
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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

If you have sold or transferred all your shares in SmarTone Telecommunications Holdings Limited, you should at once hand this circular and the accompanying form of proxy to the purchaser or 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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SMARTONE TELECOMMUNICATIONS HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 00315)

**GENERAL MANDATES TO ISSUE AND REPURCHASE SHARES
FINAL DIVIDEND
RE-ELECTION OF DIRECTORS
TERMINATION OF THE EXISTING SHARE OPTION SCHEME AND
ADOPTION OF THE NEW SHARE OPTION SCHEME
AND
NOTICE OF ANNUAL GENERAL MEETING**

A notice convening the annual general meeting of SmarTone Telecommunications Holdings Limited to be held at World Trade Centre Club, 38th Floor, World Trade Centre, 280 Gloucester Road, Causeway Bay, Hong Kong on Wednesday, 2 November 2011 at 10:00 a.m. is set out on pages 28 to 33 of this circular. Whether or not you are able to attend the meeting, you are requested to complete and return the enclosed form of proxy 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 the holding of the meeting, to the office of the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited of 17M Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong. Completion and return of the form of proxy will not preclude you from attending and voting at the meeting or any adjourned meeting should you so wish.

30 September 2011

CONTENTS

	<i>Page</i>
Definitions	1
Letter from the Board	4
Appendix I – Explanatory Statement on the Repurchase Mandate	11
Appendix II – Information on Retiring Directors Proposed for Re-election	14
Appendix III – Summary of the Principal Terms of the New Share Option Scheme . . .	18
Notice of Annual General Meeting	28

DEFINITIONS

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

“Annual General Meeting”	the annual general meeting of the Company to be held at World Trade Centre Club, 38th Floor, World Trade Centre, 280 Gloucester Road, Causeway Bay, Hong Kong on Wednesday, 2 November 2011 at 10:00 a.m.
“associate”	has the meaning ascribed thereto in the Listing Rules
“Auditors”	the auditors for the time being of the Company
“Board”	the board of Directors
“Business Day”	a day on which the Stock Exchange is open for the trading of securities
“Bye-laws”	the bye-laws of the Company (as amended from time to time)
“Companies Act”	the Companies Act 1981 of Bermuda
“Companies Ordinance”	the Companies Ordinance, Chapter 32 of the Laws of Hong Kong
“Company”	SmarTone Telecommunications Holdings Limited, an exempted company incorporated in Bermuda with limited liability, the shares of which are listed on the Stock Exchange
“connected person”	has the meaning ascribed thereto in the Listing Rules
“Director(s)”	the director(s) of the Company
“Existing Share Option Scheme”	the existing share option scheme of the Company adopted on 15 November 2002
“Grantee”	any Participant who accepts the offer of the grant of any 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 the Subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China

DEFINITIONS

“Latest Practicable Date”	27 September 2011, 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
“New Share Option Scheme”	the share option scheme proposed to be adopted at the Annual General Meeting, the principal terms of which are summarised in Appendix III to this circular
“Offer Date”	the Business Day on which the offer of an Option is made to a Participant as determined in accordance with Paragraph 3.2 of Appendix III to this circular
“Option”	an option to subscribe for Shares granted pursuant to the New Share Option Scheme
“Option Period”	a period, in relation to any Option, to be notified by the Board to the Grantee, which shall not be more than 10 years from the Offer Date
“Participant”	any employee, agent, consultant or representative of the Company or any of the Subsidiaries, including any director of the Company or any of the Subsidiaries who has made valuable contribution to the growth of the Group based on his work experience, industry knowledge, performance, business connections or other relevant factors
“Scheme Period”	the period of 10 years commencing on the date on which the New Share Option Scheme is conditionally adopted by resolution of the Shareholders at the Annual General Meeting
“Securities and Futures Ordinance”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) of HK\$0.10 each (or of such other nominal amount as shall result from a sub-division or a consolidation of such shares from time to time) in the capital of the Company
“Shareholder(s)”	holder(s) of Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

DEFINITIONS

“Subscription Price”	the price per Share at which a Grantee may subscribe for Shares on the exercise of an Option as described in Paragraph 4 of Appendix III to this circular, subject to adjustment in accordance with the terms of the New Share Option Scheme
“Subsidiary”	a company which is for the time being and from time to time a subsidiary (within the meaning of section 2 of the Companies Ordinance or section 86 of the Companies Act) of the Company whether incorporated in Hong Kong, Bermuda or elsewhere
“substantial shareholder”	has the meaning ascribed thereto in the Listing Rules
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers
“%”	per cent.

LETTER FROM THE BOARD

SMARTONE TELECOMMUNICATIONS HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 00315)

Directors:

*Raymond Ping-luen Kwok, *Chairman*

Douglas Li, *Chief Executive Officer*

Patrick Kai-lung Chan

*Wing-yui Cheung

*David Norman Prince

*Wing-chung Yung

*Thomas Hon-wah Siu

*Alfred Wing-kit Tsim

*John Anthony Miller

Eric Ka-cheung Li, *JP*

Leung-sing Ng, *JP*

Xiang-dong Yang

Eric Fock-kin Gan

Registered Office:

Clarendon House

2 Church Street

Hamilton HM 11

Bermuda

Principal Office in Hong Kong:

31st Floor

Millennium City 2

378 Kwun Tong Road

Kwun Tong

Kowloon

Hong Kong

* *Non-Executive Director*

Independent Non-Executive Director

30 September 2011

**GENERAL MANDATES TO ISSUE AND REPURCHASE SHARES
FINAL DIVIDEND
RE-ELECTION OF DIRECTORS
TERMINATION OF THE EXISTING SHARE OPTION SCHEME AND
ADOPTION OF THE NEW SHARE OPTION SCHEME
AND
NOTICE OF ANNUAL GENERAL MEETING**

To: the Shareholders

Dear Sir or Madam,

INTRODUCTION

At the Annual General Meeting, resolutions will be proposed to approve, inter alia, (i) the grant of general mandates to repurchase and issue Shares (including the extension of the general mandate to issue Shares by the number of Shares repurchased); (ii) the payment of final dividend; (iii) the re-election of Directors; and (iv) the termination of the Existing Share Option Scheme and the adoption of the New Share Option scheme. The purpose of this circular is to give Shareholders notice of the Annual General Meeting and information relating to the resolutions to be proposed.

LETTER FROM THE BOARD

GENERAL MANDATES TO ISSUE AND REPURCHASE SHARES

At the annual general meeting of the Company held on 4 November 2010, ordinary resolutions were passed granting general mandates to the Directors, inter alia, (i) to repurchase Shares not exceeding 10 per cent. of the aggregate nominal amount of the issued share capital of the Company as at 4 November 2010; and (ii) to allot, issue and deal with additional Shares not exceeding 10 per cent. of the aggregate nominal amount of the issued share capital of the Company as at 4 November 2010 and those Shares (not exceeding 10 per cent. of the aggregate nominal amount of the issued share capital of the Company as at 4 November 2010) repurchased by the Company.

At the special general meeting of the Company held on 29 March 2011, ordinary resolutions were passed pursuant to which, inter alia, the general issue mandate granted on 4 November 2010 was revoked and a new general mandate was granted to allot, issue and deal with additional Shares not exceeding 20 per cent. of the aggregate nominal amount of the issued share capital of the Company as at 29 March 2011 and those Shares repurchased by the Company.

