

---

**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 stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

**If you have sold or transferred** all your shares in China Natural Investment Company 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 the transfer was effected for onward transmission to the purchaser or the transferee.

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this circular, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this circular.

---



**China Natural Investment Company Limited**  
**中國天然投資有限公司**  
*(Incorporated in the Cayman Islands with limited liability)*  
**(Stock Code: 8250)**

**PROPOSALS FOR  
RE-ELECTION OF DIRECTORS,  
GRANT OF GENERAL MANDATES FOR ISSUING AND  
REPURCHASING SHARES,  
ADOPTION OF A NEW SHARE OPTION SCHEME  
AND  
NOTICE OF ANNUAL GENERAL MEETING**

---

A notice convening the annual general meeting of the Company to be held at 3/F., Nexxus Building, 77 Des Voeux Road Central, Hong Kong on Tuesday, 9 December 2014 at 10:30 a.m. is set out on pages 27 to 31 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 holding the meeting or any adjournment thereof to the office of 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, Wanchai, Hong Kong. Completion and return of the form of proxy will not preclude you from attending and voting in person at the meeting should you so wish.

*This circular will remain on the "Latest Company Announcements" page of the GEM website at <http://www.hkgem.com> for at least seven (7) days from the date of its publication and is available for reference on the website of the Company at <http://www.chinanatural.com.hk>.*

6 November 2014

---

## CHARACTERISTICS OF GEM

---

GEM has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange.

Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the main board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

---

## CONTENTS

---

	<i>Page</i>
<b>Characteristics of GEM .....</b>	i
<b>Definitions .....</b>	1
<b>Letter from the Board</b>	
Introduction .....	4
Re-election of Directors .....	5
Issue Mandate, Repurchase Mandate and Extension Mandate .....	5
Adoption of the New Share Option Scheme .....	6
AGM .....	9
Conflict of Interest .....	9
Recommendation .....	9
Responsibility Statement .....	10
<b>Appendices</b>	
I. Details of Director Proposed to be Re-elected at the AGM .....	11
II. Explanatory Statement for the Repurchase Mandate .....	17
III. Summary of the Principal Terms of the New Share Option Scheme .....	20
<b>Notice of Annual General Meeting .....</b>	27

---

## DEFINITIONS

---

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

“2004 Share Option Scheme”	the share option scheme of the Company adopted on and with effect from 20 April 2004 pursuant to the ordinary resolution passed by shareholders at an extraordinary general meeting on 20 April 2004, which has been expired on 19 April 2014
“AGM”	the annual general meeting of the Company to be held at 3/F., Nexxus Building, 77 Des Voeux Road Central, Hong Kong on Tuesday, 9 December 2014 at 10:30 a.m.
“Articles”	the articles of association of the Company, as amended from time to time
“associate(s)”	has the meaning ascribed to it under the GEM Listing Rules
“Board”	the board of Directors
“Companies Law”	the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands
“Company”	China Natural Investment Company Limited, a company incorporated in the Cayman Islands with limited liability and the issued shares of which are listed on GEM
“connected person(s)”	has the meaning ascribed to it under the GEM Listing Rules
“Director(s)”	director(s) of the Company
“Eligible Participant(s)”	(i) any employees (including, without limitation, executive Directors) of the Company and/or any of its subsidiaries; (ii) any non-executive Directors (including, without limitation, independent non-executive Directors) and/or any of its subsidiaries; (iii) any consultants, suppliers or customers of the Company and/or any of its subsidiaries; (iv) any employee (whether full-time or part-time and including directors) of any entity (the “ <b>Invested Entity</b> ”) in which the Group holds any equity interest; and/or (v) any person who, in the sole discretion of the Board, has contributed or may contribute to the Group, eligible for Options under the New Share Option Scheme

---

## DEFINITIONS

---

“Extension Mandate”	a general mandate to the Directors to the effect that any Shares repurchased under the Repurchase Mandate will be added to the total number of Shares which may be allotted and issued under the Issue Mandate
“GEM”	the Growth Enterprise Market of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“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”	the Hong Kong Special Administrative Region of PRC
“Issue Mandate”	a general mandate to the Directors to exercise the power of the Company to allot, issue and deal with additional Shares up to a maximum of 20% of the aggregate nominal amount of the share capital of the Company in issue as at the date of passing of the relevant resolution at the AGM
“Latest Practicable Date”	31 October 2014, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
“Memorandum”	the memorandum of association of the Company, as amended from time to time
“New Share Option Scheme”	the proposed new share option scheme of the Company to be adopted by the Company at the AGM, the principal terms of which are set out in Appendix III of this circular
“Option(s)”	any option(s) granted or to be granted to Eligible Participant(s) to subscribe for Share(s) under the 2004 Share Option Scheme or, after its expiry, under the New Share Option Scheme
“PRC”	the People's Republic of China

---

## DEFINITIONS

---

“Repurchase Mandate”	a general mandate to the Directors to enable them to repurchase the Shares of an aggregate nominal amount not exceeding 10% of the aggregate nominal amount of the share capital of the Company in issue as at the date of passing of the relevant resolution at the AGM
“Subscription Price”	the price per Share (being not less than the nominal value of a Share) at which a Grantee may subscribe for Shares on the exercise of an Option pursuant to the New Share Option Scheme
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) of HK\$0.05 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	the Code on Takeovers and Mergers
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.

---

**LETTER FROM THE BOARD**

---



**China Natural Investment Company Limited**

**中國天然投資有限公司**

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

**(Stock Code: 8250)**

*Executive Directors:*

Mr. LI Wai Hung (*Chairman*)  
Mr. CAI Da (*Vice Chairman and Chief Executive Director*)  
Mr. CHEN Liang  
Mr. CHEN Youhua  
Ms. XIONG Yun Huan  
Mr. Johnny HUANG

*Registered Office:*

PO Box 309  
Ugland House  
Grand Cayman, KY1-1104  
Cayman Islands

*Independent non-executive Directors:*

Mr. CHI Chi Hung, Kenneth  
Mr. YAN Shengxian  
Ms. TANG Qing

*Principal place of business in Hong Kong:*

Unit 1903, 19th Floor  
West Tower, Shun Tak Centre  
168-200 Connaught Road Central  
Hong Kong

6 November 2014

*To the Shareholders*

Dear Sir or Madam,

**PROPOSALS FOR  
RE-ELECTION OF DIRECTORS,  
GRANT OF GENERAL MANDATES FOR ISSUING  
AND REPURCHASING SHARES,  
ADOPTION OF A NEW SHARE OPTION SCHEME  
AND  
NOTICE OF ANNUAL GENERAL MEETING**

**INTRODUCTION**

The purpose of this circular is to provide you with information relating to the proposals for (i) the re-election of Directors at the AGM; (ii) the grant of the Issue Mandate, the Repurchase Mandate and the Extension Mandate; (iii) adoption of the New Share Option Scheme; and (iv) to give you notice of the AGM.

