

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

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

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

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**TACK FIORI INTERNATIONAL GROUP LIMITED**

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

**(Stock Code: 928)**

**ADOPTION OF THE NEW SHARE OPTION SCHEME  
AND  
NOTICE OF EXTRAORDINARY GENERAL MEETING**

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A notice convening the extraordinary general meeting (“EGM”) of the Company to be held at 30th Floor, China United Centre, 28 Marble Road, North Point, Hong Kong on Tuesday, 18 September 2012 at 4:30 p.m. is set out on pages 18 and 19 of this circular. A form of proxy for use by the Shareholders at the EGM is enclosed herein.

Whether or not you are able to attend the EGM in person, you are requested to complete the accompanying form of proxy for use at the EGM in accordance with the instructions printed thereon and return the same to the Company’s share registrar in Hong Kong, Tricor Tengis Limited at 26/F., Tesbury Centre, 28 Queen’s Road East, Wanchai, Hong Kong, as soon as possible and, in any event, not fewer than 48 hours before the time appointed for the holding of the EGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjourned meeting thereof should you so wish.

31 August 2012

# CONTENTS

	<i>Page</i>
<b>Definitions</b> .....	1
<b>Letter from the Board</b> .....	4
<b>Appendix I — Summary of the principal terms of the New Share Option Scheme</b> .....	8
<b>Notice of Extraordinary General Meeting</b> .....	18

## DEFINITIONS

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

“Adoption Date”	the date on which the proposed New Share Option Scheme is adopted by ordinary resolution of the Company in general meeting, a notice of which is set out herein
“associate(s)”	has the meaning ascribed thereto in the Listing Rules
“Board”	the board of directors of the Company (and, in relation to the New Share Option Scheme, includes any committee or delegate of the Board appointed by the Board to perform any of its functions)
“Business Day”	any day on which the Stock Exchange is open for business of dealing in securities
“Companies Ordinance”	the Companies Ordinance (Chapter 32 of the Laws of Hong Kong)
“Company”	Tack Fiori International Group Limited (Stock Code: 928), a company incorporated in the Cayman Islands with limited liability and the issued shares of which are listed on the Stock Exchange
“Connected Person(s)”	has the meaning as defined in the Listing Rules
“Date of Grant”	in respect of an Option, the Business Day on which the Board resolves to grant a Option to an Eligible Participant
“Director(s)”	the director(s) of the Company
“Eligible Participant”	any directors (including executive directors, non-executive directors and independent non-executive directors) of the Group and employees of the Group (whether full-time or part-time) and any advisors, consultants, distributors, contractors, suppliers, agents, customers, partners, joint venture partners, promoters, service providers to the Group who the Board considers, in its sole discretion, have contributed or will contribute to the growth and development of the Group
“EGM”	the extraordinary general meeting of the Company to be held on 18 September 2012 at 4:30 p.m. for the purpose of considering and, if thought fit, approving, among other things, the New Share Option Scheme

## DEFINITIONS

“Existing Share Option Scheme”	the share option scheme adopted by the Company on 11 April 2002
“Grantee”	any Eligible Participant who accepts the offer of the grant of an Option in accordance with the terms of the New Share Option Scheme or (where the context so permits) a person entitled to any such Option in consequence of the death of the original Grantee
“Group”	the Company and its subsidiaries
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Latest Practicable Date”	29 August 2012, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“New Share Option Scheme”	a share option scheme of the Company to be adopted by the Company and to be approved by the Shareholders at the EGM, a summary of its principal terms is set out in Appendix I to this circular
“Option(s)”	an option (or options) to subscribe for Shares granted pursuant to the New Share Option Scheme
“Option Period”	a period to be notified by the Board to each Grantee at the time of granting an Option which shall not expire later than 10 years from the Date of Grant
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Price”	the price per Share at which a Grantee may subscribe for Shares on the exercise of an Option pursuant to the New Share Option Scheme
“substantial shareholder(s)”	has the meaning as defined in the Listing Rules

## DEFINITIONS

“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.



