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

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

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

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

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A notice convening the annual general meeting of the Company to be held at the conference room on 5/F., Jardine House, 1 Connaught Place, Central, Hong Kong on Friday, 15 May 2015 at 11 a.m. is set out on pages 25 to 28 of this circular.

Whether or not you are able to attend the annual general meeting in person, you are requested to complete and return the form of proxy enclosed with this circular in accordance with the instructions printed thereon as soon as possible and in any event not less than 48 hours before the time appointed for holding the annual general meeting. Completion and delivery of a form of proxy will not preclude you from attending and voting at the meeting in person.

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## DEFINITIONS

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

“Annual General Meeting”	the annual general meeting of the Company to be held at the conference room on 5/F., Jardine House, 1 Connaught Place, Central, Hong Kong on Friday, 15 May 2015 at 11 a.m., the notice of which is set out on pages 25 to 28 of this circular
“Articles of Association”	the existing articles of association of the Company
“Associates”	has the meanings ascribed to it under the Listing Rules
“Company”	Hengdeli Holdings Limited, a company incorporated in the Cayman Islands and whose shares are listed on the Stock Exchange
“Director(s)”	the board of directors or directors of the Company
“Existing Share Option Scheme”	the share option scheme approved by written resolutions of Shareholders of the Company passed on 27 August 2005 and amended by a committee of Directors on 13 September 2005
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China
“Issue Mandate”	the general mandate proposed to be granted to the Directors to issue, allot and deal with the aggregate number of Shares not exceeding the aggregate of 20% of the existing issued share capital of the Company as at the date of passing Resolution No. 5A
“Latest Practicable Date”	19 March 2015, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“New Share Option Scheme”	the new share option scheme proposed to be adopted at the Annual General Meeting, a summary of the principal terms is set out in Appendix II to this circular
“Notice”	the notice convening the Annual General Meeting which is set out on pages 25 to 28 of this circular

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## DEFINITIONS

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“PRC”	the People’s Republic of China which, for the purpose of this circular, excludes Hong Kong, Macau Special Administrative Region and Taiwan
“Repurchase Mandate”	the general mandate proposed to be granted to the Directors to exercise the power of the Company to repurchase Shares up to a maximum number of 10% of the existing issued share capital of the Company as at the date of passing Resolution No. 5B
“Securities and Futures Ordinance”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	the ordinary share(s) of par value of HK\$0.005 each in the capital of the Company
“Shareholders”	holders of Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeover Code”	The Codes on Takeovers and Mergers and Share Buy-backs

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LETTER FROM THE BOARD

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**HENGDELI HOLDINGS LIMITED**

**亨得利控股有限公司**

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

(Stock Code: 3389)

*Executive Directors:*

Mr. ZHANG Yuping (*Chairman*)

Mr. HUANG Yonghua

Mr. LEE Shu Chung Stan

*Non-executive Director:*

Mr. SHI Zhongyang

*Independent Non-Executive Directors:*

Mr. CAI Jianmin

Mr. WONG Kam Fai William

Mr. LIU Xueling

*Registered Office:*

Cricket Square

Hutchins Drive

P.O. Box 2681

Grand Cayman KY1-1111

Cayman Islands

*Head Office and Principal Place of*

*Business in Hong Kong:*

Room 301, 3/F. Lippo Sun Plaza

28 Canton Road

Tsim Sha Tsui, Kowloon

Hong Kong

26 March 2015

*To Shareholders*

Dear Sir or Madam,

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

**INTRODUCTION**

The purpose of this circular is to provide you with information regarding resolutions to be proposed at the Annual General Meeting. These include: the ordinary resolutions for (i) granting the Directors general mandate to issue new Shares; (ii) granting the Directors general mandate to repurchase Shares; (iii) extension of general mandate to issue Shares; (iv) the approval of the termination of the Existing Share Option Scheme and adoption of the New Share Option Scheme and (v) re-election of retiring Directors.

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## **LETTER FROM THE BOARD**

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### **1. GENERAL MANDATE TO ISSUE SHARES**

At the Annual General Meeting, an ordinary resolution, as set out as Resolution No. 5A, will be proposed for the Shareholders to consider and if, thought fit, to grant the Issue Mandate to the Directors to allot, issue and deal with the aggregate number of Shares not exceeding the aggregate of 20% of the existing issued share capital of the Company as at the date of passing of such resolution, that is 956,874,191 Shares assuming no further issue or repurchase of Shares from the Latest Practicable Date to the date of Annual General Meeting. The full text of the ordinary resolution to be proposed at the Annual General Meeting in relation to the Issue Mandate is set out in Resolution No. 5A in the Notice.

The Issue Mandate to issue Shares will remain in effect until whichever is the earliest of (i) the conclusion of the next annual general meeting of the Company, (ii) the expiration of the period within which the next annual general meeting of the Company is required by the Articles of Association or any applicable law to be held; and (iii) the revocation or variation of the authority given under this resolution by an ordinary resolution of the Shareholders in general meeting.

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

At the Annual General Meeting, an ordinary resolution, as set out as Resolution No. 5B, will be proposed for the Shareholders to consider and if, thought fit, to grant the Repurchase Mandate to enable the Directors to exercise all the powers of the Company to repurchase Shares subject to the criteria set out in this circular. Shareholders should note that the maximum number of Shares that may be repurchased will be 10% of the existing issued share capital of the Company as at the date of passing of such resolution. The full text of the ordinary resolution to be proposed at the Annual General Meeting in relation to the Repurchase Mandate is set out in Resolution No. 5B in the Notice.

An explanatory statement containing all relevant information relating to the Repurchase Mandate and as required pursuant to the Listing Rules is set out in Appendix I to this circular. The information in the explanatory statement is to provide you with the information reasonably necessary to enable you to make an informed decision on whether to vote for or against the resolution relating to the Repurchase Mandate.

### **3. EXTEND GENERAL MANDATE TO ISSUE SHARES**

At the Annual General Meeting, an ordinary resolution, as set out as Resolution No. 6, will be proposed that the Issue Mandate will be extended by the addition to the aggregate number of the 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 of an amount representing the aggregate number of the share capital of the Company repurchased by the Company pursuant to the Repurchase Mandate being approved provided that such extended amount will not exceed 10% of the aggregate of the total number of the share capital of the Company in issue on the date of the resolution approving the Issue Mandate. The full text of the ordinary resolution to be proposed at the Annual General Meeting in relation to the extension of the Issue Mandate is set out in Resolution No. 6 in the Notice.