In accordance with the provisions of the Listing Rules and the terms of the existing general mandates, the existing general mandates shall lapse if, inter alia, they are revoked or varied by an ordinary resolution of the Shareholders in general meeting or at the conclusion of the next annual general meeting, whichever is earlier.

The existing general mandates will lapse at the conclusion of the Annual General Meeting. Accordingly, new general mandates to issue and to repurchase Shares, as set out in Resolutions 5, 6 and 7 (namely (i) the grant of general mandate to issue Shares not exceeding 10 per cent. of the aggregate nominal amount of the issued share capital of the Company as at the date of passing the resolution; (ii) the grant of general mandate to repurchase Shares not exceeding 10 per cent. of the aggregate nominal amount of the issued share capital of the Company as at the date of passing the resolution; and (iii) the extension of the general mandate to issue Shares by the number of Shares repurchased) in the notice of the Annual General Meeting set out in pages 28 to 33 of this circular, are now proposed to be granted.

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

LETTER FROM THE BOARD

DIVIDEND

The Board has recommended a final dividend of HK\$0.42 per Share in respect of the year ended 30 June 2011, subject to Shareholders' approval at the Annual General Meeting.

The register of members of the Company will be closed from 10 November 2011 to 14 November 2011 (both days inclusive) during which period no transfer of Shares will be registered. In order to qualify for the proposed final dividend, all transfers accompanied by the relevant share certificates must be lodged with the Company's Hong Kong branch share registrar, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:30 p.m. on 9 November 2011.

RE-ELECTION OF DIRECTORS

According to the Bye-laws of the Company and the requirements of the Listing Rules, at each annual general meeting, one-third of the Directors, including the Chairman and the Chief Executive Officer, are subject to retirement by rotation. Further, every Director should be subject to retirement by rotation at least once in every three years. Besides, any newly appointed Director shall hold office only until the next general meeting and shall be eligible for re-election at the then general meeting.

Messrs. Douglas Li, Patrick Kai-lung Chan, Wing-chung Yung, Leung-sing Ng and Xiang-dong Yang will retire at the Annual General Meeting pursuant to the Bye-laws of the Company and the requirements of the Listing Rules and, being eligible, will offer themselves for re-election. Details of these Directors are set out in Appendix II to this circular.

THE NEW SHARE OPTION SCHEME

On 15 November 2002, the Company adopted the Existing Share Option Scheme, which will expire on 14 November 2012. It is proposed to terminate the operation of the Existing Share Option Scheme and adopt the New Share Option Scheme for the following reasons:

- The Existing Share Option Scheme will soon expire. Upon expiry of the Existing Share Option Scheme, the Company cannot grant any further options under it and thus lose a tool to provide incentive to its employees.
- As at the Latest Practicable Date, the total number of Shares issued or to be issued upon exercise of all options granted under the Existing Share Option Scheme is 49,619,500, which has already been very close to the maximum limit of the Existing Share Option Scheme (i.e. 58,253,134 Shares, being 10% of the Shares in issue as at the date of adoption of the Existing Share Option Scheme).

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

LETTER FROM THE BOARD

Upon termination of the Existing Share Option Scheme, no further options will be granted thereunder but in all other respects, the provisions of the Existing Share Option Scheme shall remain in force and all options granted prior to such termination shall continue to be valid and exercisable in accordance therewith. As at the Latest Practicable Date, options to subscribe for an aggregate of 38,098,500 Shares had been granted and remained outstanding under the Existing Share Option Scheme.

The purpose of the New Share Option Scheme is to provide incentive to Participants to contribute to the Group and/or to enable the Group to recruit and/or retain high-calibre employees and attract human resources that are valuable to the Group.

At the Annual General Meeting, an ordinary resolution will be proposed for the Shareholders to consider and, if thought fit, approve the termination of the Existing Share Option Scheme and the adoption of the New Share Option Scheme. So far as the Directors are aware of, as at the Latest Practicable Date, none of the Shareholders is required to abstain from voting for the said resolution.

As at the Latest Practicable Date, the issued share capital of the Company comprised 1,029,486,856 Shares. Assuming that the issued share capital of the Company will remain unchanged from the Latest Practicable Date up to the date of adoption of the New Share Option Scheme, the maximum number of Shares which may be issued upon exercise of all options to be granted under the New Share Option Scheme and any other schemes of the Company, if any, in aggregate will be 102,948,685 Shares, representing 10% of the Shares in issue as at the date of adoption of the New Share Option Scheme.

The Directors consider that it is not appropriate to state the value of all the Options that can be granted under the New Share Option Scheme as if they had been granted at the Latest Practicable Date, given that the variables which are crucial for the calculation of the value of such Options cannot be determined. The variables which are crucial for the determination of the value of such Options include the subscription price for the Shares to be issued upon the exercise of the Options, the timing of the grant of such Options and whether or not such Options, if granted, will be exercised by the grantees. Thus, the Directors are of the view that the value of the Options that can be granted pursuant to the New Share Option Scheme depends on a number of variables which are either difficult to ascertain or can only be ascertained subject to a number of theoretical bases and speculative assumptions. Accordingly, the Directors believe that any calculation of the value of the Options will not be meaningful and may be misleading to the Shareholders in the circumstances.

Although the New Share Option Scheme is not subject to any performance target and does not prescribe any minimum period for which an Option must be held before it can be exercised, the Board believes that:

- (i) the requirement for a minimum subscription price (which is summarised in Paragraph 4.1 in Appendix III);
- (ii) the selection criteria prescribed by the scheme rules (which are summarised in Paragraph 3.1 in Appendix III); and

LETTER FROM THE BOARD

- (iii) the necessary conditions that may be imposed by the Board as it thinks fit when offering to grant an Option to any Participant,

will serve to protect the value of the Shares as well as to achieve the purpose of the New Share Option Scheme.

None of the Directors is a trustee of the New Share Option Scheme or has any direct or indirect interest in the trustees of the New Share Option Scheme, if any.

The New Share Option Scheme will take effect upon satisfaction of the following conditions:

- (i) the passing of an ordinary resolution by the Shareholders at the Annual General Meeting approving the termination of the Existing Share Option Scheme and the adoption of the New Share Option Scheme;
- (ii) the passing of an ordinary resolution by the shareholders of Sun Hung Kai Properties Limited (being the Company's holding company whose shares are listed on the Stock Exchange) in general meeting approving the termination of the Existing Share Option Scheme and the adoption of the New Share Option Scheme; and
- (iii) the Listing Committee of the Stock Exchange granting approval of the listing of, and permission to deal in, the new Shares to be issued pursuant to the exercise of the Options granted under the New Share Option Scheme.

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

A copy of the New Share Option Scheme will be available for inspection at the Company's principal office at 31st Floor, Millennium City 2, 378 Kwun Tong Road, Kwun Tong, Kowloon, Hong Kong during normal business hours up to and including the date of the Annual General Meeting.

The Company will comply with the relevant Listing Rules from time to time in force in respect of the New Share Option Scheme and any other share option scheme(s) of the Company or any of the Subsidiaries.