---

## LETTER FROM THE BOARD

---

At the AGM, ordinary resolutions relating to the re-election of Directors, the grant of the Issue Mandate, the Repurchase Mandate and the Extension Mandate, the adoption of the New Share Option Scheme and certain other resolutions as ordinary business of the AGM will be proposed.

### RE-ELECTION OF DIRECTORS

In accordance with article 112 of the Articles, one-third of the Directors for the time being, or if their number is not three or a multiple of three, then the number nearest to but not less than one third, shall retire from office by rotation at each annual general meeting of the Company. In addition, the GEM Listing Rules provide that every Director should be subject to retirement by rotation at least once every three years. Pursuant to the above, Mr. Li Wai Hung, Ms. Xiong Yun Huan and Mr. Yan Shengxian will retire by rotation at the AGM. All of the aforesaid Directors being eligible, will offer themselves for re-election at the AGM.

In accordance with article 95 of the Articles, the Board shall have power from time to time and at any time to appoint any person as a Director either to fill a casual vacancy or as an additional to the Board. Any Director so appointed shall hold office only until the next following general meeting of the Company and shall then be eligible for re-election at that meeting provided that any Director who so retires shall not be taken into account in determining the number of Directors who are to retire at such meeting by rotation pursuant to article 112 of the Articles. Pursuant to the above, Mr. Johnny Huang and Ms. Tang Qing will retire at the AGM, being eligible, will offer themselves for re-election at the AGM.

Biographical details of the Directors proposed to be re-elected at the AGM are set out in Appendix I to this circular.

### ISSUE MANDATE, REPURCHASE MANDATE AND EXTENSION MANDATE

At the annual general meeting of the Company held on 18 December 2013, the Directors were granted a general mandate to allot, issue and deal with shares in the share capital of the Company. This mandate will expire at the conclusion of the AGM. To facilitate future allotments and issues of Shares by the Directors on behalf of the Company, the Board will seek the approval of the Shareholders for the grant of the Issue Mandate at the AGM.

On the basis of 5,192,502,338 Shares in issue as at the Latest Practicable Date and assuming that no Shares are issued or repurchased by the Company prior to the AGM, the Company will be allowed under the Issue Mandate to allot and issue a maximum of 1,038,500,467 new Shares, representing 20% of the aggregate nominal amount of the share capital of the Company in issue as at the date of passing of the resolution.

The Directors have no immediate plans to allot and issue any new Shares other than Shares which may fall to be issued upon the exercise of options granted under the share option scheme of the Company or other options or unlisted warrants granted by the Company to entitle holders thereof to subscribe for Shares or pursuant to any scrip dividend scheme which may be approved by the Shareholders or the Directors.

---

## LETTER FROM THE BOARD

---

At the AGM, an ordinary resolution will also be proposed to grant to the Directors the Repurchase Mandate, i.e. a general mandate to exercise all powers of the Company to repurchase on GEM or on any other stock exchange on which the Shares may be listed, Shares up to a maximum of 10% of the aggregate nominal amount of the share capital of the Company in issue as at the date of passing of the resolution.

In addition, an ordinary resolution regarding the Extension Mandate will be proposed at the AGM providing that any Shares repurchased under the Repurchase Mandate will be added to the total number of Shares which may be allotted and issued under the Issue Mandate.

Each of the Issue Mandate, the Repurchase Mandate and the Extension Mandate will expire at the earliest of:

- (a) the conclusion of the next annual general meeting of the Company; or
- (b) the end of the period within which the next annual general meeting of the Company is required by the Articles, the Companies Law or any other applicable laws of the Cayman Islands to be held; or
- (c) when revoked or varied by an ordinary resolution of the Shareholders in a general meeting prior to the next annual general meeting of the Company.

Under the GEM Listing Rules, the Company is required to give to the Shareholders all information which is reasonably necessary to enable the Shareholders to make an informed decision as to whether to vote for or against the resolution in respect of the Repurchase Mandate at the AGM. An explanatory statement for such purpose is set out in Appendix II to this circular.

### **ADOPTION OF THE NEW SHARE OPTION SCHEME**

#### **The 2004 Share Option Scheme**

Pursuant to an ordinary resolution passed by the sole Shareholder on 20 April 2004, the Company had adopted the 2004 Share Option Scheme, pursuant to which the Board was authorised to grant Options to the Eligible Participants.

Under the terms of the 2004 Share Option Scheme, it shall be valid and effective, in relation to granting Options, for the period of 10 years from 20 April 2004. Hence, the 2004 Share Option Scheme expired on 19 April 2014 and no further Options can be granted pursuant to the 2004 Share Option Scheme. Notwithstanding the expiration of the 2004 Share Option Scheme, the provisions of the 2004 Share Option Scheme remain in full force in all other respects of the outstanding Options granted thereunder.

It is proposed by the Directors that at the AGM, an ordinary resolution will be proposed for the Company to approve and adopt the New Share Option Scheme, which will take effect on the date of its adoption at the AGM subject to the Stock Exchange granting approval for the listing of, and permission to deal in, the Shares fall

---

## LETTER FROM THE BOARD

---

to be allotted and issued upon the exercise of Options in accordance with the terms and conditions of the New Share Option Scheme.

The Directors confirm that no further Options were granted under the 2004 Share Option Scheme since its expiry and no Options under the 2004 Share Option Scheme are currently outstanding.

As at the Latest Practicable Date and save for the 2004 Share Option Scheme and the proposed New Share Option Scheme, the Company had not adopted any other share option schemes.

### **The New Share Option Scheme**

As the 2004 Share Option Scheme expired on 19 April 2014, an ordinary resolution will be proposed at the AGM to approve the adoption of the New Share Option Scheme.

The Directors consider that the adoption of the New Share Option Scheme is in the interest of the Company and the Shareholders as a whole because it enables the Company to reward and provide incentives to, and strengthen the Group's business relationship with, the Eligible Participants who may contribute to the growth and development of the Group.

Set out in Appendix III to this circular are the principal terms of the New Share Option Scheme. The New Share Option Scheme proposed to be adopted by the Company at the AGM will be available for inspection at the principal place of business of the Company in Hong Kong at Unit 1903, 19th Floor, West Tower, Shun Tak Centre, 168-200 Connaught Road Central, Hong Kong during normal business hours for a 14-day period immediately preceding the AGM.

The number of Shares which may be allotted and issued upon exercise of all outstanding Options granted under the New Share Option Scheme and any other share option schemes of the Company (including the 2004 Share Option Scheme) must not in aggregate exceed 10% of the total Shares in issue on the date of approval of the New Share Option Scheme by the Shareholders at the AGM (the "**Scheme Mandate Limit**") unless the Company obtains a fresh approval from Shareholders to renew the Scheme Mandate Limit on the basis that the maximum number of Shares in respect of which any Options outstanding and yet to be exercised under the New Share Option Scheme and any other schemes shall not exceed 30% of the issued share capital of the Company from time to time. As at the Latest Practicable Date, there were no other outstanding Options to subscribe for Shares.