**TACK FIORI INTERNATIONAL GROUP LIMITED**

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

**(Stock Code: 928)**

*Executive Directors:*

Mr. Chiu Siu Po (*Chairman*)  
Mr. Liu On Bong, Peter (*Vice Chairman*)  
Mr. Chan Chak Kai, Kenneth  
Mr. Wan Wai Hei, Wesley  
Mr. Au Wai June  
Mr. Ng Jackson

*Registered office:*

Cricket Square  
Hutchins Drive  
P.O. Box 2681  
Grand Cayman  
KY1-1111  
Cayman Islands

*Independent non-executive Directors:*

Dr. Leung Shiu Ki, Albert  
Mr. Robert James Iaia II  
Ms. Lam Yan Fong, Flora  
Mr. Yau Yan Ming, Raymond  
Mr. Miu H., Frank

*Principal place of business  
in Hong Kong:*

8th Floor  
China United Centre  
28 Mable Road  
North Point  
Hong Kong

31 August 2012

*To the Shareholders*

Dear Sir or Madam,

**ADOPTION OF THE NEW SHARE OPTION SCHEME  
AND  
NOTICE OF EXTRAORDINARY GENERAL MEETING**

**INTRODUCTION**

The purpose of this circular is to provide you with (i) the details of the New Share Option Scheme; and (ii) the notice convening the EGM.

**ADOPTION OF THE NEW SHARE OPTION SCHEME**

The Existing Share Option Scheme was adopted by the Company on 11 April 2002. Pursuant to the Existing Share Option Scheme, the Directors were authorised to grant to eligible persons share options to subscribe for Shares in the capital of the Company. The Existing Share Option Scheme has a term of 10 years which expired on 10 April 2012, and in the Directors wish to seek Shareholders' approval for the New Share Option Scheme. As at the

## LETTER FROM THE BOARD

Latest Practicable Date, there are no options under the Existing Share Option Scheme or any other schemes of the Company granted which remain outstanding or unexercised. The Company has granted share options for up to 60,000,000 Shares in aggregate to relevant grantees, which was approved in the extraordinary general meeting of the Company held on 16 January 2012.

A summary of the principal terms of the New Share Option Scheme is set out in Appendix I 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 8th Floor, China United Centre, 28 Marble Road, North Point, Hong Kong during normal business hours for a 14-day period from the date of this circular.

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

- (i) the passing of an ordinary resolution at the EGM by the Shareholders necessary to approve and adopt the New Share Option Scheme and to authorise the Directors to grant Options under the New Share Option Scheme and to allot and issue Shares pursuant to the exercise of any Options; and
- (ii) the listing committee of the Stock Exchange granting the approval for the listing of and permission to deal in the Shares to be issued upon the exercise of the Options representing 10 per cent. of the issued share capital of the Company as at the date of the EGM.

If all of the above conditions are not satisfied on or before the date following 30 days after the Adoption Date, the New Share Option Scheme will determine immediately, and no person shall be entitled to any rights or benefits or be under any obligations under or in respect of the New Share Option Scheme.

Save for a few changes that have been made in the New Share Option Scheme to conform with the market practices, the terms of the New Share Option Scheme and the Existing Share Option Scheme are broadly similar. The terms of the New Share Option Scheme provide that in granting the Options under the New Share Option Scheme, the Board may offer to grant any Options subject to such terms and conditions in relation to the minimum period of the Options to be held and/or the performance criteria to be satisfied before such Options can be exercised and/or any other terms as the Board may determine in its absolute discretion. The Board will also have the discretion in determining the Subscription Price in respect of any Option, provided that the relevant requirements in the Listing Rules are complied with. The Directors are of the view that the flexibility given to the Directors to impose the minimum period for which the Options have to be held and performance targets and other conditions that have to be achieved before the Options can be exercised, will place the Group in a better position to attract human resources that are valuable to the growth and development of the Group as a whole. There will not be any trustees of the New Share Option Scheme.