LETTER FROM THE BOARD

RIGHT TO DEMAND A POLL

Pursuant to Bye-law 78 of the Bye-laws of the Company, at any general meeting, a resolution put to the vote of the meeting shall be decided on a show of hands unless a poll is (before or on the declaration of the result of the show of hands or on the withdrawal of any other demand for a poll) demanded:

- (a) by the Chairman of the meeting; or
- (b) by at least three members present in person (or, in the case of a member being a corporation, by its duly authorised representative) or by proxy for the time being entitled to vote at the meeting; or
- (c) by a member or members present in person (or, in the case of a member being a corporation, by its duly authorised representative) or by proxy and representing not less than one-tenth of the total voting rights of all the members having the right to vote at the meeting; or
- (d) by a member or members present in person (or, in the case of a member being a corporation, by its duly authorised representative) or by proxy and holding shares in the Company conferring a right to vote at the meeting being shares on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid up on all the shares conferring that right; or
- (e) if required by the rules of the stock exchange in the relevant territory, by any director or directors of the Company who, individually or collectively, hold proxies in respect of shares representing five per cent. (5%) or more of the total voting rights at the meeting.

A demand by a person as proxy for a member or in the case of a member being a corporation by its duly authorised representative shall be deemed to be the same as a demand by a member.

ANNUAL GENERAL MEETING

The notice convening the Annual General Meeting is set out on pages 28 to 33 of this circular.

A form of proxy for use at the Annual General Meeting is enclosed. Whether or not you are able to attend the meeting in person, please complete the form of proxy in accordance with the instructions printed thereon and return the same to the Company's branch registrar in Hong Kong, Computershare Hong Kong Investor Services Limited of 17M Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong, as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the meeting. Completion and return of the form of proxy will not preclude you from attending and voting at the meeting or any adjourned meeting should you so wish.

LETTER FROM THE BOARD

RECOMMENDATION

The Directors believe that the grant of the general mandates to issue and repurchase Shares (including the extension of the general mandate to issue Shares by the number of Shares repurchased), the payment of final dividend, the re-election of the retiring Directors, the termination of the Existing Share Option Scheme and the adoption of the New Share Option Scheme are in the interests of the Company and the Shareholders. Accordingly, the Board recommends Shareholders to vote in favour of all of these resolutions to be proposed at the Annual General Meeting.

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 Group. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

Yours faithfully,
For and on behalf of the board of
SmarTone Telecommunications Holdings Limited
Raymond Ping-luen Kwok
Chairman

This Appendix serves as an explanatory statement required to be sent to the Shareholders under the Listing Rules in connection with the proposed new general mandate for repurchase of Shares to be granted to the Directors.

1. EXERCISE OF THE REPURCHASE MANDATE

Resolution 6 set out in the notice of the Annual General Meeting will, if passed, give a general unconditional mandate to the Directors authorising the repurchase by the Company of up to 10 per cent. of the aggregate nominal amount of the share capital of the Company in issue at the date of passing such resolution at the Annual General Meeting (the “Repurchase Mandate”), at any time until the end of the Relevant Period as defined in paragraph (D) of such resolution.

Accordingly, exercise in full of the Repurchase Mandate (on the basis of 1,029,486,856 Shares in issue as at the Latest Practicable Date) would result in up to 102,948,685 Shares being repurchased by the Company during the Relevant Period.

2. REASONS FOR REPURCHASES

The Directors believe that it is in the best interests of the Company and the Shareholders to have a general authority from the Shareholders to enable the Directors to repurchase Shares. Such repurchases may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net asset value per Share and/or the Company’s earnings per Share and will only be made when the Directors believe that such repurchases will benefit the Company and the Shareholders.

3. FUNDING OF REPURCHASES

In repurchasing Shares, the Company will apply internally generated funds which are legally available for such purpose in accordance with the laws of Bermuda and the Memorandum of Association and Bye-laws of the Company and the Listing Rules.

There might be material adverse impact on the working capital or gearing position of the Company (as compared with the position disclosed in the audited accounts contained in the annual report for the year ended 30 June 2011) in the event that the Repurchase Mandate was to be exercised in full at any time during the proposed repurchase period. However, the Directors do not propose to exercise the Repurchase Mandate to such extent as would, in the circumstances, have a material adverse effect on the working capital requirements of the Company or the gearing levels which in the opinion of the Directors are from time to time appropriate for the Company.

4. SHARE REPURCHASE

No purchase of Shares has been made by the Company (whether on the Stock Exchange or otherwise) in the six months preceding the Latest Practicable Date.

5. SHARE PRICES

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

	Highest <i>HK\$</i>	Lowest <i>HK\$</i>
2010		
September	5.30A	3.94A
October	5.96A	5.06A
November	6.10A	5.17A
December	7.67A	5.91A
2011		
January	11.80A	7.45A
February	14.25A	10.58A
March	14.38	11.58A
April	13.00	11.50
May	13.46	11.50
June	13.20	10.62
July	13.40	11.58
August	15.74	11.92
September (up to the Latest Practicable Date)	18.50	12.08

A = Adjusted

6. EFFECT OF THE TAKEOVERS CODE

If as a result of share repurchase by the Company, a substantial Shareholder's proportionate interest in the voting rights of the Company increases, such increase will be treated as an acquisition for the purpose of the Takeovers Code. Accordingly, a Shareholder, or group of Shareholders acting in concert, could obtain or consolidate control of the Company and become obliged to make a mandatory offer in accordance with Rule 26 and 32 of the Takeovers Code.

As at the Latest Practicable Date, Sun Hung Kai Properties Limited ("SHKP"), which is the controlling shareholder of the Company, together with its associates held approximately 67% of the issued share capital of the Company. In the event that the Repurchase Mandate is exercised in full, the interests of SHKP and its associates would be increased to approximately 74% of the issued share capital of the Company and such increase would not give rise to an obligation to make a mandatory offer under Rule 26 and 32 of the Takeovers Code.

The Directors are not aware of any consequences which would arise under the Takeovers Code as a result of any purchases pursuant to the Repurchase Mandate.

7. GENERAL

None of the Directors nor, to the best of the knowledge and belief of the Directors having made all reasonable enquiries, any of their associates currently intends to sell any Shares to the Company under the Repurchase Mandate if the Repurchase Mandate is approved by Shareholders.

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

No connected persons have notified the Company that they have a present intention to sell Shares to the Company, or have undertaken not to do so, in the event that the Repurchase Mandate is approved by Shareholders.

The following are the particulars of the retiring Directors proposed to be re-elected at the AGM.

Douglas LI, *Executive Director & Chief Executive Officer*

Mr. Douglas Li (aged 57) is Chief Executive Officer of the Group, which he helped founded in 1992. He spent the early part of his career as a Chartered Accountant with KPMG in both London and Hong Kong. He became a corporate finance investment banker with Morgan Grenfell, following which he joined Sun Hung Kai Properties to expand its telecom and other businesses. He left the Group in 1996 to join the Asia private equity business of the Suez Group as Managing Director. Mr. Li rejoined the Group in 2001.

Mr. Li is also the director of certain subsidiaries of the Company.

For the financial year ended 30 June 2011, Mr. Li is entitled to receive salaries (including allowances and retirement scheme contributions), bonus, share-based payment and director's fee of HK\$9,480,000, HK\$3,276,000, HK\$734,000 and HK\$120,000 respectively.