As at the Latest Practicable Date, there were 5,192,502,338 Shares in issue and assuming that, prior to the AGM, no Shares are issued or repurchased by the Company, the Scheme Mandate Limit will be 519,250,233 Shares.

---

## LETTER FROM THE BOARD

---

The terms of the New Share Option Scheme provide that in granting 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 GEM Listing Rules are complied with.

The Directors are of the view that the flexibility given to the Directors to impose or not imposing 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.

None of the Directors is a trustee of the New Share Option Scheme nor has a direct or indirect interest in the trustee. With respect to the operation of the New Share Option Scheme, the Company will, where applicable, comply with the relevant requirements under Chapter 23 of the GEM Listing Rules and the terms of the New Share Option Scheme are essentially same as the 2004 Share Option Scheme.

To the best knowledge of the Directors, as at the Latest Practicable Date, no Shareholders have a material interest in the New Share Option Scheme different to that of any other Shareholders and accordingly, no Shareholders will have to abstain from voting at the AGM on the resolution approving the adoption of the New Share Option Scheme.

### **Conditions of the adoption of the New Share Option Scheme**

The adoption of the New Share Option Scheme is conditional upon (i) the GEM Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, any Shares which may fall to be issued by the Company pursuant to the exercise of Options in accordance with the terms and conditions of the New Share Option Scheme; and (ii) the passing of the relevant resolution at the AGM to approve and adopt the New Share Option Scheme.

### **Application for listing**

Application will be made to the GEM Listing Committee of the Stock Exchange for the approval of the listing of, and permission to deal in, the Shares, representing 10% of the issued share capital of the Company as at the date of the AGM which may fall to be allotted and issued upon the exercise of Options to be granted under the New Share Option Scheme.

### **Values of all options that can be granted under the New Share Option Scheme**

Eligible Participants to whom Options shall be granted, are entitled to subscribe for the number of Shares at a subscription price specified in each Option granted under 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 pursuant to the New Share Option Scheme as if they had been granted at the Latest Practicable Date, because the calculation of the

---

## LETTER FROM THE BOARD

---

value of the Options is based on a number of variables which are crucial for the calculation such as subscription price, exercise period, interest rate, expected volatility and other relevant variables. As Options have not been granted under the New Share Option Scheme, certain variables are not available for calculating the value of the Options. The Directors believe that any calculation of the value of the Options as if they had been granted at the Latest Practicable Date based on a large number of speculative assumptions would not be meaningful and would be misleading to the Shareholders.

### AGM

A notice convening the AGM is set out on pages 27 to 31 of this circular. At the AGM, resolutions will be proposed to consider and, if thought fit, the re-election of Directors, approve the granting of the Issue Mandate, the Repurchase Mandate and the Extension Mandate and the adoption of the New Share Option Scheme.

Form of proxy for use by the Shareholders at the AGM is enclosed. Whether or not you are able to attend the AGM, you are requested to complete and return the 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 holding the AGM or any adjournment thereof to the office of the Company's branch share registrar and transfer office in Hong Kong, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong. Completion and return of the form of proxy will not preclude you from attending and voting in person at the AGM or any adjournment thereof should you so wish.

Pursuant to the GEM Listing Rules, any vote of shareholders at a general meeting must be taken by poll. The chairman of the AGM will therefore put each of the resolutions to be proposed at the AGM to be voted by way of poll pursuant to article 76 of the Articles.

### CONFLICT OF INTEREST

As at the Latest Practicable Date, so far as the Directors are aware, none of the Directors or management shareholder or their respective associates had any business or interest which competes with the business of the Group, or has or may have any other conflict of interest with the Group.

### RECOMMENDATION

The Directors consider that the resolutions, including without limitation, regarding the re-election of Directors, the grant of the Issue Mandate, the Repurchase Mandate and the Extension Mandate and the adoption of the New Share Option Scheme, as set out respectively in the notice of the AGM are all in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend the Shareholders to vote in favour of all such resolutions to be proposed at the AGM.

---

## LETTER FROM THE BOARD

---

### RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM 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.

By Order of the Board  
**China Natural Investment Company Limited**  
**Cai Da**  
*Chief Executive Officer*

*The following are the biographical details of the Directors proposed to be re-elected at the AGM:*

**(1) MR. LI WAI HUNG (“MR. LI”)**

**Position & experience**

Mr. Li, aged 52, joined the Company as an executive Director on 30 September 2009 and was appointed as the chairman of the Company on 22 November 2011. He has over 22 years of experience in sales related works and held senior positions in various companies.

Save as disclosed above, Mr. Li did not hold any other position with the Group and any directorships held in the last three years in other listed companies, and he did not have other major appointments and professional qualifications before the Latest Practicable Date.

**Length of service**

There is no service contract entered between the Company and Mr. Li and Mr. Li has not been appointed for a specified term but is subject to retirement by rotation and re-election at the general meeting of the Company in accordance with the provisions of the Articles.

**Interests in Shares**

As at the Latest Practicable Date, Mr. Li was not interested or deemed to be interested in any shares, underlying shares or debentures of the Company and/or its associated corporations (as defined under Part XV of the SFO).

**Relationships**

As far as the Directors are aware, Mr. Li does not have any relationships with any Directors, senior management, management shareholders (as defined in the GEM Listing Rules), substantial shareholders (as defined in the GEM Listing Rules), or controlling shareholders (as defined in the GEM Listing Rules) of the Company.

**Emoluments**

Mr. Li is entitled to receive an annual Director’s fee of HK\$240,000, which is determined by the Board with reference to his duties and responsibilities with the Company and the prevailing market conditions.

**Information needs to be disclosed and matters need to be brought to the attention of the Shareholders**

Save as disclosed above, there is no other information relating to Mr. Li that is required to be disclosed pursuant to Rule 17.50(2)(h) to (v) of the GEM Listing Rules; and that there are no other matters concerning Mr. Li that need to be brought to the attention of the Shareholders.

**(2) MS. XIONG YUN HUAN (“MS. XIONG”)****Position & experience**

Ms. Xiong, aged 43, joined the Company as an executive Director on 26 November 2012. Ms. Xiong holds a Bachelor Degree from Wuhan University, PRC. Ms. Xiong has been one of the founders and directors of Human Digital Technology (Shanghai) Co., Ltd, a company incorporated in PRC in 2002 and engaging in the manufacturing and sales of digital printing machines. Ms. Xiong has accumulated over 10 years of working experience in the fields of sales and marketing, corporate and assets management.

Save as disclosed above, Ms. Xiong did not hold any other position with the Group and any directorships held in the last three years in other listed companies, and she did not have other major appointments and professional qualifications before the Latest Practicable Date.