As at the Latest Practicable Date, there were 636,402,481 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 63,640,248 Shares

## **LETTER FROM THE BOARD**

may be issued under the New Share Option Scheme (upon the New Share Option Scheme becoming effective) 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 Directors consider that it is not appropriate to state the value of all Options that can be granted under the New Share Option Scheme as if they had been granted on the Latest Practicable Date as a number of variables which are crucial for the calculation of the Options' value have not been determined. Such variables include the Subscription Price, exercise period, any performance targets set and other relevant variables. The Directors believe that any calculation of the value of the Options as at the Latest Practicable Date based on a number of speculative assumptions would not be meaningful and might be misleading to the Shareholders.

### **Application for Listing**

An application will be 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 Existing Share Option Scheme expired on 10 April 2012. The Directors consider that it is appropriate to adopt the New Share Option Scheme, which will be valid for 10 years from the Adoption Date, in order to provide appropriate incentives or rewards to eligible persons for their contributions or potential contributions to the Group on a long-term basis. The purpose of the New Share Option Scheme is to attract and retain the best available personnel, to provide additional incentive to employees, directors, consultants, advisors and business partners of the Group and to promote the success of the business of the Group.

The New Share Option Scheme also expressly provides that, the Board may, with respect to each grant of Options, determine the Subscription Price (being not less than the minimum price specified in the Listing Rules), the conditions precedent and any performance targets that apply to the Options. The Directors believe the New Share Option Scheme will provide the Board with flexibility in determining the applicable performance targets and any other conditions to which the specific grant of Options may be subject on a case-by-case basis, and thus will place the Group in a better position to attract human resources that are valuable to the long term growth and development of the Group. There are no businesses or interests of the Directors that compete or may compete with the business of the Group.

### **EXTRAORDINARY GENERAL MEETING**

A notice convening the EGM is set out on pages 18 and 19 of this circular. The EGM will be convened for the purpose of considering and, if thought fit, passing the resolution to approve the adoption of the New Share Option Scheme.

## LETTER FROM THE BOARD

As at the Latest Practicable Date, and to the best knowledge, belief and information of the Directors having made all reasonable enquiries, no Shareholder is required under the Listing Rules to abstain from voting on the resolution regarding the proposed adoption of the New Share Option Scheme at the EGM.

A form of proxy for use at the EGM is sent to the Shareholders together with this circular. Whether or not the Shareholders are able to attend the EGM, the Shareholders are requested to complete and return the accompanying form of proxy in accordance with the instructions printed thereon as soon as possible and in any event not fewer than 48 hours before the time for holding of the EGM or adjournment thereof. Completion and return of the form of proxy will not preclude the Shareholders from attending and voting at the EGM or any adjourned meeting thereof should the Shareholders so wish.

### 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.

### RECOMMENDATION

The Directors consider that the proposed adoption of the New Share Option Scheme is in the best interests of the Company and the Shareholders as a whole. Accordingly, the Board recommends the Shareholders to vote in favour of the ordinary resolution to be proposed at the EGM.

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

By Order of the Board  
**Tack Fiori International Group Limited**  
**Liu On Bong, Peter**  
*Vice Chairman*

**(A) PURPOSE**

The purpose of the New Share Option Scheme is to provide Eligible Participants with the opportunity to acquire proprietary interests in the Company and to encourage Eligible Participants to work towards enhancing the value of the Company and its Shares for the benefit of the Company and the Shareholders as a whole.

**(B) WHO MAY JOIN**

The Board may, at its discretion, offer to grant an Option to subscribe for such number of new Shares as the Board may determine at a Subscription Price determined in accordance with paragraph (E) below to:

- (i) any employees (whether full-time or part-time), directors (including executive directors, non-executive directors and independent non-executive directors) of the Group; and
- (ii) any advisers (professional or otherwise), consultants, distributors, suppliers, agents, customers, partners, joint venture partners, promoters or service providers to the Group who the Board considers, in its sole discretion, have contributed or will contribute to the growth and development of the Group.

Upon acceptance of the Option, the grantee shall pay HK\$1.00 (or an equivalent amount in RMB) to the Company by way of consideration for the grant. Any offer to grant an Option to subscribe for Shares 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 of 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 any prescribed acceptance date, it shall be deemed to have been irrevocably declined.