As at the Latest Practicable Date, within the meaning of Part XV of the Securities and Futures Ordinance, Mr. Li is interested in 500,000 shares of the Company and 10,000,000 share options with the right to subscribe for the shares of the Company.

Patrick Kai-lung CHAN, *Executive Director*

Mr. Patrick Chan (aged 51) was appointed Director of the Group in October 1996. Mr. Chan was the manager of the Strategic Development Department of Sun Hung Kai Properties Limited ("SHKP") before his appointment as Executive Director of the Company in March 2002. Prior to joining SHKP in 1990, he held various positions in the areas of research and investment at leading international banking groups. From December 1994 to May 1996, he was seconded as a full-time member to the Central Policy Unit of the Hong Kong Government. Mr. Chan has over 20 years' experience in finance, investment, planning and investor relations. Mr. Chan holds a Bachelor of Economics (Hon.) degree from the University of Sydney, Australia and a Master of Economics degree from the Australian National University.

Mr. Chan is also the director of certain subsidiaries of the Company.

For the financial year ended 30 June 2011, Mr. Chan is entitled to receive salaries (including allowances and retirement scheme contributions), bonus, share-based payment and director's fee of HK\$4,247,000, HK\$472,000, HK\$147,000 and HK\$120,000 respectively.

As at the Latest Practicable Date, Mr. Chan has no interest in the shares of the Company within the meaning of Part XV of the Securities and Futures Ordinance except that he is interested in 4,107,000 share options with the right to subscribe for the shares of the Company.

Wing-chung YUNG, *Non-Executive Director*

Mr. Wing-chung Yung (aged 64) was appointed Director of the Company in April 2007. Mr. Yung is the Corporate Advisor of Sun Hung Kai Properties Limited (“SHKP”). He is a director of River Trade Terminal Co. Ltd., Hung Kai Finance Company Limited, YATA Limited, Hong Kong Business Aviation Centre Limited and Airport Freight Forwarding Centre Company Limited. Mr. Yung is also Deputy Chairman and a Non-Executive Director of RoadShow Holdings Limited and an alternate director to Mr. Raymond Ping-luen Kwok of Transport International Holdings Limited. He has been appointed as a Non-Executive Director and an alternate director to Mr. Raymond Ping-luen Kwok of Wing Tai Properties Limited with effect from 24 February 2010. Prior to his joining SHKP in 1995, Mr. Yung had many years of working experience with a U.S. Bank in various managerial positions in Hong Kong and the United States.

Mr. Yung is also a member of the Remuneration Committee of the Company.

For the financial year ended 30 June 2011, Mr. Yung is entitled to receive a fee of HK\$120,000.

As at the Latest Practicable Date, Mr. Yung has no interest in the shares of the Company within the meaning of Part XV of the Securities and Futures Ordinance.

Leung-sing NG, *JP, Independent Non-Executive Director*

Mr. Leung-sing Ng (aged 62) was appointed Director of the Company in June 1997. Mr. Ng is a Hong Kong Deputy to the 10th and 11th National People’s Congress, P.R.C., the Chairman of Bank of China (Hong Kong) Trustees Limited, the Vice Chairman of The Chiyu Banking Corporation Limited and a director of Bank of China Group Charitable Foundation Limited. Mr. Ng was the General Manager of Bank-wide Operation Department of Bank of China (Hong Kong) Limited from August 2005 to July 2009, the executive director and general manager of The China and South Sea Bank Limited, Hong Kong from 1990 to 1998. Mr. Ng has been appointed a member of the board of Management of the Chinese Permanent Cemeteries since June 2009 and a member of the Board of MTR Corporation Limited, Hong Kong since December 2007, he was previously a member of the managing board of The Kowloon-Canton Railway Corporation, Hong Kong.

Mr. Ng had been appointed as the Chinese Representative of the Sino-British Land Commission and the trustee of Hong Kong Government Land Fund from 1988 to 1997. He was a member of the Corporate Contribution Programme Organisation Committee of the Hong Kong Community Chest from 1992 to 1996 and a member of the Hong Kong Housing Authority from 1996 to 2004. Mr. Ng was also a member of the Legislative Council of Hong Kong from 1996 to 2004 and a member of The Court of The Lingnan University since 1999. Mr. Ng was appointed as the Justice of the Peace in 2001, and was awarded the Silver Bauhinia Star by the HKSAR government in 2004.

Mr. Ng is also a member of the Remuneration Committee, the Nomination Committee and the Audit Committee of the Company.

For the financial year ended 30 June 2011, Mr. Ng is entitled to receive a fee of HK\$240,000, including the fee for acting as member of the Audit Committee of the Company.

As at the Latest Practicable Date, Mr. Ng has no interest in the shares of the Company within the meaning of Part XV of the Securities and Futures Ordinance.

Xiang-dong YANG, *Independent Non-Executive Director*

Mr. Xiang-dong Yang (aged 46) was appointed Director of the Company in December 2003.

Mr. Yang has been Managing Director and Co-Head of Carlyle Asia Partners of The Carlyle Group since 2001. Prior to joining Carlyle, Mr. Yang spent 9 years at Goldman Sachs, where he was a Managing Director and Co-Head of Goldman's private equity investment for Asia ex-Japan.

Mr. Yang serves on the board of China Pacific Insurance (Group) Company Limited.

Mr. Yang received his B.A. in economics from Harvard University and M.B.A. from Harvard Business School.

For the financial year ended 30 June 2011, Mr. Yang is entitled to receive a fee of HK\$120,000.

As at the Latest Practicable Date, Mr. Yang has no interest in the shares of the Company within the meaning of Part XV of the Securities and Futures Ordinance.

Notes:

Saved as disclosed in the Directors' respective biographical details under this section, the Directors (1) have not held any directorships in other public listed companies, whether in Hong Kong or overseas, during the last three years; (2) do not hold any other positions in the Company and its subsidiaries; and (3) do not have any other relationship with any Directors, senior management or substantial or controlling shareholders of the Company.

No service contracts have been signed between the Company and the Directors (except Executive Directors) and there is no fixed term of their service with the Company. Their appointments are subject to retirement by rotation and re-election at annual general meetings in accordance with the Bye-laws of the Company and the Listing Rules. They are entitled to directors' fees which are determined by the Board under the authority granted by shareholders at annual general meetings. The fees are subject to annual assessment based on prevailing market rate of directors' fees for companies listed in Hong Kong.

The Company and Mr. Douglas Li, Executive Director, entered into an employment contract dated 31 May 2001 under which Mr. Li has been appointed to act as Executive Director and Chief Executive Officer of the Group with effect from 17 July 2001 with no fixed term of service. He is entitled to a basic salary which is subject to review by the Board from time to time with reference to his responsibility and performance. He is also entitled to an annual bonus, the computation of which is based on the profitability of the Group. Mr. Li's appointment as Executive Director is subject to retirement by rotation and re-election at annual general meetings in accordance with the Bye-laws of the Company and the Listing Rules. Mr. Li is entitled to a director's fee which is determined by the Board under the authority granted by shareholders at annual general meetings. The fee is subject to annual assessment based on prevailing market rate of directors' fees for companies listed in Hong Kong.