## LETTER FROM THE BOARD

### 4. TERMINATION OF EXISTING SHARE OPTION SCHEME AND ADOPTION OF NEW SHARE OPTION SCHEME

The Existing Share Option Scheme was adopted by the Company on 27 August 2005 and will be terminated on the date on which the New Share Option Scheme comes into effect upon the fulfilment of the conditions set out below. Upon termination of the Existing Share Option Scheme, no further options will be granted thereunder. Up to the Latest Practicable Date, options to subscribe for 63,250,000 Shares granted under the Existing Share Option Scheme had been exercised or lapsed (such number has not taken into account the adjustment caused by the change of share structure of the Company). As at the Latest Practicable Date, the total number of Shares to be issued upon exercise of all outstanding options granted under the Existing Share Option Scheme is 385,000 and the details of such are as follows:-

Name of grantee	Date of grant	Exercise period	Exercise price (HKD)	Closing price of the shares immediately before the date of grant (HKD)	Number of options as at 1 January 2015	Number of options exercised during the period	Number of options cancelled during the period	Number of options or the share options scheme during the period	Number of options lapsed in accordance with the terms of the share options scheme as at Latest Practicable Day	Percentage of the number of options to the total share capital of the Company
Directors	—	—	—	—	—	—	—	—	—	—
Other eligible participants	30 September 2011	30 September 2014 to 29 September 2016	2.66	2.71	385,000	—	—	—	385,000	0.008%
<b>Total</b>					<b>385,000</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>385,000</b>	<b>0.008%</b>

Pursuant to the terms of the Existing Share Option Scheme, upon termination of the Existing Share Option Scheme, any options which have been granted but not yet exercised shall continue to be valid and exercisable in accordance with the rules of the Existing Share Option Scheme.

A summary of the principal terms of the New Share Option Scheme is set out in Appendix II to this circular. A copy of the rules of the New Share Option Scheme is available for inspection at the principal place of business of the Company at Room 301, 3/F. Lippo Sun Plaza, 28 Canton Road, Tsim Sha Tsui, Kowloon, Hong Kong during normal business hours for a 14-day period immediately preceding the Annual General Meeting.

The coming into effect of the New Share Option Scheme is conditional upon:

- (i) the passing of an ordinary resolution at the Annual General Meeting approving the termination of the Existing Share Option Scheme and the adoption of the New Share Option Scheme, and authorising the Directors to grant options to subscribe for Shares thereunder and to allot, issue and deal in Shares pursuant to the exercise of any option under the New Share Option Scheme; and

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## LETTER FROM THE BOARD

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- (ii) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, any new Shares which may fall to be issued upon the exercise of the options that may be granted under the New Share Option Scheme.

As at the Latest Practicable Date, there were 4,784,370,959 Shares in issue. Assuming that there are no further allotment of Shares from the Latest Practicable Date up to the date of approval of the New Share Option Scheme, options to subscribe for up to 478,437,095 Shares may be issued under the New Share Option Scheme and any other schemes of the Company pursuant to Rule 17.03(3) of the Listing Rules, representing 10% of Shares in issue as at the date of approval of the New Share Option Scheme.

The Company is not required to appoint any trustee for the purpose of administering the New Share Option Scheme. The New Share Option Scheme will be subject to administration of Directors. None of the Directors are or will be a trustee of the New Share Option Scheme or have a direct or indirect interest in any such trustee.

To the extent that the Directors are aware having made all reasonable enquiries, none of the Shareholders is required to abstain from voting on the adoption of the New Share Option Scheme.

### **Application for listing**

An application has been made to the Listing Committee of the Stock Exchange for any options that may be granted under the New Share Option Scheme and the listing of, and permission to deal in, the Shares which may fall to be issued pursuant to the exercise of any Options that may be granted under the New Share Option Scheme up to 10% of the Shares in issue as at the date of approval of the New Share Option Scheme.

### **Reasons for adopting the New Share Option Scheme**

The Directors consider that it is appropriate to adopt the New Share Option Scheme. The purpose of the New Share Option Scheme is to enable the Group to attract, retain and motivate talented key management and employees to strive for future development and expansion of the Group. The New Share Option Scheme shall be an incentive to encourage participants to perform their best in achieving the goals of the Group and allow the participants to enjoy the results of the Company attained through their efforts and contributions. When making an offer under the New Share Option Scheme to any participant, Directors are in their absolute discretion to impose the terms on which the option is to be granted (including a minimum period for which an option must be held or a performance target which must be achieved before an option can be exercised) either on a case by case basis or generally. The Board will also have absolute discretion in determining the subscription price (not less than the price to be determined pursuant to Rule 17.03(9) of the Listing Rules) in respect of any option.

The Directors are of the view that the continuation of flexibility given to the Directors to grant share options to eligible persons subject to Directors' absolute discretion in imposing or not imposing the minimum period for holding the options and the condition of achieving performance targets and Directors' absolute discretion in determining the subscription price will place the Group in a better

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## LETTER FROM THE BOARD

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position to motivate participants to recognise their performance and efficiency for the benefit of the Group and to attract and retain or otherwise maintain on-going relationship with such participants whose contributions are or will be beneficial to the long term growth of the Group.

### **Value of the options**

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 as at the Latest Practicable Date as a number of variables which are crucial for the calculation of the value of the Options have not been determined. Such variables include the exercise price, exercise period, any lock up period, any performance targets set and other variables. The Directors believe that any calculation of the value of the options as at the Latest Practicable Date based on a great number of speculative assumptions would not be meaningful and would be misleading to the Shareholders.

Your attention is also drawn to the additional information set out in Appendix II to this circular.

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

Mr. Huang Yonghua, Mr. Lee Shu Chung Stan and Mr. Liu Xueling will retire by rotation in accordance with the Articles of Association and the Code Provision of the Corporate Governance Code. Mr. Huang Yonghua, Mr. Lee Shu Chung Stan and Mr. Liu Xueling, being eligible, offer themselves for re-election at the Annual General Meeting. Under Resolution No. 3, re-election of retiring Directors will be individually voted on by Shareholders.

Particulars of Directors proposed to be re-elected at the Annual General Meeting is set out in Appendix III of this circular.

### **6. ANNUAL GENERAL MEETING**

The Notice of the Annual General Meeting is set out on pages 25 to 28 of this circular. At the Annual General Meeting, resolutions will be proposed to approve, inter alia, the granting of Issue Mandates and Repurchase Mandate, termination of the Existing Share Option Scheme and adoption of the New Share Option Scheme and re-election of retiring Directors.