Unless the Board otherwise determined and stated in the offer of the grant of Options to an Eligible Participant, there is no minimum period for which an Option granted under the New Share Option Scheme must be held before it can be exercised.

**(C) MAXIMUM NUMBER OF SHARES**

- (i) The maximum number of Shares to be issued upon exercise of all outstanding Options granted and yet to be exercised under the New Share Option Scheme and any other share option schemes of the Company must not in aggregate exceed 30 percent of the issued share capital of the Company from time to time. No Option may be granted under the New Share Option Scheme if this will result in the limit being exceeded.
- (ii) The total number of Shares which may be issued upon exercise of all Options (excluding, for this purpose, Options which have lapsed in accordance with the terms of the New Share Option Scheme and any other share option schemes of the

Company) to be granted under the New Share Option Scheme and any other share option schemes of the Company must not in aggregate exceed 10 percent of the Shares in issue as at the date of the passing of the ordinary resolution (the “**General Scheme Limit**”).

- (iii) Subject to (i) above and without prejudice to (iv) below, the Company may seek approval of the Shareholders in general meeting of the Company to refresh the General Scheme Limit provided that 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 the Company under the limit as “refreshed” must not exceed 10 percent of the Shares in issue as at the date of approval of the limit and for the purpose of calculating the limit as “refreshed”, Options (including those outstanding, cancelled, lapsed or exercised in accordance with the New Share Option Scheme and any other share option schemes of the Company) previously granted under the New Share Option Scheme and any other share option schemes of the Company will not be counted.
- (iv) Subject to (i) above and without prejudice to (iii) above, the Company may issue a circular to the Shareholders and seek separate Shareholders’ approval in general meeting of the Company to grant Options beyond the General Scheme Limit or, if applicable, the limit referred to in (iii) above to Participants specifically identified by the Company before such approval is sought.

**(D) MAXIMUM NUMBER OF OPTIONS TO ANY ONE INDIVIDUAL**

The total number of Shares issued and which may fall to be issued upon exercise of the Options granted under the New Share Option Scheme and any other share option schemes of the Company (including both exercised and outstanding options) to each Eligible Participant in any 12-month period up to the Date of Grant shall not exceed 1% of the Shares in issue as of the Date of Grant. Any further grant of Options in excess of this 1% limit shall be subject to:

- (i) the issue of a circular by the Company which shall comply with Rules 17.03(4) and 17.06 of the Listing Rules containing the identity of the Eligible Participant, the numbers of and terms of the Options to be granted (and Options previously granted to such participant), the information as required under Rule 17.02(2)(d) and the disclaimer required under Rule 17.02(4) of the Listing Rules; and
- (ii) the approval of the Shareholders in general meeting and/or other requirements prescribed under the Listing Rules from time to time with such Eligible Participant and his associates abstaining from voting. The numbers and terms (including the Subscription Price) of Options to be granted to such participant must be fixed before the Shareholders’ approval and the date of the Board meeting at which the Board proposes to grant the Options to such Eligible Participant shall be taken as the Date of Grant for the purpose of calculating the Subscription Price. The Board shall forward to such Eligible Participant an offer document in such form as the Board may from time to time determine.

**(E) SUBSCRIPTION PRICE**

The Subscription Price in respect of any particular Option granted under the New Share Option Scheme shall be 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 Stock Exchange's daily quotation sheets on the Date of Grant, which must be a Business Day;
- (ii) the average of the official closing prices of the Shares as stated in the Stock Exchange's daily quotation sheets for the five Business Days immediately preceding the Date of Grant; or
- (iii) the nominal value of a Share.

**(F) 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 is required to be approved by the independent non-executive Directors (excluding any independent non-executive Director who is the grantee of the Options). If the Board proposes to grant Options to a substantial shareholder or any independent non-executive Director or their respective associates which will result in the number of Shares issued and to be issued upon exercise of Options granted and to be granted (including Options exercised, cancelled and outstanding) to such person in the 12-month period up to and including the date of such grant:

- (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 in excess of HK\$5 million or such other sum as may be from time to time provided under the Listing Rules, based on the official closing price of the Shares at the date of each grant, such further grant of Options will be subject to the issue of a circular by the Company 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 favor of the resolution concerning the grant of such Options at the general meeting, and/or such other requirements prescribed under the Listing Rules from time to time. Any vote taken at the meeting to approve the grant of such Options shall be taken as a poll.