The Company and Mr. Patrick Chan, Executive Director, entered into an employment contract dated 1 May 2002 under which Mr. Chan has been appointed to act as Executive Director of the Group with effect from 15 May 2002 with no fixed term of service. He is entitled to a basic salary which is subject to review by the Board from time to time with reference to his responsibility and performance. He is also entitled to discretionary bonus, the computation of which is based on his performance and profitability of the Group. Mr. Chan's appointment as Executive Director is subject to retirement by rotation and re-election at annual general meetings in accordance with the Bye-laws of the Company and the Listing Rules. Mr. Chan is entitled to a director's fee which is determined by the Board under the authority granted by shareholders at annual general meetings. The fee is subject to annual assessment based on prevailing market rate of directors' fees for companies listed in Hong Kong.

Save as disclosed, there is no other matter that needs to be brought to the attention of the shareholders of the Company and there is no further information to be disclosed pursuant to the requirements of rule 13.51(2)(h) to (v) of the Listing Rules.

NEW SHARE OPTION SCHEME

The following is a summary of the New Share Option Scheme. It does not form part of the New Share Option Scheme and does not affect the interpretation of it.

1. Purpose

1.1 The purpose of the Scheme is to provide incentive to Participants to contribute to the Group and/or to enable the Group to recruit and/or to retain high-calibre employees and attract human resources that are valuable to the Group.

2. Duration and administration

2.1 Subject to Paragraph 13, the New Share Option Scheme shall be valid and effective for the Scheme Period, after which period no further Options will be issued, and thereafter for so long as there are outstanding any unexercised Options granted pursuant thereto and in order to give effect to the exercise of any such Options or otherwise as may be required in accordance with the provisions of the New Share Option Scheme.

2.2 The Scheme shall be subject to the administration of the Board whose decision (save as otherwise provided herein) shall be final and binding on all parties.

2.3 The Board shall have the power from time to time to make or vary regulations for the administration and operation of the New Share Option Scheme, provided that the same are not inconsistent with the provisions of the New Share Option Scheme.

3. Grant of Option

3.1 On and subject to the terms of the New Share Option Scheme, the Board shall be entitled at any time and from time to time during the Scheme Period to offer to grant to any Participant who, in the absolute discretion of the Board, has made a valuable contribution to the growth of the Group based on his performance and/or periods of service, or is regarded as valuable to the Group based on his work experience, industry knowledge or other relevant factors, or is expected to be able to contribute to the business development of the Group based on his business connections or other relevant factors, and subject to such conditions as the Board may think fit, an Option to subscribe for such number of Shares as the Board may determine at the Subscription Price provided that the Board shall not offer to grant any Participant an Option if a prospectus is required to be issued in connection with such grant under the Companies Ordinance or the Companies Act.

- 3.2** An offer of the grant of an Option shall be made to a Participant by letter (the date of which shall be deemed to be the date on which the offer is made), in such form as the Board may from time to time determine, specifying, inter alia, the number of Shares comprised in the Option, its Option Period and the Subscription Price and requiring the Participant to undertake to hold the Option on the terms on which it is to be granted and to be bound by the provisions of the Scheme. The offer shall be personal to the Participant concerned and not transferable and shall remain open for acceptance by the Participant for a period of 28 days from the Offer Date, provided that no such offer shall be open for acceptance after the expiry of the Scheme Period or after the New Share Option Scheme has been terminated in accordance with Paragraph 13.
- 3.3** An Option shall be deemed to have been accepted when the duplicate of the offer letter, comprising acceptance of the Option, duly signed by the Grantee together with a remittance in favour of the Company of HK\$1.00 by way of consideration for the grant thereof is received by the Secretary of the Company within the period referred to in Paragraph 3.2. The remittance shall not be refundable. Once such acceptance is made, the Option shall be deemed to have been granted and to have taken effect from the Offer Date.
- 3.4** Where any offer of the grant of Options is proposed to be made to a director, chief executive or substantial shareholder of the Company, or any of their respective associates, such offer must first be approved by the independent non-executive directors of the Company (excluding, if applicable, the independent non-executive director who is the grantee of the Options).
- 3.5** Without prejudice to the generality of Paragraph 3.4, where it is proposed that any offer of the grant of Options is to be made to a substantial shareholder or an independent non-executive director of the Company, or any of their respective associates, which would result in the Shares issued and to be issued upon exercise of the Options proposed to be offered and all Options already granted (including Options exercised, cancelled and outstanding) to such person under the New Share Option Scheme and any other schemes of the Company in the 12-month period up to and including the Offer Date in respect of the proposed offer: (a) representing in aggregate over 0.1% of the Shares then in issue; and (b) having an aggregate value, based on the closing price of the Shares as stated in the Stock Exchange's daily quotations sheets on the relevant Offer Date, in excess of \$5 million, such offer of grant of Options must be approved by the Shareholders in general meeting. The Company shall send a circular to the Shareholders containing the information required under the Listing Rules. All connected persons of the Company must abstain from voting in favour at such general meeting, but they may vote against the relevant resolution at the general meeting provided that their intention to do so has been stated in the circular to be sent to the Shareholders.
- 3.6** Any change in the terms of Options granted to a Grantee who is a substantial shareholder or an independent non-executive director of the Company, or any of their respective associates, must be approved by the Shareholders in general meeting as required under Paragraph 3.5.

4. Subscription Price

4.1 The Subscription Price shall be determined by the Board and notified to a Participant at the time of offer of the Option(s) (subject to any adjustments made pursuant to Paragraph 8) and shall be at least the highest of (a) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheets on the Offer Date, which must be a Business Day; (b) the average closing price of the Shares as stated in the Stock Exchange's daily quotations sheets for the five Business Days immediately preceding the Offer Date; and (c) the nominal value of the Shares.

5. Exercise of Options

5.1 An Option shall be personal to the Grantee and shall not be assignable and no Grantee shall in any way sell, transfer, charge, mortgage, encumber or create any interest in favour of any third party over or in relation to any Option or purport to do any of the foregoing. Any breach of the foregoing shall entitle the Board to cancel any outstanding Option, or any part thereof, granted to such Grantee.

5.2 An Option may be exercised in whole or in part in the manner provided in Paragraph 5.3 by the Grantee (or, as the case may be, by his legal personal representative(s)) giving notice in writing to the Company stating that the Option is thereby exercised and the number of Shares in respect of which it is exercised. Each such notice must be accompanied by a remittance for the full amount of the aggregate Subscription Price for the Shares in respect of which the notice is given. Within 28 days after receipt of the notice and the remittance and, where appropriate, receipt of the independent financial adviser's or the Auditors' confirmation pursuant to Paragraph 8, the Company shall allot the relevant number of Shares to the Grantee or his legal personal representative(s) credited as fully paid and issue to the Grantee or his legal personal representative(s) share certificate(s) in respect of the Shares so allotted.