**Length of service**

There is no service contract entered between the Company and Ms. Xiong and Ms. Xiong has not been appointed for a specified term but is subject to retirement by rotation and re-election at the general meeting of the Company in accordance with the provisions of the Articles.

**Interests in Shares**

As at the Latest Practicable Date, Ms. Xiong was not interested or deemed to be interested in any shares, underlying shares or debentures of the Company and/or its associated corporations (as defined under Part XV of the SFO).

**Relationships**

As far as the Directors are aware, Ms. Xiong does not have any relationships with any Directors, senior management, management shareholders (as defined in the GEM Listing Rules), substantial shareholders (as defined in the GEM Listing Rules), or controlling shareholders (as defined in the GEM Listing Rules) of the Company.

**Emoluments**

Ms. Xiong is entitled to receive an annual Director's fee of HK\$300,000, which is determined by the Board with reference to her duties and responsibilities with the Company and the prevailing market conditions.

**Information needs to be disclosed and matters need to be brought to the attention of the Shareholders**

Save as disclosed above, there is no other information relating to Ms. Xiong that is required to be disclosed pursuant to Rule 17.50(2)(h) to (v) of the GEM Listing Rules; and that there are no other matters concerning Ms. Xiong that need to be brought to the attention of the Shareholders.

**(3) MR. YAN SHENGXIAN ("MR. YAN")****Position & experience**

Mr. Yan, aged 59, joined the Company as an independent non-executive Director on 26 November 2012. He is a member of the audit committee, remuneration committee and nomination committee of the Company. Mr. Yan graduated from Hangzhou University, PRC. Mr. Yan is a certified senior engineer in PRC who is qualified for carrying out geological survey and exploration. Mr. Yan has accumulated over 35 years of experience in geological exploration. Mr. Yan and the projects under his supervision have obtained several awards in relation to geological mine searching. Mr. Yan is currently the judging panel expert of geological mine searching for Zhejiang Province, PRC. Mr. Yan has also published a number of articles regarding geology in national journals in PRC.

Save as disclosed above, Mr. Yan did not hold any other position with the Group and any directorships held in the last three years in other listed companies, and he did not have other major appointments and professional qualifications before the Latest Practicable Date.

**Length of service**

Mr. Yan has entered into an appointment letter with the Company on 26 November 2013 and has been appointed for a specific term of one year. Mr. Yan is subject to retirement by rotation and re-election at annual general meeting of the Company in accordance with the Articles.

**Interests in Shares**

As at the Latest Practicable Date, Mr. Yan was not interested or deemed to be interested in any shares, underlying shares or debentures of the Company and/or its associated corporations (as defined under Part XV of the SFO).

**Relationships**

As far as the Directors are aware, Mr. Yan does not have any relationships with any Directors, senior management, management shareholders (as defined in the GEM Listing Rules), substantial shareholders (as defined in the GEM Listing Rules), or controlling shareholders (as defined in the GEM Listing Rules) of the Company.

**Emoluments**

Mr. Yan is entitled to receive an annual Director's fee of HK\$60,000, which is determined by the Board with reference to his duties and responsibilities with the Company and the prevailing market conditions.

**Information needs to be disclosed and matters need to be brought to the attention of the Shareholders**

Save as disclosed above, there is no other information relating to Mr. Yan that is required to be disclosed pursuant to Rule 17.50(2)(h) to (v) of the GEM Listing Rules; and that there are no other matters concerning Mr. Yan that need to be brought to the attention of the Shareholders.

**(4) MR. JOHNNY HUANG (“MR. HUANG”)****Position & experience**

Mr. Huang, aged 52, joined the Company as an executive Director on 29 April 2014. Mr. Huang graduated from the Guangdong Provincial Institute of Sports Technology. Mr. Huang has been a member of the national table tennis teams of PRC and Canada respectively. He has won a number of awards at various international table tennis events. Since his retirement in 2005, Mr. Huang has been working in a large domestic real estate development and investment group (the “**Property Group**”) and he is currently an executive Director of a subsidiary company of the Property Group, responsible for project investments. Mr. Huang has accumulated over 8 years of experience in marketing, real estate development, assets management and project investments.

Save as disclosed above, Mr. Huang did not hold any other position with the Group and any directorships held in the last three years in other listed companies, and he did not have other major appointments and professional qualifications before the Latest Practicable Date.

**Length of service**

There is no service contract entered between the Company and Mr. Huang and Mr. Huang has not been appointed for a specified term but is subject to retirement by rotation and re-election at the general meeting of the Company in accordance with the provisions of the Articles.

**Interests in Shares**

As at the Latest Practicable Date, Mr. Huang was not interested or deemed to be interested in any shares, underlying shares or debentures of the Company and/or its associated corporations (as defined under Part XV of the SFO).

**Relationships**

As far as the Directors are aware, Mr. Huang does not have any relationships with any Directors, senior management, management shareholders (as defined in the GEM Listing Rules), substantial shareholders (as defined in the GEM Listing Rules), or controlling shareholders (as defined in the GEM Listing Rules) of the Company.

**Emoluments**

Mr. Huang is entitled to receive an annual Director's fee of HK\$2,250,000, which is determined by the Board with reference to his duties and responsibilities with the Company and the prevailing market conditions.

**Information needs to be disclosed and matters need to be brought to the attention of the Shareholders**

Save as disclosed herein, there is no other matter that need to be brought to the attention of the Shareholders nor other information relating to Mr. Huang is required to be disclosed pursuant to Rule 17.50(2)(h) to (v) of the GEM Listing Rules.

**(5) MS. TANG QING (“MS. TANG”)**

Ms. Tang, aged 44, joined the Company as an independent non-executive Director, a member of the audit committee, remuneration committee and nomination committee of the Company on 18 June 2014. She completed her studies in accountancy and obtained a Bachelor Degree of Economics from Renmin University of China in 1991. Ms. Tang is a member of The Chinese Institute of Certified Public Accountants. She is currently the executive director of an asset management group incorporated in PRC. Ms. Tang has accumulated more than 20 years of working experience in auditing, financial management and business investment. She has participated in audits for initial public offering, business evaluations and financial advisory for many companies.

Save as disclosed above, Ms. Tang did not hold any other position with the Group and any directorships held in the last three years in other listed companies, and she did not have other major appointments and professional qualifications before the Latest Practicable Date.

**Length of service**

Ms. Tang has entered into an appointment letter with the Company on 18 June 2014 and has been appointed for a specific term of one year. Ms. Tang is subject to retirement by rotation and re-election at annual general meeting of the Company in accordance with the Articles.

**Interests in Shares**

As at the Latest Practicable Date, Ms. Tang was not interested or deemed to be interested in any shares, underlying shares or debentures of the Company and/or its associated corporations (as defined under Part XV of the SFO).