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 Subscription Price) of the Options to be granted to each selected Eligible Participant which must be fixed before the shareholders' meeting and the date of Board meeting for proposing such further grant shall be taken as the Date of Grant for the purpose of calculating the Subscription Price of such Options;
- (ii) a recommendation from the independent non-executive Directors (excluding any independent non-executive Director who is the grantee of the Options) 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.

**(G) RESTRICTIONS ON THE TIMES OF GRANT OF OPTIONS**

A grant of Options may not be made after a price sensitive event has occurred or a price sensitive matter has been the subject of a decision until such price sensitive information has been published pursuant to the requirements of the Listing Rules. 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 is first notified to the Stock Exchange in accordance with the Listing Rules) for the approval of the Company's results for such year, half-year, quarterly or other interim period (whether or not required under the Listing Rules);
- (ii) the deadline for the Company to publish an announcement of results of the Company for (a) any year or half-year period in accordance with the Listing Rules; and (b) any quarterly or any other interim period, where the Company has elected to publish such results (whether or not required under the Listing Rules),

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), and where the grant of Options is to a Director;

- (iii) no Options shall be granted during the period of 60 days immediately preceding the publication date of the annual results or, if shorter, the period from the end of the relevant financial year up to the publication date of the results; and
- (iv) no Options shall be granted during the period of 30 days immediately preceding the publication date of the quarterly results (if any) and half-year results or, if shorter, the period from the end of the relevant quarterly or half-year period up to the publication date of the results.

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

An Option is personal to the grantee and may be exercised or treated as exercised, as the case may be, in whole or in part. No grantee shall in any way sell, transfer, charge, mortgage, encumber or create any interest (legal or beneficial) in favor of any third party over or in relation to any Option or attempt so to do.

**(I) TIME OF EXERCISE OF OPTION AND DURATION OF THE NEW SHARE OPTION SCHEME**

An Option may be exercised in accordance with the terms of the New Share Option Scheme at any time after the date upon which the Option is deemed to be granted and accepted and prior to the expiry of 10 years from that date. The period during which an Option may be exercised will be determined by the Board in its absolute discretion, save that no Option may be exercised more than 10 years after it has been granted. No Option may be granted more than 10 years after the date of approval of the New Share Option Scheme. Subject to earlier termination by the Company in general meeting or by the Board, the New Share Option Scheme shall be valid and effective for a period of 10 years from the Adoption Date.

**(J) PERFORMANCE TARGET**

A Grantee may be required to achieve any performance targets as the Board may then specify in the grant before any Options granted under the New Share Option Scheme can be exercised.

**(K) RIGHTS ON CEASING EMPLOYMENT OR DEATH**

If the grantee of an Option, being an employee of the Group at the Date of Grant, ceases to be an employee of the Group after the Date of Grant:

- (i) by any reason other than death, ill-health, injury, disability or termination of his employment on the grounds specified in paragraph (R)(v) below, the grantee may exercise the Option up to the entitlement of the grantee as of the date of cessation (to the extent not already exercised) within a period of three months from such cessation; or
- (ii) by reason of death, ill-health, injury or disability, his personal representative(s) may exercise the Option within a period of 12 months from such cessation or death of such grantee, which date of cessation shall be the last actual working day with the Company or the relevant subsidiary whether salary is paid in lieu of notice or not, failing which it will lapse.

**(L) RIGHTS ON DISMISSAL**

If the grantee of an Option, being an employee of the Group at the Date of Grant, ceases to be an employee of the Group after the Date of Grant on the grounds that he has been guilty of serious misconduct, or on any other ground on which an employee 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 Group, or has been convicted of any criminal offense involving his integrity or honesty, his Option will lapse and not be exercisable after the date of termination of his employment.