5.3 Subject as hereinafter provided in the New Share Option Scheme, the Option may be exercised by the Grantee at any time during the Option Period provided that:

- (a) in the case where the Grantee is an employee (including any director) of the Company or a Subsidiary and the Grantee ceases to be an employee of the Company or the Subsidiary by reason of death and none of the events which would be a ground for termination of his employment specified in Paragraph 6.1(d)(ii) has occurred, the Grantee or, as the case may be, his legal personal representative(s) shall be entitled until whichever is the earlier of the date of expiry of the Option Period or the last day of the period of 12 months from the date of his ceasing to be an employee of the Company or the Subsidiary to exercise the Option (to the extent not already exercised) in full or to the extent specified in the notice to exercise such Option;

- (b) if a general offer to acquire Shares (whether by takeover offer, merger, privatisation proposal between the Company and its members or otherwise but excluding any compromise or arrangement referred to in Paragraph 5.3(d)) is made to all the holders of Shares (or all such holders other than the offeror and/or any person controlled by the offeror and/or any person acting in concert with the offeror) and such offer, having been approved in accordance with applicable laws and regulatory requirements, becomes or is declared unconditional, the Grantee (or his legal personal representative(s)) shall be entitled to exercise the Option (to the extent not already exercised) at any time until whichever is the earlier of the date of expiry of the Option Period or the last day of the period of 30 days after the date on which the offer becomes or is declared unconditional or such earlier time and date as shall be notified by the Company, after which the Option shall lapse;
- (c) if notice is duly given of a general meeting of the Company at which a resolution will be proposed for the voluntary winding up of the Company, every Option shall be exercisable in whole or in part (but so that any exercise hereunder shall only be valid if, at the time of such resolution being passed, the Option shall not have lapsed and determined in accordance with the provisions of the New Share Option Scheme) at any time thereafter until the resolution is duly passed or defeated or the general meeting concluded or adjourned sine die, whichever shall first occur. If such resolution is duly passed, all Options shall, to the extent that they have not been exercised, thereupon lapse and determine; and
- (d) if under section 99 of the Companies Act a compromise or arrangement between the Company and its members or creditors is proposed for the purposes of or in connection with a scheme for the reconstruction of the Company or its amalgamation with any other company or companies, the Company shall give notice thereof to all Grantees on the same date as it despatches the notice which is sent to each member or creditor of the Company summoning the meeting to consider such a compromise or arrangement, and thereupon each Grantee (or where permitted his personal representatives) may forthwith and until the expiry of the period commencing with such date and ending with the earlier of the date two calendar months thereafter and the date on which such compromise or arrangement is sanctioned by the Court be entitled to exercise his Option, but the exercise of an Option as aforesaid shall be conditional upon such compromise or arrangement being sanctioned by the Court and becoming effective. Upon such compromise or arrangement becoming effective, all Options shall lapse except insofar as previously exercised under this Paragraph 5.3(d). The Company may thereafter require each Grantee to transfer or otherwise deal with the Shares issued as a result of the exercise of Options in these circumstances so as to place the Grantee in the same position as nearly as may be as would have been the case had such Shares been subject to such compromise or arrangement.

- 5.4** The exercise of an Option is not subject to any performance target.
- 5.5** The Shares to be allotted upon the exercise of an Option will be subject to all the provisions of the Bye laws of the Company for the time being in force and will rank pari passu in all respects with the fully paid Shares in issue on the date of allotment or, if that date falls on a day when the register of members of the Company is closed, the first day of the reopening of the register of members and accordingly will entitle the holders to participate in all dividends or other distributions paid or made on or after the date of allotment other than any dividend or other distribution previously declared or recommended or resolved to be paid or made with respect to a record date which shall be on or before the date of allotment.
- 5.6** A Share issued upon the exercise of an Option shall not carry voting rights until the registration of the Grantee (or any other person) as the holder thereof.
- 5.7** All allotments and issues of Shares will be subject to any necessary consents under any relevant enactments or regulations for the time being in force in Hong Kong or elsewhere and it shall be the responsibility of the Grantee to comply with any requirements to be fulfilled in order to obtain or obviate the necessity for any such consent.

6. Lapse of Option

- 6.1** An Option shall lapse automatically (to the extent not already exercised) on the earliest of:
- (a) the expiry of the Option Period;
 - (b) the expiry of any of the other periods referred to in Clause 5.3(a), 5.3(b) or 5.3(d);
 - (c) subject to Paragraph 5.3(c), the date of commencement of the winding-up of the Company;
 - (d) in the case where the Grantee is an employee (including any director) of the Company or any Subsidiary and he ceases to be an employee of the Company or the relevant Subsidiary:
 - (i) by reason of the Grantee's resignation, whether or not in accordance with the provisions of his service contract, the last actual working day of the Grantee with the Company or the relevant Subsidiary (whether salary is paid in lieu of notice or not);

- (ii) by reason of the Grantee being dismissed by the Company or the relevant Subsidiary on any one or more of the grounds that he has been guilty of misconduct, or has committed an act of bankruptcy or has become insolvent or has made any arrangement or composition with his creditors generally, or has been convicted of any criminal offence involving his integrity or honesty or (if so determined by the Board) on any other ground which an employer would be entitled to terminate his employment under common law or pursuant to any applicable laws or under the Grantee's service contract with the Company or the relevant Subsidiary, the day on which the Grantee ceases to be an employee of the Company or the relevant Subsidiary or the day on which the employer serves notice to dismiss the Grantee, whichever is the earlier; or
- (iii) by reason of the Grantee being dismissed by the Company or the relevant Subsidiary other than termination of his employment on one or more of the grounds specified in Paragraph 6.1(d)(ii), the last actual working day of the Grantee with the Company or the relevant Subsidiary (whether salary is paid in lieu of notice or not);

(For the purposes of this Paragraph 6.1(d), a Grantee shall not be regarded as ceasing to be an employee of the Company or Subsidiary and shall continue to be an employee of the Company or Subsidiary if he is transferred to a different position of employment with the Company or Subsidiary, as the case may be.)

- (e) where the Grantee commits a breach of Paragraph 5.1, the date on which the Board exercises the Company's right to cancel the Option.

7. Maximum number of Shares available for subscription

- 7.1** The total number of Shares that may be issued upon exercise of all options to be granted under the New Share Option Scheme and any other schemes of the Company shall not in aggregate exceed 10% of the Shares in issue as at the date of approval of the New Share Option Scheme.
- 7.2** The Company may seek approval by the Shareholders in general meeting for "refreshing" the 10% limit under the New Share Option Scheme. However, the total number of Shares which may be issued upon exercise of all options to be granted under all of the schemes of the Company under the limit as "refreshed" shall not exceed 10% of the Shares in issue as at the date of approval of the limit. The Company shall send a circular to the Shareholders containing the information required under the Listing Rules.

- 7.3 The Company may seek separate approval by the Shareholders in general meeting for granting Options beyond the 10% limit provided the Options in excess of the limit are granted only to Participants specifically identified by the Company before such approval is sought. The Company shall send a circular to the Shareholders containing the information required under the Listing Rules.
- 7.4 The limit on the number of Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the New Share Option Scheme and any other schemes of the Company shall not exceed 30% of the Shares in issue from time to time.
- 7.5 The maximum entitlement of each Participant under the New Share Option Scheme is that the total number of Shares issued and to be issued upon exercise of the Options granted to such Participant (including both exercised and outstanding Options) in any 12-month period shall not exceed 1% of the Shares in issue. Any further grant of Option to a Participant in excess of this limit shall be separately approved by the Shareholders in general meeting with such Participant and his associates abstaining from voting. The Company shall send a circular to the Shareholders containing the information required under the Listing Rules.