A form of proxy for the Annual General Meeting is enclosed with this circular. If you do not intend to be present at the Annual General Meeting, you are requested to complete the form of proxy and return it to the Company's share registrar, Computershare Hong Kong Investor Services Limited, 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong in accordance with the instructions printed thereon not less than 48 hours before the time fixed for the Annual General Meeting. The completion and delivery of a form of proxy will not preclude you from attending and voting at the meeting in person.



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## LETTER FROM THE BOARD

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### 7. LISTING RULES REQUIREMENT

According to Rule 13.39(4) of the Listing Rules, except where the Chairman of the Meeting, 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, any vote of Shareholders at a general meeting must be taken by poll. Therefore, all the resolutions put to the vote at the Annual General Meeting will be taken by way of poll. An announcement of the poll vote results will be published by the Company after the Annual General Meeting in the manner prescribed under Rule 13.39(5) of the Listing Rules.

### 8. 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.

### 9. RECOMMENDATION

The Directors believe that the proposals mentioned above, including the proposals for the grant of the Repurchase Mandate, the Issue Mandate, approval of the New Share Option Scheme and the termination of the Existing Share Option Scheme and re-election of Directors are in the best interests of the Company and its Shareholders. Accordingly, the Directors recommend the Shareholders to vote in favour of all of these resolutions to be proposed at the Annual General Meeting.

Yours faithfully,  
By Order of Directors  
**HENGDELI HOLDINGS LIMITED**  
**Zhang Yuping**  
*Chairman*

*The following explanatory statement contains all the information required pursuant to Rule 10.06 of the Listing Rules to be given to all Shareholders relating to the resolution to be proposed at the Annual General Meeting authorising the Repurchase Mandate.*

## **1. EXERCISE OF THE REPURCHASE MANDATE**

It is proposed that up to 10% of the Shares at the date of the passing of the Repurchase Mandate may be repurchased. As at the Latest Practicable Date, the total number of issued Shares was 4,784,370,959. Subject to the passing of the ordinary resolution approving the Repurchase Mandate and on the basis that no further Shares would be issued or repurchased after the Latest Practicable Date and up to the date of passing of such resolution, the Directors would be authorised to repurchase up to 478,437,095 Shares (being 10% of the Shares in issue) during the period up to (a) the next annual general meeting in 2016 or (b) the expiration of the period within which the next annual general meeting of the Company is required by law or its Articles of Association to be held or (c) the revocation or variation of the Repurchase Mandate by an ordinary resolution of the Shareholders in general meeting of the Company, whichever occurs first.

## **2. REASONS FOR REPURCHASE**

The Directors have no present intention to repurchase any Shares but consider that the mandate will provide the Company the flexibility to make such repurchase when appropriate and beneficial to the Company. Such repurchases may, depending on market conditions and funding arrangements at the time, enhance the net assets value of the Company and/or earnings per Share.

## **3. GENERAL**

As compared with the financial position of the Company as at 31 December 2014 (being the date of its latest published audited financial statements), the Directors consider that there would be a material adverse impact on the working capital and on the gearing position of the Company in the event that the proposed repurchases were to be carried out in full during the proposed repurchase period. The Directors confirm that no repurchase would be made to such extent as would have a material adverse impact on the working capital or gearing position of the Company.

## **4. FUNDING OF REPURCHASES**

The Company is empowered by its memorandum and articles of association and the applicable laws of the Cayman Islands to repurchase its Shares. The Cayman Islands law provides that the amount of capital repaid in connection with a share repurchase may only be paid out of either the capital paid up on the relevant shares, or the profits that would otherwise be available for distribution by way of dividend or the proceeds of a new issue of shares made for such purpose. The amount of premium payable on repurchase may only be paid out of the fund of the Company that would otherwise be legally available for dividend or distribution or out of the share premium account of the Company for such purpose under the laws of the Cayman Islands. Under the Cayman Islands law, the Shares so repurchased will be treated as cancelled but the aggregate amount of authorized share capital will not be reduced so that the Shares may be subsequently re-issued.

**5. DIRECTORS, THEIR ASSOCIATES AND CONNECTED PERSONS**

None of the Directors nor, to the best of the knowledge and belief of the Directors having made all reasonable enquiries, any of the Associates of any of the Directors has any present intention, in the event that the proposed Repurchase Mandate is approved by Shareholders, to sell Shares to the Company.

As at the Latest Practicable Date, no connected person of the Company (as defined in the Listing Rules) has notified the Company that he/she has a present intention to sell Shares to the Company nor has he/she undertaken not to sell any of Shares held by him/her to the Company in the event that Repurchase Mandate is granted.

**6. UNDERTAKING OF THE DIRECTORS**

The Directors have undertaken to the Stock Exchange to exercise the power of the Company to make purchases pursuant to the proposed Repurchase Mandate in accordance with the Listing Rules and all applicable laws of the Cayman Islands, and in accordance with the regulations set out in the Articles of Association.

**7. EFFECT OF TAKEOVER CODE**

If as a result of a share repurchase exercised 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 the Takeover Code. Accordingly, a Shareholder or a group of Shareholders acting in concert could obtain or consolidate control of the Company and become obliged to make a mandatory general offer in accordance with Rule 26 and Rule 32 of the Takeover Code.

As at the Latest Practicable Date, to the best of the knowledge and belief of the Directors, Best Growth International Limited, held 1,486,864,901 Shares (representing approximately 31.08% of the issued share capital of the Company) and Zhang Yuping, the Director and chairman of the Company, was interested or deemed to be interested in the said 1,486,864,901 Shares (representing approximately 31.08% of the issued share capital of the Company). Meanwhile, Zhang Yuping personally held 53,367,600 Shares (representing approximately 1.12% of the issued share capital of the Company). Therefore, Zhang Yuping is interested in 1,540,232,501 Shares (representing approximately 32.19% of the issued share capital of the Company) in total. In the event that the Directors exercise in full the power to repurchase Shares in accordance with the terms of the Resolution No. 5B to be proposed at the Annual General Meeting, then (if the present shareholdings otherwise remained the same) the respective shareholding of Best Growth International Limited and Mr. Zhang Yuping in the Company would be increased to approximately 34.53% and 35.77% of the issued share capital of the Company and accordingly Best Growth International Limited and Zhang Yuping will be obliged to make a mandatory offer under Rule 26 of the Takeover Code.

