels any Options, the grant of new Options to the same Grantee under the Share Option Scheme may only be made within the limits set out in paragraphs (d) and (e) above.

(r) Termination of the Share Option Scheme

The Company may by resolution in general meeting or the Board at any time resolve to terminate the Share Option Scheme, and in such event no further Options shall be offered, but the provisions of the Share Option Scheme shall remain in force to the extent necessary to give effect to the exercise of any Option granted prior to the termination or otherwise as may be required in accordance with the provisions of the Share Option Scheme. Options granted prior to such termination but not yet exercised at the time of termination shall continue to be valid and exercisable in accordance with the Share Option Scheme.

(s) Administration of the Board

The Share Option Scheme shall be subject to the administration of the Board whose decision as to all matters arising in relation to the Share Option Scheme or its interpretation or effect (save as otherwise provided therein) shall be final and binding on all parties.

(t) Conditions of the Share Option Scheme

The Share Option Scheme is conditional on:

- (i) the passing of the necessary resolutions of the Shareholders to approve and adopt the rules of the Share Option Scheme at the general meeting;
- (ii) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Shares falling to be issued pursuant to the exercise of the Options to be granted under the Share Option Scheme; and
- (iii) the expiry of the 2006 Share Option Scheme.

(u) Disclosure in Annual and Interim Reports

The Board will procure the details of the Share Option Scheme and any other share option schemes of the Company and its Subsidiaries to be disclosed in the annual and interim reports of the in accordance with the Listing Rules in force from time to time.

NOTICE OF ANNUAL GENERAL MEETING



玖龍紙業(控股)有限公司*

NINE DRAGONS PAPER (HOLDINGS) LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 2689)

NOTICE IS HEREBY GIVEN that the Annual General Meeting of the Company will be held at the Auditorium, 4/F., Sun Hung Kai Centre, 30 Harbour Road, Wanchai, Hong Kong on Friday, 11 December 2015 at 2:30 p.m. for the following purposes:

1. To receive and consider the audited financial statements and the reports of the directors and independent auditor for the year ended 30 June, 2015.
2. To declare the final dividend for the year ended 30 June, 2015.
3. (a) (i) To re-elect Mr. Lau Chun Shun as an executive director of the Company;
(ii) To re-elect Ms. Tam Wai Chu, Maria as an independent non-executive director of the Company;
(iii) To re-elect Dr. Cheng Chi Pang as an independent non-executive director of the Company; and
(b) To authorize the Board to fix the Directors' remuneration.
4. To re-appoint Messrs. PricewaterhouseCoopers as auditor and to authorise the board of directors to fix its remuneration.
5. As special business, to consider and, if thought fit, to pass the following resolutions as ordinary resolutions of the Company:
(A) "THAT:
 - (i) subject to sub-paragraph (iii) of this resolution, the exercise by the directors of the Company during the Relevant Period (as hereinafter defined) of all the powers of the Company to allot, issue and deal with additional shares in the capital of the Company and to make or grant offers, agreements and options (including warrants, bonds and debentures convertible into shares of the Company) which would or might require the exercise of such powers, subject to and in accordance with all applicable laws and the bye-laws of the Company, be and is hereby generally and unconditionally approved;
 - (ii) the approval in sub-paragraph (i) of this resolution shall authorise the directors of the Company during the Relevant Period to make or grant offers, agreements and options (including warrants, bonds and debentures convertible into shares of the Company) which would or might require the exercise of such powers after the end of the Relevant Period;

* For identification purposes only

NOTICE OF ANNUAL GENERAL MEETING

(iii) the aggregate nominal amount of the share capital of the Company allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to an option or otherwise) and issued by the directors of the Company pursuant to the approvals in sub-paragraphs (i) and (ii) of this resolution, otherwise than pursuant to a Rights Issue (as hereinafter defined) or upon the exercise of rights of subscription or conversion under the outstanding warrants to subscribe for shares of the Company or any securities which are convertible into shares of the Company or the share option scheme of the Company or any scrip dividend in lieu of the whole or part of a dividend on shares of the Company, shall not exceed 20 per cent. of the aggregate nominal amount of the ordinary share capital of the Company in issue on the date of this resolution and the said approval shall be limited accordingly; and

(iv) for the purpose of this resolution:

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

- (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 of the Company or any applicable laws of Bermuda to be held; or
- (c) the revocation or variation of the authority given under this resolution by an ordinary resolution of the shareholders of the Company in general meeting.

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

(B) “THAT:

- (i) subject to sub-paragraph (iii) 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 issued shares in the capital of the Company on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) or on any other stock exchange on which the shares of the Company may be listed and recognised by the Securities and Futures Commission and the Stock Exchange for this purpose, subject to and in accordance with all applicable laws and the requirements of the Rules Governing the Listing of Securities on the Stock Exchange or any other stock exchange as amended from time to time, be and is hereby generally and unconditionally approved;

NOTICE OF ANNUAL GENERAL MEETING

- (ii) the approval in paragraph (i) of this resolution shall be in addition to any other authorization given to the directors of the Company and shall authorize the directors of the Company on behalf of the Company during the Relevant Period to procure the Company to purchase its shares at a price determined by the directors of the Company;
- (iii) the aggregate nominal amount of the ordinary share capital of the Company which the directors of the Company are authorised to repurchase pursuant to the approvals in sub-paragraphs (i) and (ii) of this resolution shall not exceed 10 per cent. of the aggregate nominal amount of the ordinary share capital of the Company in issue on the date of this resolution and the said approval shall be limited accordingly; and
- (iv) for the purpose of this resolution:

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

- (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 of the Company or any applicable laws of Bermuda to be held; or
- (c) 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 resolutions numbered 5(A) and 5(B) as set out in the notice convening this meeting (the “Notice”) being passed, the general mandate granted to the directors of the Company to allot, issue and deal with additional shares in the ordinary share capital of the Company pursuant to the resolution numbered 5(A) as set out in the Notice be and is hereby extended by the addition thereto of an amount representing the aggregate nominal amount of shares in the share capital of the Company repurchased by the Company under the authority granted pursuant to the resolution numbered 5(B) as set out in the Notice.”