**Relationships**

As far as the Directors are aware, Ms. Tang does not have any relationships with any Directors, senior management, management shareholders (as defined in the GEM Listing Rules), substantial shareholders (as defined in the GEM Listing Rules), or controlling shareholders (as defined in the GEM Listing Rules) of the Company.

**Emoluments**

Ms. Tang is entitled to receive an annual Director's fee of HK\$60,000, which is determined by the Board with reference to her duties and responsibilities with the Company and the prevailing market conditions.

**Information needs to be disclosed and matters need to be brought to the attention of the Shareholders**

Save as disclosed herein, there is no other matter that need to be brought to the attention of the Shareholders nor other information relating to Ms. Tang is required to be disclosed pursuant to Rule 17.50(2)(h) to (v) of the GEM Listing Rules.

*This appendix serves as an explanatory statement, as required by the GEM Listing Rules, to provide requisite information to enable the Shareholders to make an informed decision as to whether to vote for or against the resolution to approve the grant of the Repurchase Mandate to the Directors.*

## **1. GEM LISTING RULES RELATING TO THE REPURCHASE OF SHARES**

The GEM Listing Rules permit companies whose primary listing is on GEM to repurchase their shares on GEM or any other stock exchange on which the securities of the company are listed and such exchange is recognised by the SFO and GEM subject to certain restrictions. Among such restrictions, the GEM Listing Rules provide that the shares of such company must be fully paid up and all repurchase of shares by such company must be approved in advance by an ordinary resolution of shareholders, either by way of a general repurchase mandate or by specific approval of a particular transaction.

## **2. SHARE CAPITAL**

As at the Latest Practicable Date, the issued share capital of the Company comprised 5,192,502,338 Shares. Subject to the passing of resolution no.7 approving the Repurchase Mandate as set out in the notice convening the AGM on pages 27 to 31 of this circular, and assuming that no Shares are issued or repurchased by the Company prior to the AGM, the Company would be allowed under the Repurchase Mandate to repurchase a maximum of 519,250,233 Shares, representing 10% of the issued share capital of the Company as at the date of passing of resolution no. 7, until (i) the conclusion of the next annual general meeting of the Company; or (ii) the expiration of the period within which the next annual general meeting of the Company is required by the Articles, the Companies Law or any other applicable laws of the Cayman Islands to be held; or (iii) the revocation or variation by an ordinary resolution of the Shareholders in a general meeting, whichever is the earliest.

## **3. REASONS FOR REPURCHASES**

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

## **4. FUNDING OF REPURCHASES**

In repurchasing Shares pursuant to the Repurchase Mandate, the Company may only apply funds legally available for such purpose in accordance with the Memorandum and the Articles, the Companies Law and other applicable laws of the Cayman Islands.

**5. IMPACT ON WORKING CAPITAL OR GEARING POSITION**

Taking into account the current working capital position of the Company, the Directors consider that, if the Repurchase Mandate were to be exercised in full, it might have a material adverse effect on the working capital and/or gearing position of the Company as compared with the position as at 30 June 2014, the date to which the latest audited consolidated financial statements of the Group were made up. However, the Directors do not intend to exercise the Repurchase Mandate to such an extent as would, in the circumstances, have a material adverse effect on the working capital or gearing levels of the Company which, in the opinion of the Directors, are from time to time appropriate for the Company.

**6. SHARE PRICES**

In each of the previous twelve months and up to the Latest Practicable Date, the highest and lowest prices at which the Shares were traded on GEM are as follows:

Year	Month	Per Share	
		Highest (HK\$)	Lowest (HK\$)
2013	November	0.250	0.179
	December	0.233	0.150
2014	January	0.173	0.131
	February	0.173	0.142
	March	0.188	0.149
	April	0.245	0.178
	May	0.218	0.181
	June	0.236	0.195
	July	0.255	0.215
	August	0.246	0.220
	September	0.250	0.200
	October (up to and including the Latest Practicable Date)	0.395	0.231

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

None of the Directors nor, to the best of their knowledge having made all reasonable enquiries, any of their associates have any present intention to sell any Shares to the Company or its subsidiaries under the Repurchase Mandate, in the event that the Repurchase Mandate is approved at the AGM by the Shareholders.

No connected person of the Company has notified the Company that he/she/it has a present intention to sell any Shares to the Company and no such person has undertaken not to sell any Shares held by him/her/it to the Company, in the event that the Repurchase Mandate is approved at the AGM by the Shareholders.

**8. UNDERTAKING OF THE DIRECTORS**

The Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the power of the Company to make repurchases of the Shares pursuant to the Repurchase Mandate in accordance with the GEM Listing Rules, the Companies Law, any other applicable laws of the Cayman Islands, the Memorandum and the Articles.

**9. TAKEOVERS CODE CONSEQUENCES**

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

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, they are not aware of any consequence which will give rise under the Takeovers Code as a result of any repurchases made under the Repurchase Mandate.

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

**10. SHARE REPURCHASE MADE BY THE COMPANY**

No repurchase has been made by the Company of the Shares (whether on GEM or otherwise) in the six months immediately preceding the Latest Practicable Date.

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

**(a) Purpose**

The purpose of the New Share Option Scheme is to reward Eligible Participants who have contributed to the Group and to provide incentives to Eligible Participants to work towards the success of the Company.

**(b) Who may join**

The Directors may at their absolute discretion grant Options to (a) any full-time or part-time employee of any member of the Group; (b) any consultant or adviser of any member of the Group; (c) any director (including executive, non-executive or independent non-executive directors) of any member of the Group; (d) any shareholder of any member of the Group; or (e) any distributor, contractor, supplier, agent, customer, business partner or service provider of any member of the Group, to be determined absolutely by the Board. If Options are granted to Eligible Participants, regards will be had as to, inter alia, the relationship of the Grantee to the Group, the length of time of relationship, the contribution made or to be made to the Group, etc.

**(c) Duration of the New Share Option Scheme**

The New Share Option Scheme shall be valid and effective for a period of 10 years commencing on the date of adoption by the Shareholders.

**(d) Acceptance and exercise of Option**

An offer of the grant of an Option may be accepted within 28 days from the date of grant together with a remittance of HK\$1.00 by way of consideration for the grant thereof. An Option may be exercised during such period as the Board may in its absolute discretion determine, save that such period shall not be more than ten (10) years from the date of grant.

**(e) Exercise Price**

The exercise price of the Option shall be determined at the discretion of the Directors which shall not be less than the higher of (i) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the date of grant, which must be a business day; (ii) 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 date of grant, and (iii) the nominal value of the Shares.

**(f) Minimum holding period**

Save as determined at the discretion of the Board, there is no minimum holding period before an Option is exercisable.

**(g) Performance target**

Save as determined at the discretion of the Board, there is no performance target that must be achieved before any Options can be exercised.