**8. SHARE PURCHASES MADE BY THE COMPANY**

The Company has repurchased a total of 14,760,000 Shares on the Stock Exchange during the six months preceding the Latest Practicable Date, details of which are as follows:

<b>Date of Repurchase</b>	<b>Number of Shares Purchased</b>	<b>Price per Share</b>	
		<b>Highest HK\$</b>	<b>Lowest HK\$</b>
6 January 2015	2,000,000	1.43	1.40
7 January 2015	2,224,000	1.43	1.40
8 January 2015	1,544,000	1.47	1.42
9 January 2015	1,664,000	1.48	1.44
13 January 2015	220,000	1.47	1.46
15 January 2015	184,000	1.47	1.47
16 January 2015	5,564,000	1.41	1.39
19 January 2015	60,000	1.34	1.34
21 January 2015	300,000	1.41	1.39
22 January 2015	<u>1,000,000</u>	1.43	1.42
<b>Total:</b>	<b><u><u>14,760,000</u></u></b>		

Save as disclosed herein, the Company has not purchased any of its Shares (whether on the Stock Exchange or otherwise) during the six months preceding the Latest Practicable Date.

**9. SHARE PRICES**

The highest and lowest prices at which the Shares had traded on the Stock Exchange in each of the previous twelve months prior to the Latest Practicable Date were as follows:–

	<b>Shares</b>	
	<b>Highest Price <i>HK\$</i></b>	<b>Lowest Price <i>HK\$</i></b>
<b>2014</b>		
April	1.53	1.40
May	1.54	1.42
June	1.43	1.30
July	1.41	1.30
August	1.40	1.26
September	1.46	1.19
October	1.28	1.18
November	1.62	1.22
December	1.55	1.35
<b>2015</b>		
January	1.55	1.34
February	1.53	1.34
March (up to the Latest Practicable Date)	1.45	1.31

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

For the purpose of this section, unless the context otherwise requires:–

“Business Day” means a day on which the Stock Exchange is open for the business of trading in securities;

“Commencement Date” means in respect of any particular Option, the date on which the Option is deemed to have been granted in accordance with the terms of the New Share Option Scheme;

“Employee” means any employee (whether or not full time and including directors and executives) of any member of the Group;

“Grantee” means any Participant who has been offered and has accepted an Offer in accordance with the terms of the New Share Option Scheme, or (where the context so permits) any person who, in accordance with the applicable laws of succession, is entitled to administer such Grantee’s estate in consequence of the death of the original Grantee;

“immediate family member” means spouse or person co-habiting as the spouse of a Participant, and any child or step-child, parent or step-parent, brother, sister, step-brother, step-sister, mother-in-law, father-in-law, son-in-law, daughter-in-law, brother-in-law or sister-in-law of a Participant;

“Offer” means the offer of the grant of an Option made in accordance with the New Share Option Scheme;

“Offer Date” means the date on which an Offer is made to a Participant;

“Option” means a right granted to subscribe for Shares pursuant to the terms of the New Share Option Scheme;

“Option Period” means a period to be determined and notified by our Directors to each Grantee and in any event such period of time shall not be more than ten years from the Commencement Date; and

“Participant” means any party falling within any one or more of the following items (i) to (iv) whom the Directors considers, in its sole discretion, has contributed or contributes to the Group:

- (i) all Employees, directors (including independent non-executive Directors), officers and Seconded of any member of the Group;
- (ii) any trust for the benefit of a Participant or his immediate family members;
- (iii) any company controlled by a Participant or his immediate family members; or

- (iv) any advisor (professional or otherwise), consultant, distributor, supplier, agent, customer, joint venture partner, service provider to the Group;

“Secondee” means person seconded to work for any member of the Group, where at least 40% of his time at work is devoted to the business of a member or members of the Group;

The purpose of this New Share Option Scheme is to enable our Company to grant Options to selected persons as incentives or rewards for their contribution to the Group.

**(A) ADMINISTRATION**

The New Share Option Scheme is subject to the administration by our Directors, and the decision of our Directors shall be final and binding on all parties. Our Directors, subject to the Listing Rules, shall have the right (i) to interpret and construe the provisions of the New Share Option Scheme, (ii) to determine the eligibility of the persons who will be granted Options under the New Share Option Scheme, and the number and subscription price of Options granted thereto, (iii) to make such appropriate and equitable adjustments to the terms of Options granted under the New Share Option Scheme as it deems necessary, and (iv) to make such other decisions or determinations as it shall deem appropriate in the administration of the New Share Option Scheme.

**(B) WHO MAY JOIN**

Our Directors may, at its absolute discretion, offer any Participants options to subscribe for such number of new Shares as our Directors may determine at an exercise price to be determined in accordance with paragraph (c) below. Upon acceptance of the option, the Grantee shall pay HK\$1.00 to our Company by way of consideration for the grant.

**(C) PRICE OF SHARES**

The subscription price for Shares under the New Share Option Scheme will be determined by our Directors in its absolute discretion and notified to a Participant and will be no less than the highest of:–

- (i) the closing price of the Shares as stated in the daily quotation sheets issued by the Stock Exchange on the Offer Date which must be a Business Day;
- (ii) the average closing price of the Shares as stated in the daily quotation sheets issued by the Stock Exchange for the five Business Days immediately preceding the Offer Date; and
- (iii) the nominal value of a Share.

**(D) MAXIMUM NUMBER OF SHARES**

- (i) the limit on the number of Shares which may be issued upon the exercise of all outstanding Options granted and yet to be exercised under the New Share Option Scheme and any other share option schemes of our Company must not, in aggregate, exceed 30 per cent. of the Shares in issue from time to time.
- (ii) subject to paragraph (i) above, 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 share option schemes of our Company must not in aggregate, exceed 10 per cent. of the Shares in issue on the date of approval of the New Share Option Scheme (the “Scheme Limit”) unless approval of our Shareholders 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 Limit.
- (iii) subject to paragraph (i) above, our Company may refresh the Scheme Limit at any time subject to prior Shareholders’ approval provided that the Scheme Limit as “refreshed” must not exceed 10 per cent. of the Shares in issue as at the date of the aforesaid Shareholders’ approval. Options previously granted under the New Share Option Scheme and other share option schemes (including those outstanding, cancelled, lapsed in accordance with the New Share Option Scheme or other share option scheme or exercised Options) will not be counted for the purpose for calculating the limit as refreshed.
- (iv) subject to paragraph (i) above, our Company may also seek separate Shareholders’ approval for granting Options beyond the Scheme Limit to Participants specifically identified by our Company before the aforesaid Shareholder’s meeting where such approval is sought. A circular must be sent to Shareholders containing a generic description of the specified Participants, the number and terms of the Options to be granted, the purpose of granting Options to the specified Participants how the terms of such Options serve such purpose and such other information required under the Listing Rules.
- (v) the total number of Shares issued and to be issued upon exercise of the Options granted to each Participant (including both exercised and outstanding Options) in any 12-month period must not exceed one per cent. of the Shares in issue from time to time. Any further grant of Options to such Participant which would result in the Shares issued and to be issued upon exercise of all options granted and to be granted to such Participant (including exercised, cancelled and outstanding Options) in the 12-month period up to and including the date of such further grant representing in aggregate over one per cent. of the Shares in issue, must be subject to Shareholders’ approval with such Participant and his or her close associate (or associate if such Participant is a connected person) abstaining from voting. A circular must be sent to our Shareholders disclosing the identity of the Participant, the number and terms of the Options granted and to be granted and such other information as required under the Listing Rules. The number and terms (including the exercise price) of Options to be granted to such