NOTICE OF ANNUAL GENERAL MEETING

6. “**THAT** conditional upon The Stock Exchange of Hong Kong Limited granting approval of the listing of, and permission to deal in, the ordinary shares of the Company falling to be issued pursuant to the exercise of any options granted under the share option scheme referred to in the circular dispatched to the shareholders on the same day as this notice, the terms of which are set out in the printed document marked “A” now produced to the meeting and for the purpose of identification signed by the Chairman hereof (the “Share Option Scheme”), the Share Option Scheme be and is hereby approved and adopted as at the date of passing this resolution and that the directors of the Company be and are hereby authorized to do all such acts and to enter into all such transactions, arrangements and agreements as may be necessary or expedient in order to give full effect to the Share Option Scheme, including granting options under the Share Option Scheme and to allot and issue shares pursuant to the Share Option Scheme and take all such steps as may be necessary or desirable to implement such Share Option Scheme.”

By Order of the Board
Cheng Wai Chu, Judy
Company Secretary

Hong Kong, 27 October, 2015

Registered office:
Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

*Principal place of business
in Hong Kong:*
Unit 1, 22/F
One Harbour Square
181 Hoi Bun Road
Kwun Tong, Kowloon
Hong Kong

Notes:

1. Any member of the Company 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 instead of him. A member who is the holder of two or more shares may appoint more than one proxy to attend on the same occasion. A proxy need not be a member of the Company.
2. 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 Hong Kong Branch Share Registrar, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for holding the meeting or any adjourned meeting at which the person named in the instrument proposes to vote.
3. To ascertain shareholder’s eligibility to attend and vote at the Annual General Meeting, the register of members of the Company will be closed from Tuesday, 8 December 2015 to Friday, 11 December 2015, both dates inclusive, during which period no transfers of shares shall be effected. In order to qualify for attending and voting at the Annual General Meeting, all transfers of shares accompanied by the relevant share certificates must be lodged with the Company’s Hong Kong Branch Share Registrar, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong for registration before 4:30 p.m. on Monday, 7 December 2015.

NOTICE OF ANNUAL GENERAL MEETING

4. To ascertain shareholder's entitlement to the proposed final dividend upon the passing of the resolution no.2 set out in the notice, the register of members of the Company will be closed from Tuesday, 22 December 2015 to Monday, 28 December 2015, both dates inclusive, during which period no transfers of shares shall be effected. In order to qualify for the proposed final dividend, all transfers of shares accompanied by the relevant share certificates must be lodged with the Company's Hong Kong Branch Share Registrar, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration before 4:30 p.m. on Monday, 21 December 2015.
5. A copy of the rules of the Share Option Scheme will be available for inspection at the Company's principal place of business at Unit 1, 22/F., One Harbour Square, 181 Hoi Bun Road, Kwun Tong, Kowloon, Hong Kong, during normal business hours from the date hereof up to and including the date of the Annual General Meeting and at the Annual General Meeting.
6. Each of the resolutions set out in the notice will be voted by way of poll.
7. In the event that a typhoon signal no. 8 or above is hoisted or a black rainstorm warning signal is in force two hours before the time of the Meeting, shareholders are suggested to visit the Company's website at www.ndpaper.com or to contact the Company's share registrar by telephone on (852) 2980 1333 for arrangements of the Meeting.
8. The Chinese translation of this notice is for reference only. In the event of any inconsistency, the English version shall prevail.

As at the date of this notice, Ms. Cheung Yan, Mr. Liu Ming Chung, Mr. Zhang Cheng Fei, Mr. Lau Chun Shun and Mr. Zhang Yuanfu are executive Directors, and Ms. Tam Wai Chu, Maria, Mr. Ng Leung Sing and Dr. Cheng Chi Pang are independent non-executive Directors.

This circular ("Circular") (in both English and Chinese versions) has been posted on the Company's website at <http://www.ndpaper.com>. Shareholders who have chosen to receive the Company's Corporate Communications (including but not limited to annual report, summary financial report (where applicable), interim report, summary interim report (where applicable), notice of meeting, listing document, circular and proxy form) via the Company's website and for any reason have difficulty in gaining access to the Circular posted on the Company's website will promptly upon request be sent by post the Circular in printed form free of charge. Shareholders may at any time change their choice of means of receipt and language of the Corporate Communications.

Shareholders may request for printed copy of the Circular or change their choice of means of receipt and language of the Corporate Communications by sending reasonable notice in writing to the Company's branch registrar in Hong Kong, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong or by sending an email to ndpaper-ecom@hk.tricorglobal.com.

Shareholders who have chosen to receive the Company's Corporate Communications in either English or Chinese version will receive both English and Chinese versions of this Circular since both languages are bound together into one booklet.