**(h) Transferability of Options**

An Option shall be personal to the Grantee and shall not be assignable or transferable and no Grantee shall in any way sell, transfer, charge, mortgage, encumber or create any interest in favour of any other person over or in relation to any Option. Any breach of the foregoing by the Grantee shall entitle the Company to cancel any outstanding Option or any part thereof granted to such Grantee to the extent not already exercised without incurring any liability on the part of the Company.

**(i) Rights on ceasing to be an Eligible Participant**

- (1) in the event of the Grantee ceasing to be an Eligible Participant by reason of his death before exercising his Option in full and none of the events which would be a ground for termination of his employment as specified in paragraph (o)(4) below having arisen, his legal personal representative(s) may exercise the Option up to the Grantee's entitlement as at the date of death (to the extent not already exercised) within the period of 6 months following his death provided that where any of the events set out in paragraph (j), (k), (l) and (m) below occurs prior to his death or within such period of 6 months following his death, then his personal representative(s) may so exercise the Option only within such of the various periods respectively set out in such paragraphs provided further that if within a period of 3 years prior to the Grantee's death, the Grantee had committed any of the acts specified in paragraph (o)(4) below which would have entitled the Company to terminate his employment prior to his death, the Board may at any time forthwith terminate his Option (to the extent not already exercised) by written notice to the Grantee's legal personal representative(s) and/or to the extent the Option has been exercised in whole or in part by his legal personal representative(s), but Shares have not been allotted, he shall be deemed not to have so exercised such Option and the Company shall return to him the amount of the Subscription Price for the Shares received by the Company in respect of the purported exercise of such Option;
- (2) in the event of a Grantee who is an employee or a Director or another member of the Group ceasing to be an Eligible Participant for any reason other than his death or the termination of his employment or directorship on one or more of the grounds specified in paragraph (o)(4) below, his Option (to the extent not already exercised) shall lapse on the date of cessation or termination of such employment (which date shall be the Grantee's last actual working day with the Company or the relevant subsidiary whether salary is paid in lieu of notice or not) and shall on that day cease to be exercisable;

- (3) in the event of a Grantee who is not an employee or a Director of the Company or another member of the Group ceasing to be an Eligible Participant as and when determined by the Board by resolution for any reason other than his death the Board may by written notice to such Grantee within one month from the date of such cessation determine the period within which his Option (or such remaining part thereof) shall be exercisable following the date of such cessation; and
- (4) in the event of the Grantee ceasing to be an Eligible Participant by reason of the termination of his employment or directorship on one or more of the grounds specified in paragraph (o)(4) below, his Option shall lapse automatically (to the extent not already exercised) and shall not be exercisable on or after the date of termination of his employment and to the extent the Grantee has exercised his Option in whole or in part, but Shares have not been allotted to him, the Grantee shall be deemed not to have so exercised such Option and the Company shall return to the Grantee the amount of the Subscription Price for the Shares received by the Company in respect of the purported exercise of such Option.

**(j) Rights on a takeover**

In the event a general offer by way of takeover or otherwise (other than by way of scheme of arrangement pursuant to paragraph (k) below) is made to all the Shareholders (or all such Shareholders other than the offeror and/or any person controlled by the offeror and/or any person acting in association or concert with the offeror) and such offer becomes or is declared unconditional prior to the expiry date of the relevant Option, the Company shall forthwith notify all Grantees and any Grantee (or his legal personal representative) shall be entitled to exercise his Option in full (to the extent not already exercised) or to the extent as notified by the Company at any time within such period as shall be notified by the Company.

**(k) Rights on a scheme of arrangement**

In the event a general offer for Shares by way of scheme of arrangement is made to all the Shareholders and has been approved by the necessary number of Shareholders at the requisite meetings, the Company shall forthwith notify all Grantees and any Grantee (or his legal personal representative) may at any time thereafter (but before such time as shall be notified by the Company) exercise his Option to its full extent or to the extent notified by the Company.

**(l) Rights on winding up**

In the event a notice is given by the Company to its Shareholders to convene a Shareholders' meeting for the purpose of considering and, if thought fit, approving a resolution to voluntarily windup the Company, the Company shall forthwith give notice thereof to all Grantees and any Grantee (or his legal personal representative) may at any time thereafter (but before such time as shall be notified by the Company) exercise his Option to its full extent or to the extent notified by the Company, and the Company shall as soon as possible and in any event no later than three days prior to the date of the proposed Shareholders' meeting, allot, issue and register in the name of the Grantee such number of Shares to the Grantee which fall to be issued on such exercise.

**(m) Rights on compromise or arrangement**

In the event of a compromise or arrangement, other than a scheme of arrangement contemplated in paragraph (k) above, between the Company and its members or creditors is proposed in connection with a scheme for the reconstruction or amalgamation of the Company, the Company shall give notice thereof to all Grantees on the same date as it gives notice of the meeting to its members or creditors to consider such compromise or arrangement and the Grantee (or his legal personal representative) may at any time thereafter but before such time as shall be notified by the Company exercise his Option either to its full extent or to the extent notified by the Company, and the Company shall as soon as possible and in any event no later than three days prior to the date of the proposed Shareholders' meeting, allot, issue and register in the name of the Grantee such number of Shares which fall to be issued on such exercise.

**(n) Ranking of the Share**

The Shares to be allotted upon the exercise of an Option shall be subject to all the provisions of the bye-laws of the Company for the time being in force and shall rank *pari passu* in all respects (including the rights arising on a liquidation of the Company) with the existing fully paid Shares in issue on the date on which those Shares are allotted on exercise of the Option and accordingly shall entitle the holders to participate in all dividends or other distributions paid or made after the date on which Shares are allotted other than any dividends or distributions previously declared or recommended or resolved to be paid or made if the record date thereof shall be on or before the date on which the Shares are allotted. Prior to exercise, the options shall have no voting, dividend and other rights of Shareholders.

**(o) Lapse of Options**

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

- (1) the expiry of the period referred to in paragraph (d) above;
- (2) the expiry of the periods referred to in paragraphs(i), (j), (k), (l) and (m) above;
- (3) the date of the commencement of the winding-up of the Company;
- (4) the date on which the Grantee (if an employee or Director of the Company or another member of the Group) ceases to be an Eligible Participant by reason of the termination of his employment or directorship on the grounds that he has been guilty of serious misconduct, or appears either to be unable to pay or to have no reasonable prospect of being able to pay his debts or has committed any act of bankruptcy or has become insolvent or has made any arrangements or compromise with his creditors generally, or has been convicted of any criminal offence involving his integrity or honesty or on any other grounds on which an employer would be entitled to terminate his employment summarily;

- (5) the date on which the Grantee commits a breach of paragraph (h) above; and
- (6) the date the Grantee ceases to be an Eligible Participant for any other reason.

**(p) Cancellation of Options**

Any Options granted but not exercised may be cancelled if the Eligible Participant so agrees and new Options may be granted to the Grantee provided that such new Options fall within the limits approved by Shareholders, excluding the cancelled Options, and are otherwise granted in accordance with the terms of the New Share Option Scheme.