8. Reorganisation of capital structure

8.1 In the event of any alteration in the capital structure of the Company (whilst any Option remains exercisable) arising from capitalisation of profits or reserves, rights issue, consolidation, sub-division or reduction of the share capital of the Company, or otherwise howsoever in accordance with legal requirements and requirements of the Stock Exchange excluding any alteration on the capital structure of the Company as a result of an issue of Shares as consideration in respect of a transaction, such corresponding adjustments (if any) shall be made in:

- (a) the number of Shares subject to the New Share Option Scheme;
- (b) the number of Shares subject to outstanding Options;
- (c) the Subscription Price in relation to each outstanding Option; and
- (d) the method of exercise of the Options,

provided that the proportion of issued share capital of the Company to which the Grantee is entitled after the adjustment is no greater than that to which he was entitled prior to the adjustment and that no such adjustments shall be made the effect of which would be to enable any Share to be issued at less than its nominal value. In respect of any adjustment required by this Paragraph 8, other than any made on a capitalisation issue, an independent financial adviser or the Auditors must also confirm to the Board in writing that the adjustments satisfy the foregoing provisions.

8.2 If there has been any adjustment in the capital structure of the Company as referred to in Paragraph 8.1, the Company shall within 28 days after receipt of confirmation of the independent financial adviser or the Auditors as referred to in Paragraph 8.1, inform the Grantee of such adjustment and of any adjustment to be made in accordance with the independent financial adviser's or the Auditors' confirmation obtained by the Company for such purposes.

9. Share capital

9.1 The exercise of any Option shall be subject to the Shareholders in general meeting approving any necessary increase in the authorised share capital of the Company. Subject thereto the Board shall make available sufficient authorised but unissued share capital of the Company to meet subsisting requirements in connection with the exercise of Options.

10 Disputes

10.1 The decision of the Board in any dispute arising in connection with the New Share Option Scheme (whether as to the number of Shares which form the subject of an Option, the amount of the Subscription Price or otherwise) shall be final and binding on the Grantees, subject to the prior receipt of a statement in writing from the independent financial advisor or the Auditors if so required by Paragraph 8.1.

11. Cancellation

11.1 Where it is desired that any Options granted but not exercised should be cancelled, the Board may effect such cancellation in a manner that complies with any legal requirements for such cancellation.

12. Alteration of the New Share Option Scheme

12.1 Subject to Paragraphs 12.2, 12.4, 12.5, 12.6 and 12.7, the New Share Option Scheme may be altered in any respect by resolution of the Board without first obtaining Shareholders' approval given by resolution passed at a general meeting.

12.2 No such alteration as referred to in this Paragraph 12 shall operate to affect adversely the terms of issue of any Option granted or offered to any Participant for acceptance prior to such alteration, except in the case of an alteration affecting all Options, with the written consent or sanction of such number of Grantees as shall together hold Options in respect of not less than three fourths in nominal value of all Shares which form the subject of such Options.

12.3 A meeting of Grantees for the purposes of considering a resolution to sanction an alteration, as envisaged in Paragraph 12.2 may be convened by the Board and to any such meeting all the provisions of the Bye-laws as to general meetings of shareholders of the Company shall apply, mutatis mutandis, as though the Options concerned were a class of shares forming part of the capital of the Company.

12.4 The provisions of the Scheme as to:

- (a) the definitions of “Grantee” and “Option Period” and “Participant” and “Scheme Period”; and
- (b) the provisions of Paragraphs 1.1, 2.1, 3, 4, 5, 6, 7, 8, 11 and this Paragraph 12 and Paragraph 13,

shall not be altered to the advantage of the Participants except with the prior sanction of a resolution of the Shareholders in general meeting.

12.5 Any alterations to the terms and conditions of the New Share Option Scheme which are of a material nature or any change to the terms of Options granted must be approved by the shareholders of the Company in general meeting, except where the alterations take effect automatically under the existing terms of the New Share Option Scheme.

12.6 The amended terms of the New Share Option Scheme or the Options must comply with the relevant requirements of Chapter 17 of the Listing Rules (in its current form or as amended from time to time).

12.7 Any change to the authority of the Directors in relation to any alteration to the terms of the New Share Option Scheme under Paragraph 12.1 must be approved by the Shareholders in general meeting.

13. Termination

13.1 The Company may at any time terminate the operation of the New Share Option Scheme by way of a resolution passed at a general meeting of the Shareholders or at a meeting of the Board except that all Options granted prior to such termination and not then exercised shall continue to be valid and exercisable subject to and in accordance with the New Share Option Scheme.

14. Miscellaneous

- 14.1** The New Share Option Scheme shall not form part of any contract of employment, agency, consultancy or representation between the Company or any Subsidiary (as the case may be) and any Participant and the rights and obligations of any Participant under the terms of his office, employment, agency, consultancy or representation shall not be affected by his participation in the New Share Option Scheme or any right which he may have to participate in it and the New Share Option Scheme shall afford such a Participant no additional rights to compensation or damages in consequence of the termination of such office, employment, agency, consultancy or representation for any reason.
- 14.2** The New Share Option Scheme shall not confer on any person any legal or equitable rights (other than those constituting the Options themselves) against the Company directly or indirectly or, other than in relation to the rights attached to the Options themselves, give rise to any cause of action at law or in equity against the Company.
- 14.3** A Grantee shall be responsible for obtaining any governmental or other official consent that may be required by any country or jurisdiction in order to permit the grant or exercise of the Option. The Company shall not be responsible for any failure by a Grantee to obtain any such consent or for any tax or other liability to which a Grantee may become subject as a result of his participation in the New Share Option Scheme.
- 14.4** A Grantee shall pay all taxes and discharge all other liabilities to which he may become subject as a result of his participation in the New Share Option Scheme or the exercise of any Option.
- 14.5** The New Share Option Scheme and all Options granted hereunder shall be governed by and construed in accordance with the laws of Hong Kong.

NOTICE OF ANNUAL GENERAL MEETING

SMARTONE TELECOMMUNICATIONS HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 00315)

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the annual general meeting of the shareholders of SmarTone Telecommunications Holdings Limited (the “Company”) will be held at World Trade Centre Club, 38th Floor, World Trade Centre, 280 Gloucester Road, Causeway Bay, Hong Kong on Wednesday, 2 November 2011 at 10:00 a.m. for the following purposes:

1. To receive and consider the audited financial statements and the reports of directors and auditors for the year ended 30 June 2011.
2. To approve the final dividend of HK\$0.42 per share in respect of the year ended 30 June 2011.
3. To re-elect:
 - (a) Mr. Douglas Li;
 - (b) Mr. Patrick Kai-lung Chan;
 - (c) Mr. Wing-chung Yung;
 - (d) Mr. Leung-sing Ng, JP; and
 - (e) Mr. Xiang-dong Yang

as directors of the Company and to authorise the board of directors to fix the fees of the directors.