Participant must be fixed before our Shareholders' approval is sought and the date of board meeting for proposing such further grant should be taken as the date of grant for the purpose of calculating the exercise price.

**(E) GRANT OF OPTIONS**

Any grant of Options must not be made after inside information has come to our Company's knowledge, until such inside information has been announced pursuant to the requirements of the applicable laws and regulations. In particular, during the period commencing one month immediately preceding the earlier of:-

- (i) the date of our board meeting (as such date is first notified to the Stock Exchange in accordance with the Listing Rules) for the approval of our Company's results for any year or half-year period; and
- (ii) the deadline for our Company to publish an announcement of its results for any year or half-year period under the Listing Rules;

and ending on the date of the results announcement, no Option may be granted.

**(F) TERMS AND CONDITIONS OF OPTIONS**

An Option may be exercised in accordance with the terms of the New Share Option Scheme at any time during the Option Period but may not be exercised after the expiry of ten years from the Commencement Date. There is no general requirement that an Option must be held for any minimum period before it can be exercised and there is no specific performance targets which must be achieved before Options can be exercised stipulated under the terms of the New Share Option Scheme. Our Directors are currently unable to determine such restrictions on the exercise of the Option, but our Directors may impose restrictions on the exercise of an Option during the Option Period including, if appropriate:-

- (i) the minimum period for which all or part of an Option may be exercised;
- (ii) performance targets which must be achieved before the Options can be exercised.

**(G) GRANT OF OPTIONS TO CONNECTED PERSON**

The grant of Options to our Director, chief executive or substantial shareholder of our Company or any of their respective associates requires the approval of the independent non-executive Directors (excluding an independent non-executive Director who is the Grantee of the Options). Where any grant of Options to a substantial shareholder or an independent non-executive Director or any of their respective associates will result in the Shares issued and to be issued upon exercise of all Options already granted and to be granted (including Options exercised, cancelled and outstanding) to such person in the 12-month period up to and including the date of the grant:-

- (i) representing in aggregate over 0.1 per cent. of the Shares in issue; and

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

such grant of Options must be subject to approval by our Shareholders taken on a poll and a circular must be sent to our Shareholders. The Participant, his or her associate and all core connected persons (as defined in the Listing Rules) of our Company must abstain from voting at such general meeting.

The abovenamed circular must contain the following:–

- (i) details of the number and terms of the Options (including the exercise price) to be granted to each Participant which must be fixed before our Shareholders' approval and the date of board meeting for proposing such further grant should be taken as the date of grant for the purpose of calculating the exercise price;
- (ii) recommendation from the independent non-executive Directors (excluding any independent non-executive Director who is the Grantee of the Options in question) to the independent Shareholders as to voting;
- (iii) information in relation to any Directors who are trustees of the New Share Option Scheme or have a direct or indirect interest in the trustees; and
- (iv) all other information and/or any disclaimer (where applicable) required by the Listing Rules.

The requirements for the granting of Options to our Director or chief executive of our Company set out above do not apply where the Participant is only a proposed Director or chief executive of our Company.

#### **(H) RIGHTS ARE PERSONAL TO GRANTEE**

An Option is personal to the Grantee and is not assignable or transferable and no Grantee shall in any way sell, transfer, charge, mortgage, encumber or create any interest whether legal or beneficial, in favour of any other person over or in relation to any Option or enter into agreement for doing so.

#### **(I) RIGHTS ON CEASING EMPLOYMENT FOR OTHER REASONS**

If the Grantee who is an Employee ceases to be an Employee for any reason other than on his or her own resignation, his or her death or the termination of his or her employment on one or more of the grounds specified in paragraph (O)(vi) below, the Grantee may exercise the Option within 1 month following the date of cessation up to the Grantee's entitlement at the date of cessation (to the extent not already exercised). The date of cessation of employment shall be the last actual working day with the relevant company in the Group whether salary is paid in lieu of notice or not.

**(J) RIGHTS ON DEATH**

In the event the Grantee who is an Employee dies before exercising the Option in full and none of certain events which would be a ground for termination of his or her employment under paragraph (O)(vi) below arises, the legal personal representative(s) of the Grantee shall be entitled within a period of 12 months from the date of the death to exercise the Option up to the entitlement of the Grantee as at the date of death (to the extent not already exercised).

**(K) EFFECTS OF ALTERATIONS TO CAPITAL**

In the event of any alteration in the capital structure of the Company whilst any option may become or remains exercisable, whether by way of capitalisation issue, rights issue, consolidation, subdivision or reduction of share capital of our Company, or otherwise howsoever, such corresponding alterations (if any) shall be made in the number of Shares subject to any Options so far as unexercised and/or the exercise price per Share of each outstanding Option or the method of exercise of the Option as the auditors of our Company or an independent financial adviser shall certify in writing to our Directors to be in their/his opinion fair and reasonable in compliance with Rule 17.03(13) of the Listing Rules and the notes thereto.

Any such alterations will be made on the basis that a Grantee shall have the same proportion of the issued share capital of our 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).

No such alteration will be made the effect of which would be to enable a Share to be issued at less than its nominal value. The issue of securities as consideration in a transaction is not to be regarded as a circumstance requiring any such alterations.