**(M) RIGHTS ON TAKEOVER**

If a general or partial offer is made to all the Shareholders (or all such Shareholders other than the offeror and any person acting in concert with the offeror (as defined in the Takeovers Code)) and such offer becomes or is declared unconditional or such scheme of arrangement is formally proposed to Shareholders during the Option Period of the relevant Option, the grantee of an Option notwithstanding any other terms on which the Options were granted, shall be entitled to exercise the Options (to the extent not already exercised) to its full extent or to the extent specified in the grantee's notice to the Company at any time within such period as shall be notified by the Company.

**(N) RIGHTS ON WINDING-UP**

In the event a notice is given by the Company to its members 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 forthwith give notice thereof to all grantees and thereupon, each grantee (or his legal personal representative(s)) shall be entitled to exercise all or any of his Options (to the extent not already exercised) at any time not later than two Business Days prior to the proposed general meeting of the Company referred to above by giving notice in writing to the Company, accompanied by a remittance for the full amount of the aggregate Subscription 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, allot the relevant Shares to the grantee credited as fully paid.

**(O) RIGHTS ON COMPROMISE OR ARRANGEMENT BETWEEN THE COMPANY  
AND ITS MEMBERS OR CREDITORS**

If a compromise or arrangement between the Company and its members or creditors is proposed for the purposes of a scheme for the reconstruction of the Company or its amalgamation with any other companies pursuant to the laws of jurisdictions in which the Company was incorporated, the Company shall give notice to all the grantees of the Options on the same day as it gives notice of the meeting to its members or creditors summoning the meeting to consider such a scheme of arrangement and any grantee may by notice in writing to the Company accompanied by a remittance for the full amount of the aggregate subscription price for the Shares in respect of which the notice is given (such notice to be received by the Company not later than two Business Days prior to the proposed meeting), exercise the Option to its full extent or to the extent specified in the notice and the Company shall as soon as possible and in any event no later than the Business Day immediately prior to the date of the proposed meeting, allot and issue such number of Shares to the grantee which falls to be issued on such exercise of the Option credited as fully paid and register the grantee as holder thereof.

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. If for any reason such compromise or arrangement does not become effective and is terminated or lapses, the rights of grantees to exercise their respective Options shall with effect from such termination be restored in full but only upon the extent not already exercised and shall become exercisable.

#### **(P) RANKING OF SHARES**

No dividends shall be payable in relation to Shares that are the subject of Options that have not been exercised. 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 any other person) as the holder thereof. Subject to the aforesaid, Shares allotted and issued on the exercise of Options will rank *pari passu* in all respects and shall have the same voting, dividend, transfer and other rights, including those arising on liquidation as attached to the other fully-paid Shares in issue on the date of exercise. Shares issued on the exercise of an Option shall not be entitled to any rights attaching to shares by reference to a record date preceding the date of allotment.

#### **(Q) EFFECT OF ALTERATIONS TO CAPITAL**

In the event of capitalization issue, rights issue, open offer, subdivision, consolidation of Shares or reduction of capital of the Company, such corresponding alterations (if any) shall be made in the number of Shares subject to any Options so far as unexercised and/or the Subscription Price as the auditors of the Company or an independent financial adviser shall certify in writing to the Board to be in their/his opinion fair and reasonable in compliance with Rule 17.03(13) of the Listing Rules and the note thereto and the supplementary guidance attached to the letter from the Stock Exchange dated 5 September 2005 to all issuers relating to share option schemes (the “**Supplemental Guidance**”). Any such alterations will be made on the basis that a grantee shall have the same proportion of the issued share capital of the Company (as interpreted in accordance with the Supplementary Guidance) for which any grantee of an Option is entitled to subscribe pursuant to the Options held by him before such alteration and the aggregate subscription price payable on the full exercise of any Option is to remain as nearly as possible the same (and in any event not greater than) as it was before such event. 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. Any adjustment to be made will comply with the Listing Rules, the Supplemental Guidance and any future guidance/interpretation of the Listing Rules issued by the Stock Exchange from time to time.