4. To re-appoint Messrs. PricewaterhouseCoopers as auditors of the Company and authorise the board of directors to fix their remuneration.
5. As special business, to consider and, if thought fit, pass the following resolution as an Ordinary Resolution:

“THAT

- A. subject to paragraph (C) below, the exercise by the directors of the Company during the Relevant Period (as defined in paragraph (D) below) of all the powers of the Company to allot and issue additional shares in the share capital of the Company and to make or grant offers, agreements and options which might require the exercise of such powers either during or after the Relevant Period be and is hereby generally and unconditionally approved;

NOTICE OF ANNUAL GENERAL MEETING

- B. the approval in paragraph (A) shall authorise the directors of the Company during the Relevant Period to make or grant offers, agreements and options which might require the exercise of such power after the end of the Relevant Period;
- C. the aggregate nominal amount of share capital allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to an option or otherwise) by the directors of the Company pursuant to the approval in paragraph (A), otherwise than pursuant to:
- i. a Rights Issue (as defined in paragraph (D) below);
 - ii. the exercise of rights of subscription or conversion under the terms of any warrants issued by the Company or any securities which are convertible into shares of the Company;
 - iii. any scrip dividend or similar arrangement providing for the allotment of shares in lieu of the whole or part of a dividend on shares of the Company in accordance with the Bye-laws of the Company; or
 - iv. the share option schemes of the Company,

shall not exceed 10 per cent. of the aggregate nominal amount of the share capital of the Company in issue at the date of passing this Resolution and the said approval shall be limited accordingly; and

- D. for the purposes 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 applicable law of Bermuda and the Company’s Bye-laws to be held; and
- iii. the revocation or variation of this Resolution by an ordinary resolution of shareholders of the Company in general meeting.

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

NOTICE OF ANNUAL GENERAL MEETING

6. As special business, to consider and, if thought fit, pass the following resolution as an Ordinary Resolution:

“THAT

- A. subject to paragraph (C) below, the exercise by the directors of the Company during the Relevant Period (as defined in paragraph (D) below) of all the powers of the Company to repurchase issued shares in the capital of the Company, subject to and in accordance with all applicable laws, be and is hereby generally and unconditionally approved;
- B. the approval in paragraph (A) shall be in addition to any other authorisation given to the directors of the Company;
- C. the aggregate nominal amount of share capital to be repurchased by the Company on The Stock Exchange of Hong Kong Limited or on any other stock exchange recognised for this purpose by the Securities and Futures Commission of Hong Kong and The Stock Exchange of Hong Kong Limited under the Hong Kong Code on Share Repurchases pursuant to the approval in paragraph (A) during the Relevant Period, shall be no more than 10 per cent. of the aggregate nominal amount of the existing issued share capital of the Company at the date of passing this Resolution, and the authority pursuant to paragraph (A) shall be limited accordingly; and
- D. for the purposes 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 applicable law of Bermuda and the Company’s Bye-laws to be held; and
- iii. the revocation or variation of this Resolution by an ordinary resolution of shareholders of the Company in general meeting.”

NOTICE OF ANNUAL GENERAL MEETING

7. As special business, to consider and, if thought fit, pass the following resolution as an Ordinary Resolution:

“**THAT** conditional upon Resolutions 5 and 6 set out above being duly passed, the general mandate granted to the directors of the Company to exercise the powers of the Company to allot, issue and deal with shares pursuant to Resolution 5 be and is hereby extended by the addition to the aggregate nominal amount of the share capital which may be allotted or agreed conditionally or unconditionally to be allotted and issued by the directors of the Company pursuant to such general mandate of an amount representing the aggregate nominal amount of the share capital of the Company repurchased by the Company under the authority granted pursuant to Resolution 6, provided that such an amount shall not exceed 10 per cent. of the aggregate nominal amount of the issued share capital of the Company as at the date of the passing of this Resolution.”

8. As a special business, to consider and, if thought fit, pass the following resolution as an Ordinary Resolution:

“**THAT**

- A. subject to and conditional upon (a) the passing of an ordinary resolution by the shareholders of Sun Hung Kai Properties Limited (“SHKP”) at its general meeting (the “SHKP Meeting”) approving the adoption of the share option scheme of the Company (the “New Share Option Scheme”), the rules of which are contained in the document marked “A” produced to this meeting and for the purpose of identification signed by any director of the Company; and (b) the Listing Committee of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) granting approval of the listing of, and permission to deal in, the shares of HK\$0.10 each in the capital of the Company (“Shares”) to be allotted and issued pursuant to the exercise of any options granted under the New Share Option Scheme, the New Share Option Scheme be and is hereby approved and adopted with effect from the date of this meeting or the date the New Share Option Scheme is approved at the SHKP Meeting, whichever is the later, and the directors of the Company be and are hereby authorised to do all such acts and to enter into all such transactions, arrangements and agreements as may be necessary or expedient in order to give full effect to the New Share Option Scheme including but without limitation:
- i. to administer the New Share Option Scheme under which options will be granted to participants eligible under the New Share Option Scheme to subscribe for Shares;
 - ii. to modify and/or amend the New Share Option Scheme from time to time provided that such modification and/or amendment is effected in accordance with the provisions of the New Share Option Scheme relating to modification and/or amendment;

NOTICE OF ANNUAL GENERAL MEETING

- iii. to allot and issue from time to time such number of Shares as may be required to be issued pursuant to the exercise of the options under the New Share Option Scheme and subject to the Rules Governing the Listing of Securities on the Stock Exchange;
 - iv. to make application at the appropriate time or times to the Stock Exchange and any other stock exchanges upon which the issued Shares may for the time being be listed, for listing of, and permission to deal in, any Shares which may hereafter from time to time be allotted and issued pursuant to the exercise of the options under the New Share Option Scheme; and
 - v. to consent, if it so deems fit and expedient, to such conditions, modifications and/or variations as may be required or imposed by the relevant authorities in relation to the New Share Option Scheme; and
- B. subject to and conditional upon the passing of an ordinary resolution by the shareholders of SHKP in the SHKP Meeting approving the termination of the share option scheme of the Company which was adopted by the Company in its general meeting on 15 November 2002 (the “Existing Share Option Scheme”), the Existing Share Option Scheme be and is hereby terminated with effect from the conclusion of this meeting or the conclusion of the SHKP Meeting, whichever is the later.”

By order of the board of
SmarTone Telecommunications Holdings Limited
Alvin Yau-hing Mak
Company Secretary

Hong Kong, 30 September 2011

Notes:

1. A 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, subject to the provisions of the Bye-laws of the Company, vote on his behalf. A proxy need not be a member of the Company. In order to be valid, a form of proxy, and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of such power of attorney or other authority, must be deposited with the Company’s branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen’s Road East, Hong Kong, not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof. A member who is the holder of two or more shares may appoint more than one proxy to attend on the same occasion.
2. The register of members of the Company will be closed from Monday, 31 October 2011 to Wednesday, 2 November 2011, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for attending and voting at the forthcoming annual general meeting, all transfers accompanied by the relevant share certificates must be lodged with the Company’s share registrar in Hong Kong not later than 4:30 p.m. on Friday, 28 October 2011.

NOTICE OF ANNUAL GENERAL MEETING

3. With regard to Resolution 5, the present general mandate given by members pursuant to the provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") expires at the forthcoming annual general meeting and, accordingly, a renewal of that general mandate is now being sought.
4. With regard to Resolution 6, the present general mandate given by members pursuant to the provisions of the Listing Rules and the Hong Kong Code on Share Repurchases expires at the forthcoming annual general meeting and, accordingly, a renewal of that general mandate is now being sought.