**(L) RIGHTS ON GENERAL OFFER**

In the event of a general offer (otherwise than by a scheme of arrangement) being made to all our Shareholders (or all such holders other than the offeror, and/or any person controlled by the offeror and/or any person acting in association or concert with the offeror) to acquire all or part of the issued Shares and such offer becomes or is declared unconditional prior to the expiry date of the relevant Option, the Grantee (or his or her legal personal representatives) shall be entitled to exercise the Option in full (to the extent not already exercised even though the Option Period has not come into effect during the occurrence of the general offer) at any time within one month after the date on which the offer becomes or is declared unconditional.

In the event of a general offer, by way of scheme of arrangement, being made to all our Shareholders and has been approved by the necessary number of Shareholders at the requisite meetings, the Grantee (or his or her personal representatives) may thereafter (but before such time as shall be notified by our Company) exercise the Option (to the extent not already exercised) to its full extent or to the extent specified in such notice.

**(M) RIGHTS ON A COMPROMISE OR ARRANGEMENT**

Other than a scheme of arrangement contemplated in paragraph (L) above, in the event of a compromise or arrangement between our Company and its members or creditors being proposed in connection with the scheme for the reconstruction or amalgamation of our Company, our Company shall give notice thereof to all Grantees on the same day as it gives notice of the meeting to its members or creditors to consider such a scheme or arrangement and the Grantee (or his or her personal representatives) may by notice in writing to our Company accompanied by the remittance for the exercise price in respect of the relevant Option (such notice to be received by our Company not later than four 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 such notice and our Company shall as soon as possible and in any event no later than the Business Day immediately prior to the date of the proposed meeting, allot and issue such number of Shares to the Grantee which falls to be issued on such exercise credited as fully paid and register the Grantee as holder thereof.

**(N) RIGHTS ON WINDING UP**

In the event a notice is given by our Company to our Shareholders to convene a Shareholders' meeting for the purpose of considering and, if thought fit, approving a resolution to voluntarily wind up our Company, our Company shall forthwith give notice thereof to the Grantee and the Grantee (or his or her legal personal representatives) may by notice in writing to our Company (such notice to be received by our Company not later than four Business Days prior to the proposed Shareholders' meeting) exercise the Option (to the extent not already exercised) either to its full extent or to the extent specified in such notice and our Company shall as soon as possible and in any event no later than the Business Day immediately prior to the date of the proposed Shareholders' meeting, allot and issue such number of Shares to the Grantee which falls to be issued on such exercise.

**(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 expiry of the Option Period;
- (ii) the expiry of the periods referred to in paragraphs (I) or (J);
- (iii) the expiry of the period referred to in paragraph (N), subject to the resolution to voluntarily wind-up the Company being passed.;
- (iv) subject to the compromise or arrangement becoming effective, the expiry of the period referred to in paragraph (M) above;
- (v) subject to the scheme of arrangement becoming effective, the expiry of the period referred to in paragraph (L) above in relation to a general offer (by way of a scheme of arrangement);

- (vi) the date on which the Grantee who is an Employee ceases to be an Employee by reason of the termination of his or her employment on the grounds that he or she has been guilty of serious misconduct, or has been in breach of a material term of the relevant employment contract, or appears either to be unable to pay or to have no reasonable prospect of being able to pay his or her debts or has become bankrupt or has made any arrangement or composition with his or her creditors generally, or has been convicted of any criminal offence involving his or her integrity or honesty or on any other ground on which an employer would be entitled to terminate his or her employment summarily;
- (vii) in the event of the Grantee, if an Employee, ceases to be an Employee by his or her own resignation, the date on which the Grantee tenders his or her resignation to the Company or the relevant Subsidiary;
- (viii) the date of the commencement of the winding-up of our Company;
- (ix) the date on which the Grantee sells, transfers, charges, mortgages, encumbers or creates any interest, whether legal or beneficial, in favour of any third party over or in relation to any Option or enter into agreement for doing so in breach of the New Share Option Scheme;
- (x) the expiry of the period referred to in paragraph (L) above provided that if any court of competent jurisdiction makes an order the effect of which is to prevent the offeror from acquiring Shares in the offer, the relevant period within which Options may be exercised shall not begin to run until the discharge of the order in question or unless the offer lapses or is withdrawn before that date; and
- (xi) the occurrence of such event or expiry of such period as may have been specifically provided for in the Offer (if any), unless otherwise resolved to the contrary by our Directors.

**(P) RANKING OF SHARES**

The Shares to be allotted and issued upon the exercise of an Option will be subject to our Company's Memorandum and Articles as amended from time to time and will rank *pari passu* with the fully paid Shares in issue on the date of exercise of the Option and in particular will rank in full for all dividends or other distributions declared paid or made on or after the date of exercise of the Option other than any dividend or other distribution previously declared or recommended or resolved to be paid or made if the record date therefor is before the date of exercise of the Option.

Unless the context otherwise requires, references to "Shares" in the New Share Option Scheme include references to Shares in our Company of any nominal amount as shall result from a sub-division, consolidation, reclassification or reconstruction of the share capital of our Company from time to time.

**(Q) CANCELLATION OF OPTIONS GRANTED**

Any Options granted but not exercised may be cancelled if the Grantee so agrees and new Options may be granted to the Grantee provided such new Options fall within the limits prescribed by paragraph (D) above and otherwise comply with the terms of the New Share Option Scheme. If such cancellation has been approved by our Shareholders in general meeting, such Options which were cancelled may be re-issued after such cancellation, provided that the re-issued Options (to the extent not yet granted and excluding the cancelled Options) shall only be granted in compliance with the terms of the New Share Option Scheme and within the Scheme Limit (as refreshed from time to time).

**(R) PERIOD OF NEW SHARE OPTION SCHEME**

The New Share Option Scheme will remain valid for a period of 10 years commencing on the date on which the conditions stated in paragraph (T) have been all satisfied (save that our Company, by ordinary resolution in general meeting or our Directors may at any time terminate the operation of the New Share Option Scheme). After termination, no further Options will be granted but the provisions of the New Share Option Scheme shall in all other respects remain in full force and effect and Options which are granted during the life of the New Share Option Scheme may continue to be exercisable in accordance with their terms of issue.

**(S) ALTERATION TO NEW SHARE OPTION SCHEME**

The provisions of the New Share Option Scheme may be altered in any respect by resolution of our Directors except that provisions relating to the class of persons eligible for the grant of Options, the Option Period and all such other matters set out in Rule 17.03 of the Listing Rules cannot be altered to the advantage of the Participants or Grantees without the prior approval of our Shareholders in general meeting with Grantees and their associates abstaining from voting.