#### **(R) 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 (K), (L), (M), (N) or (O);
- (iii) the date on which the scheme of arrangement of the Company referred to in paragraph (O) becomes effective;
- (iv) subject to paragraph (N), the date of commencement of the winding-up of the Company;
- (v) the date on which the grantee ceases to be an Eligible Participant by reason of the termination of his relationship with our Group on any one or more of the following grounds:
  - (1) that he has been guilty of serious misconduct;
  - (2) that he has been convicted of any criminal offense involving his integrity or honesty or in relation to an employee of our Group;
  - (3) that he has become insolvent, bankrupt or has made arrangements or compositions with his creditors generally; or
  - (4) on any other ground on which an employee would be entitled to terminate his employment at common law or pursuant to any applicable laws or under the grantee's service contract with our group. A resolution of the Board to the effect that the employment of a grantee has or has not been terminated on one or more of the grounds specified in this 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 (H) above or the Options are cancelled in accordance with paragraph (T) below.

**(S) ALTERATION OF THE NEW SHARE OPTION SCHEME**

The New Share Option Scheme may be altered in any respect by resolution of the Board 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; and
- (ii) any material alteration to the terms and conditions of the New Share Option Scheme or any change to the terms of Options granted, shall first be approved by the Shareholders in general meeting provided that if the proposed alteration shall adversely affect any Option granted or agreed to be granted prior to the date of alteration, such alteration shall be further subject to the grantees' approval in accordance with the terms of the New Share Option Scheme. The amended terms of the New Share Option Scheme shall remain in compliance with Chapter 17 of the

Listing Rules and any change to the authority of the Board in relation to any alteration to the terms of the New Share Option Scheme must be approved by Shareholders in general meeting.

**(T) CANCELLATION OF OPTIONS**

Subject to paragraph (H) above, any cancellation of Options granted but not exercised must be approved by the grantees of the relevant Options in writing.

**(U) TERMINATION OF THE NEW SHARE OPTION SCHEME**

The Company may by resolution in general meeting or the Board at any time terminate the New Share Option Scheme and in such event no further Option shall be offered but the provisions of the New Share Option Scheme shall remain in force to the extent necessary to give effect to the exercise of any Option granted prior thereto or otherwise as may be required in accordance with the provisions of the New 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 New Share Option Scheme.

**(V) ADMINISTRATION OF THE BOARD**

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

**(W) CONDITION OF THE NEW SHARE OPTION SCHEME**

The New Share Option Scheme is conditional on:

- (i) the passing of the ordinary resolution at the EGM approving the adoption of the New Share Option Scheme; and
- (ii) the listing committee of the Stock Exchange granting the listing of, and permission to deal in any new Shares to be issued upon the exercise of any Options that may be granted under the New Share Option Scheme.

If all of the above conditions are not satisfied on or before the date following 30 days after the Adoption Date, the New Share Option Scheme will determine immediately, and no person shall be entitled to any rights or benefits or be under any obligations under or in respect of the New Share Option Scheme.

**(X) REDEMPTION OF OPTIONS AFTER EXERCISE**

During the Option Period, and upon receipt of a notice to exercise Options, the Company may at its sole discretion elect to cancel such Option being exercised and instead of issuing new Shares to the Grantee, pay to the Grantee:

- (i) a refund of the Subscription Price received by the Company from the Grantee with the notice of exercise of the Option; and
- (ii) a cash compensation to be calculated by reference to the following formula:

$$(A \times B) - C$$

where

A is the number of Shares that would have been issued on exercise of the Option (the “Applicable Shares”);

B is 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 date the Company receives notice of exercise of the Option; and

C is the aggregate subscription price for the Applicable Shares,

Once the refund and cash compensation is made, the Grantee shall have no other claim against the Company and shall waive such claims with any Option so cancelled. Any payment made by the Company in accordance with paragraph (ii) above shall be charged to its retained profits or otherwise dealt with in accordance with applicable laws and the generally accepted accounting principles in force at the time of such payment.

**(Y) DISCLOSURE IN ANNUAL AND INTERIM REPORTS**

The Company will disclose details of the New Share Option Scheme in its annual and interim reports including the number of Options, Date of Grant, Subscription Price, exercise period and vesting period during the financial year/period in the annual/interim reports in accordance with the Listing Rules in force from time to time.