**(q) Maximum number of Shares**

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 share option schemes of the Company shall not, in the absence of Shareholders' approval, in aggregate exceed 10% in nominal amount of the aggregate of Shares in issue on the date of adoption (the "**Scheme Mandate Limit**"). Options lapsed will not be counted for the purpose of calculating the Scheme Mandate Limit.

The Scheme Mandate Limit may be renewed at any time subject to prior Shareholders' approval but in any event, 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% of the Shares in issue as at the date of approval of the renewed limit. Options previously granted under the New Share Option Scheme or any other share option schemes of the Company (including those outstanding, cancelled, lapsed in accordance with the terms or exercised options) will not be counted for the purpose of calculating the limit as renewed.

The Company may grant Options beyond the Scheme Mandate Limit to Eligible Participants if separate Shareholders' approval has been obtained for granting Options beyond the Scheme Mandate Limit to Eligible Participants specifically identified by the Company before such Shareholders' approval is sought; and the Company has first sent a circular to Shareholders containing such information as may be required by the GEM Listing Rules then prevailing to be included in such circular.

At any time, the maximum number of Shares which may be issued upon exercise of all Options which then has been granted and have yet to be exercised under the New Share Option Scheme and any other share option schemes of the Company shall not, in the absence of Shareholders' approval, in aggregate exceed 30% of the Shares in issue from time to time.

**(r) Maximum entitlement of each Grantee**

The maximum number of Shares issued and to be issued upon exercise of the Options granted to each Grantee under the New Share Option Scheme (including both exercised and outstanding Options) in any 12-month period shall not (when aggregated with any Shares subject to options granted during such period under any other share option scheme(s) of the Company other than those options granted pursuant to specific approval by the Shareholders in a general meeting) exceed 1% of the Shares in issue for the time being (the “**Individual Limit**”). Any further grant of Options exceeding the Individual Limit must be separately approved by Shareholders in general meeting with such Eligible Participant and his associates abstaining from voting. The Company must send a circular to the Shareholders disclosing the identity of the Eligible Participant in question, the number and terms of the Options to be granted (and Options previously granted to such Eligible Participant) and such other information required under the GEM Listing Rules.

**(s) Grant of Options to connected persons**

Any grant of Options to any director, chief executive or substantial shareholder (as such term as defined in the GEM Listing Rules) of the Company, or any of their respective associates shall be subject to the prior approval of the independent non-executive directors of the Company (excluding independent non-executive directors who are the proposed Grantees of the Options in question). Where any grant of Options to a substantial shareholder or an independent non-executive director of the Company, or any of their respective associates, would result in the Shares issued and to be issued upon exercise of all Options already granted and to be granted (including Options exercised, cancelled or 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% of the Shares in issue on the date of such grant; and
- (ii) having an aggregate value, based on the closing price of the Shares as stated in the daily quotations sheets issued by the Stock Exchange on the date of grant, in excess of HK\$5 million,

such further grant of Options shall be subject to prior approval by resolution of the Shareholders. The Company shall send a circular to the Shareholders in accordance with the GEM Listing Rules and all connected persons of the Company shall abstain from voting in favour of the resolution at such general meeting of the Shareholders.

**(t) Adjustments**

In the event of an alteration in the capital structure of the Company whilst any Option remains exercisable by way of capitalisation issue, rights issue, subdivision or consolidation of shares, or reduction of the share capital of the Company in accordance with legal requirements and requirements of the Stock Exchange (other than any alteration in the capital structure of the Company as a result of an issue of Shares as consideration in a transaction to which the Company is a party), such corresponding adjustments (if any) shall be made to (i) the number or nominal amount of Shares subject to the Option so far as unexercised or (ii) the subscription price, or any combination thereof, provided that any such adjustments shall give a Grantee the same proportion of the equity capital of the Company as that to which that Grantee was previously entitled and no such adjustments shall be made to the extent that a Share would be issued at less than its nominal value.

The Company shall engage the auditors of the Company for the time being or an independent financial advisor to certify in writing, either generally or as regards any particular Grantee, that the adjustments made by the Company satisfy the requirements set out in the New Share Option Scheme.

**(u) Alteration**

Those specific provisions of the New Share Option Scheme which relate to the matters set out in Rule 23.03 of the GEM Listing Rules cannot be altered to the advantage of the Eligible Participants, and changes to the authority of the Board in relation to any alteration of the terms of the New Share Option Scheme shall not be made, in either case, without the prior approval of Shareholders in general meeting. 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 also, to be effective, be approved by the Shareholders in general meeting, except where the alterations take effect automatically under the existing terms of the New Share Option Scheme. The New Share Option Scheme so altered must comply with Chapter 23 of the GEM Listing Rules.

**(v) Termination**

The Company by ordinary resolution in general meeting or the Board may at any time terminate the New Share Option Scheme and in such event no further Options may be granted but in all other respects the provisions of the New Share Option Scheme shall remain in full force and effect in respect of Options which are granted during the life of the New Share Option Scheme and which remain unexpired immediately prior to the termination of the operation of the New Share Option Scheme.

---

## NOTICE OF ANNUAL GENERAL MEETING

---



### China Natural Investment Company Limited

### 中國天然投資有限公司

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

**(Stock Code: 8250)**

**NOTICE IS HEREBY GIVEN** that the annual general meeting of China Natural Investment Company Limited (“**Company**”) will be held at 3/F., Nexxus Building, 77 Des Voeux Road Central, Hong Kong on Tuesday, 9 December 2014 at 10:30 a.m. for the following purposes:

#### **ORDINARY RESOLUTIONS**

1. To receive and adopt the audited consolidated financial statements, the report of the directors and the independent auditors’ report of the Company for the year ended 30 June 2014.
2. To re-elect Mr. Li Wai Hung, Ms. Xiong Yun Huan and Mr. Johnny Huang as executive directors of the Company.
3. To re-elect Mr. Yan Shengxian and Ms. Tang Qing as independent non-executive directors of the Company.
4. To authorise the board of directors of the Company (the “**Board**”) to fix the directors’ remuneration.
5. To re-appoint Shinewing (HK) CPA Limited as auditor of the Company and authorise the Board to fix their remuneration.