Any alteration to the terms and conditions of the New Share Option Scheme which is of a material nature or any change to the terms of the Options granted must be approved by our Shareholders in general meeting, except where the alterations takes effect automatically under and is not inconsistent with the existing terms of the New Share Option Scheme. 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. Any change to the authority of our Directors in relation to any alteration to the terms of the New Share Option Scheme must be approved by our Shareholders in general meeting.

**(T) CONDITIONS OF THE NEW SHARE OPTION SCHEME**

The New Share Option Scheme is conditional on:-

- (i) the Listing Committee granting approval of the listing of and permission to deal in any Shares which may be issued pursuant to the exercise of Options granted under the New Share Option Scheme; and

- (ii) the passing of an ordinary resolution of the Shareholders in the Annual General Meeting for the approval for the adoption of the New Share Option Scheme and the termination of the existing share option scheme and to authorise the Directors to grant Options to subscribe for Shares under the New Share Option Scheme and to allot, issue and deal in the Shares pursuant to the exercise of any Options granted under the New Share Option Scheme.

Application has been made to the Listing Committee for the approval of the listing of and permission to deal in the Shares which fall to be issued pursuant to the exercise of the Options granted under the New Share Option Scheme.

## 1. PARTICULARS OF THE DIRECTORS

The following are particulars of the directors to be retired and proposed to be re-elected at the Annual General Meeting:

### **Mr. Huang Yonghua (黃永華)**

Mr. Huang Yonghua, aged 44, is an executive Director. Before joining the Group in 2001, Mr. Huang had been the legal representative of 順德市僑豪企業有限公司 (Shunde Shi Qiao Hao Enterprise Limited) and a director of Kiu Ho International Company Limited. Mr. Huang has more than 20 years of experience in the watch distribution industry and management for the PRC market. Mr. Huang is in charge of the Group's brand management.

Pursuant to terms of a service contract entered into between the Company and Mr. Huang, Mr. Huang will serve as an executive Director for 3 years commencing from 26 September 2014. The service contract may be terminated by not less than three month's prior notice in writing served by each party on the other in accordance with the Articles of Association. The Director's fee payable to him will be determined by the Directors pursuant to the authority granted by the Shareholders at the Annual General Meeting and by reference to his duties and responsibilities with the Company, the Company's current standards for emolument and the market condition. Mr. Huang's current annual remuneration is HK\$150,000. As at the Latest Practicable Date, to the best knowledge and belief of the Company, Mr. Huang was interested or deemed to be interested in 40,488,800 Shares (representing approximately 0.85% of the issued share capital of the Company) within the meaning of Part XV of the Securities and Futures Ordinance.

Mr. Huang has no relationship with any Directors or the senior management of the Company, or with any management Shareholders, substantial Shareholders or controlling Shareholders. Mr. Huang has not held any directorship in any other listed company in the last 3 years. Save as disclosed in this circular, Mr. Huang has confirmed that there are no other matters that need to be brought to the attention of the Shareholders in connection with his re-election, nor is there any information required to be disclosed pursuant to Rules 13.51(2) of the Listing Rules.

### **Mr. Lee Shu Chung Stan (李樹忠)**

Mr. Lee Shu Chung Stan, aged 55, is the deputy president of the Group. He joined the Group in 2007 and is responsible for overall coordination and management of the Group's retail business and the Group's brand wholesale business. Mr. Lee has nearly 30 years of experience in watch manufacturing, retail and distribution.

Pursuant to terms of a service contract entered into between the Company and Mr. Lee, Mr. Lee will serve as an executive Director for 3 years commencing from 15 May 2013. The service contract may be terminated by not less than three month's prior notice in writing served by each party on the other in accordance with the Articles of Association. The Director's fee payable to him will be determined by the Directors pursuant to the authority granted by the Shareholders at the Annual General Meeting and by reference to his duties and responsibilities with the Company, the Company's current standards for emolument and the market condition. Mr. Lee's current annual remuneration is



HK\$150,000. As at the Latest Practicable Date, to the best knowledge and belief of the Company, Mr. Lee does not have any interest in the Shares (within the meaning of Part XV of the Securities and Futures Ordinance).

Mr. Lee has no relationship with any Directors or the senior management of the Company, or with any management Shareholders, substantial Shareholders or controlling Shareholders. Mr. Lee has not held any directorship in any other listed company in the last 3 years. Save as disclosed in this circular, Mr. Lee has confirmed that there are no other matters that need to be brought to the attention of the Shareholders in connection with his appointment, nor is there any information required to be disclosed pursuant to Rules 13.51(2) of the Listing Rules.

**Mr. Liu Xueling (劉學靈)**

Mr. Liu Xueling (劉學靈), aged 57, is an independent non-executive Director. He graduated from East China Normal University in Shanghai with a doctorate degree in history. At present, he is a senior lawyer in Shanghai Tongyan Law Firm (上海通研律師事務所). He joined the Group in 2007.

Pursuant to terms of a service contract entered into between the Company and Mr. Liu, Mr. Liu will serve as an independent non-executive Director for 3 years commencing from 1 June 2013. His appointment may be terminated in accordance with the Articles of Association, including retirement by way of rotation at general meeting. The Director's fee payable to him will be determined by the Directors pursuant to the authority granted by the Shareholders at the Annual General Meeting and by reference to his duties and responsibilities with the Company, the Company's current standards for emolument and the market condition. Mr. Liu's current annual director fee is HK\$100,000. As at the Latest Practicable Date, to the best knowledge and belief of the Company, Mr. Liu does not have any interest in the Shares within the meaning of Part XV of the Securities and Futures Ordinance.

Mr. Liu has no relationship with any Directors or the senior management of the Company, or with any management Shareholders, substantial Shareholders or controlling Shareholders. Mr. Liu has been an independent director of Shanghai Qiangsheng Holding Co., Ltd. since July 2014. The said company is listed on the Shanghai Stock Exchange (Stock code: 600662). Save as aforesaid, Mr. Liu has not held any directorship in any other listed company in the last 3 years. Save as disclosed in this circular, Mr. Liu has confirmed that there are no other matters that need to be brought to the attention of the Shareholders in connection with his re-election, nor is there any information required to be disclosed pursuant to Rules 13.51(2) of the Listing Rules.