**NOTICE OF EXTRAORDINARY GENERAL MEETING**



**TACK FIORI INTERNATIONAL GROUP LIMITED**

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

**(Stock Code: 928)**

**NOTICE IS HEREBY GIVEN** that the extraordinary general meeting (the “**Meeting**”) of Tack Fiori International Group Limited (the “**Company**”) will be held at 30th Floor, China United Centre, 28 Marble Road, North Point, Hong Kong on Tuesday, 18 September 2012 at 4:30 p.m. for the purpose of considering and, if thought fit, to pass with or without amendments the following resolution as an ordinary resolution of the Company:

**ORDINARY RESOLUTION**

“**THAT** conditional upon the Listing Committee of The Stock Exchange of Hong Kong Limited granting the listing of and permission to deal in the shares (the “**Shares**”) of HK\$0.01 each in the capital of the Company falling to be issued pursuant to the share option scheme (the “**New Share Option Scheme**”), the terms of which are set out in the document marked “A” which has been produced to this meeting and signed by the chairman of this meeting for the purpose of identification, the rules of the New Share Option Scheme be and are hereby approved and adopted, and the directors of the Company be and are hereby authorised to grant options and to allot, issue and deal with Shares pursuant to the exercise of any option granted thereunder and to take all such steps as they may consider necessary or expedient to implement the New Share Option Scheme.”

By order of the Board  
**Tack Fiori International Group Limited**  
**Liu On Bong, Peter**  
*Vice Chairman*

Hong Kong, 31 August 2012

## NOTICE OF EXTRAORDINARY GENERAL MEETING

As at the date of this notice, the Board comprises the following Directors:

*Executive Directors:*

Mr. Chiu Siu Po (*Chairman*)  
Mr. Liu On Bong, Peter (*Vice Chairman*)  
Mr. Chan Chak Kai, Kenneth  
Mr. Wan Wai Hei, Wesley  
Mr. Au Wai June  
Mr. Ng Jackson

*Independent non-executive Directors:*

Dr. Leung Shiu Ki, Albert  
Mr. Robert James Iaia II  
Ms. Lam Yan Fong, Flora  
Mr. Yau Yan Ming, Raymond  
Mr. Miu H., Frank

*Notes:*

- (1) A form of proxy to be used for the meeting is enclosed.
- (2) Any member of the Company entitled to attend and vote at the meeting shall be entitled to appoint another person (who must be an individual) as his proxy to attend and vote instead of him and a proxy so appointed shall have the same right as the member to speak at the meeting. On a poll votes may be given either personally or by proxy. A proxy need not be a member of the Company. A member may appoint any number of proxies to attend in his stead at any one general meeting. In the case of a recognised clearing house, it may authorise such person(s) as it thinks fit to act as its representative(s) at the meeting and vote in its stead.
- (3) The instrument appointing a proxy must be in writing under the hand of the appointor or of his attorney authorised in writing, or if the appointor is a corporation, either under its seal or under the hand of an officer, attorney or other person duly authorised to sign the same.
- (4) The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of such power or authority must be delivered at the Company's share registrar in Hong Kong, Tricor Tengis Limited at 26/F., Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong not fewer than 48 hours before the time appointed for holding the meeting or any adjourned meeting at which the person named in such instrument proposes to vote. Delivery of any instrument appointing a proxy shall not preclude a member from attending and voting in person at the meeting, or poll concerned and, in such event, the instrument appointing a proxy shall be deemed to be revoked.
- (5) Where there are joint registered holders of any share, any one of such persons may vote at the meeting, either personally or by proxy, in respect of such share as if he were solely entitled thereto but if more than one of such joint holders be present at any meeting personally or by proxy, that one of the said persons so present being the most or, as the case may be, the more senior shall alone be entitled to vote in respect of the relevant joint holding and, for this purpose, seniority shall be determined by reference to the order in which the names of the joint holders stand on the register in respect of the relevant joint holding.