As special business, to consider and, if thought fit, pass the following resolutions as ordinary resolutions:

6. **“THAT:**
  - (a) subject to paragraph (c) below, the exercise by the Board during the Relevant Period (as defined below) of all the powers of the Company to allot, issue and deal with additional shares (each a “**Share**”) of HK\$0.05 each in the share capital of the Company and to make or grant offers, agreements and options, including warrants to subscribe for Shares, which might require the exercise of such powers, be and is hereby generally and unconditionally approved;

---

## NOTICE OF ANNUAL GENERAL MEETING

---

- (b) the approval in paragraph (a) above shall authorise the directors of the Company (the "**Directors**") during the Relevant Period to make or grant offers, agreements and options, including warrants to subscribe for Shares, which might require the exercise of such powers after the expiration of the Relevant Period;
  
- (c) the aggregate nominal amount of the share capital of the Company allotted, issued or dealt with or agreed conditionally or unconditionally to be allotted, issued or dealt with (whether pursuant to an option or otherwise) by the Directors pursuant to the approval in paragraph (a) above, otherwise than pursuant to or in consequence of: (i) a Rights Issue (as defined below); or (ii) the exercise of any option granted under any share option scheme or similar arrangements adopted by the Company; or (iii) any scrip dividend or similar arrangements providing for the allotment and issue of Shares in lieu of the whole or part of a dividend on Shares in accordance with the articles of association of the Company in force from time to time; or (iv) any issue of Shares upon the exercise of rights of subscription or conversion under the terms of any warrants, convertible bonds, debentures, notes or any securities issued by the Company which are convertible into Shares, shall not exceed the aggregate of:
  - (aa) 20 per cent. of the aggregate nominal amount of the share capital of the Company in issue as at the date of passing of this resolution; and
  
  - (bb) Provided that resolution 8 is passed the aggregate nominal amount of any share capital of the Company repurchased by the Company subsequent to the passing of this resolution (up to a maximum equivalent to 10 per cent. of the aggregate nominal amount of the share capital of the Company in issue as at the date of passing of this resolution), and the authority pursuant to paragraph (a) of this resolution shall be limited accordingly; and
  
- (d) for the purposes of this resolution:

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

- (i) the conclusion of the next annual general meeting of the Company;
  
- (ii) the expiration of the period within which the next annual general meeting of the Company is required by the articles of association of the Company, the Companies Law or any other applicable laws of the Cayman Islands to be held; or
  
- (iii) the passing of an ordinary resolution by the shareholders of the Company in general meeting revoking or varying the authority given to the Directors under this resolution;

---

## NOTICE OF ANNUAL GENERAL MEETING

---

“Rights Issue” means an offer of Shares, or an offer of warrants, options or other securities giving rights to subscribe for Shares, open for a period fixed by the Directors to holders of Shares whose names appear on the Company’s register of members on a fixed record date in proportion to their then holdings of Shares (subject to such exclusion or other arrangements as the Directors may deem necessary or expedient in relation to fractional entitlements, or having regard to any restrictions or obligations under the laws of, or the requirements of any recognised regulatory body or any stock exchange in, any territory outside Hong Kong).”

7. **“THAT:**

- (a) subject to paragraph (b) below, the exercise by the directors of the Company (the “**Directors**”) during the Relevant Period (as defined below) of all powers of the Company to repurchase shares (each a “**Share**”) of HK\$0.05 each in the share capital of the Company on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (“**GEM**”) or on any other stock exchange on which the Shares may be listed and recognised by the Securities and Futures Commission of Hong Kong and GEM for such purpose, be and is hereby generally and unconditionally approved;
- (b) the aggregate nominal amount of Shares which may be repurchased or agreed to be repurchased by the Company pursuant to the approval in paragraph (a) above during the Relevant Period shall not exceed 10 per cent. of the aggregate nominal amount of the share capital of the Company in issue as at the date of passing of this resolution and the authority pursuant to paragraph (a) of this resolution shall be limited accordingly; and
- (c) for the purposes of this resolution, “Relevant Period” means the period from the date of passing of this resolution until whichever is the earliest of:
  - (i) the conclusion of the next annual general meeting of the Company;
  - (ii) the expiration of the period within which the next annual general meeting of the Company is required by the articles of association of the Company, the Companies Law or any other applicable laws of the Cayman Islands to be held; or
  - (iii) the passing of an ordinary resolution by the shareholders of the Company in general meeting revoking or varying the authority given to the Directors under this resolution.”

---

## NOTICE OF ANNUAL GENERAL MEETING

---

8. **“THAT** conditional upon the passing of resolutions nos. 6 and 7 above, the general mandate granted to the Directors pursuant to resolution no. 6 above be and is hereby extended by the addition to the aggregate nominal amount of shares of HK\$0.05 each in the share capital of the Company which may be allotted, issued or dealt with or agreed conditionally or unconditionally to be allotted, issued or dealt with by the Directors pursuant to or in accordance with such general mandate of an amount representing the aggregate nominal amount of the share capital of the Company repurchased by the Company pursuant to or in accordance with the authority granted under resolution no. 7 above.”
9. **“THAT**
- (a) subject to and conditional upon the GEM 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 which may fall to be allotted and issued pursuant to the share option scheme of the Company (the **“New Share Option Scheme”**), the terms of which are contained in the document marked “A” and signed by the chairman of the meeting for identification purposes), the New Share Option Scheme be and is hereby approved and adopted as the Company’s new share option scheme; and
- (b) the Board be and is hereby authorised to approve any amendments to the rules of the New Share Option Scheme as may be acceptable or not objected to by the Stock Exchange and, at its absolute discretion, to grant options to subscribe for Shares in accordance with the rules of the New Share Option Scheme, to allot, issue and deal with the Shares pursuant to the exercise of the options so granted thereunder, to administer the New Share Option Scheme in accordance with its terms and to take all necessary actions incidental thereto as it deems fit.”

By Order of the Board  
**China Natural Investment Company Limited**  
**Cai Da**  
*Chief Executive Director*

Hong Kong, 6 November 2014

Registered Office:  
PO Box 309  
Ugland House  
Grand Cayman, KY1-1104  
Cayman Islands

Head Office and Principal Place  
of Business in Hong Kong:  
Unit 1903, 19th Floor  
West Tower, Shun Tak Centre  
168-200 Connaught Road Central  
Hong Kong

---

## NOTICE OF ANNUAL GENERAL MEETING

---

*Notes:*

- (1) A shareholder of the Company entitled to attend and vote at the meeting convened by the above notice is entitled to appoint one or more proxy to attend and, subject to the provisions of the articles of association of the Company, to vote on his/her behalf. A proxy need not be a shareholder of the Company but must be present in person at the meeting to represent the shareholder. If more than one proxy is so appointed, the appointment shall specify the number and class of shares in respect of which each such proxy is so appointed.
- (2) To be valid, the form of proxy together with the power of attorney or other authority (if any) under which it is signed (or a notarially certified copy thereof) must be deposited at the office of the Company's branch share registrar and transfer office in Hong Kong, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof (as the case may be). Completion and return of the form of proxy will not preclude a shareholder of the Company from attending and voting in person at the meeting or any adjournment thereof should he/she so wish.
- (3) Completion and return of an instrument appointing a proxy will not preclude a shareholder of the Company from attending and voting in person at the meeting or any adjournment thereof and in such event, the instrument appointing a proxy shall be deemed to be revoked.
- (4) As required under the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited, all of the above resolutions will be voted by way of poll.