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## NOTICE OF ANNUAL GENERAL MEETING

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### NOTICE OF ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that the Annual General Meeting of the shareholders of Hengdeli Holdings Limited (the “Company”) will be held at the conference room on 5/F., Jardine House, 1 Connaught Place, Central, Hong Kong on Friday, 15 May 2015 at 11 a.m. for the following purposes:

1. To receive and consider the audited financial statements and the report of directors and auditors for the year ended 31 December 2014.
2. To declare the final dividend.
3. To re-elect retiring directors and authorise the board of directors of the Company to fix their remuneration.
4. To re-appoint auditors and authorise the board of directors of the Company to fix their remuneration.
5. As special business, to consider and, if thought fit, to pass the following as ordinary resolutions:
  - A. **“THAT**
    - (a) subject to paragraph (c) of this Resolution, the exercise by the directors of the Company (the “Directors”) during the Relevant Period (as defined below) of all powers to allot, issue and deal with additional shares in the capital of the Company, and to make or grant offers, agreements, options and warrants 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 to make or grant offers, agreements, options and warrants which might require the exercise of such power after the end of the Relevant Period;

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## NOTICE OF ANNUAL GENERAL MEETING

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- (c) the aggregate number of shares of the Company allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to an option or otherwise) by the Directors pursuant to the approval in paragraph (a) of this Resolution, otherwise than pursuant to
  - (i) a Right Issue (as defined below);
  - (ii) any option scheme or similar arrangement for the time being adopted for the grant or issue to officers and/or employees of the Company and/or any of its subsidiaries of shares or rights to acquire shares of the Company; or
  - (iii) any scrip dividend or similar arrangement providing for the allotment of shares in lieu of the whole or part of the cash payment for a dividend on shares of the Company in accordance with the articles of association of the Company, shall not exceed the aggregate of 20% of the existing issued share capital of the Company as at the date of this Resolution and the said approval shall be limited accordingly;
- (d) for the purpose of this Resolution, “Relevant Period” means the period from the passing of this Resolution until whichever is the earliest of:
  - (i) the conclusion of the next annual general meeting of the Company;
  - (ii) the expiration of the period within which the next annual general meeting of the Company is required by the articles of association of the Company or any applicable law to be held; and
  - (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.”

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

**B. “THAT**

- (a) subject to paragraph (b) of this Resolution, the exercise by the Directors during the Relevant Period (as defined below) of all the powers of the Company to purchase its own shares on The Stock Exchange of Hong Kong Limited (“Stock

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## NOTICE OF ANNUAL GENERAL MEETING

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Exchange”), subject to and in accordance with all applicable laws and the requirements of the Rules Governing the Listing of Securities on the Stock Exchange or of any other stock exchange, be and is hereby generally and unconditionally approved and authorised;

- (b) the aggregate number of shares of the Company to be repurchased by the Company pursuant to the approval in paragraph (a) of this Resolution during the Relevant Period shall not exceed 10% of the existing issued share capital of the Company as at the date of passing this Resolution and the said approval shall be limited accordingly; and
  - (c) for the purpose of this Resolution, “Relevant Period” means the period from the passing of this Resolution until whichever is the earliest of:
    - (i) the conclusion of the next annual general meeting of the Company;
    - (ii) the expiration of the period within which the next annual general meeting of the Company is required by the articles of association of the Company or any applicable law to be held; and
    - (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.”
6. As special business, to consider and, if thought fit, to pass the following as ordinary resolution:
- “**THAT** conditional upon resolutions nos. 5A and 5B being passed, the aggregate number of shares of the Company which are repurchased by the Company under the authority granted to the Directors as mentioned in resolution no. 5B shall be added to the aggregate number of shares of the Company that may be allotted or agreed conditionally or unconditionally to be allotted by the Directors pursuant to resolution no. 5A above.”
7. As special business, to consider and, if thought fit, to pass the following as ordinary resolution:
- “**THAT** subject to and conditional upon The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) granting approval of the listing of and permission to deal in the shares falling to be issued pursuant to the exercise of any options granted under the share option scheme referred to in the circular despatched to the shareholders of the Company on the same day as this notice, the terms of which are set out in the printed document marked “A” now produced to this meeting and for the purpose of identification signed by the Chairman of this meeting hereof (the “New Share Option Scheme”), the New Share Option Scheme be approved and adopted to be the share option scheme of the Company and with effect from the date of

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## NOTICE OF ANNUAL GENERAL MEETING

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the New Share Option Scheme becoming unconditional and coming into effect, the existing share option scheme of the Company which was adopted by the Company on 27 August 2005 be terminated and that the Directors be authorised:-

- (a) to grant options thereunder and to allot and issue Shares pursuant to the New Share Option Scheme;
- (b) to alter and/or modify the New Share Option Scheme from time to time provided that such alternation and/or modification is effected in accordance with the provisions of the New Share Option Scheme relating to the alternation and/or modification and subject to Chapter 17 of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules");
- (c) to allot and issue from time to time such number of shares of the Company as may be required to be allotted and issued pursuant to the exercise of options granted under the New Share Option Scheme and subject to the Listing Rules; and
- (d) to take all such steps as may be necessary or desirable to implement such New Share Option Scheme."

By Order of Directors  
**HENGDELI HOLDINGS LIMITED**  
**Zhang Yuping**  
*Chairman*

Hong Kong, 26 March 2015

*Notes:*

- (1) Any member entitled to attend and vote at the meeting convened by the above notice is entitled to appoint one or more proxies to attend and, on a poll, vote instead of him. A proxy need not be a member of the Company. All proxies must be deposited with the Company's share registrar, Computershare Hong Kong Investor Services Limited, 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, not less than 48 hours before the time appointed for the meeting.
- (2) The Register of Members will be closed from Wednesday, 13 May 2015 to Friday, 15 May 2015 (both days inclusive). In order to be qualified for attending and voting at the Annual General Meeting, all transfers accompanied by the relevant share certificates must be lodged with the Company's share registrar, Computershare Hong Kong Investor Services Limited, Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Tuesday, 12 May 2015.  
  
Further, the Register of Members will be closed from Thursday, 21 May 2015 to Friday, 22 May 2015 (both days inclusive). In order to establish entitlements to the proposed final dividend, all transfers accompanied by the relevant share certificates must be lodged with the Company's share registrar, Computershare Hong Kong Investor Services Limited, Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Wednesday, 20 May 2015.
- (3) Mr. Huang Yonghua, Mr. Lee Shu Chung Stan and Mr. Liu Xueling will retire by rotation and, being eligible, offer themselves for re-election at the Annual General Meeting.
- (4) If the declaration of the final dividend has been approved at the Annual General Meeting, the dividend will be payable on or before 8 June 2015.